



ANNUAL COMPREHENSIVE FINANCIAL REPORT

*Fiscal Year Ended June 30, 2024
Highland, California*



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Intentionally

Annual Comprehensive Financial Report

Fiscal Year Ended

June 30, 2024

East Valley Water District



Prepared by: Finance Department

31111 Greenspot Road
Highland, CA 92346



Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024

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INTRODUCTORY SECTION



James Morales, Jr.
Chairman of the Board

Ronald L. Coats
Vice Chairman

Chris Carrillo
Governing Board Member

Phillip R. Goodrich
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

October 28, 2024

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, 2024. 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 November 2024, the District will, again, submit the Annual Report to this organization for review and possible recognition for achievement in reporting excellence.

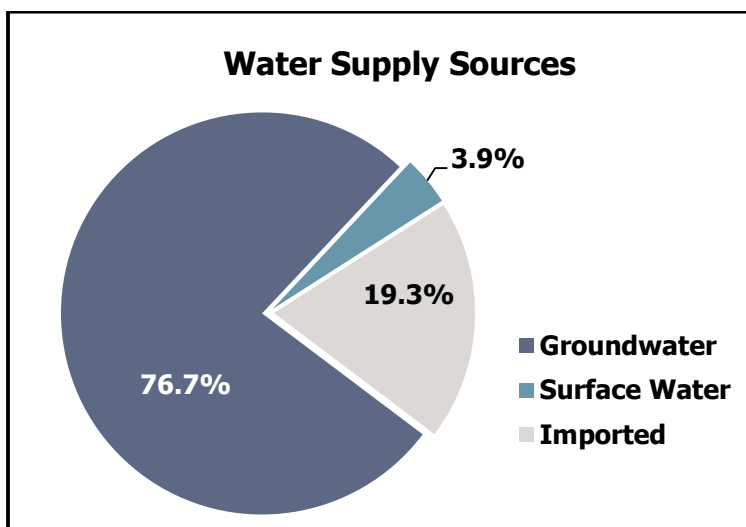
Background

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 108,000 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, 2024, the District had 21,780 water connections and 19,859 wastewater connections.

Water Supply and Reliability

The District's water supply for the year ended June 30, 2024 includes groundwater (76.7 percent), surface water (3.9 percent), and imported water (19.3 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.



Local Economy

East Valley Water District is located within San Bernardino County in a metropolitan area referred to as the “Inland Empire”. Since 2015, the District’s population has grown by more than 6 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 Indian Bingo & Casino, City of Highland, and San Manuel Mission Indians forming the list of top five users.

In 2024, 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 (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 adopts 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. Fitch affirmed this rating as the result of a review conducted in June 2024.

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 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, 2023. This was the 12th 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,

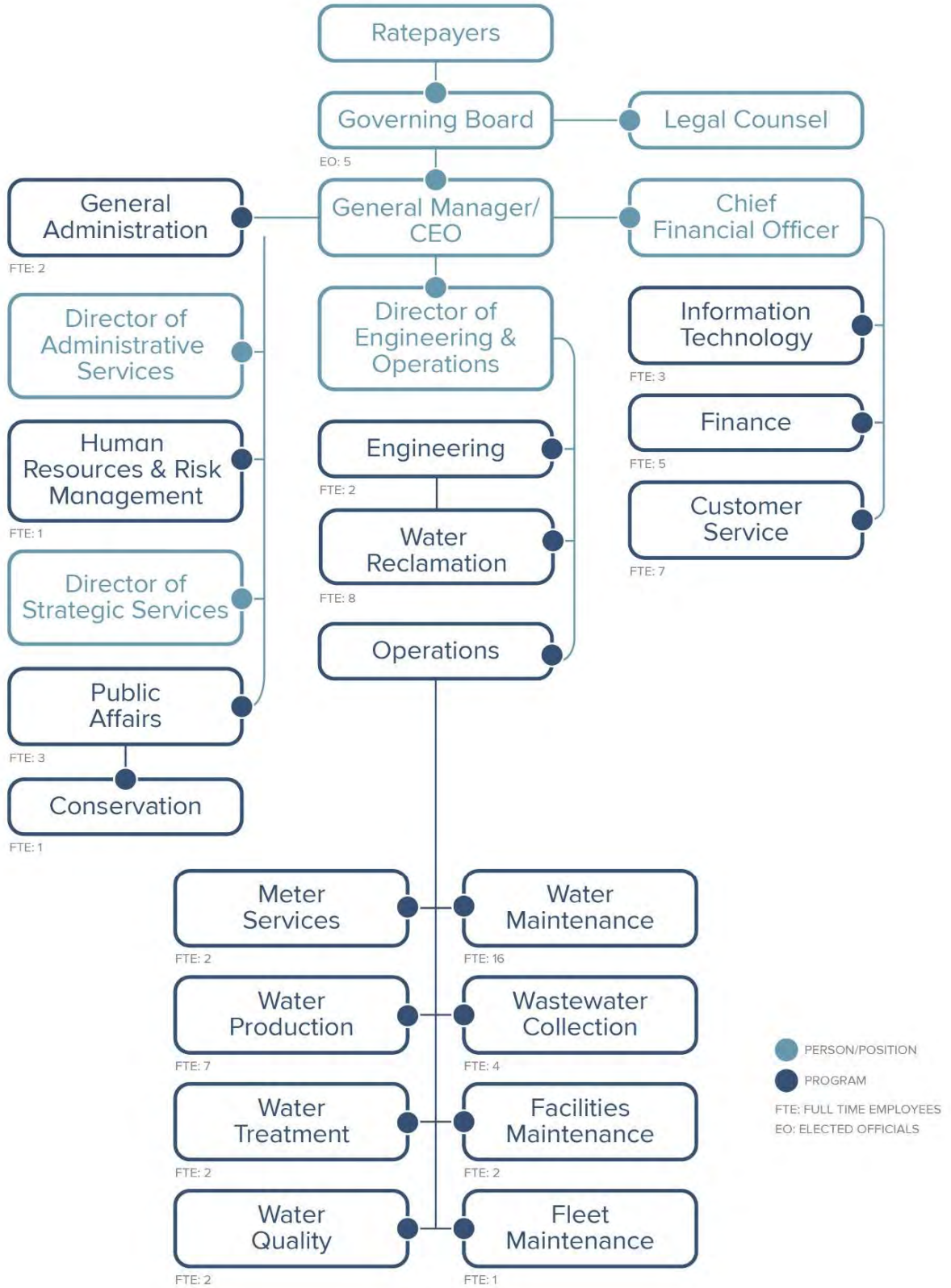


Michael Moore
General Manager/CEO



Brian W. Tompkins
Chief Financial Officer

**EAST VALLEY WATER DISTRICT
Organizational Structure
Year Ended June 30, 2024**



**EAST VALLEY WATER DISTRICT
Principal Officials
Year Ended June 30, 2024**

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, 2024**

Name	Title	Elected / Appointed	Current Term
James Morales, Jr.	Chairman of the Board	Elected	2022 - 2026
Ronald L. Coats	Vice-Chairman of the Board	Elected	2022 - 2026
David E. Smith	Governing Board Member	Elected	2020 - 2024
Ronald L. Coats	Governing Board Member	Elected	2022 - 2026
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

**EAST VALLEY WATER DISTRICT
GFOA Certificate
Year Ended June 30, 2023**



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, 2023

Christopher P. Morrill

Executive Director/CEO



FINANCIAL SECTION

EAST VALLEY WATER DISTRICT
Independent Auditor's Report
Year Ended June 30, 2024



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

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
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Independent Auditor's Report

PARTNERS

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

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants



Proud Member of
AlliottGlobalAlliance

Board of Directors
East Valley Water District

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, 2024, 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 referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2024, 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 (*Government Auditing Standards*). 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 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

Report on Summarized Comparative Information

We have previously audited the District's 2023 financial statements, and we expressed an unmodified opinion on the respective financial statements in our report dated October 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

STABILITY. ACCURACY. TRUST.

EAST VALLEY WATER DISTRICT
Independent Auditor's Report
Year Ended June 30, 2024

Responsibilities of Management for the Financial Statements

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

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

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

EAST VALLEY WATER DISTRICT
Independent Auditor's Report
Year Ended June 30, 2024

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 GAAS, 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.

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 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the accompanying 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 comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

EAST VALLEY WATER DISTRICT
Independent Auditor's Report
Year Ended June 30, 2024

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, CA
October 28, 2024

EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2024

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 and a newly commissioned reclamation plant known as the Sterling Natural Resource Center (SNRC) for treatment of residential and commercial wastewater.

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 Governmental Accounting Standards Board (GASB).

The following financial statements for the year ended June 30, 2024 (2023 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 (FY). 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.

Fiduciary fund statements provide information about the fiduciary relationships, also known as custodial funds of the District, in which the District acts solely as a trustee or custodian for the benefit of others, to whom the resources in question belong. The fund is used to account for receipts and disbursements associated with Community Facilities District (CFD), which are administered by, but are not the liability of the District.

Summary Financial Information and Analysis

Financial Condition

During the year ended June 30, 2024, the District's total assets and deferred outflows increased by \$10.5 million, to \$395.6 million. The increase was the net result of a decrease to Current assets and an increase to Capital assets.

EAST VALLEY WATER DISTRICT
Management’s Discussion and Analysis
Year Ended June 30, 2024

Current assets decreased \$4.1 million (9%) to \$41.3 million. While the decrease is a net between increases and decreases of the various Current asset line items, one of the most notable changes is the \$10 million shift to longer term Investments. With the completion of the very large reclamation plant project, the District had the opportunity to lock in higher yields over a longer term by expanding its portfolio of U.S. Treasury and Agency securities. Also significant was the \$13.0 million decrease in Due From Other Governments, which recognizes outstanding reimbursement claims from the State Revolving Fund for loan eligible construction activity on the Sterling Natural Resource Center (SNRC). The receipt of some of the amounts included in the beginning balance, as well as reclassifying \$7.8 million to restricted, contributed to the decrease in this balance. The reclassification to restricted earmarks this amount of cash to be received from the State for the debt service reserve required by the State Funding Agreement.

Utility Accounts Receivable balances grew 2.7% to \$6.1 million during FY 2023-24. Rate increases, which became effective in January 2024 could reasonably have resulted in a higher receivable balance at year end, however the District’s continued participation in the Low-Income Household Water Assistance Program (LIHWAP) which supplies federal funds to pay customer account balances if they are eligible, assisted customers with severely overdue balances through December 2023 when the program ended. Almost \$40 thousand in LIHWAP funding was received and applied to customer balances between July and December 2023.

Inventory balances increased 9.0% to \$1.06 million during FY 2023-24, due simply to rising costs of materials.

Restricted Asset balances increased from \$12.4 to \$23.0 million. The increase is the result of completion of the SNRC reclamation facility, and a requirement in the State Funding Agreement that the District set aside a restricted debt service reserve equal to one year’s debt service, approximately \$7.8 million.

	2024	2023
Current Assets	\$ 41.3	\$ 45.4
Restricted Assets	23.0	12.4
Other Assets	0.3	0.3
Capital Assets - Net	322.0	319.7
Total Assets	386.6	377.8
Total Deferred Outflow of Resources	9.1	7.3
Current Liabilities	19.9	26.4
Non-Current Liabilities	228.4	207.9
Total Liabilities	248.3	234.3
Total Deferred Inflows of Resources	2.2	3.0
Net Position		
Net Investment in Capital Assets	112.1	112.9
Restricted	13.3	10.8
Unrestricted	19.8	24.1
Total Net Position	\$ 145.2	\$ 147.8

Capital Assets increased by \$2.3 million during FY 2023-24. For purposes of the table above, Capital Assets includes construction in progress (CIP), utility plant in service and related accumulated depreciation. Changes in Capital Assets included additions of \$9.8 million, an annual depreciation charge of \$7.6 million and an annual expensing of capital projects totaling \$0.2 million. Capital expenditures during the year were primarily Construction in Progress on the SNRC, and assets retired were completely depreciated with no remaining book value and so their retirement had no effect on the balance of fixed assets. A more detailed description of capital spending is in the Capital Assets

EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2024

section of this analysis, and a more detailed schedule showing the changes to fixed assets during the fiscal year is included in Note 4 of the financial statements.

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. Investment earnings of 5.8% on pension plan assets during the plan year ended June 2023, compared to actuarial assumptions that the assets would earn 6.8%, led to an increase in Deferred Outflows-Pensions for 2023-24 of \$1.0 million. This amount was accompanied by an increase in Deferred Outflows related to Other Post Employment Benefits (OPEB) of \$0.8 million.

While Current assets decreased during the year, current liabilities also decreased by \$6.5 million in FY 2023-24. This decrease is the result of partially paying the \$12.0 million retention withheld during construction of the SNRC, and reclassifying the balance to accounts payable. The end of project construction also signaled the commencement of debt service on the SNRC construction loan, and accordingly, the amount payable within 12 months of \$4.4 million on that loan has contributed to the increase of the Current Portion of Long-Term Debt by \$3.6 million compared to the prior year. Other factors contributing to the change in current liabilities were a \$2.1 million increase in accounts payable and accrued payroll, and a \$0.2 million drop in the current portion of compensated absences.

These decreases in the Current asset and Current liability balances explained above resulted in a slight improvement to the District's current ratio from 1.7:1 to 2.1:1.

Non-Current Liabilities increased \$20.5 to \$228.4 million. The large increase was the result of significant activity, most of it related to the SNRC. Following are the factors contributing to the increase in Non-Current Liabilities:

- \$19.7 million increase in SNRC State Revolving Fund loan due to final construction project invoices and capitalization of interest accumulated on State loan drawdowns during the SNRC construction.
- \$(0.9) million in advanced principal payments to extinguish a loan.
- \$(6.2) million for the current portion of Long-Term Debt amounts reclassified as Current Liabilities.
- \$0.4 million increase in Compensated Absences and Other Post-Employment Benefit obligations calculated in accordance with GASB statement 75 (retiree medical).
- \$1.1 million increase in unfunded pension benefit obligations due to earnings on pension plan assets not meeting earnings targets (5.8% versus 6.8%) for the year ended June 2023, the date of the valuation on which current obligations are calculated.
- \$6.3 million increase due to the accrual of a settlement obligation to the City of San Bernardino, payable \$700 thousand per year for 10 years beginning in 2023-24.

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 settlement obligation payable to the City of San Bernardino was part of a critical agreement releasing the District from a 1957 wastewater treatment Joint Powers Authority and facilitating the Local Agency Formation Commission's (LAFCO) granting of wastewater treatment authority to the District, and ultimately allowing the District's water reclamation plant project (SNRC) to proceed. The total settlement cost has been expensed as a

**EAST VALLEY WATER DISTRICT
Management’s Discussion and Analysis
Year Ended June 30, 2024**

special item, and the obligation is being paid by the Water and Wastewater funds, which were the funds in existence when the obligation was incurred.

The District’s total Net Position was \$145.2 million at the end of FY 2023-24, a \$2.7 million decrease compared to the end of the previous fiscal year. Of the \$145.2 million Net Position balance, \$112.0 million is categorized as Net Investment in Capital Assets, \$13.3 million is Restricted for Capital Expansion Projects, and \$19.8 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 \$9.3 million and \$32.4 million over five- and ten-year periods, respectively.

Results of Operations and Changes in Net Position

Water Operations

The District’s water enterprise fund continued to feel the strain from suppressed water sales and rising costs. Water sales for FY 2023-24 increased 2.6% to \$17.5 million, the result of a rate adjustment effective January 2024, and a slight increase in water demand by customers from 15,341 acre-feet in 2022-23, to 15,420 acre-feet. This level of water usage was well below projections, and historical averages, and aligned with usage in the previous year, during which California experienced historic levels of snowfall and rain during the winter of 2023.

Locally, the District’s weather station in Highland, California recorded 18.1 inches of rain from July 2023 to June 2024, compared to 24.03 inches recorded in 2022-23, and 10.4 inches in 2021-22, when California was struggling through a drought.

The following tallies total rainfall and average daily high temperatures for each month during FY 2023-24 that were recorded by the District’s weather station:

07/23	08/23	09/23	10/23	11/23	12/23	01/24	02/24	03/24	04/24	05/24	06/24
0.87"	1.94"	1.00"	0.95"	0.62"	0.00"	1.24"	8.55"	2.30"	0.63"	0.00"	0.00"
99.1°	95.1°	84.9°	84.6°	75.0°	70.0°	65.1°	62.4°	65.1°	73.5°	76.8°	89.7°

Following is the same information for FY 2021-22. In that year, rainfall was about 57% of the rainfall in 2023-24. The average daily high temperature was higher in each of the winter and spring months (January through June) and as a result, water usage by customers was 17% higher:

07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22	04/22	05/22	06/22
0.50"	0.00"	0.00"	0.73"	0.22"	5.09"	0.89"	0.33"	1.13"	0.78"	0.22"	0.49"
97.1°	94.4°	91.1°	78.8°	80.3°	63.2°	69.2°	71.1°	74.6°	77.2°	81.0°	93.4°

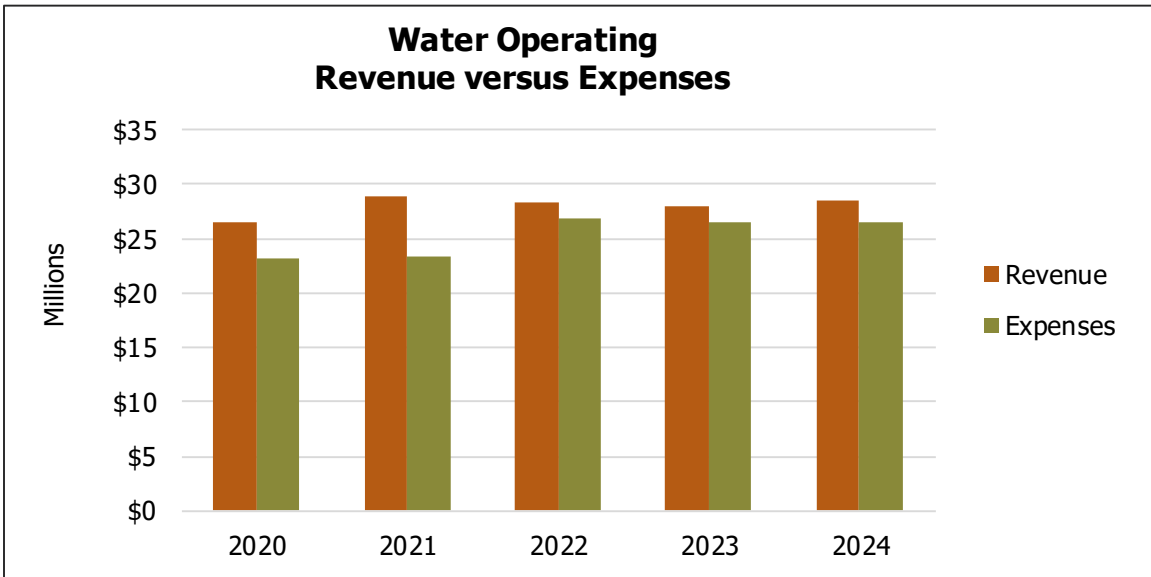
Potable water sales of \$17.5 million fell short of 2023-24 revised projections of \$17.7 million. Projections are based on historical usage, and follow a predictable pattern, but again, higher than average rainfall throughout the winter months, and a hurricane in August, suppressed demand for water, especially water used for irrigation. Sales through irrigation meters increased by 3% after falling 21% in the previous year, while residential usage decreased by just

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0.3%. Usage by commercial/business customers had the most significant decline in usage at 8%, after having fallen 5% in the previous year.

Total water produced by the District during the year was 16,273 acre-feet, with the difference between water produced and water sold of 853 acre-feet (5.2%) being the result of District flushing programs, water use at District facilities, and system leaks. The District, like all California water agencies, participates in an annual water audit to identify and work to mitigate unidentified water losses from the District’s water distribution system.

The other major water operating revenue collected by the District is Water System, or Meter Charge revenue. Meter Charge revenue grew by 3.2% to \$10.1 million for FY 2023-24. The increase was due to a 3% rate increase that became effective in February of 2024, and to a lesser extent, new development. The District added approximately 20 new customers during the FY but received development impact fees for 153 Equivalent Dwelling Units (EDUs) for future development.



Water Operating expenses decreased 0.4% to \$26.5 million for FY 2023-24. The decrease occurred despite a general increase in costs overall for two reasons. First, was the low customer demand for water, as described above, and how that effected costs directly tied to water production – particularly energy. Lower need for energy to produce water, combined with a spike in energy costs during the previous year, 2022-23, when Edison issued some substantial ‘catch-up’ bills resulting from billing errors, caused power costs to drop \$713 thousand in FY 2023-24.

Aside from the anomalies in the last two years, the rising cost of energy has had a significant impact on water operations for several years. 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.

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Another reason for the drop in water operating expenses is related to the migration of several water production and field service workers to the new reclamation department. As these employees took jobs at the new SNRC water recycling facility, the time needed to backfill their positions led to lower labor costs in water operation.

Other year-over-year variations in water operating costs are outlined below:

- Purchased water costs increased as the District had to utilize more State Water Project, rather than Santa Ana River water, due to hurricane Hilary which passed through the region in August of 2023. That unusually powerful storm caused major flooding in local mountains, taking out bridges and roads, and a flume used by Edison to redirect river flows, coming out of the mountains, for hydroelectric power generation. Water in the flume bypassed an earthen dam, keeping it pristine, so that after its use for power generation, the District could divert it to its surface water treatment plant and then distribute it to customers. With the flume gone, and water behind the dam being very poor quality, the District had the choice of purchasing State Water Project or pumping groundwater.

Wastewater Collection Operations

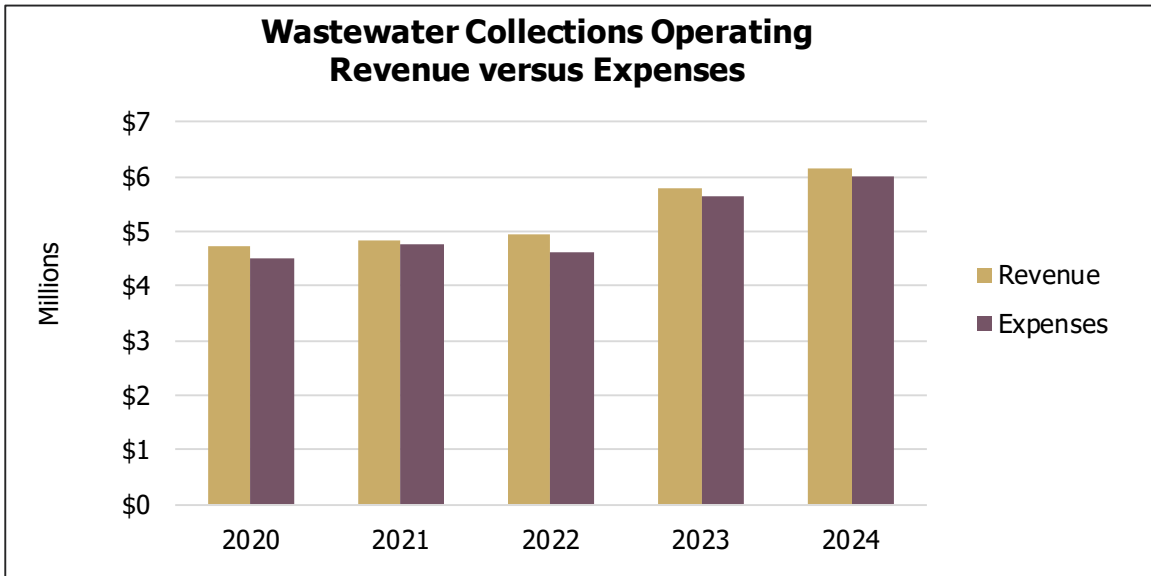
Wastewater Collection operating revenues consists of System Charges and Other Operating Revenue.

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 2024 was primarily responsible for a 7.3% increase in System charge revenue to \$6.1 million for 2023-24.

Other Operating Revenue includes inspections, plan checking, and other development related fees; and periodic reimbursements from other public agencies or utilities for shared costs or participation in conservation programs. In FY 2023-24, Other Operating Revenue dropped significantly as fees related to infill development slowed due to rising interest rates.

Wastewater Collection pipeline maintenance costs include video logging the condition of pipelines from the inside; utilizing a camera mounted on a robotic crawler; contracting for the repair of cracks in the pipelines noted on videos; and jetting pipelines with a Vactor to dislodge buildups of fats, oil and grease (FOG) before they can cause backups and spills. The collection system is entirely gravity flow, requiring no pumps and associated facilities. In FY 2023-24, wastewater collection maintenance costs increased by 5.3% compared to the prior year. This change is the effect of Cost of Living Adjustments (COLA) on salaries and benefits costs, and an increase in contract services as the District contracted for the installation of sensors on manhole covers to help alert the District of rising wastewater levels and potential blockages.

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Water Reclamation Operations

The District entered FY 2023-24 expecting to commission its new Sterling Natural Resource Center (SNRC) water reclamation plant in early November 2023, and to ramp up to full operations by the end of the fiscal year. Revenues and expenses were budgeted accordingly. However, delays in completing construction on the recycled water pipeline, which delivers recycled water from the reclamation plant to groundwater recharge basins, delayed the commencement of plant operations for two months. This would lead to revenues falling short of projection, while the cost of having wastewater treated by an outside agency to exceed expectations.

In January 2024, the District finally began a phased approach of redirecting wastewater flows to the SNRC, where the wastewater was treated and recycled water delivered to the recharge basins. By the end of March 2024, all District wastewater flows were being directed to the SNRC, and connections leading to the City of San Bernardino treatment plant were sealed off. The final step to full operations was the commencement of two digesters, that produced energy for on-site use from sludge and other waste materials. The digesters were producing gas and some energy by the end of June, but revenue from waste hauler tipping fees (explained below) and energy production to reduce reliance on power from Edison, did not materialize during FY 2023-24 as expected.

Water Reclamation operating revenue consists primarily of wastewater treatment charges. The District has been collecting these charges since approximately 1957, but since the District now treats its own wastewater flows (since March 2024), the District no longer remits monthly payments to the City of San Bernardino Water Department (City) for treatment services. Treatment charges for FY 2023-24, which were based on rates established by the District in May 2021, were \$10.7 million. This is a 6.3% increase over prior year revenue of \$10.1 million, which is due primarily to a rate adjustment that went into effect on January 1, 2024.

The second revenue stream in Reclamation is for the production and delivery of recycled water, which the District has reported as a type of Water Sales in the accompanying financial statements. The recharge basins where recycled water is delivered are owned by the San Bernardino Valley Municipal Water District (San Bernardino Valley), with which the District has an agreement under its Local Resource Investment Program (LRIP) to recharge all recycled water produced by the SNRC. In exchange the District receives a contribution from San Bernardino Valley of \$173 per acre foot of water recharged. During FY 2023-24 the District recharged 2,540.18 acre-feet of recycled

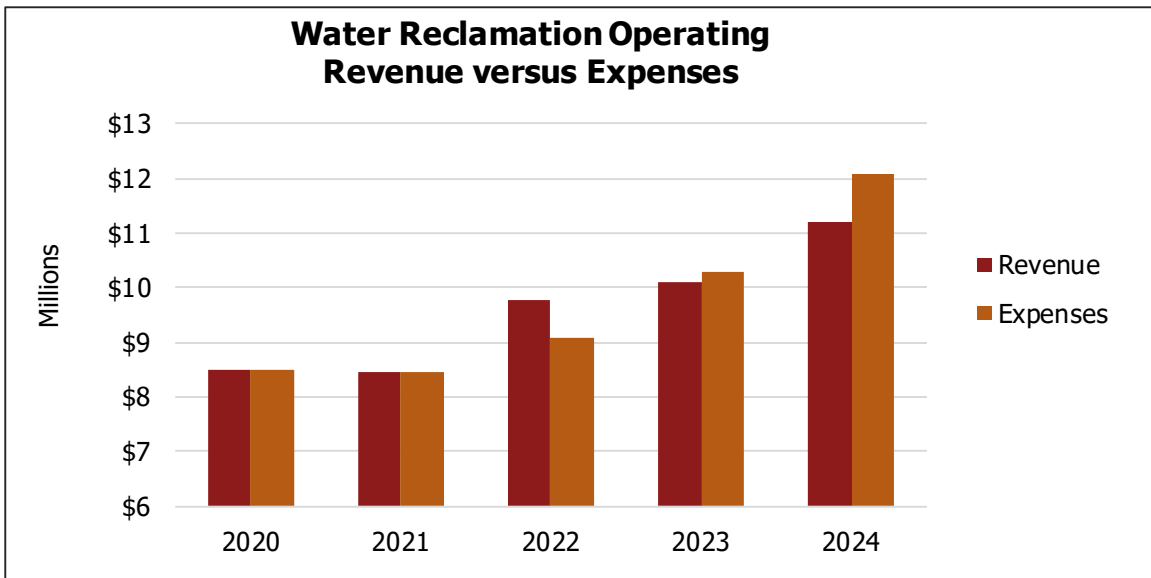
**EAST VALLEY WATER DISTRICT
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water to earn a LRIP contribution of \$439,451. This amount exceeded projections of \$332,000 due to the quick cutover of flows to the SNRC, even though completion of the recycled water pipeline was delayed by two months.

As mentioned above, a third Reclamation revenue stream will be tipping fees charged to food waste haulers who choose to discharge their waste at the SNRC. The waste will be added to sludge generated by plant treatment operations, converted to gas by anaerobic digesters, and then converted to energy for use in powering plant operations. Though the District anticipated generating approximately \$0.5 million in tipping fees during FY 2023-24, the digesters had not been fully commissioned by the end of the fiscal year and therefore no tipping fee revenue was realized.

The graph below depicts the District’s revenue and expenses related to wastewater treatment and reclamation. Through FY 2024 the District used the City rates to bill its customers and then remit payment to the City at the end of each month. Under this relationship, treatment revenue collected was exactly equal to treatment fees paid to the City. In May 2022, the District established and implemented its own rates and began hiring operators and covering startup costs for commencement of operations at the SNRC. The District’s Wastewater Treatment rates were adopted with three phases. Phases 1 and 2 were implemented in May 2022 and January 2023, respectively, with phase 3 scheduled for implementation in January 2024. The District’s rate structure consists of fixed monthly charges for all residential customers, and for non-residential customers, a combination of fixed and variable charges, which are assessed based on water usage.

For the year ended June 2024, Water Reclamation revenue was \$11.2 million, compared to \$10.1 million in the previous fiscal year. The increase was substantially due to the rate adjustment that became effective in prior year.



Operating expenses recorded by the Reclamation fund (before depreciation) in FY 2023-24, the year in which it commenced operations, were \$11.0 million compared to projections of \$11.3 million. The two-month delay in commencing treatment operations resulted in the District having to pay the City an additional two months for treatment services, but at the same time energy costs, and material and supplies costs were lower due to delays. Salaries and benefits of \$1.44 million, which were incurred for the entire year, exceeded budget by 14.5% due to unexpected overtime costs as staff worked to address issues such as clogged screens, odors, and leaking seals that arose during start-up.

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Upon completion of construction, the cost of the new plant was allocated to approximately 200 components (facilities and equipment) and capitalized, with useful lives ranging from 5 to 50 years. Most of the components had 'placed in service' dates that recorded depreciation for between one and four months for the year. In total, \$1.05 million in depreciation was recorded for the SNRC for FY 2023-24.

Reclamation operating expenses of \$12.1 million, including depreciation, exceeded operating revenue of \$11.2 million by \$0.9 million. This result was without any revenue or energy savings contributions from the digesters, which were significant reasons for their addition to the project. The digesters should be fully operational early in FY 2024-25 and be able to contribute in both ways to the operating results of the Reclamation fund.

Shared Customer Account & Administrative Costs

Costs related to Customer Accounts are generated by the Customer Service and Meter Services departments. The burden for funding these costs is allocated between the Water and Wastewater Collection funds at roughly a 70%-30% split; the Water Reclamation fund does not currently share in these costs and will not until the fund is more established and revenues are able to cover costs sufficiently.

Customer account costs increased 6.0% in FY 2023-24 to \$2,392,357. While there were nominal cost increases in many cost categories, including a 5% COLA negotiated with staff for the fiscal year, two costs had extraordinary increases as explained below:

- The cost for printing and delivery of final notices to customers increased 12% to \$304 thousand as the number of defaults and notices needed increased. State assistance programs to help with water bills, that were initiated during or shortly after the COVID pandemic, all ended by December 2023.
- Banking services, which include credit card processing fees, increased 42% due to extremely excessive increases that were being implemented by one of the District's primary processors. The District demanded that the fees be revised and has negotiated fees that are in line with industry standards.

General and Administrative (G&A) costs decreased 3.4% to \$12.8 million from \$13.2 million in the previous fiscal year. These are G&A cost totals after posting significant negative expense adjustments related to Salaries and Benefits. Prior to the adjustments, cost totals for G&A were \$14.6 million and \$14.0 million in the current and prior years, respectively. The negative expense adjustments were the result of adjustments to Net Pension, and Other Post Employment Benefit (OPEB) obligations in accordance with GASB statements 68 and 75. The amounts of expense adjustments were (\$1.8) million and (\$0.8) million for fiscal years 2023-24, and 2022-23, respectively.

Aside from these adjustments, the following factors affected some of the largest G&A cost line items:

1. Salaries & Benefits increased \$0.2 million to \$5.5 million, compared to \$6.8 million incurred in the previous year. This increase is due to a 5% COLA negotiated with staff for FY 2023-24, that would have had a larger effect on G&A expenses, but a member of the Engineering team, whose salary was reported in G&A, was hired to fill the new Reclamation Manager position in the Reclamation department, where his salary is now reported in Treatment operations. The vacant position in Engineering has not been backfilled.
2. Contract Services in G&A decreased 13.8% to \$3.3 million. There are two reasons for this, first as explained for salaries above, some contracts that were being reported as G&A have now been more appropriately reported under Reclamation Treatment operations. In addition, the District is actively bidding long-term

EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2024

contracts and considering technology solutions where labor intensive contracts had been in place, to enhance efficiencies and cost savings.

3. Insurance costs continued to climb, by 53.0% to \$1.8 million in FY 2023-24. The primary reason for the increase is removal of the water reclamation plant from the contractor's insurance to the District's insurance, upon completion of the SNRC.

Non-Operating Activities

The District's non-operating revenue of \$1.3 million includes investment income of \$1.27 million (including unrealized gains/losses), and miscellaneous income of \$39 thousand.

Investment income is earned on the District's portfolio of U.S. Treasury and Agency Bonds and deposits with the Local Agency Investment Fund (LAIF). During FY 2023-24, investment income rose 230% over the prior year's earnings of \$265 thousand. The increase was due, in part, to the District actively pursuing higher yields by moving an additional \$10 million in cash reserves out of the liquid LAIF account and into direct purchase of U.S. and U.S. backed securities, which were offering rates of between 4.5% and 5.5%. An increasing interest rate paid by LAIF, from 3.15% to 4.55%, also helped boost the District's investment earnings.

Non-Operating expense includes interest paid on Long-Term Debt, which fell from \$869 thousand in the prior year, to \$790 thousand in FY 2023-24. The payoff of two loans during the year, one on its original payoff date, and one two years premature, contributed to the decrease in interest expense.

Capital Contributions and Special Item

Contributions received during FY 2023-24 included \$2.6 million in developer capacity fees, across all funds, for approximately 156 EDUs (equivalent dwelling units). These fees represent 'moderate' continued development activity from the prior year when fees were received for 113 EDUs. Development is a mixture of both commercial and residential construction, mostly for Tract developments. Planning for Accessory Dwelling Units (ADUs) has slowed significantly due to high interest rates.

The District recorded a one-time charge of \$7 million as a settlement obligation payable to the City of San Bernardino. This was part of a critical agreement that released the District from a 1957 wastewater treatment Joint Powers Authority and facilitated the Local Agency Formation Commission's (LAFCO) granting of wastewater treatment authority to the District, ultimately allowing the District's water reclamation plant project (SNRC) to proceed. Further details are provided in Note 14 to the financial statements.

EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2024

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

	2024	2023	2022
Water Sales	\$ 17.9	\$ 17.0	\$ 18.5
System Charges	16.2	15.5	14.0
Treatment Charges	10.7	10.1	9.8
Other Operating Rev	1.1	1.2	0.8
Supply & Pumping	(5.0)	(4.9)	(4.3)
Distribution / Collection	(4.8)	(5.1)	(4.2)
Treatment	(12.0)	(10.8)	(10.1)
Customer Accounts	(2.4)	(2.2)	(1.7)
General & Administrative	(12.8)	(13.2)	(13.9)
Depreciation	(7.6)	(6.3)	(6.4)
Investment Income	1.2	0.3	0.2
Gain on Disposal and Other	0.1	0.1	1.1
Interest Expense	(0.8)	(0.9)	(1.6)
Income Before Contributions & Special Item	<u>1.8</u>	<u>0.8</u>	<u>2.2</u>
Developer Contributions	2.6	1.8	2.7
Grant Funds Contributed	-	0.1	0.1
Special Item - Settlement Obligation	(7.0)	-	-
Change in Net Position	<u>(2.6)</u>	<u>2.7</u>	<u>5.0</u>
Beginning Net Position, as Previously Reported	147.8	145.1	140.1

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, 2024 is \$112.0 million, a decrease of \$0.9 million compared to June 30, 2023. The decrease is the net result of the acquisition or construction of Capital assets for \$9.7 million, offset by a \$3.0 million increase in outstanding debt (includes associated deferred inflows/outflows), and depreciation of \$7.6 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 FY 2023-24 the District received \$2.6 million in capacity fees while no restricted funds were used to fund current projects. A summary of the accumulation and use of these funds is presented as 'Other Information' in this document.

The District is developing plans to use water impact fees for a new well and use wastewater treatment impact fees for an additional train of treatment membranes.

EAST VALLEY WATER DISTRICT
Management’s Discussion and Analysis
Year Ended June 30, 2024

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 decreased \$4.3 million to \$19.8 million in FY 2023-24.

Capital Assets

The District spent approximately \$9.8 million for expansion or replacement of property, plant, and equipment during FY 2023-24. These amounts are reflected in Utility Plant, or as additions to Construction in Progress, in the accompanying financial statements, and are show in more detail in the accompanying disclosure Note 4 on page 50.

Placed in Service

During FY 2023-24, District staff, consultants, and contractors completed work on the following:

- Completed construction of the Granulated Activated Carbon treatment process and installation of replacing the final train of filter membranes at the surface water treatment plant.
- Rehabilitated the well at Plant 120 which had been out of service for almost ten years.
- Replaced and upsized to 6”, approximately 900’ of water main in Valaria Drive, Darren Place, and Tiffani Place with District crews.
- Completed construction on a \$191.5 million water reclamation plant, known as the Sterling Natural Resource Center (SNRC), capable of recycling 6.0 million gallons of wastewater each day.
- Installed approximately 6,500 feet of interceptor pipeline, ranging in size from 18” to 48”, to redirect wastewater flows to the newly commissioned SNRC.
- Completed two groundwater monitoring wells.

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

Department	2024	2023
Water		
Source of Supply	\$ 21.4	\$ 19.8
Pumping	15.3	15.2
Transmission & Distribution	102.7	102.2
Treatment	33.5	29.3
Wastewater		
Collection Lines	39.4	27.9
Reclamation Plant	176.0	-
General		
Plant & Equipment	44.7	32.6
Total	\$ 433.0	\$ 227.0

EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2024

Construction in Progress (CIP)

Construction in Progress decreased \$196.2 million to \$491 thousand (see Note 4) during FY 2023-24 as the District placed in service the largest facility it has ever built or acquired, the SNRC water reclamation plant. During the year, \$3.9 million in cost was added to CIP, \$200 million was removed as the SNRC and 8 other projects were capitalized and placed in service, and another \$168 thousand related to several small projects was expensed, leaving a balance at June 30, 2024 of \$491 thousand. Approximately 30 projects, most related to new development, remain in progress at year end.

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 Five-Year Capital Improvement Plan includes the following projects:

- Rehabilitate and extend the useful lives of aging water storage tanks.
- Replace aging water distribution pipelines that require frequent repair and are suspected of causing system water losses.
- Drill and equip three new wells to meet the demands of new development, and to replace the capacity of three existing wells taken out of service due to their proximity to recycled water recharge basins.
- Partner with developers to increase the capacity of new storage tanks they plan to build to serve their projects.

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 FEMA Hazard Mitigation Grant Program (HMGP) grant has been awarded for the design phase (Phase 1) of the project and should facilitate an award for the construction phase (Phase 2) once the design is completed.

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.

Future Capital Improvements - Wastewater

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

The District will also update its Wastewater Collection System Master Plan during FY 2024-25 to identify undersized main 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. Pipelines identified in the District's Wastewater Collection System Master Plan will be built into models developed for an update to the District's capacity fees.

**EAST VALLEY WATER DISTRICT
Management’s Discussion and Analysis
Year Ended June 30, 2024**

Future Capital Improvements - Reclamation

The SNRC has realized higher than expected influent flows during the first six months of treatment operations which, if they continue, will cause the District to install a fifth train of treatment membranes much sooner than anticipated. The four trains currently installed were intended to support an operating plan where three are in service while the fourth is offline for cleaning or maintenance. Current flow patterns can sometimes require that all four trains be available for filtering, so addition of the fifth train to help ensure the District can take a train offline for maintenance may be required. Underground facilities were all oversized to support addition of the fifth train, so just the treatment train itself will be required at an estimated cost of \$8.5 million.

Long Term Debt / Credit

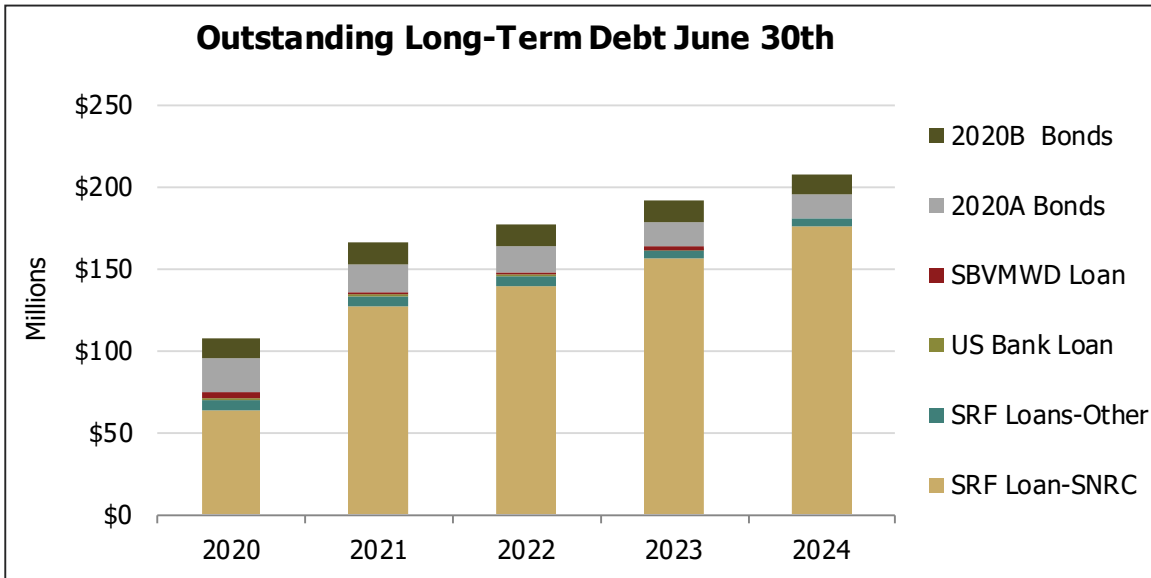
The District’s long-term debt consists of Revenue Bonds and loans from the California State Water Resources Control Board State Revolving Fund. Loans from U.S. Bank and San Bernardino Valley were paid off during FY 2023-24. Outstanding balances as of June 30, 2024 were as follows:

Revenue Bonds		
2020A Refunding Bonds	\$	14,060,000
2020B Refunding Bonds		12,780,000
SWRCB Loans		
AVAD Construction		43,954
EFAD Construction		247,307
Plant 134 Construction		4,901,374
SNRC Construction		175,478,305
Total	\$	<u>207,510,940</u>

The funding agreement with the State Water Resources Control Board for the SNRC construction consists of a \$168.3 million loan at 1.8% and a \$6.7 million grant. Upon project completion, interest accrued on District draws against the loan during construction, totaling \$7.2 million, was added to the loan balance for a total loan balance of \$175.5 million. The State Water Resources Control Board considered the project complete in December 2023, and according to terms of the State Funding Agreement, the first payment on the loan is due one year after completion. Therefore, annual payments of approximately \$7.6 million will commence at the end of December 2024.

All scheduled debt payments for FY 2023-24 were paid timely. See page 51, Note 5 to the accompanying financial statement notes for further discussion about Long-Term Debt.

**EAST VALLEY WATER DISTRICT
Management’s Discussion and Analysis
Year Ended June 30, 2024**



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 2024. 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 15, 2024, the District adopted rate adjustments for all three of the District’s enterprise activities, to be implemented in three phases. Wastewater Collection and Reclamation rate adjustment phases will become effective on July 1 of the next three years, and water rate adjustments will become effective on January 1 of the next three years.

Additional information about the District’s water and wastewater rates can be found on the District’s website at 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.

An aerial photograph of a golf course, showing a clubhouse on the left, a winding path, and a large green area. In the background, there are rolling hills and mountains under a clear sky. The entire image is overlaid with a semi-transparent blue filter.

BASIC FINANCIAL STATEMENTS

EAST VALLEY WATER DISTRICT
Statement of Net Position
June 30, 2024

	2024	For Comparative Purposes Only 2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 8,197,155	\$ 10,465,911
Investments	15,304,169	5,329,245
Accounts Receivable, Net	6,107,689	5,940,839
Interest Receivable	341,051	73,545
Other Receivables	1,959,106	1,847,810
Due from Other Governments	7,553,848	20,552,300
Inventory	1,061,891	974,820
Prepaid Expenses	775,440	256,800
Total Current Assets	41,300,349	45,441,270
Non-Current Assets:		
Restricted Cash and Cash Equivalents	15,207,521	12,357,894
Restricted Due from Other Governments	7,800,000	-
Assessments Receivable	246,083	263,478
Capital Assets not being Depreciated	7,574,139	203,751,889
Capital Assets, Net	314,384,669	115,951,753
Total Non-Current Assets	345,212,412	332,325,014
Total Assets	386,512,761	377,766,284
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	812,441	854,647
Deferred Outflows - Pensions	6,318,359	5,317,071
Deferred Outflows - OPEB	2,004,127	1,184,326
Total Deferred Outflows Of Resources	9,134,927	7,356,044
Total Assets and Deferred Outflows of Resources	\$ 395,647,688	\$ 385,122,328

(Continued)

The accompanying notes are an integral part of this statement.

EAST VALLEY WATER DISTRICT
Statement of Net Position - Continued
June 30, 2024

	2024	For Comparative Purposes Only 2023
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 10,449,146	\$ 8,423,138
Accrued Payroll and Benefits	944,585	825,377
Customer Service Deposits	1,439,016	1,403,962
Construction Advances and Retentions	140,317	12,142,565
Accrued Interest Payable	228,360	263,778
Current Portion of Compensated Absences	432,702	652,177
Current Portion of Long-Term Debt	6,183,942	2,555,654
Due to Other Governments	76,452	135,523
Total Current Liabilities	19,894,520	26,402,174
Non-Current Liabilities:		
Compensated Absences, Less Current Portion	1,108,524	775,590
Net Pension Liability	14,902,033	13,855,136
Net OPEB Liability	2,067,180	1,986,360
Long-Term Debt, Less Current Portion	203,977,262	191,256,816
Due to Other Governments	6,300,000	-
Total Non-Current Liabilities	228,354,999	207,873,902
Total Liabilities	248,249,519	234,276,076
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Refunding	1,076,449	1,128,796
Deferred Inflows - Pensions	543,111	1,600,501
Deferred Inflows - OPEB	550,043	326,072
Total Deferred Inflows Of Resources	2,169,603	3,055,369
Total Liabilities and Deferred Inflows Of Resources	250,419,122	237,331,445
NET POSITION		
Net Investment in Capital Assets	112,073,604	112,909,956
Restricted for:		
Future Capital Expansion Projects	13,314,565	10,761,677
Unrestricted	19,840,397	24,119,250
Total Net Position	\$ 145,228,566	\$ 147,790,883

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, 2024

	2024	For Comparative Purposes Only 2023
OPERATING REVENUES		
Water Sales	\$ 17,900,515	\$ 17,004,576
Wastewater Treatment Charges	10,746,724	10,108,850
System Charges	16,222,435	15,483,115
Other Charges	1,060,541	1,213,471
Total Operating Revenues	45,930,215	43,810,012
OPERATING EXPENSES		
Water Department:		
Source of Supply	4,079,366	3,890,634
Pumping	883,731	1,003,038
Treatment	1,592,368	1,212,646
Transmission and Distribution	4,012,276	4,311,606
Customer Accounts	1,757,943	1,653,739
Total Water Department	12,325,684	12,071,663
Wastewater Department:		
Wastewater Collection	792,350	752,489
Customer Accounts	634,414	604,006
Total Wastewater Department	1,426,764	1,356,495
Reclamation Department:		
Treatment	10,411,256	9,601,461
Total Reclamation Department	10,411,256	9,601,461
Administrative and General	12,776,969	13,221,140
Operating Expenses Before Depreciation	36,940,673	36,250,759
Depreciation	7,624,666	6,264,377
Total Operating Expenses	44,565,339	42,515,136
Operating Income	\$ 1,364,876	\$ 1,294,876

(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, 2024

	2024	For Comparative Purposes Only 2023
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	\$ 1,136,502	\$ 352,273
Gain on Disposal	-	30,134
Other Income	39,064	49,404
Interest Expense	(789,683)	(869,397)
Unrealized Investment Gain	130,536	-
Unrealized Investment Losses	-	(87,280)
	516,419	(524,866)
Total Non-Operating Revenues (Expenses)		
	1,881,295	770,010
Income Before Contributions		
CONTRIBUTIONS		
Capacity Charges	2,556,388	1,860,020
Operating Grants	-	62,032
	2,556,388	1,922,052
Total Contributions		
SPECIAL ITEM		
Settlement Obligation - Wastewater Treatment Authority Disassociation	(7,000,000)	-
CHANGE IN NET POSITION	(2,562,317)	2,692,062
TOTAL NET POSITION, BEGINNING	147,790,883	145,098,821
TOTAL NET POSITION, ENDING	\$ 145,228,566	\$ 147,790,883

The accompanying notes are an integral part of this statement.

EAST VALLEY WATER DISTRICT
Statement of Cash Flows
Year Ended June 30, 2024

	2024	For Comparative Purposes Only 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 45,687,123	\$ 45,004,610
Cash Payments for Employees Services	(13,812,566)	(12,286,780)
Cash Payments to Suppliers	(22,969,278)	(21,332,407)
Cash to/(from) Other Sources	39,064	49,404
Net Cash Provided by Operating Activities	8,944,343	11,434,827
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Reimbursements Received	6,579,416	3,103,376
Grant Funds Received	-	62,032
Proceeds from Sale of Capital Assets	-	40,093
Developer Fees Received	2,556,388	1,860,020
Assessments Received	131,891	93,827
Proceeds/Draws from SRF Loan	8,813,935	2,705,185
Due (From) To Water Fund	(2,655,077)	-
Due (From) To Reclamation Fund	5,661,647	-
Due (From) To Other Agencies	(623,548)	-
Principal Paid on Capital Debt	(3,242,553)	(2,336,691)
Interest Paid on Capital Debt	(998,343)	(1,024,807)
Acquisition of Capital Assets	(15,497,342)	(14,771,878)
Net Cash Provided (Used) by Capital and Related Financing Activities	726,414	(10,268,843)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received from Investments	743,713	224,214
Acquisition of Investments	(11,398,599)	(1,139,837)
Proceeds from Sale of Investments	1,565,000	299,203
Net Cash Provided (Used) by Investing Activities	(9,089,886)	(616,420)
Net Increase (Decrease) in Cash and Cash Equivalents	580,871	549,564
Cash and Equivalents, Beginning of Year	22,823,805	22,274,241
Cash and Equivalents, End of Year	\$ 23,404,676	\$ 22,823,805
 RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 8,197,155	\$ 10,465,911
Restricted Cash and Cash Equivalents	15,207,521	12,357,894
Total Cash and Cash Equivalents	\$ 23,404,676	\$ 22,823,805

(Continued)

The accompanying notes are an integral part of this statement.

EAST VALLEY WATER DISTRICT
Statement of Cash Flows - Continued
Year Ended June 30, 2024

	2024	For Comparative Purposes Only 2023
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 1,364,876	\$ 1,294,874
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	7,624,666	6,264,377
Miscellaneous Income/(Expense)	39,064	49,404
CIP Projects Expensed	168,183	18,656
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(166,850)	1,412,339
(Increase) Decrease in Inventory	(87,071)	(30,281)
(Increase) Decrease in Prepaids	(518,642)	13,697
(Increase) in Deferred Outflows of Resources - Pensions	(1,821,089)	(3,682,347)
Increase (Decrease) in Accounts Payable	1,890,483	3,274,023
Increase (Decrease) in Accrued Salaries and Benefits	119,209	52,612
Increase (Decrease) in Compensated Absences	113,459	140,139
Increase (Decrease) in Net Pension Liability	1,046,897	7,197,447
Increase in Net OPEB Liability	80,819	124,485
Decrease in Deferred Inflows of Resources	(833,419)	(4,477,032)
Increase (Decrease) in Customer Deposits	(111,296)	(231,483)
Increase (Decrease) in Developer Deposits	35,054	13,917
	\$ 8,944,343	\$ 11,434,827
NON-CASH INVESTING, CAPITAL, AND NON-CAPITAL FINANCING ACTIVITIES:		
Fair Value Adjustments to Investments	\$ 130,536	\$ 300,746
Receivable Offset by Debt	\$ 8,616,385	\$ 13,349,674
Capital Assets Acquired by Assuming Liabilities, Including Retainage Payable	\$ -	\$ 1,953,751

The accompanying notes are an integral part of this statement.

EAST VALLEY WATER DISTRICT
Statement of Fiduciary Net Position
June 30, 2024

	Custodial Funds
ASSETS	
Current Assets:	
Due from Other Governments	\$ 76,662
Restricted Cash and Cash Equivalents	3,773,219
Property Taxes and Assessment Receivable	5,590,375
Total Assets	9,440,256
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Expenses	\$ 5,854,503
Customer Deposits, Retentions and Advances	3,585,753
Total Liabilities	9,440,256
NET POSITION	
Restricted for CFDs	-
Total Net Position	\$ -

The accompanying notes are an integral part of this statement.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

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, 2024, the District owned 7,147 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, 2024

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>
Statement of Net Position				
Current Assets	\$ 41,288,277	\$ 12,072	\$ -	\$ 41,300,349
Capital Assets	321,418,733	2,606,306	(2,066,231)	321,958,808
Other Assets	23,112,511	141,093	-	23,253,604
Deferred Outflows	9,134,927	-	-	9,134,927
Total Assets & Deferred Outflows	<u>394,954,448</u>	<u>2,759,471</u>	<u>(2,066,231)</u>	<u>395,647,688</u>
Current Liabilities	19,853,193	41,327	-	19,894,520
Long-Term Liabilities	228,354,999	-	-	228,354,999
Deferred Inflows	2,169,603	-	-	2,169,603
Total Liabilities & Deferred Inflows	<u>250,377,795</u>	<u>41,327</u>	<u>-</u>	<u>250,419,122</u>
Net Investment in Capital Assets	105,199,386	2,640,449	(2,066,231)	105,773,604
Restricted Net Position	13,236,870	77,695	-	13,314,565
Unrestricted Net Position	26,140,397	-	-	26,140,397
Total Net Position	<u>\$ 144,576,653</u>	<u>\$ 2,718,144</u>	<u>\$ (2,066,231)</u>	<u>\$ 145,228,566</u>
Statement of Changes in Net Position				
Sales and Services	\$ 44,869,674	\$ -	\$ -	\$ 44,869,674
Other Operating Revenue	1,060,541	-	-	1,060,541
Operating Expenses	36,772,841	167,832	-	36,940,673
Depreciation	7,568,829	55,837	-	7,624,666
Operating Income	<u>1,588,545</u>	<u>(223,669)</u>	<u>-</u>	<u>1,364,876</u>
Net Non-Operating Revenue (Expenses)	401,923	114,496	-	516,419
Capital Contributions	2,556,388	-	-	2,556,388
Special Items	(7,000,000)	-	-	(7,000,000)
Change in Net Position	<u>(2,453,144)</u>	<u>(109,173)</u>	<u>-</u>	<u>(2,562,317)</u>
Beginning Net Position	147,029,797	2,827,317	(2,066,231)	147,790,883
Ending Net Position	<u>\$ 144,576,653</u>	<u>\$ 2,718,144</u>	<u>\$ (2,066,231)</u>	<u>\$ 145,228,566</u>
Net Cash from Operating Activities	\$ 9,076,282	\$ (131,939)	\$ -	\$ 8,944,343
Net Cash from Capital and Related Financing Activities	610,527	115,887	-	726,414
Net Cash from Investing Activities	(9,089,886)	-	-	(9,089,886)
Beginning Cash and Equivalents	22,666,660	157,145	-	22,823,805
Ending Cash & Equivalents	<u>\$ 23,263,583</u>	<u>\$ 141,093</u>	<u>\$ -</u>	<u>\$ 23,404,676</u>

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.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

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

Accordingly, revenues are recognized when they are earned, and expenses are recorded when the liability is incurred.

Fiduciary fund financial statements include a statement of fiduciary net position. The District has one type of fiduciary fund presented: a custodial fund, which is used to account for Community Facilities District assessments, debt issuances, the financing of eligible public facilities, and debt service. All of the assets in this fund are matched by a liability to parties on whose behalf they are held. Accordingly, there is no balance for Net Position, and no Statement of Changes in Net Position.

The custodial funds are used to report resources held by the District in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. Custodial funds use the economic resource measurement focus.

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 actual or estimated 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, 2024

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, 2024

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, wastewater collection, and water reclamation 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, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

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.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

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

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.

P) Future Accounting Pronouncements

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

Table 1-2

GASB Statement	Description	Effective Date
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.
Statement No. 102	Certain Risk Disclosures	Governments must disclose vulnerabilities related to significant concentrations or constraints that impact their financial stability. Concentrations refer to a lack of diversity in resource flows, while constraints are limitations on resource acquisition or spending. If these factors pose substantial risks, governments must disclose the nature of the risk, related events, and any actions taken to mitigate it in their financial statements. The statement is effective for fiscal years beginning after June 15, 2024.
Statement No. 103	Financial Reporting Model Improvements	Provides guidelines for the accounting and reporting of derivative instruments in governmental entities, focusing on their recognition, measurement, and disclosure. It distinguishes between hedging and investment derivatives, requiring different reporting for each, with all derivatives measured at fair value. The standard also mandates evaluating hedging effectiveness and requires detailed disclosures to enhance financial transparency. The statement is effective for fiscal years beginning after June 15, 2025.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

2) CASH AND INVESTMENTS

Cash and Investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Table 2-1

Cash and Cash Equivalents	\$	8,197,155
Restricted Cash and Cash Equivalents		15,207,521
Investments		15,304,169
Total	\$	38,708,845

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

Table 2-2

Cash on Hand	\$	9,000
Deposits with Financial Institutions		3,367,263
Money Market Accounts with Financial Institutions		683,021
Investments with Local Agency Investment Fund		19,345,392
Investment in Debt Securities		15,304,169
Total	\$	38,708,845

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

Authorized Investment Type	Maximum Maturity	Authorized Limit	Required Rating
Municipal Securities including EVWD Issues	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
Placement Service Deposits	5 years	30%	None
Money Market Mutual Funds and Mutual Funds	5 years	15%	2 - AAA
Collateralized Bank Deposits	5 years	None	None
Commercial Papers	270 days	5%	A
Medium Term Notes	5 years	30%	AA
Local Government Investment Pools	N/A	25%	AA
Local Agency Investment Fund (LAIF)	N/A	None	None

At June 30, 2024, 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, 2024

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, 2024, the District had the following investments and maturities:

Table 2-4

Investment Type	Fair Value	Average Maturity
Fannie Mae	\$ 498,570	2.74 years
Freddie Mac	1,042,049	2.05 years
Federal Home Loan Bank	7,863,711	1.57 years
Federal Farm Credit Bank	583,176	1.49 years
US Treasury	5,018,274	1.48 years
Tenn Valley Authority	298,389	0.21 years
LAIF	19,345,392	N/A
Money Market Mutual Funds	683,021	N/A
	<u>\$ 35,332,582</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the 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

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating at Year End AAA	Not Rated
Fannie Mae	\$ 498,570	N/A	\$ -	\$ 498,570	\$ -
Freddie Mac	1,042,049	N/A	-	1,042,049	-
Federal Home Loan Bank	7,863,711	N/A	-	7,863,711	-
Federal Farm Credit Bank	583,176	-	-	583,176	-
US Treasury	5,018,274	N/A	5,018,274	-	-
Tenn Valley Authority	298,389	N/A	-	298,389	-
LAIF	19,345,392	N/A	-	-	19,345,392
Money Market Mutual Funds	683,021	N/A	-	683,021	-
	<u>\$ 35,332,582</u>		<u>\$ 5,018,274</u>	<u>\$ 10,968,916</u>	<u>\$ 19,345,392</u>

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

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, 2024:

Table 2-6

<u>Investments by Fair Value Level</u>	<u>Fair Value Measurements Using</u>			<u>Total</u>
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Debt Securities				
Fannie Mae	\$ 498,570	\$ -	\$ -	\$ 498,570
Freddie Mac	1,042,049	-	-	1,042,049
Federal Home Loan Bank	7,863,711	-	-	7,863,711
Federal Farm Credit Bank	583,176	-	-	583,176
US Treasury	5,018,274	-	-	5,018,274
Tenn Valley Authority	298,389	-	-	298,389
Total Investments Measured at Fair Value	\$ 15,304,169	\$ -	\$ -	\$ 15,304,169
Investments Measured at Amortized Cost				
LAIF				19,345,392
Money Market Mutual Funds				683,021
Total Investments				\$ 35,332,582

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, 2024, 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, 2024

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, 2024, the District had \$2,422,821 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, 2024, the carrying amount (at amortized cost) of the pool was \$178,914,245,370 and the estimated fair value of the pool was \$178,255,132,764. LAIF is regulated by the California Government Code under the oversight of the Treasurers of California. The District's proportionate share of the fair value (as determined by LAIF) as of June 30, 2023, was \$19,345,392. 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, 2024 are restricted as follows:

Table 3-1

Held for Debt Service	\$	3,912,101
Capacity Fees from Developers		9,606,710
Customer Deposits		1,438,112
Construction Advances		109,500
North Fork Water Company		141,098
Total		\$ 15,207,521

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

4) CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2024 is as follows:

Table 4-1

	Beginning of Year	Additions	Deletions	Adjustments	End of Year
Water Fund					
Non-Depreciable Assets					
Land and Easements	\$ 3,651,696	\$ -	\$ -	\$ -	\$ 3,651,696
Water Rights	732,835	-	-	-	732,835
Construction in Progress	16,322,519	178,247	(16,159,664)	-	341,102
Total Non-Depreciable Assets	<u>20,707,050</u>	<u>178,247</u>	<u>(16,159,664)</u>	<u>-</u>	<u>4,725,633</u>
Depreciable Assets					
Source of Supply	19,814,229	1,569,534	-	-	21,383,763
Pumping Plant	15,245,780	74,922	-	-	15,320,702
Treatment Plant	29,348,773	4,195,133	-	-	33,543,906
Transmission and Distribution Plant	102,198,997	525,620	-	-	102,724,617
General Plant	22,561,909	11,774,603	(24,168)	-	34,312,344
Total Depreciable Assets	<u>189,169,688</u>	<u>18,139,812</u>	<u>(24,168)</u>	<u>-</u>	<u>207,285,332</u>
Accumulated Depreciation					
Source of Supply	(9,770,671)	(672,834)	-	-	(10,443,505)
Pumping Plant	(8,494,490)	(490,186)	-	-	(8,984,676)
Treatment Plant	(14,485,771)	(759,109)	-	-	(15,244,880)
Transmission and Distribution Plant	(47,766,844)	(2,529,737)	-	-	(50,296,581)
General Plant	(9,697,208)	(1,195,863)	24,168	-	(10,868,903)
Total Accumulated Depreciation	<u>(90,214,984)</u>	<u>(5,647,729)</u>	<u>24,168</u>	<u>-</u>	<u>(95,838,545)</u>
Water Fund Capital Assets, Net	<u>119,661,754</u>	<u>12,670,330</u>	<u>(16,159,664)</u>	<u>-</u>	<u>116,172,420</u>
Wastewater Fund					
Non-Depreciable Assets					
Land and Easements	2,698,706	-	-	-	2,698,706
Construction in Progress	14,813,261	735,301	(15,398,762)	-	149,800
Total Non-Depreciable Assets	<u>17,511,967</u>	<u>735,301</u>	<u>(15,398,762)</u>	<u>-</u>	<u>2,848,506</u>
Depreciable Assets					
Wastewater Collection Plant	27,872,913	11,546,444	-	-	39,419,357
General Plant	9,953,747	265,296	(14,620)	-	10,204,423
Total Depreciable Assets	<u>37,826,660</u>	<u>11,811,740</u>	<u>(14,620)</u>	<u>-</u>	<u>49,623,780</u>
Accumulated Depreciation					
Wastewater Collection Plant	(16,428,368)	(532,539)	-	-	(16,960,907)
General Plant	(4,401,245)	(391,713)	14,620	-	(4,778,338)
Total Accumulated Depreciation	<u>(20,829,613)</u>	<u>(924,252)</u>	<u>14,620</u>	<u>-</u>	<u>(21,739,245)</u>
Wastewater Fund Capital Assets, Net	<u>34,509,014</u>	<u>11,622,789</u>	<u>(15,398,762)</u>	<u>-</u>	<u>30,733,041</u>
Water Reclamation Fund					
Non-Depreciable Assets					
Construction in Progress	165,532,873	1,319,042	(166,851,915)	-	-
Total Non-Depreciable Assets	<u>165,532,873</u>	<u>1,319,042</u>	<u>(166,851,915)</u>	<u>-</u>	<u>-</u>
Depreciable Assets					
Reclamation Plant	-	175,990,516	-	-	175,990,516
General Plant	-	115,515	-	-	115,515
Total Depreciable Assets	<u>-</u>	<u>176,106,031</u>	<u>-</u>	<u>-</u>	<u>176,106,031</u>
Accumulated Depreciation					
Reclamation Plant	-	(1,048,372)	-	-	(1,048,372)
General Plant	-	(4,312)	-	-	(4,312)
Total Accumulated Depreciation	<u>-</u>	<u>(1,052,684)</u>	<u>-</u>	<u>-</u>	<u>(1,052,684)</u>
Water Reclamation Fund Capital Assets	<u>165,532,873</u>	<u>176,372,389</u>	<u>(166,851,915)</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Net	<u>\$ 319,703,641</u>	<u>\$ 200,665,508</u>	<u>\$ (198,410,341)</u>	<u>\$ -</u>	<u>\$ 321,958,808</u>

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

5) LONG-TERM DEBT

The schedule below summarizes changes in long-term debt during the year ended June 30, 2024:

Table 5-1

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements/ Payments</u>	<u>End of Year</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Direct Placement:						
2020A Refunding Bonds	\$ 15,050,000	\$ -	\$ (990,000)	\$ 14,060,000	\$ 1,030,000	\$ 13,030,000
2020A Unamortized Premium	2,813,365	-	(163,101)	2,650,264	163,101	2,487,163
2020B Refunding Bonds	<u>13,060,000</u>	-	<u>(280,000)</u>	<u>12,780,000</u>	<u>275,000</u>	<u>12,505,000</u>
Subtotal Direct Placement	<u>30,923,365</u>	-	<u>(1,433,101)</u>	<u>29,490,264</u>	<u>1,468,101</u>	<u>28,022,163</u>
Direct Borrowing:						
U.S. Bank Lease Purchase	\$ 444,375	\$ -	\$ (444,375)	\$ -	\$ -	\$ -
SBVMWD Loan	1,275,000	-	(1,275,000)	-	-	-
DWR Contracts:						
AVAD Construction	50,716	-	(6,762)	43,954	6,762	37,192
Plant 134 Construction	5,134,773	-	(233,399)	4,901,374	233,399	4,667,975
EFAD Construction	260,323	-	(13,016)	247,307	13,016	234,291
SNRC	<u>155,723,918</u>	<u>19,754,387</u>	<u>-</u>	<u>175,478,305</u>	<u>4,462,664</u>	<u>171,015,641</u>
Subtotal Direct Borrowing	<u>162,889,105</u>	<u>19,754,387</u>	<u>(1,972,552)</u>	<u>180,670,939</u>	<u>4,715,841</u>	<u>175,955,098</u>
Total	<u>\$ 193,812,470</u>	<u>\$ 19,754,387</u>	<u>\$ (3,405,653)</u>	<u>\$ 210,161,203</u>	<u>\$ 6,183,942</u>	<u>\$ 203,977,261</u>

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

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

5) LONG-TERM DEBT - Continued

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.

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 had 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 was \$3,998,560 with an interest rate of 2.38%. Semi-annual payments are \$226,398, to commence in September 2014 through March 2024. As of June 30th, 2024, the District fully paid off its outstanding debt related to US Bank Lease Purchase, with no remaining obligations under the debt agreement.

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. As of June 30th, 2024, the District fully paid off its outstanding debt related to City Creek Turnout and Plant 134 Hydroelectric Station Loan, with no remaining obligations under the debt agreement.

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

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

5) LONG-TERM DEBT - Continued

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.

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.

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 with the State Water Resources Control Board for the construction of a 6 million gallon per day (mgd) water recycling plant known as the Sterling Natural Resource Center (SNRC). The initial agreement plus two amendments provides \$175 million for the plant's construction and includes a \$6.7 million grant and a low interest (1.8%) loan for the balance of \$168.3 million.

During fiscal year 2023-24 the District completed construction on the SNRC, and all reimbursement requests totaling \$175 million had been submitted to the state as required by the SWRCB funding agreement. At June 30, 2024, approximately \$15.4 million of reimbursement requests were outstanding and are included in a receivable Due From Other Governments in the accompanying financial statements.

As the SWRCB has not paid out all the loan funds, a final 30-year amortization schedule for the loan has not been produced. However, the first payment on the loan is due by the end of December 2024, so providing a repayment schedule for purposes of District financial reporting is essential. Accordingly, the District has produced a schedule based on the maximum loan amount of \$168.3 million, plus construction period interest of \$7.2 million accrued on loan draws that were taken during construction for a total amortizable balance of \$175.5 million. This amount amortized over 30 years at an interest rate of 1.8% results in an annual payment of \$7.6 million.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

5) LONG-TERM DEBT - Continued

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; and
- Tipping fees from waste haulers.

The aggregate debt service requirements to maturity for long-term debt as of June 30, 2024 are as follows (excludes unamortized premiums/discounts):

Table 5-2

Year Ending June 30,	Principal	Interest	Total
2025	\$ 6,020,841	\$ 4,044,047	\$ 10,064,888
2026	5,746,169	3,920,718	9,666,887
2027	5,867,943	3,805,237	9,673,180
2028	5,986,189	3,685,875	9,672,064
2029	6,105,933	3,562,542	9,668,475
2030-2034	32,466,523	15,838,016	48,304,539
2035-2039	35,940,843	12,367,079	48,307,922
2040-2044	39,962,426	8,553,537	48,515,963
2045-2049	33,282,036	5,057,732	38,339,768
2050-5054	36,132,037	1,974,332	38,106,369
	<u>\$ 207,510,940</u>	<u>\$ 62,809,115</u>	<u>\$ 270,320,055</u>

Security for debt is as follows:

Table 5-3

Debt	Security
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, 2024, net water revenues represented 323% of the annual water debt service and net wastewater revenues represented 770% of the annual wastewater debt service.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

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

	Beginning of Year	Additions	Usage / Payments	End of Year	Current Portion	Long-Term Portion
Accrued Vacation Leave	\$ 702,543	\$ 685,482	\$ (588,030)	\$ 799,995	\$ 296,818	\$ 503,177
Accrued Sick Leave	725,224	401,308	(385,301)	741,231	135,884	605,347
Total	<u>\$ 1,427,767</u>	<u>\$ 1,086,790</u>	<u>\$ (973,331)</u>	<u>\$ 1,541,226</u>	<u>\$ 432,702</u>	<u>\$ 1,108,524</u>

7) NET INVESTMENT IN CAPITAL ASSETS

Net Investment in capital assets at June 30, 2024 consisted of the following:

Table 7-1

Non-Depreciable Capital Assets	\$ 7,574,139
Depreciable Capital Assets	433,015,143
Accumulated Depreciation	(118,630,474)
North Fork Water Company	540,008
Loans Payable	(180,670,940)
Bonds Payable	(29,490,264)
Deferred Inflows	(1,076,449)
Deferred Outflows	812,441
Total	<u>\$ 112,073,604</u>

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 Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District participates in two rate plans (two miscellaneous). Benefit provisions under the Plan are established by State statute and District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

8) DEFINED BENEFIT PENSION PLAN (PERS) - Continued

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 Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

Table 8-1

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
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%	8.0%
Required Employer Contribution Rates	15.46%	7.75%

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.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

8) DEFINED BENEFIT PENSION PLAN (PERS) - Continued

For the year ended June 30, 2024, the contributions recognized as part of pension expense for the Plans were as follows:

Table 8-2

	Miscellaneous
Contributions - Employer	\$ 2,047,342

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plans as follows:

Table 8-3

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 14,902,033

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

Table 8-4

	Miscellaneous
Proportion - June 30, 2023	0.29610%
Proportion - June 30, 2024	0.29802%
Change - Increase (Decrease)	0.00192%

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 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.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

8) DEFINED BENEFIT PENSION PLAN (PERS) - Continued

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, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (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.

For the year ended June 30, 2024, the District recognized pension credit of \$109,943. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Table 8-5

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 761,276	\$ 118,092
Changes in Assumptions	899,703	-
Net differences between projected and actual earnings on plan investments	2,412,773	-
Change in employer's proportion	63,510	331,226
Difference between the employer's contributions and the employer's proportionate share of contributions	133,755	93,793
Pension contributions subsequent to measurement date	2,047,342	-
Total	\$ 6,318,359	\$ 543,111

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

8) DEFINED BENEFIT PENSION PLAN (PERS) - Continued

Contributions subsequent to the measurement date of \$2,047,342 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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>
2025	\$ 1,056,536
2026	733,142
2027	1,868,995
2028	69,232
	<u>\$ 3,727,905</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with updated procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Table 8-7

	Miscellaneous
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

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

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

8) DEFINED BENEFIT PENSION PLAN (PERS) - Continued

Change of Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Long-Term Expected Rate of Return

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

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

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

8) DEFINED BENEFIT PENSION PLAN (PERS) - Continued

The table below reflects the long-term expected real rate of return by asset class.

Table 8-8

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (1)(2)</u>
Global Equity - cap weighted	30.0%	4.54%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100.0%</u>	

(1) An expected inflation of 2.30% used for this period

(2) Figures are based on the 2021 Asset Liability Management Study

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	5.90%
Net Pension Liability	\$ 22,897,538
Current Discount Rate	6.90%
Net Pension Liability	\$ 14,902,033
1% Increase	7.90%
Net Pension Liability	\$ 8,321,046

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

8) DEFINED BENEFIT PENSION PLAN (PERS) - Continued

D) Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

E) Payable to the Pension Plan

At June 30, 2024, the District reported a payable of \$0 for the outstanding number of contributions to the pension plan required for the year ended June 30, 2024.

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, 2024, 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, 2024

10) RISK MANAGEMENT - Continued

At June 30, 2024, 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, 2024

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, 2024, the District's total liability for post-employment healthcare benefits and details of the plan are explained below:

Table 11-1

<u>OPEB Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
Retiree Benefits Plan	\$ 2,067,180	\$ 2,004,127	\$ 550,043	\$ 373,315

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 as of June 30, 2024, the date of the latest actuarial valuation:

Table 11-2

<u>Participant Type</u>	<u>Number of Participants</u>
Inactive participants currently receiving benefits	27
Inactive participants entitled to but not yet receiving benefit	0
Active employees	75
Total	102

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, 2024

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 \$850 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, 2023, the District paid \$558,324 to the plan including the implicit rate subsidy. The District contributed \$332,001 including the implicit rate subsidy for retiree health benefits to the Trust during the fiscal year ended June 30, 2024.

Net OPEB Liability

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

Table 11-3

	Balance June 30, 2024
Total OPEB Liability	\$ 4,036,052
Plan Fiduciary Net Position	<u>(1,968,872)</u>
District's Net OPEB Liability (Asset)	<u><u>\$ 2,067,180</u></u>

Investments

As described above, at June 30, 2024, 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, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

Table 11-4

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Outflows and Inflows of Resources		
Contributions subsequent to measurement date	\$ 662,002	\$ -
Differences between expected and actuarial experience in	916,961	138,584
Changes of assumptions	272,117	411,459
Differences between projected and actual earnings on		
OPEB plan investments	<u>153,047</u>	<u>-</u>
Total	<u><u>\$ 2,004,127</u></u>	<u><u>\$ 550,043</u></u>

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, 2024

11) POST-EMPLOYMENT HEALTHCARE BENEFITS - Continued

June 30, 2024 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

Year Ending June 30,	Amount
2025	\$ 125,691
2026	121,837
2027	148,326
2028	91,453
2029	83,564
Thereafter	221,211
	<u>\$ 792,082</u>

Actuarial Methods and Assumptions

The District’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. 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, 2023, 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, 2023
Measurement Date	June 30, 2023
Salary Increases	2.80%
Investment Rate of Return	5.50%
Health Care Trend Rate	8% HMO / 8% 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, 2024

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, 2023 are shown herein:

Table 11-7

Asset Class	Target Allocation	L/T Expected Gross ROR
Global Equity	34%	N/A
Fixed Income	41%	N/A
Treasury Inflation - Protected Securities	5%	N/A
Commodities	3%	N/A
Real Estate Investment Trusts	17%	N/A
Total	<u>100%</u>	<u>5.50%</u>

The discount rate used to measure the total OPEB liability was 5.5 percent. The discount rate assumes the District continues to fully fund 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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)
Balances at June 30, 2023	\$ 3,567,214	\$ 1,580,854	\$ 1,986,360
Changes for the year:			
Service Cost	145,701	-	145,701
Interest	198,070	-	198,070
Differences between expected and actual experience	644,957	-	644,957
Employer Contributions	-	558,324	(558,324)
Net Investment Income	-	56,506	(56,506)
Change of assumptions	(293,567)	-	(293,567)
Benefit Payments	(226,323)	(226,323)	-
Administrative Expenses	-	(489)	489
Other Expenses	-	-	-
Net Changes	<u>468,838</u>	<u>388,018</u>	<u>80,820</u>
Balances at June 30, 2024	<u>\$ 4,036,052</u>	<u>\$ 1,968,872</u>	<u>\$ 2,067,180</u>

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

11) POST-EMPLOYMENT HEALTHCARE BENEFITS - Continued

The following presents the District's net OPEB liability calculated using the discount rate of 5.5 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 (4.5 percent) or 1-percentage-point higher (6.5 percent) than the current rate:

Table 11-9

Discount Rate	Net OPEB Liability (Asset)
1% Decrease (4.50%)	\$ 2,457,412
Current Discount Rate (5.50%)	\$ 2,067,180
1% Increase (6.50%)	\$ 1,727,579

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 8.0 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 (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

Table 11-10

Healthcare Trend Rate	Net OPEB Liability (Asset)
1% Decrease (7% HMO/7% PPO Decreasing to 3.50% HMO/3.50% PPO)	\$ 1,642,082
Current Healthcare Cost Trend Rates (8% HMO/8% PPO Decreasing to 4.50% HMO/4.50% PPO)	\$ 2,067,180
1% Increase (9% HMO/9% PPO Decreasing to 5.50% HMO/5.50% PPO)	\$ 2,578,002

OPEB Expense

For the year ended June 30, 2024, the District recognized OPEB expense of \$373,315 and recorded deferred outflows of resources of \$2,004,127 for contributions made during fiscal year 2024 after the measurement date. The deferred outflows will be recognized in OPEB expense for the period ending June 30, 2025.

The District recorded \$550,043 of deferred inflows of resources resulting from the differences between projected and actual earnings on OPEB plan investments for the period ending June 30, 2023. The deferred inflows of resources will be amortized and recognized in OPEB expense over three remaining periods ending June 30, 2027.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

12) CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The District has five significant active construction project commitments as of June 30, 2024. The following contracts are related to infrastructure upgrades and the recycled water facility.

Table 12-1

Contractual Commitments	Spent to Date	Remaining Commitment
Reservoir Seismic Retrofit Project Ph. 1	\$ 24,821	\$ 487,550
Plant 129 Well Development	\$ 36,816	\$ 238,184
SNRC Laboratory Services	\$ 114,067	\$ 185,933
Water Main Seismic Retrofit	\$ 475,254	\$ 708,746
Design-Build Services of additional water storage in the District's Canal Pressure Zone	\$ 316,029	\$ 423,199

13) DEBT WITHOUT DISTRICT COMMITMENT

The District authorized the formation of CFD 2021-1 Mediterra Project for purpose of the issuance of bonds under improvement acts of the State of California to finance eligible public facilities to serve residential, and/or mixed-use developments. Bonds issued by the CFD's are secured by annual special tax levies or liens placed on properties within each CFD. The District are not liable for repayment and the District, acting as an agent on behalf of the CFD, is only responsible for levying and collecting the special tax assessments, forwarding the collections to the bond trustee on behalf of bondholders, and initiating foreclosure proceedings on faulted special tax payments when necessary.

The bonds issued by the CFD are limited obligations and are payable solely from special tax assessments, specific bond reserves, and the proceeds from property foreclosures. Since these debts do not constitute an obligation of the District and the District is not obligated to make payments on the bonds, the CFD Bonds (whose terms are disclosed in Note 5) are not reported as long-term liabilities in the accompanying District financial statements. The activities related to the District Bond reserves, special assessment tax collection, remittance to the bond trustee, repayment of District Bonds and use of new bond proceeds for developer capital projects for infrastructure, are reported as a custodial fund

As of June 30, 2024, debt without District commitment is as follows:

	Balance June 30, 2024
2023 Special Tax Bonds, IA No. 1 - 30 years	\$ 5,720,000

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2024

14)DEBT WITHOUT DISTRICT COMMITMENT

During fiscal year 2023-24, the District recorded a settlement obligation of \$7 million as part of an agreement with the City of San Bernardino. This settlement, a critical component in releasing the District from a 1957 wastewater treatment Joint Powers Authority (JPA), was necessary to facilitate the Local Agency Formation Commission's (LAFCO) granting of wastewater treatment authority to the District. This release enabled the District to move forward with its water reclamation plant project, the Sterling Natural Resource Center (SNRC).

The settlement obligation is payable in annual installments of \$700,000 per year for 10 years, beginning in fiscal year 2023-24. The entire settlement obligation has been accrued and expensed as a special item in fiscal year 2023-24.

The Water and Wastewater funds, which were the funds in existence when the obligation was incurred, are being charged for the settlement payments. The settlement expense is reflected as a one-time charge of \$7 million in the accompanying financial statements.

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An aerial photograph of a large agricultural field, likely a vineyard, with a building and mountains in the background. The image is overlaid with a dark blue gradient.

REQUIRED SUPPLEMENTARY INFORMATION

East Valley Water District
Schedule of District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2024
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.

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the Net Pension Liability	0.119452%	0.119950%	0.123102%	0.113169%	0.115205%
Proportionate Share of the Net Pension Liability	\$ 14,902,033	\$ 13,855,136	\$ 6,657,689	\$ 12,313,294	\$ 11,805,140
Covered-Employee Payroll	\$ 7,393,654	\$ 6,565,118	\$ 6,197,060	\$ 5,888,338	\$ 5,658,626
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	201.55%	211.04%	107.43%	209.11%	208.62%
Plan's Fiduciary Net Position	\$ 44,216,314	\$ 41,301,132	\$ 44,006,462	\$ 36,172,219	\$ 34,016,773
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	74.79%	74.88%	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-Employee 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-Employee 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%

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, 2024
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.

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution (Actuarially Determined)	\$ 2,047,342	\$ 1,976,052	\$ 1,938,185	\$ 1,900,734	\$ 1,798,495
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ 2,047,342</u>	<u>\$ 1,976,052</u>	<u>\$ 1,938,185</u>	<u>\$ 1,900,734</u>	<u>\$ 1,798,495</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 7,750,618	\$ 7,393,654	\$ 6,565,118	\$ 6,197,060	\$ 5,888,338
Contributions as a Percentage of Covered-Employee Payroll	26.42%	26.73%	29.52%	30.67%	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-Employee Payroll	\$ 5,658,626	\$ 5,447,702	\$ 4,489,575	\$ 5,097,156	\$ 4,715,712
Contributions as a Percentage of Covered-Employee Payroll	21.71%	28.99%	23.06%	17.57%	15.75%

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, 2024
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.

<u>Total OPEB Liability</u>	<u>2024</u>	<u>2023</u>
Service Cost	\$ 145,701	\$ 118,145
Interest	198,070	213,973
Differences between expected and actual experience	644,957	(173,230)
Changes of assumptions	(293,567)	340,147
Benefit Payments, including refunds of member contributions	<u>(226,323)</u>	<u>(207,859)</u>
Net Change in Total OPEB Liability	468,838	291,176
Total OPEB Liability - Beginning	3,567,214	3,276,038
Total OPEB Liability - Ending (a)	<u><u>\$ 4,036,052</u></u>	<u><u>\$ 3,567,214</u></u>
<u>Plan Fiduciary Net Position</u>	<u>2024</u>	<u>2023</u>
Contributions - Employer	\$ 558,324	\$ 556,222
Net Investment Income	56,506	(181,313)
Benefit Payments	(226,323)	(207,859)
Administrative Expense	(489)	(359)
Other Expense	-	-
Net Change in Plan Fiduciary Net Position	<u>\$ 388,018</u>	<u>\$ 166,691</u>
Plan Fiduciary Net Position - Beginning	<u>1,580,854</u>	<u>1,414,163</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 1,968,872</u></u>	<u><u>\$ 1,580,854</u></u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u><u>\$ 2,067,180</u></u>	<u><u>\$ 1,986,360</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	48.78%	44.32%
Covered-Employee Payroll	\$ 6,007,798	\$ 5,847,005
Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	34.41%	33.97%

(Continued)

Note: Fiscal year 2018 was the first year of implementation, therefore only seven 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, 2024 - Continued
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.

Total OPEB Liability	2022	2021	2020	2019	2018
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	(225,321)	(220,316)	(168,787)	(149,550)	(168,724)
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>
Plan Fiduciary Net Position	2022	2021	2020	2019	2018
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	(563)	(427)	(240)	(683)	-
Net Change in Plan Fiduciary Net Position	\$ 391,109	\$ 222,909	\$ 157,951	\$ 36,682	\$ 86,616
Plan Fiduciary Net Position - Beginning	1,023,054	800,145	642,194	605,512	518,896
Plan Fiduciary Net Position - Ending (b)	\$ 1,414,163	\$ 1,023,054	\$ 800,145	\$ 642,194	\$ 605,512
Net OPEB Liability (Asset) - Ending (a) - (b)	\$ 1,861,875	\$ 2,040,977	\$ 2,096,677	\$ 2,016,416	\$ 1,932,370
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	43.17%	33.39%	27.62%	24.16%	23.86%
Covered-Employee 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 seven 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, 2024
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.

<u>OPEB Contributions</u>	<u>2024</u>	<u>2023</u>
Actuarially Determined Contribution (ADC)	\$ 662,002	\$ 332,001
Contributions in Relation to the ADC	(558,324)	(556,222)
Contribution Deficiency (Excess)	<u>\$ 103,678</u>	<u>\$ (224,221)</u>
District's Covered-Employee Payroll	\$ 6,536,459	\$ 6,007,798
Contributions as a Percentage of Covered-Employee Payroll	10.13%	5.53%

<u>OPEB Contributions</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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)	<u>\$ (63,743)</u>	<u>\$ (54,984)</u>	<u>\$ 83,994</u>	<u>\$ 136,003</u>	<u>\$ (74,309)</u>
District's Covered-Employee Payroll	\$ 5,847,005	\$ 5,902,604	\$ 5,744,627	\$ 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 six 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, 2024**

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, 2023
Valuation Date	June 30, 2023
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	14 years
Assets Valuation Method	5 Year
Salary Increases	2.8% Annually Plus Merit Increases Based on 2021 Experience Study
Investment Rate of Return	5.50%

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An aerial photograph of a landscape, overlaid with a dark blue tint. In the foreground, there is a large, dense field of low-lying vegetation. In the middle ground, a modern building with a flat roof and large windows is visible on the left. To the right of the building is a landscaped garden area with various plants and a winding path. In the background, there are rolling hills and mountains under a clear sky. A thin white vertical line is positioned to the left of the text.

SUPPLEMENTARY INFORMATION

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Intentionally

**East Valley Water District
History and Organization
Year Ended June 30, 2024**

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 for 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

East Valley Water District		East Valley Water District Financing Authority	
James Morales, Jr.	Chairman of the Board	James Morales, Jr.	President
Ronald L. Coats	Vice-Chairman of the Board	Ronald L. Coats	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

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

District General Counsel

East Valley Water District	
Jean Cihigoyenetche	JC Law Firm

**East Valley Water District
Combining Schedule of Net Position
June 30, 2024**

	<u>Water</u>	<u>Wastewater</u>	<u>Water Reclamation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,784,281	\$ 783,879	\$ 5,628,995	\$ -	\$ 8,197,155
Investments	13,162,655	2,141,514	-	-	15,304,169
Accounts Receivable, Net	5,089,642	351,017	667,030	-	6,107,689
Interest Receivable	106,595	212,102	22,354	-	341,051
Other Receivables	1,959,106	-	-	-	1,959,106
Due From Other Fund	12,526,922	2,257,875	-	(14,784,797)	-
Due from Other Governments	-	-	7,553,848	-	7,553,848
Inventory	1,055,170	6,721	-	-	1,061,891
Prepaid Expenses	733,428	42,012	-	-	775,440
Total Current Assets	<u>36,417,799</u>	<u>5,795,120</u>	<u>13,872,227</u>	<u>(14,784,797)</u>	<u>41,300,349</u>
Non-Current Assets:					
Restricted Cash and Cash Equivalents	7,817,138	3,760,224	3,630,159	-	15,207,521
Restricted Due from Other Governments	-	-	7,800,000	-	7,800,000
Assessments Receivable	246,083	-	-	-	246,083
Capital Assets not being Depreciated	4,725,633	2,848,506	-	-	7,574,139
Capital Assets, Net (Note 4)	111,446,787	27,884,535	175,053,347	-	314,384,669
Total Non-Current Assets	<u>124,235,641</u>	<u>34,493,265</u>	<u>186,483,506</u>	<u>-</u>	<u>345,212,412</u>
Total Assets	<u>160,653,440</u>	<u>40,288,385</u>	<u>200,355,733</u>	<u>(14,784,797)</u>	<u>386,512,761</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	553,094	259,347	-	-	812,441
Deferred Outflows - Pensions	4,422,851	1,895,508	-	-	6,318,359
Deferred Outflows - OPEB	1,402,889	601,238	-	-	2,004,127
Total Deferred Outflows	<u>6,378,834</u>	<u>2,756,093</u>	<u>-</u>	<u>-</u>	<u>9,134,927</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 167,032,274</u>	<u>\$ 43,044,478</u>	<u>\$ 200,355,733</u>	<u>\$ (14,784,797)</u>	<u>\$ 395,647,688</u>

(Continued)

East Valley Water District
Combining Schedule of Net Position – Continued
June 30, 2024

	<u>Water</u>	<u>Wastewater</u>	<u>Water Reclamation</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Expenses	\$ 10,144,621	\$ 107,606	\$ 196,919	\$ -	\$ 10,449,146
Accrued Payroll and Benefits	669,610	169,937	105,038	-	944,585
Customer Service Deposits	1,439,016	-	-	-	1,439,016
Construction Advances and Retentions	136,817	3,500	-	-	140,317
Accrued Interest Payable	203,649	24,711	-	-	228,360
Current Portion of Compensated Absences	305,527	91,983	35,192	-	432,702
Current Portion of Long-Term Debt	1,546,278	175,000	4,462,664	-	6,183,942
Due To Other Fund	-	-	14,784,797	(14,784,797)	-
Due To Other Governments	76,452	-	-	-	76,452
Total Current Liabilities	<u>14,521,970</u>	<u>572,737</u>	<u>19,584,610</u>	<u>(14,784,797)</u>	<u>19,894,520</u>
Non-Current Liabilities:					
Compensated Absences, Less Current Portion	720,652	228,680	159,192	-	1,108,524
Net Pension Liability	10,431,423	4,470,610	-	-	14,902,033
Net OPEB Liability	1,447,026	620,154	-	-	2,067,180
Long-Term Debt, Less Current Portion	28,931,619	4,030,000	171,015,643	-	203,977,262
Due To Other Governments	4,410,000	1,890,000	-	-	6,300,000
Total Non-Current Liabilities	<u>45,940,720</u>	<u>11,239,444</u>	<u>171,174,835</u>	<u>-</u>	<u>228,354,999</u>
Total Liabilities	<u>60,462,690</u>	<u>11,812,181</u>	<u>190,759,445</u>	<u>(14,784,797)</u>	<u>248,249,519</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Refunding	1,076,449	-	-	-	1,076,449
Deferred Inflows - Pensions	380,178	162,933	-	-	543,111
Deferred Inflows - OPEB	385,030	165,013	-	-	550,043
Total Deferred Inflows	<u>1,841,657</u>	<u>327,946</u>	<u>-</u>	<u>-</u>	<u>2,169,603</u>
Total Liabilities and Deferred Inflows of Resources	<u>62,304,347</u>	<u>12,140,127</u>	<u>190,759,445</u>	<u>(14,784,797)</u>	<u>250,419,122</u>
NET POSITION					
Net Investment in Capital Assets	85,711,174	26,362,430	-	-	112,073,604
Restricted for:					
Future Capital Expansion Projects	5,927,682	3,756,724	3,630,159	-	13,314,565
Unrestricted	13,089,071	785,197	5,966,129	-	19,840,397
Total Net Position	<u>\$ 104,727,927</u>	<u>\$ 30,904,351</u>	<u>\$ 9,596,288</u>	<u>\$ -</u>	<u>\$ 145,228,566</u>

East Valley Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

	Water	Wastewater	Water Reclamation	Eliminations	Total
OPERATING REVENUE					
Water Sales	\$ 17,461,064	\$ -	\$ 439,451	\$ -	\$ 17,900,515
Wastewater Treatment Charges	-	-	10,746,724	-	10,746,724
System Charges	10,149,281	6,073,154	-	-	16,222,435
Other Revenue	998,210	62,331	-	-	1,060,541
Total Operating Revenue	<u>28,608,555</u>	<u>6,135,485</u>	<u>11,186,175</u>	<u>-</u>	<u>45,930,215</u>
OPERATING EXPENSES					
Source of Supply:					
Salary & Benefits	545,958	-	-	-	545,958
Contract Services	247,051	-	-	-	247,051
Utilities	2,007,023	-	-	-	2,007,023
Insurance	5,370	-	-	-	5,370
Materials & Supplies	46,081	-	-	-	46,081
Purchased Water	786,922	-	-	-	786,922
Water Assessments	286,053	-	-	-	286,053
Chemicals	130,988	-	-	-	130,988
Professional Development	185	-	-	-	185
Taxes	23,735	-	-	-	23,735
Total Source of Supply	<u>4,079,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,079,366</u>
Pumping:					
Salary & Benefits	183,776	-	-	-	183,776
Contract Services	38,773	-	-	-	38,773
Utilities	644,245	-	-	-	644,245
Materials & Supplies	16,937	-	-	-	16,937
Total Pumping	<u>883,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>883,731</u>
Treatment:					
Salary & Benefits	511,638	-	1,441,357	-	1,952,995
Contract Services	567,629	-	7,359,999	-	7,927,628
Utilities	212,419	-	1,328,879	-	1,541,298
Materials & Supplies	82,088	-	83,931	-	166,019
Legal Services	-	-	-	-	-
Chemicals	218,594	-	180,377	-	398,971
Memberships & Dues	-	-	3,952	-	3,952
Tools	-	-	7,973	-	7,973
Printing & Publishing	-	-	-	-	-
Professional Development	-	-	4,788	-	4,788
Total Treatment	<u>1,592,368</u>	<u>-</u>	<u>10,411,256</u>	<u>-</u>	<u>12,003,624</u>
Transmission & Distribution:					
Salary & Benefits	2,635,539	-	-	-	2,635,539
Contract Services	591,111	-	-	-	591,111
Materials & Supplies	719,956	-	-	-	719,956
Chemicals	13,900	-	-	-	13,900
Permits	-	-	-	-	-
Tools	51,770	-	-	-	51,770
Total Transmission & Distribution	<u>\$ 4,012,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,012,276</u>

(Continued)

East Valley Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position - Continued
Year Ended June 30, 2024

	Water	Wastewater	Water Reclamation	Eliminations	Total
OPERATING EXPENSES - Continued					
Wastewater Collection:					
Salary & Benefits	\$ -	\$ 541,055	\$ -	\$ -	\$ 541,055
Contract Services	-	209,913	-	-	209,913
Materials & Supplies	-	34,721	-	-	34,721
Tools	-	6,661	-	-	6,661
Total Wastewater Collection	<u>-</u>	<u>792,350</u>	<u>-</u>	<u>-</u>	<u>792,350</u>
Customer Accounts:					
Salary & Benefits	920,792	284,533	-	-	1,205,325
Contract Services	689,123	293,000	-	-	982,123
Utilities	4,854	-	-	-	4,854
Materials & Supplies	1,589	45	-	-	1,634
General Office Supplies	10,391	636	-	-	11,027
Printing & Publishing	5,891	2,525	-	-	8,416
Postage	123,707	53,017	-	-	176,724
Professional Development	1,596	658	-	-	2,254
Total Customer Accounts	<u>1,757,943</u>	<u>634,414</u>	<u>-</u>	<u>-</u>	<u>2,392,357</u>
General & Administrative:					
Salary & Benefits	3,392,950	2,073,195	-	-	5,466,145
Contract Services	2,385,595	883,292	-	-	3,268,887
Conservation Rebates	23,133	-	-	-	23,133
Utilities	502,315	98,772	-	-	601,087
Insurance	947,757	233,482	604,450	-	1,785,689
Materials & Supplies	679,801	159,721	-	-	839,522
General Office Supplies	13,245	8,590	-	-	21,835
Legal Services	103,620	44,319	-	-	147,939
Permits	85,037	21,228	-	-	106,265
Memberships & Dues	93,383	34,066	-	-	127,449
Tools	23,923	4,347	-	-	28,270
Printing & Publishing	87,781	40,615	-	-	128,396
Professional Development	159,120	50,695	-	-	209,815
Rents & Leases	15,770	6,767	-	-	22,537
Total General & Administrative	<u>8,513,430</u>	<u>3,659,089</u>	<u>604,450</u>	<u>-</u>	<u>12,776,969</u>
OPERATING EXPENSES BEFORE DEPRECIATION					
	20,839,114	5,085,853	11,015,706	-	36,940,673
Depreciation	5,647,729	924,253	1,052,684	-	7,624,666
Total Operating Expenses	<u>26,486,843</u>	<u>6,010,106</u>	<u>12,068,390</u>	<u>-</u>	<u>44,565,339</u>
OPERATING INCOME (LOSS)	\$ 2,121,712	\$ 125,379	\$ (882,215)	\$ -	\$ 1,364,876

(Continued)

East Valley Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position - Continued
Year Ended June 30, 2024

	<u>Water</u>	<u>Wastewater</u>	<u>Water Reclamation</u>	<u>Eliminations</u>	<u>Total</u>
NON-OPERATING REVENUES					
Investment Income	\$ 616,071	\$ 414,212	\$ 106,219	\$ -	\$ 1,136,502
Unrealized Investment Gain	103,802	26,734	-	-	130,536
Other Income	39,064	-	-	-	39,064
Total Non-Operating Revenues	<u>758,937</u>	<u>440,946</u>	<u>106,219</u>	<u>-</u>	<u>1,306,102</u>
NON-OPERATING EXPENSES					
Interest Expense	677,936	111,747	-	-	789,683
Other Non-Operating Expenses	-	-	-	-	-
Total Non-Operating Expenses	<u>677,936</u>	<u>111,747</u>	<u>-</u>	<u>-</u>	<u>789,683</u>
INCOME BEFORE CONTRIBUTIONS	<u>2,202,713</u>	<u>454,578</u>	<u>(775,996)</u>	<u>-</u>	<u>1,881,295</u>
CONTRIBUTIONS:					
Capacity Charges	1,322,408	612,343	621,637	-	2,556,388
Total Contributions	<u>1,322,408</u>	<u>612,343</u>	<u>621,637</u>	<u>-</u>	<u>2,556,388</u>
SPECIAL ITEM:					
Settlement Obligation - Wastewater Treatment Authority Disassociation	(4,900,000)	(2,100,000)	-	-	(7,000,000)
CHANGE IN NET POSITION	(1,374,879)	(1,033,079)	(154,359)	-	(2,562,317)
TOTAL NET POSITION, BEGINNING	<u>106,102,806</u>	<u>31,937,430</u>	<u>9,750,647</u>	<u>-</u>	<u>147,790,883</u>
TOTAL NET POSITION, ENDING	<u>\$ 104,727,927</u>	<u>\$ 30,904,351</u>	<u>\$ 9,596,288</u>	<u>\$ -</u>	<u>\$ 145,228,566</u>

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Intentionally

**East Valley Water District
Combining Schedule of Cash Flows
Year Ended June 30, 2024**

	<u>Water</u>	<u>Wastewater</u>	<u>Water Reclamation</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 28,523,629	\$ 6,095,940	\$ 11,067,554	\$ -	\$ 45,687,123
Cash Payments for Employees Services	(9,847,820)	(2,566,387)	(1,398,359)	-	(13,812,566)
Cash Payments to Suppliers	(11,304,249)	(2,275,819)	(9,389,210)	-	(22,969,278)
Misc Income / (Expense)	39,064	-	-	-	39,064
Net Cash Provided by Operating Activities	<u>7,410,624</u>	<u>1,253,734</u>	<u>279,985</u>	<u>-</u>	<u>8,944,343</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Assessments Received	131,891	-	-	-	131,891
Developer Fees Received	1,322,408	612,343	621,637	-	2,556,388
Reimbursements Received	-	-	6,579,416	-	6,579,416
Proceeds/Draws from SRF Loan	-	-	8,813,935	-	8,813,935
Due (From) To Water Fund	(5,429,180)	(2,655,077)	5,429,180	-	(2,655,077)
Due (From) To Reclamation Fund	5,661,647	5,655,612	(5,655,612)	-	5,661,647
Principal Paid on Capital Debt	(3,067,553)	(175,000)	-	-	(3,242,553)
Interest Paid on Capital Debt	(900,069)	(98,274)	-	-	(998,343)
Due (From) To Other Agencies	(413,548)	(210,000)	-	-	(623,548)
Acquisition of Capital Assets	(1,858,321)	(4,008,968)	(9,630,053)	-	(15,497,342)
Net Cash Used for Capital and Related Financing Activities	<u>(4,552,725)</u>	<u>(879,364)</u>	<u>6,158,503</u>	<u>-</u>	<u>726,414</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received from Investments	507,750	152,098	83,865	-	743,713
Acquisition of Investment Securities	(9,903,449)	(1,495,150)	-	-	(11,398,599)
Proceeds from Sales of Investments	115,000	1,450,000	-	-	1,565,000
Net Cash Provided (Used) by Investing Activities	<u>(9,280,699)</u>	<u>106,948</u>	<u>83,865</u>	<u>-</u>	<u>(9,089,886)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(6,422,800)	481,318	6,522,353	-	580,871
Cash and Equivalents:					
Beginning of Year	16,024,219	4,062,785	2,736,801	-	22,823,805
End of Year	<u>\$ 9,601,419</u>	<u>\$ 4,544,103</u>	<u>\$ 9,259,154</u>	<u>\$ -</u>	<u>\$ 23,404,676</u>
RECONCILIATION TO STATEMENT OF NET POSITION					
Cash and Cash Equivalents	\$ 1,784,281	\$ 783,879	\$ 5,628,995	\$ -	\$ 8,197,155
Restricted Cash and Cash Equivalents	7,817,138	3,760,224	3,630,159	-	15,207,521
Total Cash and Cash Equivalents	<u>\$ 9,601,419</u>	<u>\$ 4,544,103</u>	<u>\$ 9,259,154</u>	<u>\$ -</u>	<u>\$ 23,404,676</u>

(Continued)

East Valley Water District
Combining Schedule of Cash Flows - Continued
Year Ended June 30, 2024

	<u>Water</u>	<u>Wastewater</u>	<u>Water Reclamation</u>	<u>Eliminations</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to					
Net Cash Provided by Operating Activities					
Operating Income (Loss)	\$ 2,121,712	\$ 125,379	\$ (882,215)	\$ -	\$ 1,364,876
Adjustments to Reconcile Operating					
Income (Loss) to Net Cash Provided by					
Operating Activities:					
Depreciation	5,647,729	924,253	1,052,684	-	7,624,666
Miscellaneous Income/(Expense)	39,064	-	-	-	39,064
CIP Projects Expensed	160,787	7,396	-	-	168,183
Change in Assets and Liabilities:					
Customer Receivables	(8,684)	(39,545)	(118,621)	-	(166,850)
Inventory	(87,071)	-	-	-	(87,071)
Prepays	(508,708)	(9,934)	-	-	(518,642)
Deferred Outflow of Resources	(870,918)	(950,171)	-	-	(1,821,089)
Accounts Payable - Supplier	1,791,555	(86,211)	185,139	-	1,890,483
Salaries & Benefits Payable	92,821	(4,662)	31,050	-	119,209
Compensated absences	46,040	55,471	11,948	-	113,459
Net Pension Liability	(169,571)	1,216,468	-	-	1,046,897
Net OPEB Liability	56,573	24,246	-	-	80,819
Deferred Inflows of Resources	(824,463)	(8,956)	-	-	(833,419)
Other Receivables	(111,296)	-	-	-	(111,296)
Customer / Developer Deposits	35,054	-	-	-	35,054
Total Cash Provided					
by Operating Activities	<u>\$ 7,410,624</u>	<u>\$ 1,253,734</u>	<u>\$ 279,985</u>	<u>\$ -</u>	<u>\$ 8,944,343</u>
NON-CASH INVESTING, CAPITAL, AND					
NON-CAPITAL FINANCING ACTIVITIES:					
Fair Value Adjustments to Investments	\$ 65,149	\$ 65,387	\$ -	\$ -	\$ 130,536
Receivable Offset by Debt	\$ -	\$ -	\$ 8,616,385	\$ -	\$ 8,616,385

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STATISTICAL INFORMATION SECTION



Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024

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Annual Comprehensive Financial Report
 Fiscal Year Ended June 30, 2024

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

Year ended June 30,

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Change In Net Position					
Operating Revenue	\$ 30,743,445	\$ 33,024,082	\$ 37,448,549	\$ 40,291,125	\$ 39,309,298
Operating Expenses	29,146,339	32,655,921	32,299,587	35,980,099	35,898,073
Operating Income (Loss)	<u>1,597,106</u>	<u>368,161</u>	<u>5,148,962</u>	<u>4,311,026</u>	<u>3,411,225</u>
Non-Operating Revenue (Expenses)					
Investment Income	100,830	146,874	69,237	221,359	571,549
Other Income	800,278	830,806	401,323	258,560	307,247
Interest Expense	(1,980,062)	(1,843,440)	(1,776,684)	(1,777,852)	(1,684,986)
Gain (Loss) on Disposal of Assets	-	-	-	-	705,285
Total Non-Operating Revenue (Expenses)	<u>(1,078,954)</u>	<u>(865,760)</u>	<u>(1,306,124)</u>	<u>(1,297,933)</u>	<u>(100,905)</u>
Special Item					
Abandoned Projects	(2,413,478)	-	(1,615,241)	-	-
Hazard Mitigation	-	-	-	(155,177)	-
Settlement Obligation	-	-	-	-	-
Capital Contributions	596,940	732,642	2,446,118	523,918	611,673
Change in Net Position	(1,298,386)	235,043	4,673,715	3,537,011	3,921,993
Prior Period Adjustment	(7,956,231)	-	-	-	-
Cumulative Effect of Change in Accounting Principles	-	-	-	(1,711,803)	-
Net Position - Beginning	122,069,494	112,814,877	113,049,920	117,723,635	119,393,666
Net Position - Ending	<u>\$ 112,814,877</u>	<u>\$ 113,049,920</u>	<u>\$ 117,723,635</u>	<u>\$ 119,548,843</u>	<u>\$ 123,315,659</u>
Net Position By Component					
Net Investment in					
Capital Assets	\$ 98,091,685	\$ 103,222,160	\$ 104,659,796	\$ 103,210,762	\$ 95,468,735
Restricted	2,322,238	2,276,695	2,847,924	3,334,940	3,460,835
Unrestricted	12,400,954	7,551,065	10,215,915	12,847,964	24,386,089
	<u>\$ 112,814,877</u>	<u>\$ 113,049,920</u>	<u>\$ 117,723,635</u>	<u>\$ 119,393,666</u>	<u>\$ 123,315,659</u>

(Continued)

SOURCE: East Valley Water District - Finance Department

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

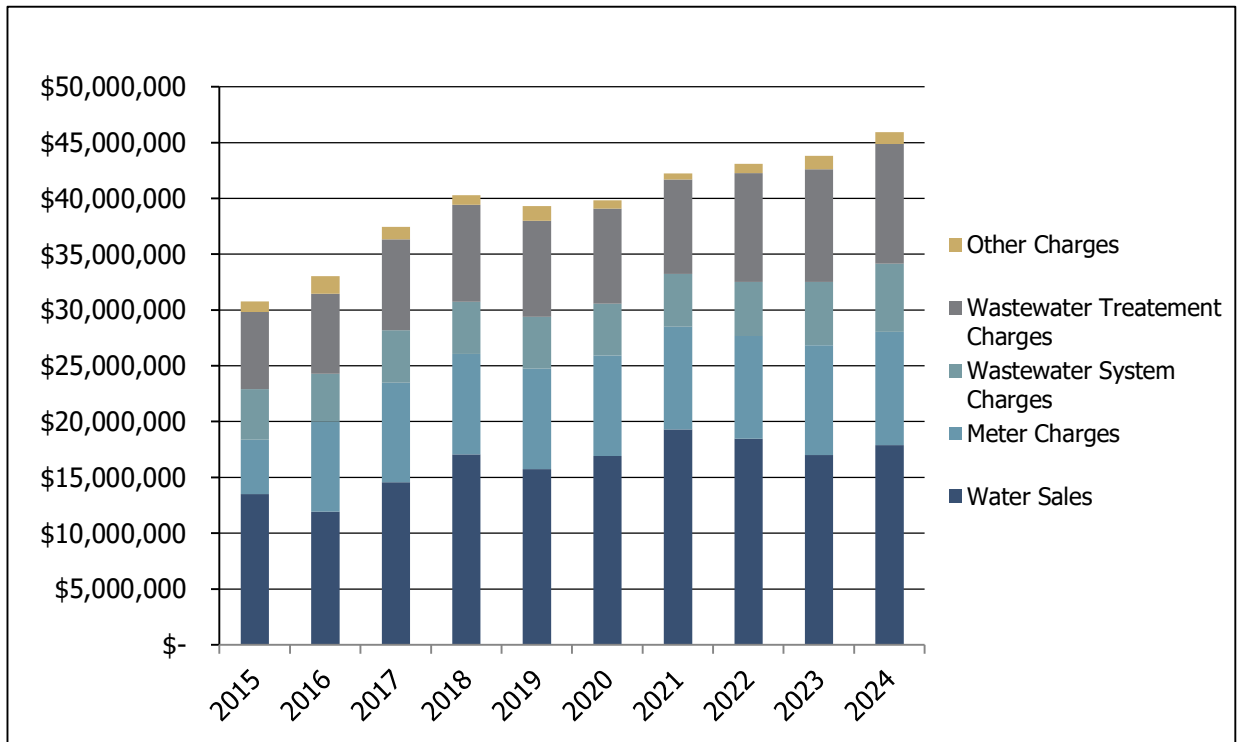
Year ended June 30,

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Change In Net Position					
Operating Revenue	\$ 39,812,912	\$ 42,236,814	\$ 43,093,615	\$ 43,810,012	\$ 45,930,215
Operating Expenses	36,249,650	36,496,064	40,578,341	42,515,136	44,565,339
Operating Income (Loss)	<u>3,563,262</u>	<u>5,740,750</u>	<u>2,515,274</u>	<u>1,294,876</u>	<u>1,364,876</u>
Non Operating Revenue (Expenses)					
Investment Income	524,675	167,499	165,989	352,273	1,136,502
Other Income	121,983	43,744	(269,768)	(37,876)	169,600
Interest Expense	(1,579,104)	(1,387,113)	(1,295,223)	(869,397)	(789,683)
Gain (Loss) on Disposal of Assets	-	(1,236,600)	1,042,562	30,134	-
Total Non-Operating Revenue (Expenses)	<u>(932,446)</u>	<u>(2,412,470)</u>	<u>(356,440)</u>	<u>(524,866)</u>	<u>516,419</u>
Special Item					
Abandoned Projects	-	-	-	-	-
Hazard Mitigation	-	-	-	-	-
Settlement Obligation	-	-	-	-	(7,000,000)
Capital Contributions	9,961,522	877,185	2,826,525	1,922,052	2,556,388
Change in Net Position	12,592,338	4,205,465	4,985,359	2,692,062	(2,562,317)
Prior Period Adjustment	-	-	-	-	-
Cumulative Effect of Change in Accounting Principles	-	-	-	-	-
Net Position - Beginning	123,315,659	135,907,997	140,113,462	145,098,821	147,790,883
Net Position - Ending	<u>\$ 135,907,997</u>	<u>\$ 140,113,462</u>	<u>\$ 145,098,821</u>	<u>\$ 147,790,883</u>	<u>\$ 145,228,566</u>
Net Position By Component					
Net Investment in					
Capital Assets	\$ 106,708,555	\$ 114,767,362	\$ 117,079,071	\$ 112,909,956	\$ 112,073,604
Restricted	6,659,487	6,435,505	9,076,014	10,761,677	13,314,565
Unrestricted	22,539,955	18,910,595	18,943,736	24,119,250	19,840,397
	<u>\$ 135,907,997</u>	<u>\$ 140,113,462</u>	<u>\$ 145,098,821</u>	<u>\$ 147,790,883</u>	<u>\$ 145,228,566</u>

SOURCE: East Valley Water District - Finance Department

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

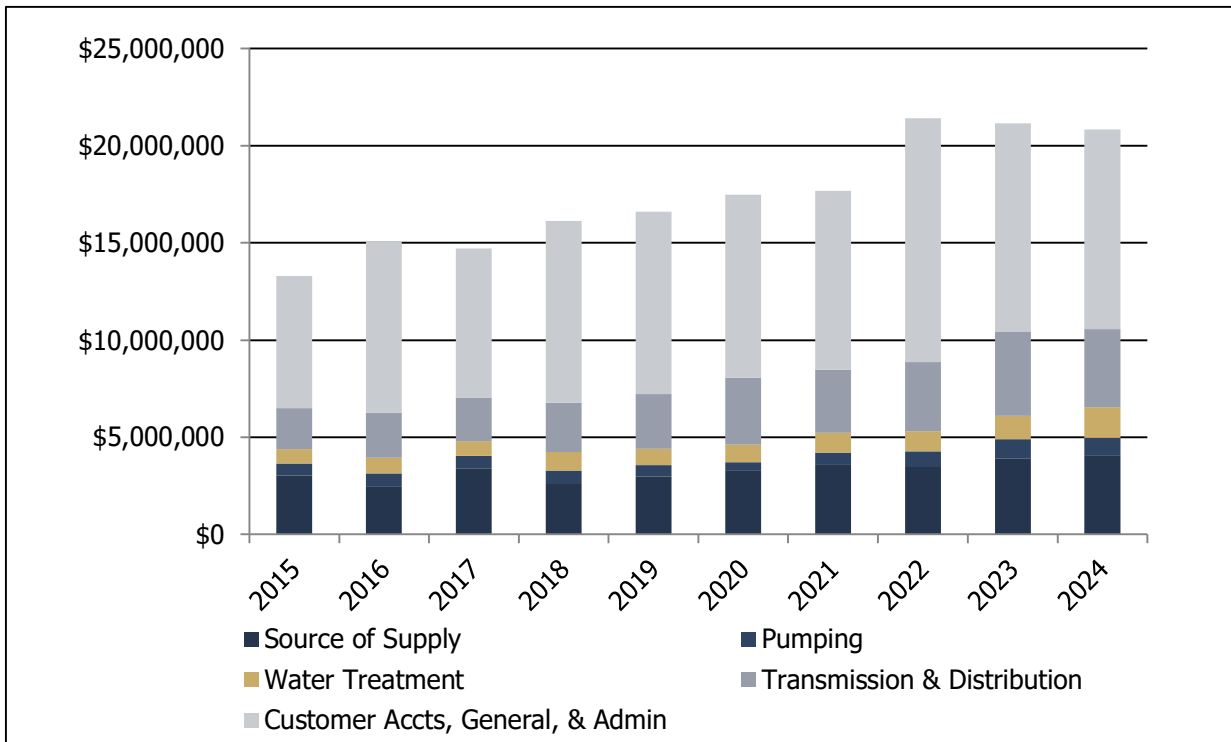
Year Ended June 30,	Water Sales	Meter Charges	Wastewater System Charges	Wastewater Treatment Charges	Other Charges	Total Operating Revenue
2015	\$ 13,505,159	\$ 4,874,581	\$ 4,531,355	\$ 6,907,828	\$ 924,522	\$ 30,743,445
2016	11,927,523	8,063,077	4,286,594	7,165,655	1,581,233	33,024,082
2017	14,556,339	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
2023	17,004,576	9,831,561	5,651,554	10,108,850	1,213,471	43,810,012
2024	17,900,515	10,149,281	6,073,154	10,746,724	1,060,541	45,930,215



SOURCE: East Valley Water District - Finance Department

EAST VALLEY WATER DISTRICT
Water Operating Expenses
Last Ten Fiscal Years

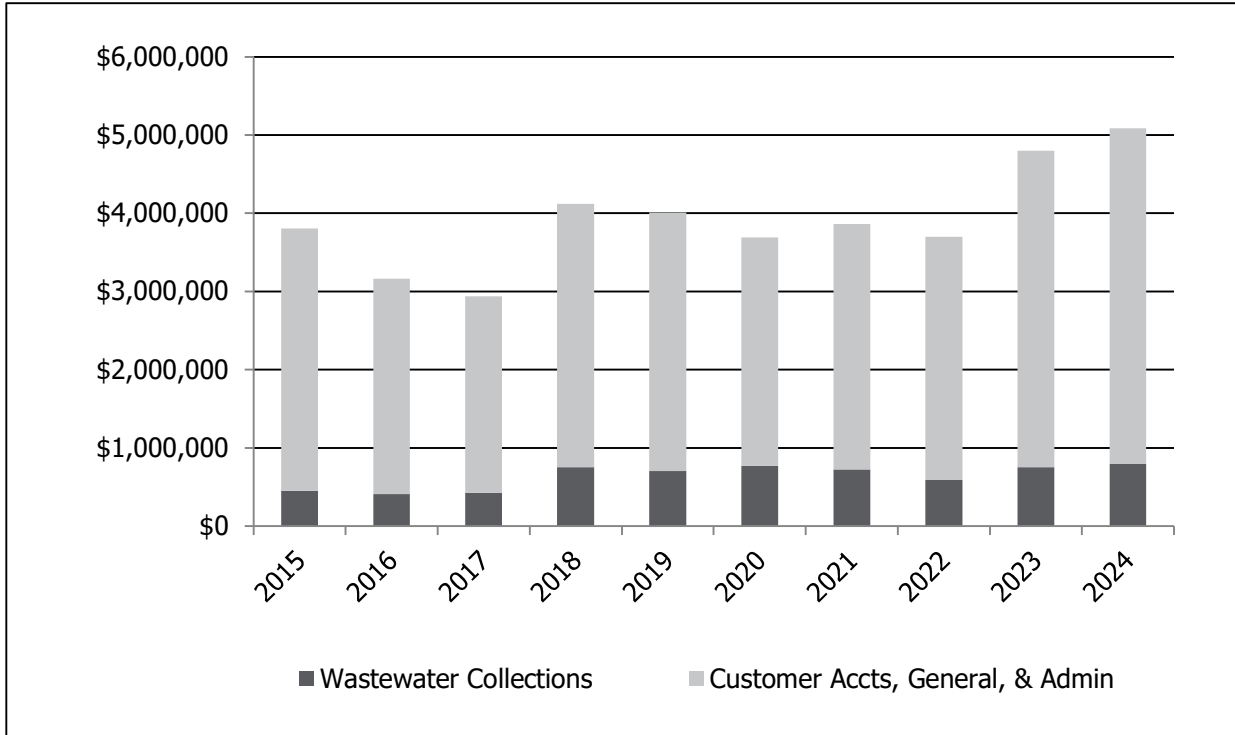
Year Ended June 30,	Source of Supply	Pumping	Water Treatment	Transmission & Distribution	Customer Accts, General, & Admin	Total Water Oper Expenses
2015	\$ 3,025,714	\$ 615,147	\$ 743,099	\$ 2,120,374	\$ 6,785,909	\$ 13,290,243
2016	2,442,061	696,432	799,947	2,327,185	8,782,957	15,048,582
2017	3,401,062	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
2023	3,890,634	1,003,038	1,212,646	4,311,606	10,744,909	21,162,833
2024	4,079,366	883,731	1,592,368	4,012,276	10,271,373	20,839,114



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

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

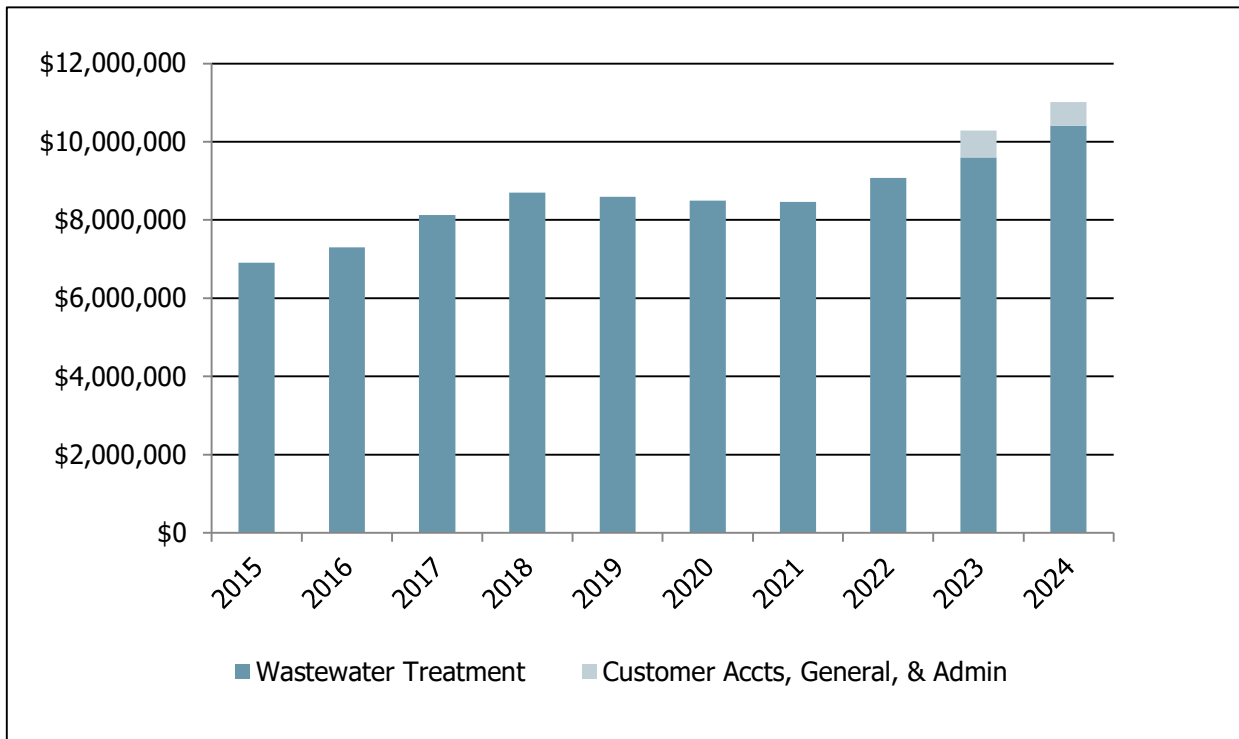
Year Ended June 30,	Wastewater Collections	Customer Accts, General, & Admin	Total Wastewater Oper Expenses
2015	\$ 448,399	\$ 3,356,250	\$ 3,804,649
2016	407,913	2,752,779	3,160,692
2017	425,944	2,510,920	2,936,864
2018	753,000	3,367,091	4,120,091
2019	700,507	3,309,983	4,010,490
2020	767,448	2,922,949	3,690,397
2021	722,680	3,140,650	3,863,330
2022	587,128	3,113,309	3,700,437
2023	752,489	4,048,730	4,801,219
2024	792,350	4,293,503	5,085,853



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

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

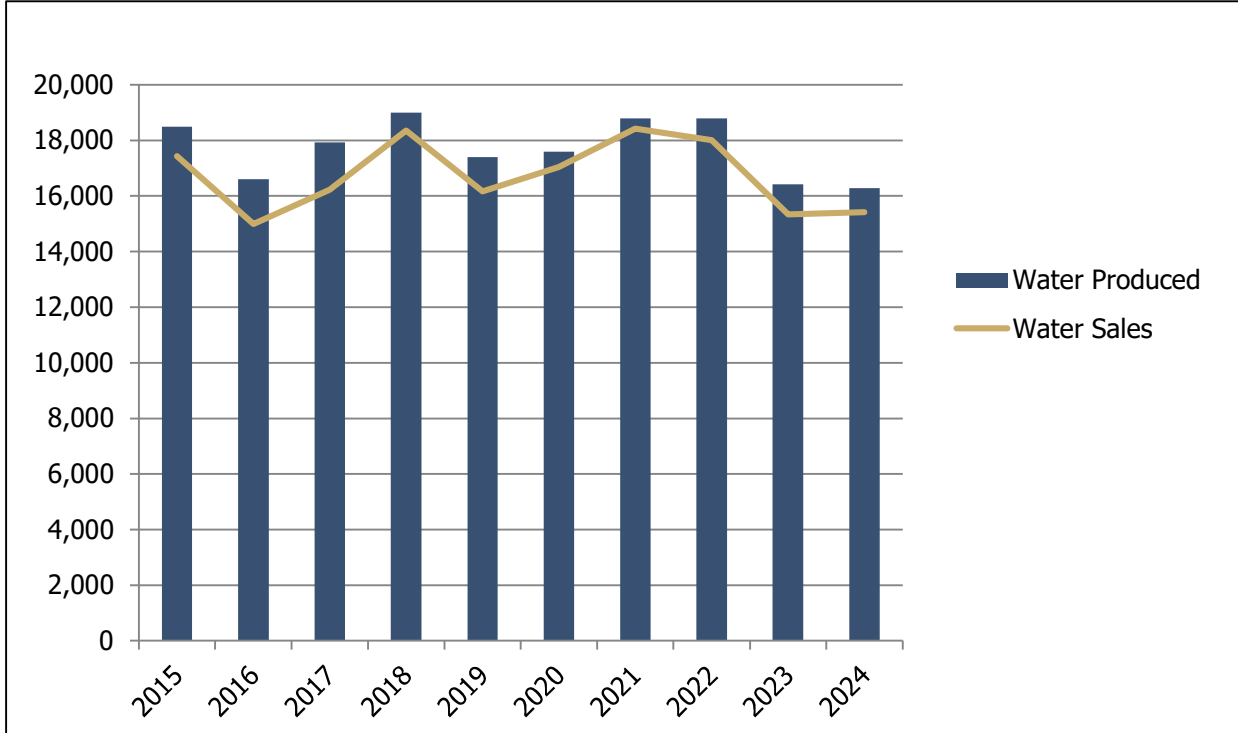
Year Ended June 30,	Wastewater Treatment	Customer Accts, General, & Admin	Total Water Recl Oper Expenses
2015	\$ 6,907,828	\$ -	\$ 6,907,828
2016	7,302,389	-	7,302,389
2017	8,128,030	-	8,128,030
2018	8,697,671	-	8,697,671
2019	8,592,950	-	8,592,950
2020	8,496,012	-	8,496,012
2021	8,456,508	-	8,456,508
2022	9,084,061	-	9,084,061
2023	9,601,461	685,246	10,286,707
2024	10,411,256	604,450	11,015,706



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

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

Year Ended June 30,	Water Sales (Acre Feet)	Water Produced (Acre Feet)
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
2023	15,341	16,408
2024	15,420	16,273



SOURCES: East Valley Water District - Finance and Operations Departments

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

Water Consumption Rates

Year ended June 30,

	<u>2015⁽¹⁾</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Charge per HCF	Tier 1-\$1.45	Tier 1-\$1.45	Tier 1-\$1.63	Tier 1-\$1.73	Tier 1-\$1.73
	Tier 2-\$2.07	Tier 2-\$2.07	Tier 2-\$2.32	Tier 2-\$2.46	Tier 2-\$2.46
	Tier 3-\$2.89	Tier 3-\$2.89	Tier 3-\$3.24	Tier 3-\$3.44	Tier 3-\$3.44

Water Monthly System Charges

Year ended June 30,

<u>Meter Size (inches)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
5/8	\$ 20.96	\$ 20.96	\$ 23.06	\$ 23.06	\$ 23.06
3/4	26.61	26.61	29.27	29.27	29.27
1	37.92	37.92	41.71	41.71	41.71
1 1/2	66.19	66.19	72.81	72.81	72.81
2	100.12	100.12	110.13	110.13	110.13
3	207.54	207.54	228.30	228.30	228.30
4	365.85	365.85	402.44	402.44	402.44
6	744.67	744.67	819.14	819.14	819.14
8	1,366.62	1,366.62	1,503.28	1,503.28	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>2020⁽²⁾</u>	<u>2021</u>	<u>2022⁽³⁾</u>	<u>2023</u>	<u>2024</u>
Charge per HCF	Tier 1-\$1.83	Tier 1-\$1.83	Tier 1-\$1.98	Tier 1-\$2.04	Tier 1-\$2.11
	Tier 2-\$2.61	Tier 2-\$2.61	Tier 2-\$2.54	Tier 2-\$2.62	Tier 2-\$2.70
	Tier 3-\$3.64	Tier 3-\$3.64	Tier 3-\$3.93	Tier 3-\$4.05	Tier 3-\$4.18

Water Monthly System Charges

Year ended June 30,

<u>Meter Size (inches)</u>	<u>2020</u>	<u>2021</u>	<u>2022⁽³⁾</u>	<u>2023</u>	<u>2024</u>
5/8	\$ 23.06	\$ 23.06	\$ 24.01	\$ 24.74	\$ 25.49
3/4	29.27	29.27	30.85	31.78	32.74
1	41.71	41.71	44.52	45.86	47.24
1 1/2	72.81	72.81	78.69	81.06	83.50
2	110.13	110.13	119.70	123.30	127.00
3	228.30	228.30	229.05	235.93	243.01
4	402.44	402.44	352.07	362.64	373.52
6	819.14	819.14	693.79	714.61	736.05
8	1,503.28	1,503.28	1,923.98	1,981.70	2,041.16
10					2,041.16
12					2,041.16

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

Wastewater Maintenance Charges					
	Year ended June 30,				
	<u>2015⁽¹⁾</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Single-Family Residential (1 to 3 units)					
Flat Monthly Charge (per unit)	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.36
Multi-Family Residential (4 or more units)					
Flat Monthly Charge (per unit)	\$ 15.36	\$ 15.36	15.36	N/A	N/A
Commercial Non-Residential					
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
Wastewater Treatment Charges					
	Year ended June 30,				
	<u>2015⁽¹⁾</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential (Flat Monthly Charge)					
Flat Monthly Charge					
Residential (1 unit)	\$ 18.50	\$ 19.18	\$ 20.85	\$ 21.55	\$ 21.55
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	38.37	41.72	43.10	43.10
Multi-Family (3 units)	55.50	57.55	62.58	64.64	64.64
Multi-Family (4 or more units)	N/A	N/A	N/A	N/A	N/A
Commercial					
Multi-Family (4+ units)	2.40	1.71	1.90	1.97	1.97
Non-Residential	2.40	3.18	3.42	3.52	3.52
plus,					
Charge per HCF:					
Multi-Family (4+ units)	1.25	1.36	1.48	1.53	1.53
Retail	2.10	2.28	2.47	2.55	2.55
Restaurants/Lounges	2.70	2.93	3.18	3.28	3.28
Schools/Churches	1.10	1.19	1.29	1.33	1.33
Governments/Municipal	1.50	1.63	1.77	1.83	1.83
Laundromats	1.50	1.63	1.77	1.83	1.83
Dry Cleaners	2.10	2.28	2.47	2.55	2.55
Convalescent Homes	1.35	1.46	1.58	1.63	1.63
Auto Repair/Svc Stations	1.30	1.41	1.53	1.58	1.58
Car Wash	1.30	1.41	1.53	1.58	1.58
Patton State Hospital	N/A	N/A	N/A	N/A	N/A
Hotels	2.70	2.93	3.18	3.28	3.28
Ofc Bldgs/Motels	1.50	1.63	1.77	1.83	1.83
Supermarkets	2.70	2.93	3.18	3.28	3.28

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

Wastewater Maintenance Charges					
	Year ended June 30,				
	<u>2020</u>	<u>2021</u>	<u>2022⁽²⁾</u>	<u>2023</u>	<u>2024</u>
Single-Family Residential (1 to 3 units)					
Flat Monthly Charge (per unit)	\$ 15.36	\$ 15.36	\$ 14.25	\$ 15.25	\$ 16.32
Multi-Family Residential (4 or more units)					
Flat Monthly Charge (per unit)	N/A	N/A	13.46	14.41	15.42
Commercial Non-Residential					
Flat Monthly Charge	3.90	3.90	10.33	11.06	11.84
plus,					
Charge per HCF	0.55	0.55	-	-	-
Wastewater Treatment Charges					
	Year ended June 30,				
	<u>2020</u>	<u>2021</u>	<u>2022⁽²⁾</u>	<u>2023</u>	<u>2024</u>
Residential (Flat Monthly Charge)					
Flat Monthly Charge					
Residential (1 unit)	\$ 21.55	\$ 21.55	\$ 23.37	\$ 25.01	\$ 26.77
Residential (2 units)	N/A	N/A	23.37	25.01	26.77
Residential (3 units)	N/A	N/A	23.37	25.01	26.77
Multi-Family (2 units)	43.10	43.10	20.86	22.33	23.90
Multi-Family (3 units)	64.64	64.64	20.86	22.33	23.90
Multi-Family (4 or more units)	N/A	N/A	20.86	22.33	23.90
Commercial					
Multi-Family (4+ units)	1.97	1.97	N/A	N/A	N/A
Non-Residential	3.52	3.52	10.83	11.59	12.41
plus,					
Charge per HCF:					
Multi-Family (4+ units)	1.53	1.53	N/A	N/A	N/A
Retail	2.55	2.55	1.31	1.41	1.52
Restaurants/Lounges	3.28	3.28	1.31	4.16	4.46
Schools/Churches	1.33	1.33	1.31	1.41	1.52
Governments/Municipal	1.83	1.83	1.31	1.41	1.52
Laundromats	1.83	1.83	1.99	2.14	2.30
Dry Cleaners	2.55	2.55	1.99	2.14	2.30
Convalescent Homes	1.63	1.63	1.99	2.14	2.30
Auto Repair/Svc Stations	1.58	1.58	1.99	2.14	2.30
Car Wash	1.58	1.58	1.99	1.41	1.52
Patton State Hospital	N/A	N/A	2.36	2.53	2.72
Hotels	3.28	3.28	3.88	4.16	4.46
Ofc Bldgs/Motels	1.83	1.83	3.88	1.41	1.52
Supermarkets	3.28	3.28	1.31	4.16	4.46

NOTES:

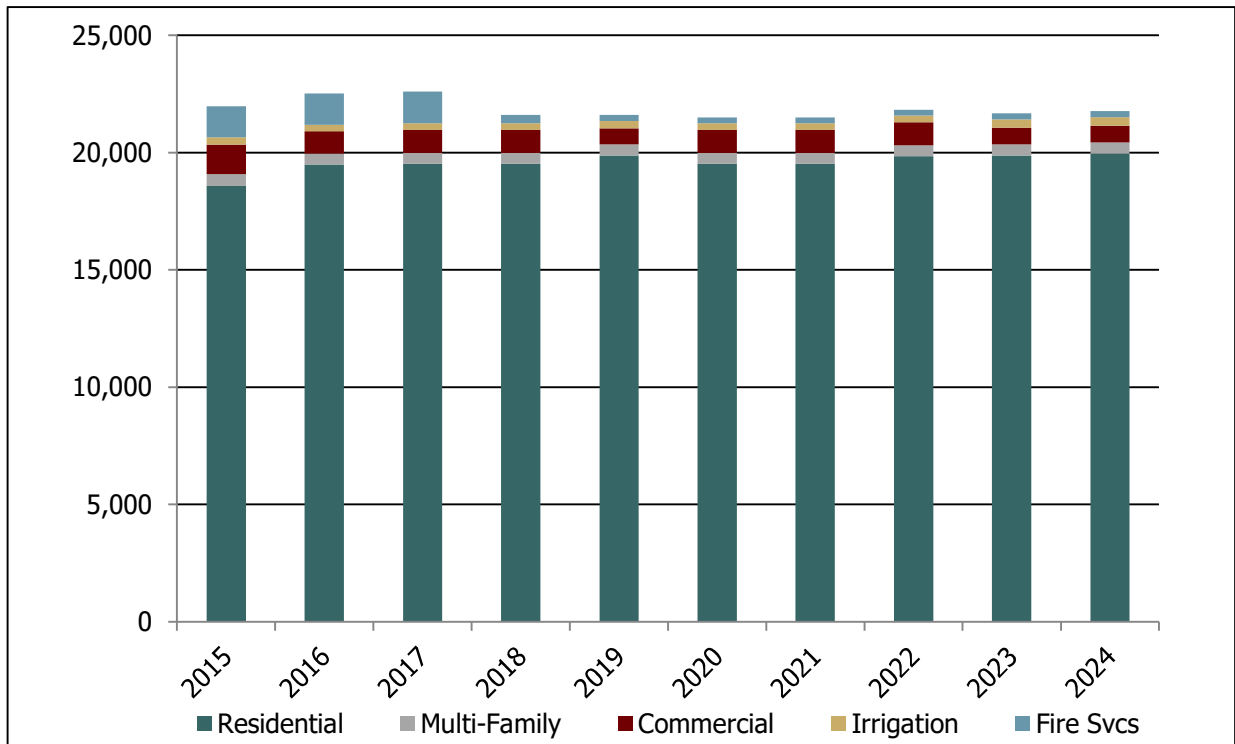
HCF = Hundred Cubic Feet = 748 gallons

- (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

Year Ended June 30,	Residential (1 to 3 units)	Multi-Family (4+ units)	Commercial	Irrigation	Fire Svcs	Total Service
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
2023	19,876	474	715	354	260	21,679
2024	19,966	479	710	360	265	21,780



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

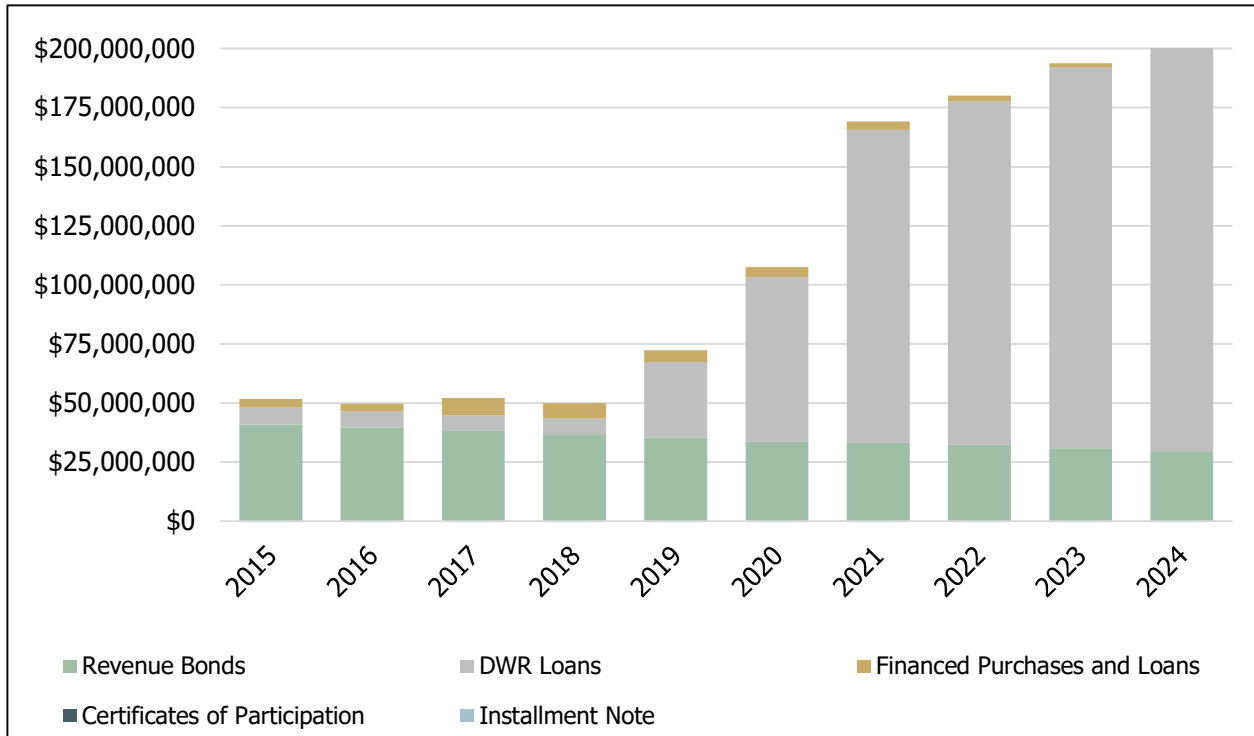
**EAST VALLEY WATER DISTRICT
Principal Customers
Current Fiscal Year and Nine Years Ago**

Customer	2024			2015		
	Water Consumed (AF)	Rank	Percentage of Total (%)	Water Consumed (AF)	Rank	Percentage of Total (%)
San Bernardino City Unified School District	603	1	3.71%	556	1	2.69%
Patton State Hospital	354	2	2.18%	414	2	2.00%
San Manuel Indian Bingo & Casino	324	3	1.99%	201	6	0.97%
City of Highland	271	4	1.67%	295	4	1.43%
San Manuel Band of Mission Indians	217	5	1.33%	268	5	1.30%
East Highlands Ranch	155	6	0.95%	299	3	1.45%
Amusement Industry	144	7	0.88%	-	-	0.00%
Valencia Lea Mobile Home Park	107	8	0.66%	127	8	0.61%
Village Lakes Homeowners Association	105	9	0.65%	-	-	0.00%
Victoria Village Apartments	97	10	0.60%	108	9	0.52%
Stubblefield Mobile Home Parks & Offices				140	7	0.68%
Woodman Realty Inc.				106	10	0.51%
Total - Top 10	<u>2,377</u>		<u>14.62%</u>	<u>2,514</u>		<u>12.16%</u>
Total - Water Produced	<u>16,273</u>		<u>100.00%</u>	<u>20,665</u>		<u>100.00%</u>

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

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

Fiscal Year	Revenue Bonds	DWR Loans	Financed Purchases and Loans	Certificates of Participation	Installment Note	Outstanding Debt	\$ Per Capita	As a Share of Personal Income
2015	\$ 40,930,000	\$ 7,071,964	\$ 3,671,849	\$ -	\$ -	\$ 51,673,813	\$ 508	1.44%
2016	39,615,000	6,818,565	3,299,108	-	-	49,732,673	476	1.31%
2017	38,235,000	6,565,166	7,278,478	-	-	52,078,644	510	1.37%
2018	36,800,000	6,721,695	6,392,308	-	-	49,914,003	489	1.27%
2019	35,300,000	31,947,551	5,131,238	-	-	72,378,789	710	1.73%
2020	33,720,000	69,565,404	4,295,104	-	-	107,580,508	1,044	2.27%
2021	33,261,998	132,399,838	3,449,724	-	-	169,111,561	1,642	3.31%
2022	32,288,904	145,368,048	2,582,889	-	-	180,239,841	1,750	3.55%
2023	30,923,365	161,169,730	1,719,375	-	-	193,812,470	1,864	*
2024	29,490,264	180,670,939	-	-	-	210,161,203	1,946	*



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⁽¹⁾	Operating Expenses⁽²⁾	Net Available Revenue	Debt Service		Total	Coverage
				Principal⁽³⁾	Interest		
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
2023	29,330,516	21,162,833	8,167,683	2,141,913	917,000	3,058,913	2.67
2024	30,689,900	20,839,114	9,850,786	2,197,774	885,675	3,083,449	3.19

Wastewater Department							
Year Ended June 30,	Gross Revenue⁽¹⁾	Operating Expenses⁽²⁾	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
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
2023	6,274,931	4,801,219	1,473,712	175,000	99,316	274,316	5.37
2024	7,188,774	5,085,853	2,102,921	175,000	98,274	273,274	7.70

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

Year Ended June 30,	District Population⁽³⁾⁽⁴⁾	County of San Bernardino			
		Unemployment Rate⁽¹⁾⁽³⁾	Population ⁽²⁾⁺	Personal Income (thousands of dollars)⁽²⁾⁺	Personal Income Per Capita (dollars)⁽²⁾⁺
2015	101,733	7.2%	2,110,852	\$ 74,258,677	\$ 35,179
2016	104,457	6.0%	2,126,539	77,453,102	36,422
2017	102,208	5.5%	2,144,961	80,031,472	37,311
2018	102,000	4.5%	2,160,049	83,514,331	38,663
2019	102,000	4.0%	2,170,992	89,182,422	41,079
2020	103,000	6.5%	2,183,239	100,359,889	45,968
2021	103,000	9.3%	2,192,882	108,700,135	49,570
2022	104,000	5.4%	2,193,656	108,081,645	49,270
2023	104,000	4.2%	*	*	*
2024	108,000	5.0%	*	*	*

NOTES:

+ This data was revised in 2023⁽²⁾

* 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.

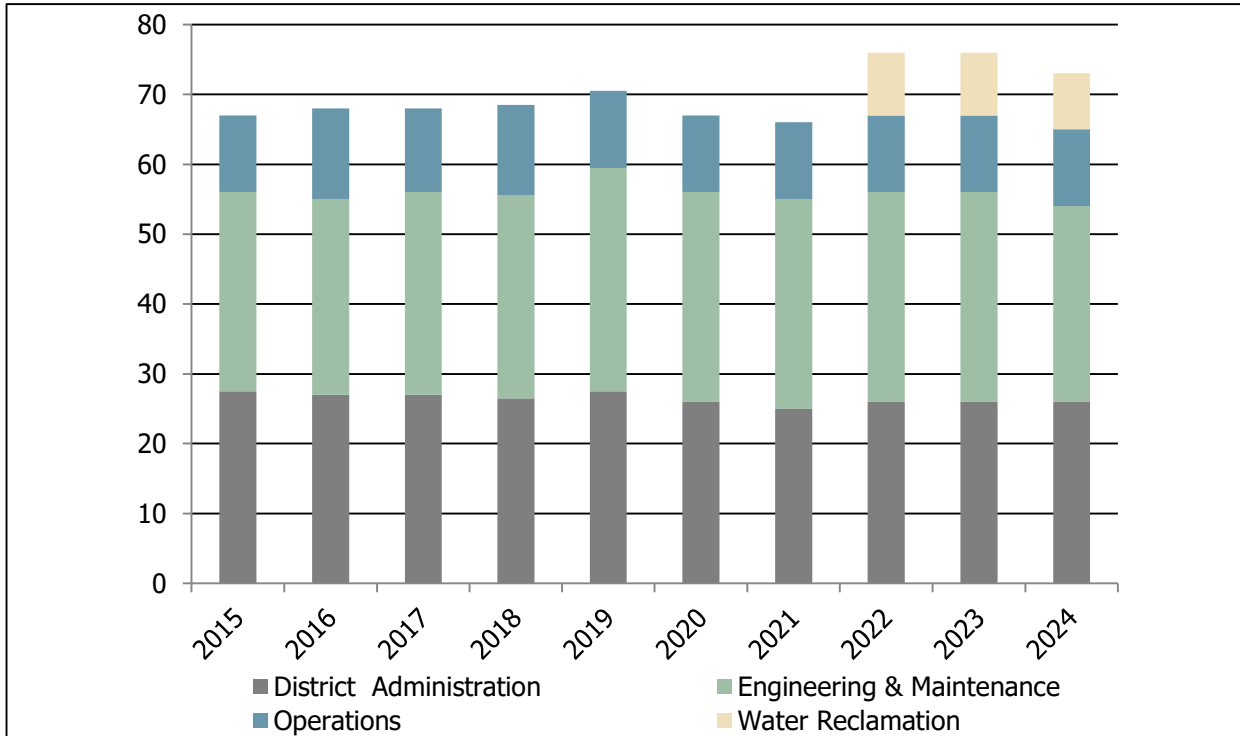
(2) Bureau of Economic Analysis (BEA)
 Computed using midyear population estimates.

(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

Year Ended June 30,	District Administration	Engineering & Maintenance	Operations	Water Reclamation⁽¹⁾	Total
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
2023	26	30	11	9	76
2024	26	28	11	8	73



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

Water System				
Year Ended June 30,	Miles of Water Main	Number of Fire Hydrants	Annual Production (MG)	Average Production (MGD)
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
2023	300	3,048	5,347	15
2024	300	3,078	5,303	15

Wastewater System				
Year Ended June 30,	Miles of Wastewater	Service Connections	Annual Sewerage (MG)	Daily Sewerage (MGD)
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
2023	220	19,831	2,138.63	5.86
2024	230	19,859	2,121.03	5.81

SOURCE: East Valley Water District - Engineering and Finance Departments



OTHER INFORMATION

EAST VALLEY WATER DISTRICT
Capacity Charge Funds
Year Ended June 30, 2024

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 annually 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 facilities and to help ensure the wastewater collection system can contain additional wastewater flows from new customers.

Water Reclamation Capacity Fee Fund. This fund collects fees for the expansion of the Sterling Natural Resource Center to treat the flows generated by new development.

**EAST VALLEY WATER DISTRICT
Capacity Charge Funds
Year Ended June 30, 2024**

A summary of changes in Water Fund Capacity Fees collected for the year ended June 30, 2024 is as follows:

Categories	Beginning of Year	Contributions	Usage	End of Year
Storage	\$ 359,751	\$ 138,325	\$ -	\$ 498,076
Treatment	1,649,446	513,020	-	2,162,466
Supply	525,663	62,873	-	588,536
Trans & Distribution	1,777,825	570,680	-	2,348,505
General	214,894	37,510	-	252,404
	<u>\$ 4,527,579</u>	<u>\$ 1,322,408</u>	<u>\$ -</u>	<u>\$ 5,849,987</u>

A summary of Projects Funded by Capacity Fees for the year ended June 30, 2024:

Categories	CIP Project*	FY 2023-24 Expended	% Funded by Capacity	Total Capacity Fees Usage
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, 2024.

**EAST VALLEY WATER DISTRICT
Capacity Charge Funds
Year Ended June 30, 2024**

A summary of changes in Wastewater Fund Capacity Fees collected for the year ended June 30, 2024 is as follows:

Categories	Beginning of Year	Contributions	Usage	End of Year
Collection	\$ 1,978,498	\$ 217,240	\$ -	\$ 2,195,738
General	304,138	31,621	-	335,759
Greenspot Main	575,557	242,755	-	818,312
5th Street Main	228,737	96,484	-	325,221
Lynwood Main	57,451	24,243	-	81,694
	<u>\$ 3,144,381</u>	<u>\$ 612,343</u>	<u>\$ -</u>	<u>\$ 3,756,724</u>

A summary Project Funded by Capacity Fees for the year ended June 30, 2024:

Categories	CIP Project	FY 2023-24 Expended	% Funded by Capacity	Total Capacity Fees Usage
Collection		\$ -	0%	\$ -
Transmission				-
Recharge				-
Operations				-
		<u>\$ -</u>		<u>\$ -</u>

EAST VALLEY WATER DISTRICT
Capacity Charge Funds
Year Ended June 30, 2024

A summary of changes in Water Reclamation Fund Capacity Fees collected for the year ended June 30, 2024 is as follows:

<u>Categories</u>	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Usage</u>	<u>End of Year</u>
Treatment	\$ 3,008,522	\$ 621,637	\$ -	\$ 3,630,159
	<u>\$ 3,008,522</u>	<u>\$ 621,637</u>	<u>\$ -</u>	<u>\$ 3,630,159</u>

A summary Project Funded by Capacity Fees for the year ended June 30, 2024:

<u>Categories</u>	<u>CIP Project</u>	<u>FY 2023-24 Expended</u>	<u>% Funded by Capacity</u>	<u>Total Capacity Fees Usage</u>
Treatment		\$ -	0%	\$ -
		<u>\$ -</u>		<u>\$ -</u>

Annual Comprehensive Financial Report
[JUNE 30, 2024]

EAST VALLEY WATER DISTRICT

District Headquarters

3111 Greenspot Road
Highland, California 92346

Sterling Natural Resource Center

25318 5th Street
San Bernardino, California 92410

eastvalley.org

District Board Meetings

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

District Headquarters Board Room
3111 Greenspot Road
Highland, CA 92346



@eastvalleywater