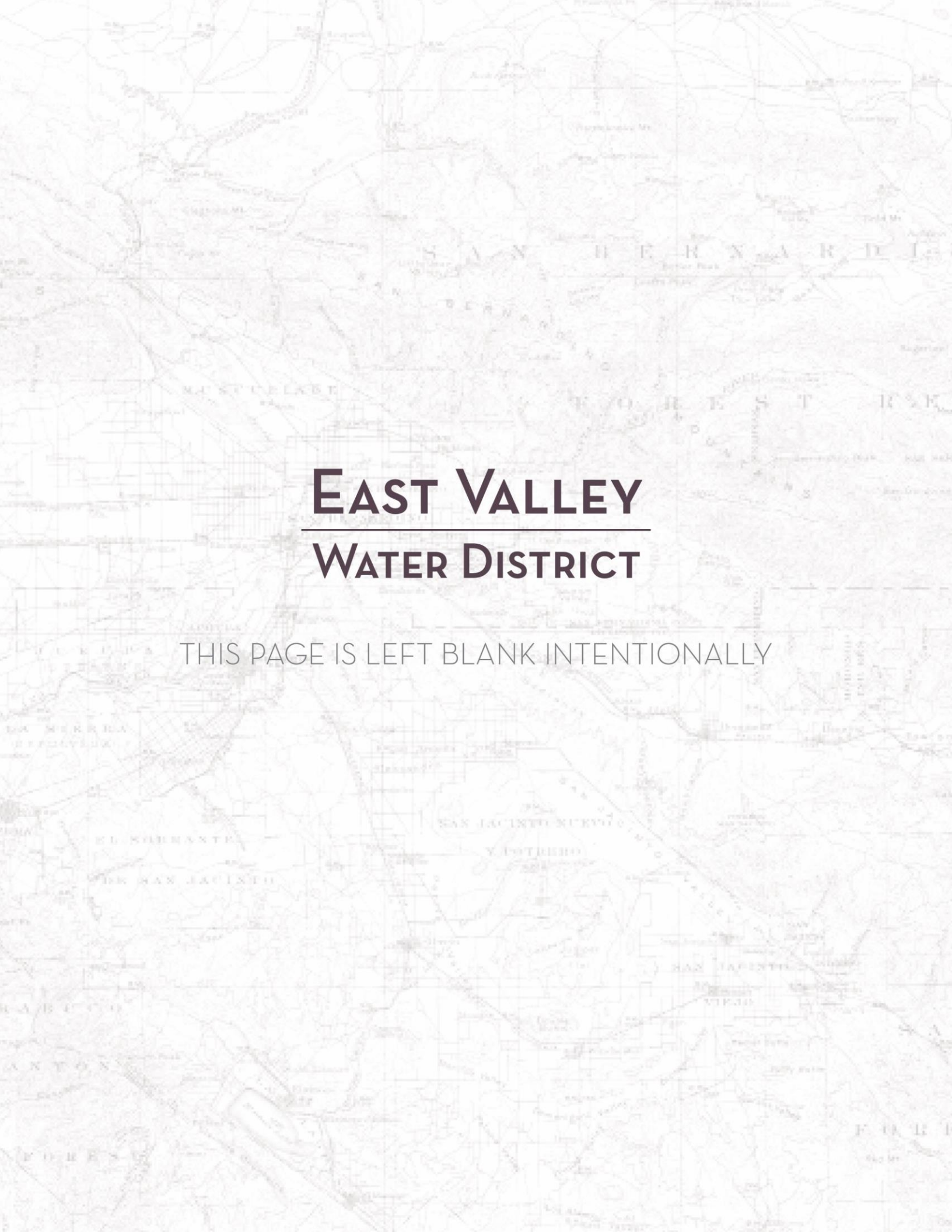


Comprehensive Annual
FINANCIAL REPORT

— FISCAL YEAR ENDED JUNE 30, 2020 —



HIGHLAND, CALIFORNIA



EAST VALLEY

WATER DISTRICT

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Comprehensive Annual Financial Report

Fiscal Year Ended

June 30, 2020

East Valley Water District



Prepared by: Finance Department

31111 Greenspot Road
Highland, CA 92346



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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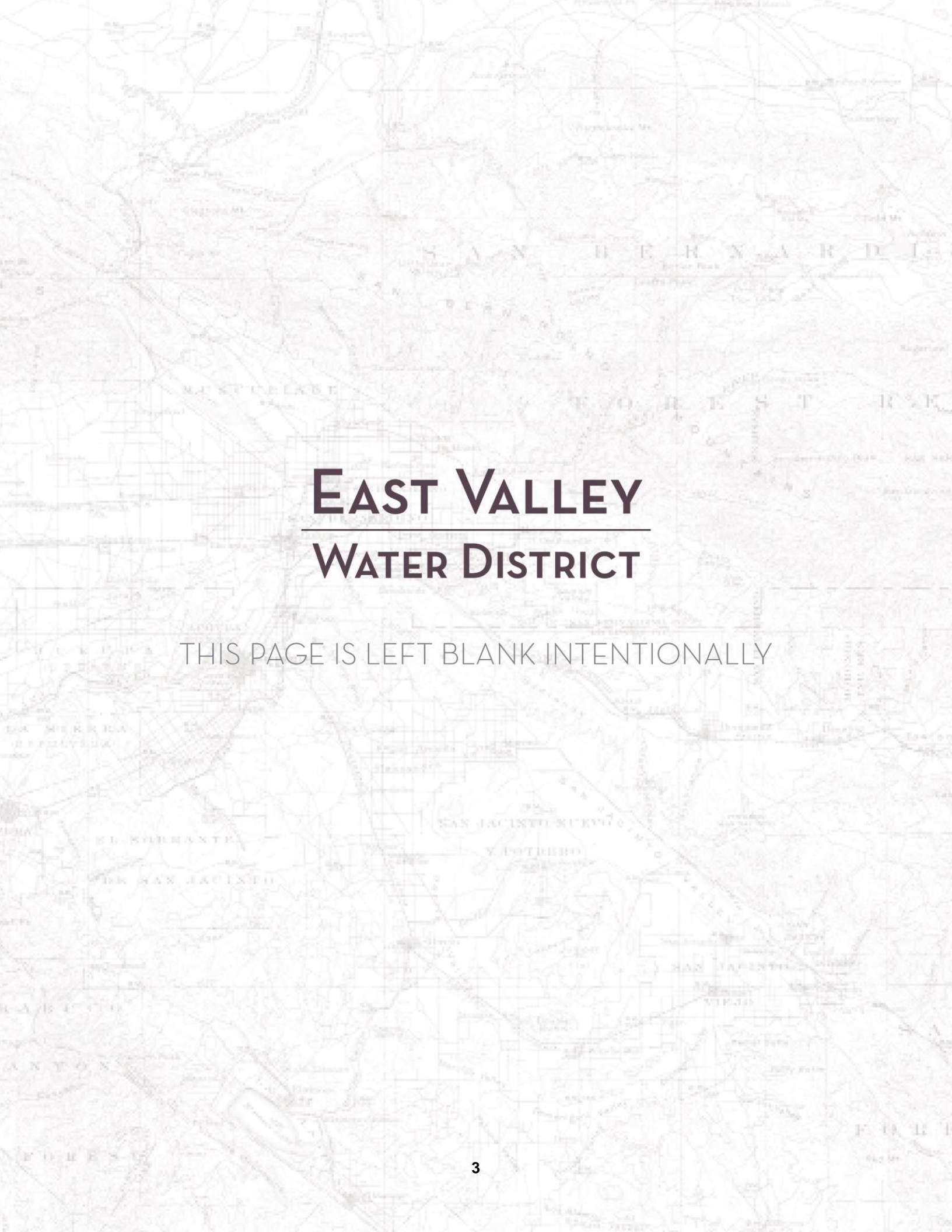
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Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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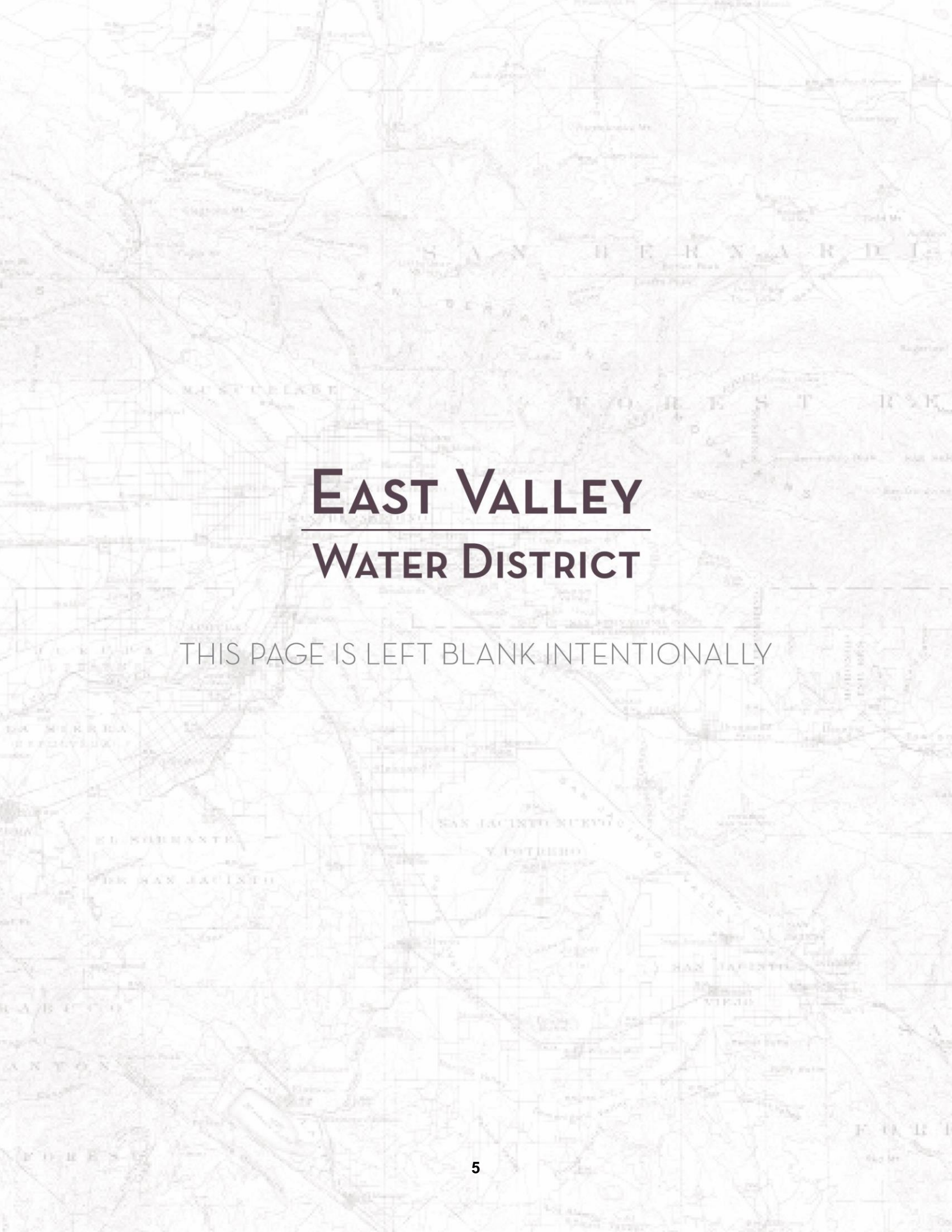
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WATER DISTRICT

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Introductory Section



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EAST VALLEY

WATER DISTRICT

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EAST VALLEY WATER DISTRICT

LEADERSHIP • PARTNERSHIP • STEWARDSHIP

BOARD OF DIRECTORS

David E. Smith
President

Phillip R. Goodrich
Vice President

Chris Carrillo
Director

Ronald L. Coats
Director

James Morales, Jr.
Director

John Mura, General Manager/CEO

November 10, 2020

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for East Valley Water District for the year ended June 30, 2020. This report was prepared by District staff in accordance with standards established by the Governmental Accounting Standards Board.

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 CAFR for a detailed discussion regarding the District's financial condition and results of operations.

The CAFR follows the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. In November 2020, the District will, again, submit the CAFR 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 103,000 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, 2020, the District had 21,507 water connections and 19,679 wastewater connections.

Water Supply and Reliability

The District's water supply for the year ended June 30, 2020 includes groundwater (78.2 percent), surface water (2.4 percent), and imported water (19.4 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.



EAST VALLEY WATER DISTRICT

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BOARD OF DIRECTORS

David E. Smith
President

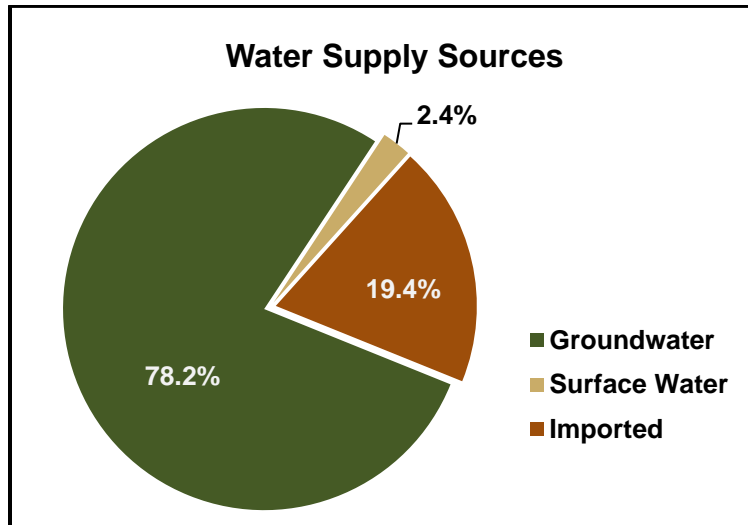
Phillip R. Goodrich
Vice President

Chris Carrillo
Director

Ronald L. Coats
Director

James Morales, Jr.
Director

John Mura, General Manager/CEO



Local Economy

East Valley Water District is located within San Bernardino County in a metropolitan area referred to as the “Inland Empire”. Since 2011, the District’s population has grown by more than 59 percent and currently, comprised of mostly residential and commercial customers, with no major industrial users. Large consumers remain consistent year to year with the San Bernardino City Unified School District, Patton State Hospital, San Manuel Mission Indians, East Highlands Ranch, and the City of Highland, forming the list of top five users.

In 2020, the average household income within the District’s service area was \$47,000, approximately 21% 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 \$55,000, approximately 17% higher than the overall District average.

Financial Management

The District manages its resources conservatively in order 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 (the



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Ronald L. Coats
Director

James Morales, Jr.
Director

John Mura, General Manager/CEO

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. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District's Board of Directors annually adopt a balanced operating and capital budget prior to the new fiscal year. The budget authorizes expenditures and provides a basis for accountability over the District's enterprise operations and capital projects. Each quarter, management provides the Board with a quarterly budget review to allow Board assessment of staff's progress in meeting goals and objectives, and budget adjustments, if necessary, are requested at the mid-year budget review in February.

Debt Administration

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

The District received a credit rating of AA- from Standard and Poor's and Fitch when the Revenue Bonds were issued in June 2013. This rating was affirmed by Fitch as the result of a review conducted in July 2020.

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.



EAST VALLEY WATER DISTRICT

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BOARD OF DIRECTORS

David E. Smith
President

Phillip R. Goodrich
Vice President

Chris Carrillo
Director

Ronald L. Coats
Director

James Morales, Jr.
Director

John Mura, General Manager/CEO

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 CliftonLarsonAllen LLP from Glendora, 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the seventh 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 Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

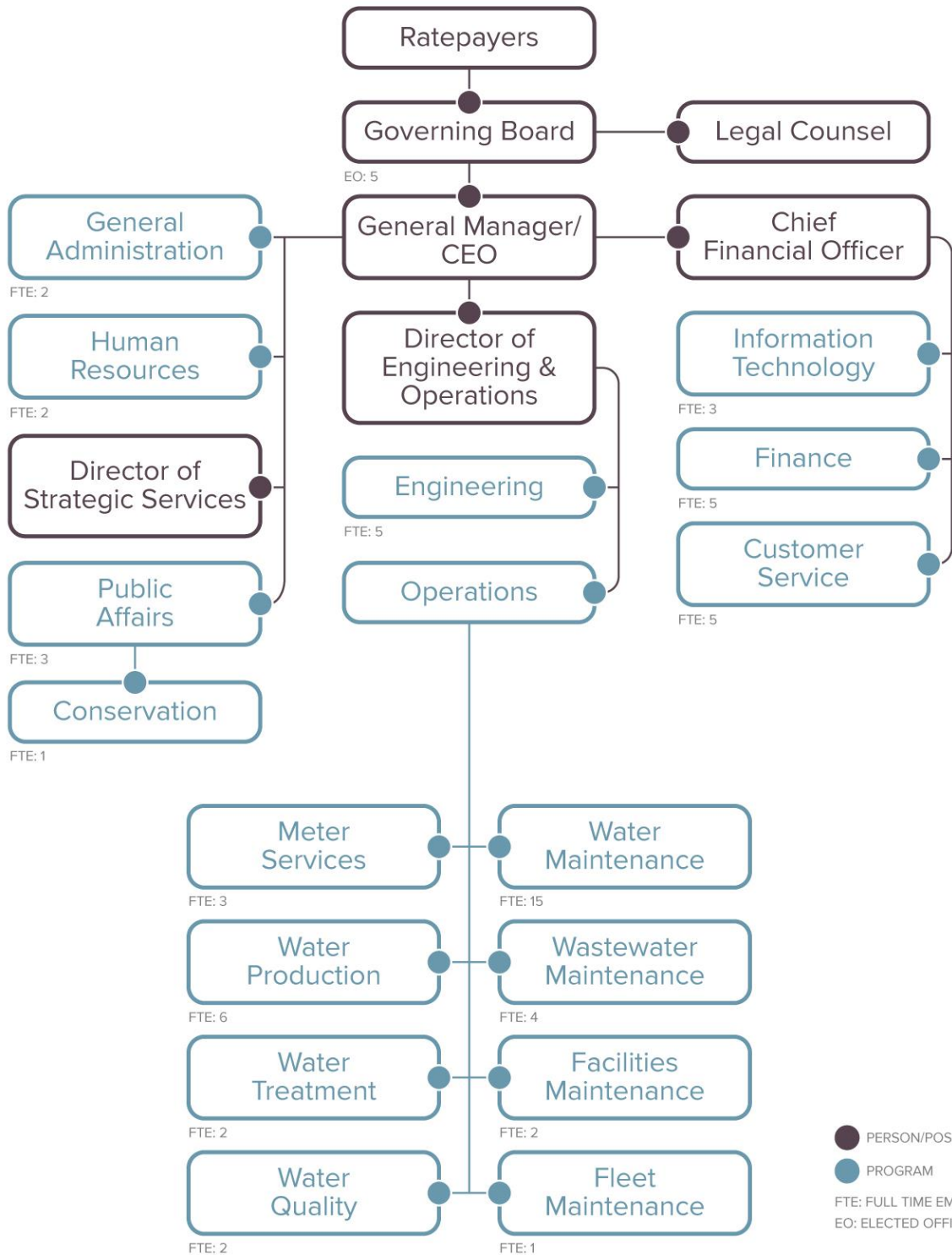
Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedication and professionalism that our staff bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation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

Respectfully submitted,

John Mura
General Manager

Brian W. Tompkins
Chief Financial Officer

**EAST VALLEY WATER DISTRICT
Organizational Structure
Year Ended June 30, 2020**



**EAST VALLEY WATER DISTRICT
Principal Officials
Year Ended June 30, 2020**

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, 2020

<u>Name</u>	<u>Title</u>	<u>Elected / Appointed</u>	<u>Current Term</u>
David E. Smith	Chairman of the Board	Elected	2015 - 2020
Phillip R. Goodrich	Vice-Chairman of the Board	Elected	2018 - 2022
Ronald L. Coats	Governing Board Member	Elected	2018 - 2022
James Morales, Jr.	Governing Board Member	Elected	2018 - 2022
Chris Carrillo	Governing Board Member	Elected	2015 - 2020

Contact Information

East Valley Water District
John Mura, 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, 2019**



Government Finance Officers Association

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

Presented to

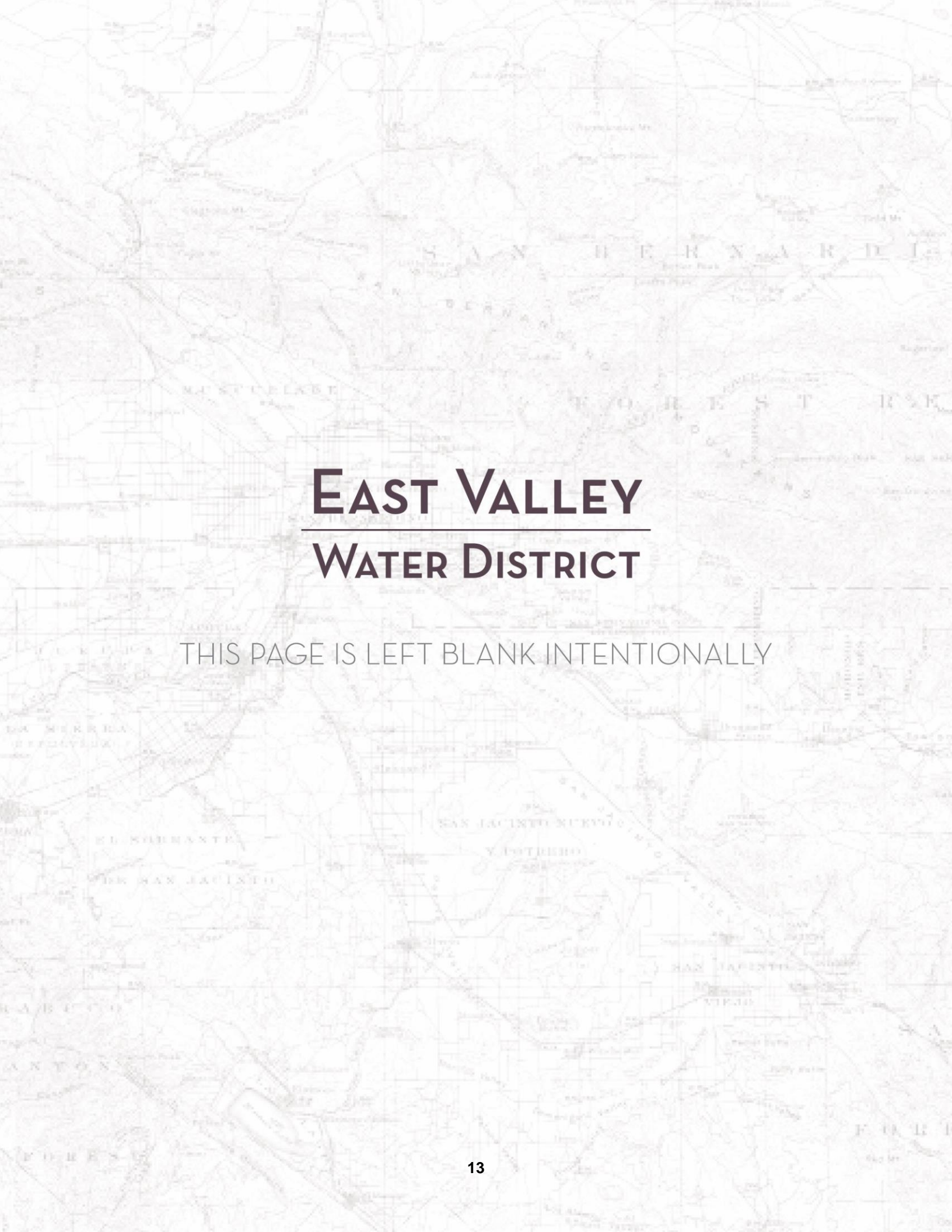
**East Valley Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



EAST VALLEY

WATER DISTRICT

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Financial Section



**EAST VALLEY WATER DISTRICT
Independent Auditor's Report
Year Ended June 30, 2020**



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
East Valley Water District
Highland, California

Report on the Financial Statements

We have audited the accompanying financial statements of East Valley Water District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the policies and procedures of the *State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



EAST VALLEY WATER DISTRICT
Independent Auditor's Report
Year Ended June 30, 2020

Board of Directors
East Valley Water District
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2020, and the respective 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.

Other Matters

Prior Period Comparative Information

We have previously audited the District's 2019 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 1, 2019. In our opinion, the partial comparative information presented herein as of and for the fiscal year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

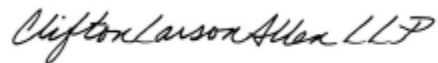
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**EAST VALLEY WATER DISTRICT
Independent Auditor's Report
Year Ended June 30, 2020**

Board of Directors
East Valley Water District
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen, LLP

Glendora, California
November 10, 2020

**EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020**

The District

East Valley Water District (District) is a California Special District established under section 30000 et seq. of the California Water Code. The District is engaged in pumping, treating, and distributing water to its customers, as well as maintaining a collection system for residential and commercial wastewater that is delivered for treatment at a plant owned by the City of San Bernardino Water Department.

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

The Basic Financial Statements

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

The following financial statements for the year ended June 30, 2020 (2019 for comparative purposes only) consist of three interrelated statements designed to provide the reader with relevant, understandable data about the District's financial condition and operating results. They are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

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

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

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

Summary Financial Information and Analysis

Financial Condition

During the year ended June 30, 2020, the District's total assets increased by \$55.2 million, to \$272.1 million, and included increases to Current, Restricted, and Capital asset categories.

Current assets increased 2% to \$39.5 million. The increase is almost entirely in a single line item – Due From Other Governments. This receivable is related to a funding agreement with the California State Water Resources Control Board (SWRCB) for the District's Sterling Natural Resource Center (SNRC) recycled water project. The receivable balance of \$18.9 million is accumulated construction costs paid by the District but not yet reimbursed by the SWRCB. District staff is working with staff at the SWRCB to minimize the turnaround time for reimbursement claims.

EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020

Restricted Asset balances increased from \$8.2 to \$10.2 million. The increase is the result of developer capacity fees received, primarily from a large hotel being built within the District's service area. The nature of Restricted Cash balances at June 30, 2020 are further detailed in Note 3 of the financial statements.

	<u>2020</u>	<u>2019</u>
Current Assets	\$ 39.5	\$ 38.6
Restricted Assets	10.2	8.2
Other Assets	0.3	0.3
Capital Assets - Net	<u>222.0</u>	<u>169.7</u>
Total Assets	<u>272.0</u>	<u>216.8</u>
Total Deferred Outflow of Resources	<u>4.1</u>	<u>3.6</u>
Current Liabilities	18.5	11.5
Non-Current Liabilities	<u>121.0</u>	<u>85.0</u>
Total Liabilities	<u>139.5</u>	<u>96.5</u>
Total Deferred Inflows of Resources	<u>0.7</u>	<u>0.7</u>
Net Position		
Net Investment in Capital Assets	106.7	95.4
Restricted	6.7	3.5
Unrestricted	<u>22.5</u>	<u>24.3</u>
Total Net Position	<u>\$ 135.9</u>	<u>\$ 123.2</u>

Capital Assets increased by \$52.3 million during the 2019-20 fiscal year. This amount is a net between capital additions of \$56.9 million, less \$6.6 million in charges for depreciation during the year. Capital additions during the year were primarily construction in progress on the SNRC. A more detailed description of capital spending is in the Capital Assets section of this analysis.

Total Deferred Outflow of Resources consists of pension contributions made after the most recent pension plan actuarial valuation, as well as differences between projected and actual earnings on pension plan investments and changes in assumptions. Deferred outflows increased as of June 30, 2020 because the District has adopted a plan to increase voluntary contributions against outstanding post-employment benefit obligations.

While current assets increased by \$1.0 million, current liabilities also increased by \$7.0 million, the result of a significant contractor invoice and retentions payable at year-end. The impact of these increases caused the District's current ratio to fall from 3.4:1 to 2.1:1. The large receivable from the SWRCB at year end also dropped the District's liquidity ratio from 1.6:1 at June 30, 2019, to 0.8:1 at June 30, 2020.

Non-Current Liabilities increased by \$36 million, the net effect of:

- \$37.9 million in new State Revolving Fund loans; less
- \$2.9 million in principal payments on outstanding debt; and
- \$1.0 million increase in employee post-retirement benefit obligations calculated in accordance with GASB statements number 68 (pensions) and 75 (retiree medical).

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

The District's total Net Position was \$135.9 million at the end of fiscal year 2020, a \$12.7 million increase compared to the end of the previous fiscal year. Of the \$135.9 million Net Position balance, \$106.7 million is categorized as

**EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020**

Net Investment in Capital Assets, \$6.7 million is Restricted for Capital Expansion Projects, and \$22.5 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 \$22.9 million and \$36.5 million over five and ten year periods, respectively.

Activities and Changes in Net Position

Water Operations

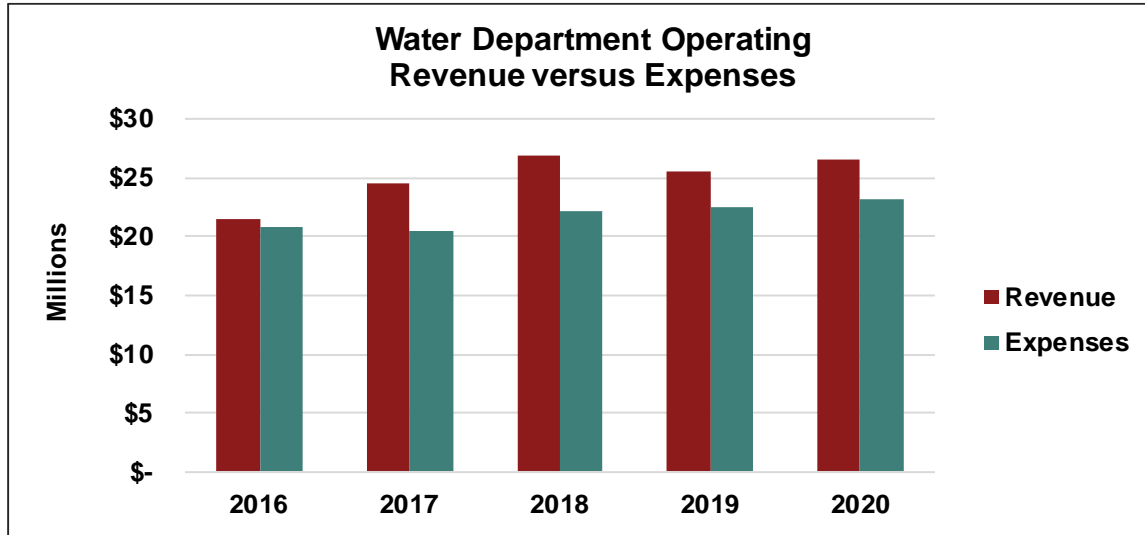
California emerged from four years of severe drought in the winter of 2017 with the Governor lifting a 'state of emergency' and declaring an end to the drought on April 7, 2017. The total volume of water sold by the District in 2016-17, the final year of the drought, was 16,223 acre-feet. In the ensuing 2017-18 fiscal year, consumption by District customers reached its highest levels since 2014 when water sales increased 13% to 18,361 acre-feet, likely because of the lifting of the state of emergency. However, though the drought had ended, conservation measures remained, as did the District's water budget based, tiered rates which were adopted in March 2015 and are designed to make inefficient use of water more expensive. As a result, water consumption dropped significantly in fiscal year 2018-19 to 16,167 acre-feet. to billed as inefficient use at the District's highest rates totaled \$4.4 million.

Water sales for fiscal year 2019-20 increased slightly, 3.2% to 17,037 acre-feet, or \$16.9 million in water sales revenue. Total water produced by the District during the year was 17,596 acre feet, with the difference between water produced and water sold of 904 acre feet being the result of District flushing programs, water use at District facilities, and system leaks.

The COVID-19 pandemic was likely a factor in the small increase in consumption as students and many employees within the District's service area were asked to work from home for the last four months of the fiscal year. With 94.1% of the District's customer accounts being residential, making up 79.1% of sales, extra time at home resulted in more indoor water use. To accommodate this, the District Board acted to temporarily increase residential customer water budgets, from 60 gallons per capita per day (gpcd) to 75 gallons, recognizing that customers spending more time at home would result in a higher need for Tier 1 (indoor health and safety) water use. This action gave residential customers 25% more water billed at the cheapest priced rate tier for the months April through June.

Water System, or Meter Charge revenue increased by only 0.15% to finish at \$9 million for fiscal year 2019-20. These are fixed charges assessed to each account, and no rate adjustments were effective for these charges during the year, so revenue was relatively the same as the prior year as was projected.

**EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020**



Water Department operating expenses increased 3.2% to \$23.2 million for fiscal year 2019-20. Overall, water operations were affected by an increase in purchases of State water for delivery at its surface water treatment plant to utilize a newly commissioned hydro-electric generation facility. In addition, the District increased voluntary contributions toward post employment benefit obligations which affected costs across all programs and departments. Specific cost fluctuations included:

- Source of Supply: purchased water costs increased 101.5% to \$816 thousand for state project water delivered to the District's surface water treatment plant.
- Pumping: power costs for boosting water to higher pressure zones continued to decrease as water more water production was shifted to the surface water treatment plant from wells.
- Transmission & Distribution (T&D): costs increased 22.7% because of two line items – Labor and Contract Services. Labor increased because two field staff, previously meter reader positions, transitioned to maintenance as the automated metering project nears completion. Contract Services increased due to a higher number of main leaks that required assistance from on-call contractors.

Wastewater Operations

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

System Charge rates are set by the District to cover the cost of maintaining the District's wastewater collection system and to cover a portion of administrative and general expenses. Treatment Charge rates are established by the City of San Bernardino Water Department, which treats the wastewater generated by the District's customers – the District currently has no wastewater treatment facilities. All wastewater treatment revenues collected by the District are directly offset by remittance payments to the City of San Bernardino Water Department, therefore, wastewater treatment has no net effect on the District's operating results.

Other Operating Revenue includes inspections, plan checking, and other development related fees, and also periodic reimbursements from other public agencies or utilities for shared costs or participation in conservation programs. In fiscal year 2018-19, Other Operating Revenue included a \$453 thousand reimbursement for costs

**EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020**

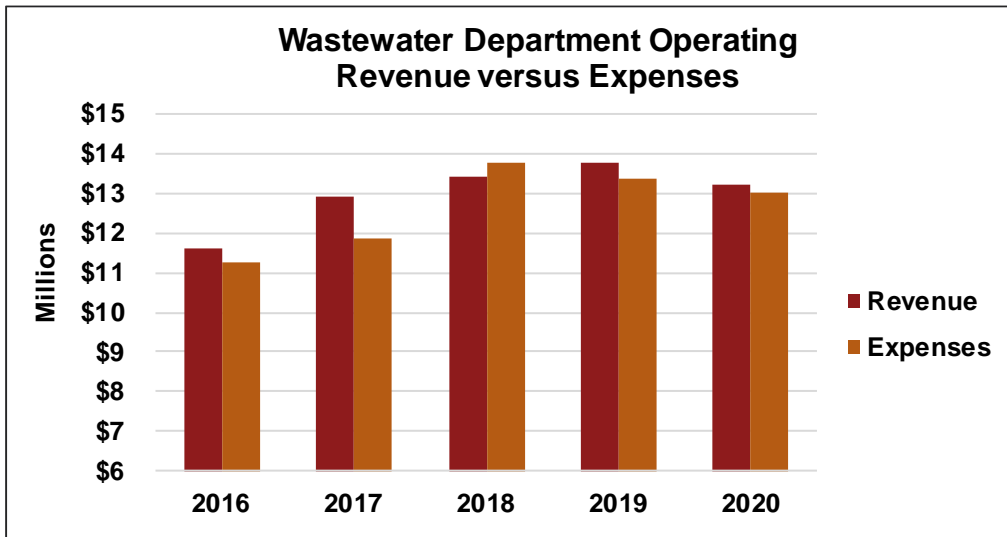
incurred on a joint project, the reason prior year Other Operating Revenue were significantly higher than in the 2019-20 fiscal year.

Rate related wastewater revenue during the 2019-20 fiscal year decreased \$93 thousand (0.7%), from \$13.2 to \$13.1 million. This result is a net effect between an increase in system charges, and a decrease in treatment charges.

System charges, assessed by the District for maintenance of wastewater collection mains, increased by 0.07% as a result of an increase in water usage by commercial customers. Commercial customers, which include multi-family residential complexes larger than three units, are billed for wastewater charges based on water consumption. The rate charged to commercial customers is the same for all customer types at \$0.55 per hundred cubic feet. As discussed above, increased usage was generally residential, so multi-family complexes had the greatest effect on system charge revenue.

Wastewater treatment revenues and costs, both fell 1.1% to \$8.5 million in fiscal year 2019-20. As with billing for system charges, commercial customer bills have a component based on water consumption, but the consumptions based rates vary, based on customer types - charges to multi-family complexes being the lowest, and restaurants and hotels being the highest due to the nature of wastewater discharged. Restaurants were forced to limit operations with the outbreak of COVID 19, therefore, decreased treatment charge revenue from restaurants and other high discharge businesses led to decreased wastewater treatment revenue.

Wastewater collection line maintenance costs increased by 9.5% compared to the prior year. This change is the result of higher Labor costs as the District increase the number of full-time employees charged to the program from two to four.



Shared Customer Account & Administrative Costs

Costs related to Customer Accounts (Water & Wastewater Operations) decreased \$201 thousand, or 10.4%, due primarily to the elimination of a position in the Customer Service Department and a significant reduction in the number of costly final notices to delinquent customers delivered. The number of notices was reduced, not because

EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020

of a reduction in the number of delinquent customers, but because of legislation (SB998) and an Executive Order by the Governor of California prohibiting the disconnection of delinquent customers during the COVID 19 pandemic.

Administrative and general costs for the District decreased by 1.5% to \$10.6 million. The primary reasons for the decrease were a significant reduction in engineering contract services due to completion of water and sewer master plan updates and a transition to in-house project management with increasing staff capabilities. The District also ended turf replacement as one of its conservation programs which significantly reduced the cost of conservation programs.

Other significant changes in general and administrative costs included:

1. Legal Services decreased 31% as the District nears the end of negotiations to acquire shares in the North Fork Water Company from other shareholders.
2. Insurance costs increased 25.2%; an industry wide result of the costly California wildfires in 2019.
3. Labor and Contract Services in Public Affairs increased 24.7% as a Public Affairs manager position was created and filled, and consultants were hired to help staff update the District's Emergency Response and Business Continuity plans.

Non-Operating Activities

The District's non-operating revenue of \$647 thousand includes investment earnings of \$525 thousand, and \$122 thousand in miscellaneous income and reimbursements. Non-operating expenses is \$1.58 million in interest on District long-term obligations.

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

	2020	2019
Water Revenues	\$ 26.6	\$ 25.5
Water Operating Expenses	(23.1)	(22.5)
Wastewater Services	13.3	13.8
Wastewater Operating Expenses	(13.0)	(13.4)
Non-Operating Revenues	0.6	1.6
Non-Operating Expenses	(1.6)	(1.7)
Income Before Contributions & Special Item	2.8	3.3
Developer Contributions	3.2	0.6
Grant Funds Contributed	6.7	-
Change in Net Position	12.7	3.9
Beginning Net Position, as Previously Reported	123.2	119.3
Ending Net Position	\$ 135.9	\$ 123.2

Investment earnings decreased 8.2% compared to the prior year due to the use of investible funds to prepay contractor costs on the SNRC project, costs which are being reimbursed under a State Water Resources Control Board (SWRCB) funding agreement. Earnings were also hampered by a decreasing interest rate paid by the California Local Agency Investment Fund, which dropped from 2.57% to 1.47% during fiscal year 2019-20.

EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020

Capital Contributions

Contributions received during fiscal year 2019-20 included \$3.2 million in developer capacity fees, and a \$6.8 million capital grant received from the SWRCB as part of the funding agreement mentioned above.

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, 2020 is \$106.7 million, an increase of \$11.2 million compared to June 30, 2019. The increase is the net result of the acquisition or construction of capital assets for \$58 million, offset by a \$40.9 million increase in outstanding debt, and a net increase in accumulated depreciation of \$5.9 million.

Restricted

Restricted Net Position consists of unexpended development impact fees which may only be appropriated by approval of the Board of Directors for a project included in the District's Capital Improvement Program. A summary of the collection and use of these funds is presented as Other Information in this document.

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 \$1.8 million to \$22.5 million in fiscal year 2019-20.

Capital Assets

The District spent approximately \$58 million for expansion or replacement of property, plant, and equipment during the 2019-20 fiscal year. These amounts are reflected in Utility Plant, or as additions to Construction in Progress, in the accompanying financial statements.

EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020

Placed in Service

During the 2019-20 fiscal year, District staff, consultants, and contractors completed work on the following:

- Installed Tank Mixers at Plant 108;
- Removed and replaced perimeter fence at Plant 134;
- Replaced third complete train of filtration membranes in Plant 134;
- Rehabilitated equipment and well at Plant 39A;
- Installed 4,685 new automated meters;
- Replaced 2,526 linear feet of water main; and
- Replaced 7,530 linear feet of sewer main.

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

<u>Department</u>	<u>2020</u>	<u>2019</u>
Water		
Source of Supply	\$ 19.1	\$ 18.9
Pumping	14.6	14.4
Transmission & Distribution	101.8	100.1
Treatment	28.5	28.2
Wastewater		
Collection Lines	27.6	27.5
General		
Buildings & Improvements	19.1	18.1
Equipment	9.8	9.8
Total	<u>\$ 220.5</u>	<u>\$ 217.0</u>

Construction in Progress (CIP)

Construction in progress increased \$51.21 million to \$88.95 million (see note 4) between June 30, 2019 and June 30, 2020. With approximately 17 projects in progress, additions to CIP totaled \$56.84 million, while \$2.13 million was capitalized and transferred to Utility Plant in Service.

Of the \$88.95 million balance in Construction in Progress at June 30, 2020, 85% is related to a single project, the Sterling Natural Resource Center.

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

The SNRC project includes new interceptor mains to divert wastewater flows, treatment plant and administration facilities, solid waste digesters, and a recycled water pipeline for delivering water to recharge ponds. The total cost to build the project is approximately \$181 million. Through June 30, 2020, project costs totaled \$75 million.

**EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020**

Funding for the project will include a grant and low interest loan from the SWRCB totaling \$157 million, an \$18 million contribution for the basin water master for the recycled water pipeline, \$4.5 million from anticipated sales tax exclusions / Edison rebates, and \$1.5 million from District development impact fees or other reserves.

One other very important project is the installation of automated metering infrastructure (AMI). Five of seven phases of a plan to convert all District meters to remote read capability are completed and approximately three-quarters of the District's 22 thousand accounts have been converted. The District plans to complete the remaining phases by June of 2021.

Future Capital Improvements - Water

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

- Rehabilitation of District water storage tanks.
- Replacement of aging water distribution pipelines that require frequent repair and are suspected of causing system water losses.

Additional water storage capacity was identified in a water system master plan update as a top priority over the next five years. To address this issue, land has been purchased for a reservoir site, and discussions with developers include upsizing on their plans to provide storage for their project. The master plan also discussed the feasibility of building a new surface water treatment plant in the District's east end, closest to the source of surface water and to the largest areas of undeveloped land in the District's service area.

Future Capital Improvements - Wastewater

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

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

Long Term Debt / Credit

The District's long-term debt at June 30, 2020 consists of Revenue Bonds issued through the East Valley Water District Financing Authority (Authority), a blended component unit, loans from the California Department of Water Resources (DWR), a capital lease purchase with US Bank, and a loan from the San Bernardino Valley Municipal Water District (SBVMWD). Outstanding balances as of June 30, 2020 were as follows:

**EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020**

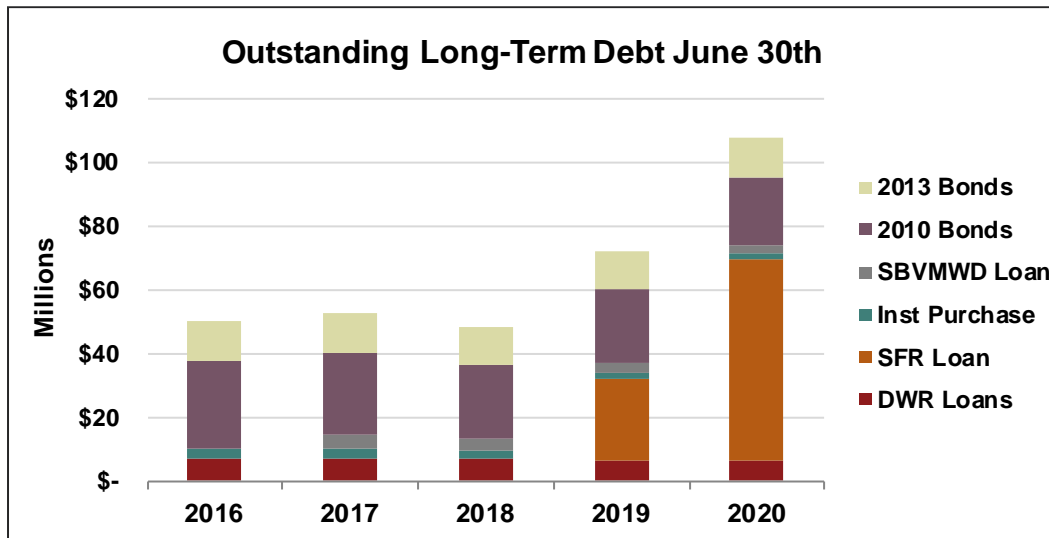
2010 Refunding Bonds	\$ 21,635,000
2013 Refunding Bonds	12,085,000
SBVMWD Loan	2,576,022
AVAD Construction	71,002
EFAD Construction	299,370
Plant 134 Construction	5,834,970
SNRC Construction	63,360,062
U.S. Bank Lease Purchase	1,719,082
Total	<u><u>\$ 107,580,508</u></u>

On September 10, 2020 the District refinanced both the 2010 Revenue Bonds, in a current refunding, and the 2013 Revenue Bonds, in an advanced refunding, to take advantage of lower interest rates. The favorable pricing received through the refunding transaction will save the District approximately \$385,000 annually over the next 20 years. Note 5 to the accompanying financial statements explains the purposes for issuing all debt scheduled above.

The funding agreement with the State Water Resources Control Board for the SNRC construction consists of a \$150.3 million loan at 1.8% and a \$6.7 million grant, was finalized on November 21, 2019.

Debt service of \$6.8 million and plant operating expenses will be paid with \$8.7 million currently paid to the City of San Bernardino Water Department for wastewater treatment, Additional revenue streams will include Local Resource Investment Program payments received from the San Bernardino Valley Municipal Water Department for the use of recycled water produced by the plant for groundwater recharge, tipping fees from waste haulers who dispose of liquid waste at the District digesters, and energy cost avoidance through use of power produced by the digesters. The loan balance as of June 30, 2020 is \$63.4 million; loan payments will begin one year after the Notice of Completion is filed for the SNRC.

All scheduled debt payments for fiscal year 2019-20 were paid timely.



**EAST VALLEY WATER DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2020**

Standard & Poor's and Fitch rated the District's 2020 Series A and B Revenue Bonds at AA- at the time of issuance. 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

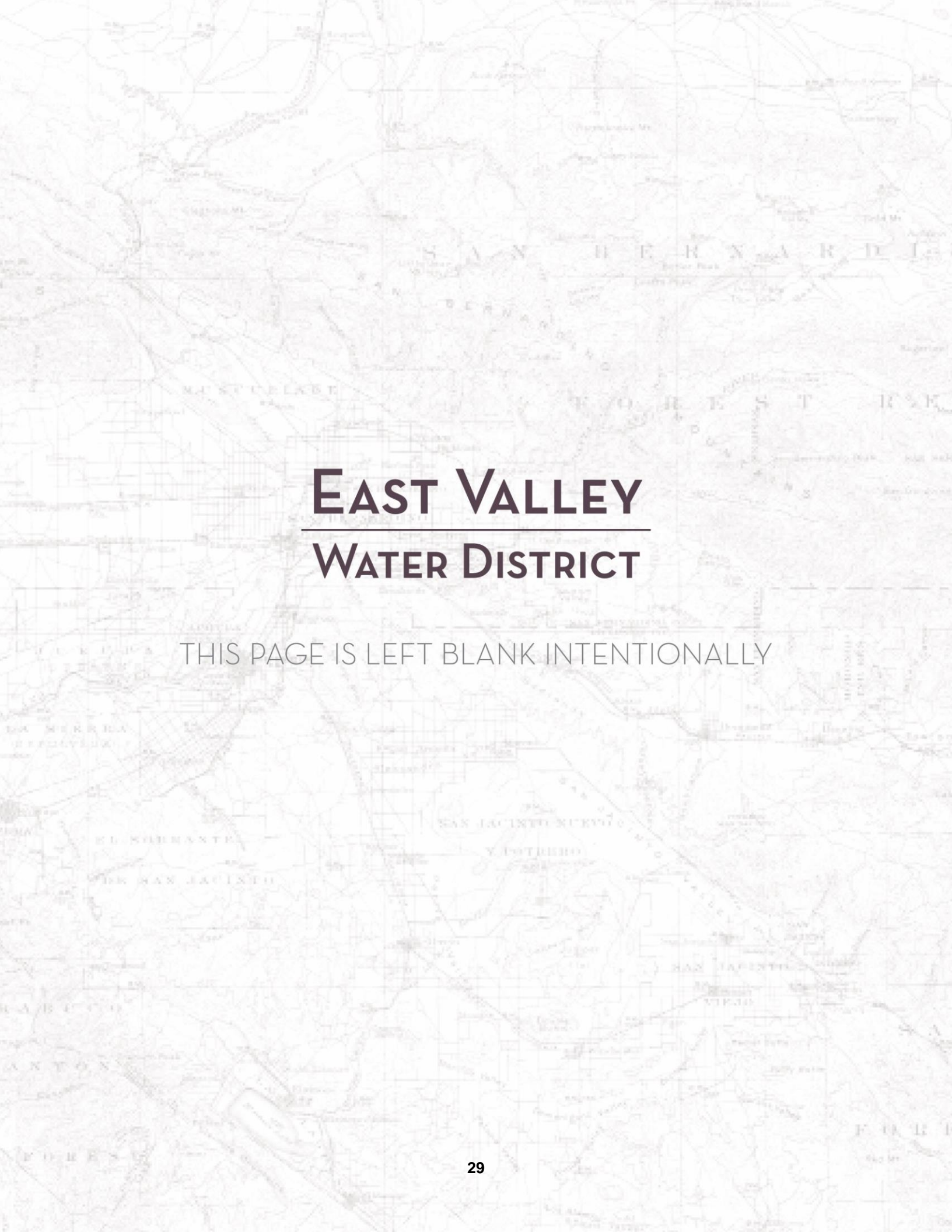
The District has contracted with IB Consulting, LLC to perform water and wastewater utility Cost of Service Analysis'. The analysis' has determined the need for rate adjustments to current District water and wastewater rates, and will propose wastewater treatment rates to be established for the SNRC.

Additional information about the District's Water Budget based rate structure 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.



EAST VALLEY

WATER DISTRICT

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Basic Financial Statements



EAST VALLEY WATER DISTRICT
Statement of Net Position
June 30, 2020

	2020	For Comparative Purposes Only 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 8,777,977	\$ 13,377,049
Investments	5,683,093	5,328,361
Accounts Receivable, Net	4,800,438	4,129,816
Interest Receivable	59,283	103,867
Other Receivables	567,882	822,525
Due from Other Governments	18,906,857	14,268,673
Inventory	486,971	345,634
Prepaid Expenses	250,403	269,864
Total Current Assets	39,532,904	38,645,789
Non-Current Assets:		
Restricted Cash and Cash Equivalents	10,195,046	8,171,966
Assessments Receivable	335,820	341,939
Capital Assets not being Depreciated	96,479,313	41,770,736
Capital Assets, Net	125,558,372	127,952,243
Total Non-Current Assets	232,568,551	178,236,884
Total Assets	272,101,455	216,882,673
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge on Refunding	84,675	102,610
Deferred Outflows - Pensions	3,532,373	3,355,284
Deferred Outflows - OPEB	436,587	183,404
Total Deferred Outflows Of Resources	4,053,635	3,641,298
Total Assets and Deferred Outflows of Resources	\$ 276,155,090	\$ 220,523,971

(Continued)

The accompanying notes are an integral part of this statement.

EAST VALLEY WATER DISTRICT
Statement of Net Position - Continued
June 30, 2020

	2020	For Comparative Purposes Only 2019
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 8,660,260	\$ 4,570,788
Accrued Payroll and Benefits	598,055	493,278
Customer Service Deposits	1,563,518	1,550,338
Construction Advances and Retentions	3,908,876	1,276,212
Accrued Interest Payable	421,001	462,550
Current Portion of Compensated Absences	534,469	422,964
Current Portion of Long-Term Debt	2,838,685	2,769,898
Total Current Liabilities	18,524,864	11,546,028
Non-Current Liabilities:		
Compensated Absences, Less Current Portion	454,521	534,314
Net Pension Liability	11,805,140	10,846,955
Net OPEB Liability	2,096,677	2,016,418
Long-Term Debt, Less Current Portion	106,620,683	71,590,954
Total Non-Current Liabilities	120,977,021	84,988,641
Total Liabilities	139,501,885	96,534,669
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pensions	682,596	672,725
Deferred Inflows - OPEB	62,612	918
Total Deferred Inflows Of Resources	745,208	673,643
Total Liabilities and Deferred Inflows Of Resources	140,247,093	97,208,312
NET POSITION		
Net Investment in Capital Assets	106,708,555	95,468,735
Restricted for:		
Future Capital Expansion Projects	6,659,487	3,460,835
Unrestricted	22,539,955	24,386,089
Total Net Position	\$ 135,907,997	\$ 123,315,659

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, 2020

	2020	For Comparative Purposes Only 2019
OPERATING REVENUES		
Water Sales	\$ 16,902,370	\$ 15,746,654
Wastewater Treatment Charges	8,496,012	8,592,950
System Charges	13,670,614	13,653,613
Other Charges	743,916	1,316,081
Total Operating Revenues	39,812,912	39,309,298
OPERATING EXPENSES		
Water Department:		
Source of Supply	3,263,403	2,975,348
Pumping	457,846	585,585
Treatment	891,127	840,623
Transmission and Distribution	3,460,642	2,819,288
Customer Accounts	1,356,840	1,535,681
Total Water Department	9,429,858	8,756,525
Wastewater Department:		
Wastewater Treatment	8,496,012	8,592,950
Wastewater Collection	767,448	700,507
Customer Accounts	367,097	388,914
Total Wastewater Department	9,630,557	9,682,371
Administrative and General	10,613,414	10,778,943
Operating Expenses Before Depreciation	29,673,829	29,217,839
Depreciation	6,575,821	6,680,234
Total Operating Expenses	36,249,650	35,898,073
Operating Income	\$ 3,563,262	\$ 3,411,225

(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, 2020

	2020	For Comparative Purposes Only 2019
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	\$ 524,675	\$ 571,549
Gain on Disposal	-	705,285
Other Income	121,983	307,247
Interest Expense	(1,579,104)	(1,684,986)
Total Non-Operating Revenues (Expenses)	(932,446)	(100,905)
Income Before Contributions	2,630,816	3,310,320
CONTRIBUTIONS		
Capacity Charges	3,219,397	611,673
Capital Grants	6,742,125	-
Total Contributions	9,961,522	611,673
CHANGE IN NET POSITION	12,592,338	3,921,993
TOTAL NET POSITION, BEGINNING (AS PREVIOUSLY REPORTED)	123,315,659	119,393,666
TOTAL NET POSITION, ENDING	\$ 135,907,997	\$ 123,315,659

The accompanying notes are an integral part of this statement.

EAST VALLEY WATER DISTRICT
Statement of Cash Flows
Year Ended June 30, 2020

	2020	For Comparative Purposes Only 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 41,788,133	\$ 40,848,979
Cash Payments for Employees Services	(10,822,584)	(9,986,866)
Cash Payments to Suppliers	(14,067,425)	(16,089,708)
Cash to/(from) Other Sources	254,644	(401,490)
Net Cash Provided by Operating Activities	17,152,768	14,370,915
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Funds Received	6,742,125	-
Gain on Disposal	51,722	705,286
Contributed Capital	3,219,397	918,919
Proceeds from Loan of Capital Debt	33,232,846	11,236,504
Principal Paid on Capital Debt	(2,669,311)	(3,024,244)
Interest Paid on Capital Debt	(1,705,919)	(1,805,656)
Acquisition of Capital Assets	(58,934,799)	(21,329,743)
Net Cash Used for Capital and Related Financing Activites	(20,063,939)	(13,298,934)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received from Investments	550,141	508,352
Acquisition of Investments	(5,819,234)	(703,195)
Proceeds from Sale of Investments	5,598,153	774,255
Loan Collections	6,119	13,791
Net Cash Provided (Used) by Investing Activities	335,179	593,203
Net Increase (Decrease) in Cash and Cash Equivalents	(2,575,992)	1,665,184
Cash and Equivalents, Beginning of Year	21,549,015	19,883,831
Cash and Equivalents, End of Year	\$ 18,973,023	\$ 21,549,015
 RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 8,777,977	\$ 13,377,049
Restricted Cash and Cash Equivalents	10,195,046	8,171,966
Total Cash and Cash Equivalents	\$ 18,973,023	\$ 21,549,015

(Continued)

The accompanying notes are an integral part of this statement.

EAST VALLEY WATER DISTRICT
Statement of Cash Flows - Continued
Year Ended June 30, 2020

	2020	For Comparative Purposes Only 2019
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 3,563,262	\$ 3,411,225
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	6,575,821	6,680,234
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(670,622)	411,553
(Increase) Decrease in Other Receivables	254,644	(401,490)
(Increase) Decrease in Inventory	(141,338)	(60,416)
(Increase) Decrease in Prepaids	19,459	(65,993)
(Increase) in Deferred Outflows of Resources - Pensions	(430,273)	851,042
Increase (Decrease) in Accounts Payable	4,089,472	2,950,379
Increase (Decrease) in Accrued Salaries and Benefits	104,777	21,888
Increase (Decrease) in Compensated Absences	31,711	5,032
Increase (Decrease) in Net Pension Liability	958,186	(754,843)
Increase in Net OPEB Liability	80,259	84,048
Decrease in Deferred Inflows of Resources	71,566	110,124
Increase (Decrease) in Customer Deposits	13,180	(38,580)
Increase (Decrease) in Developer Deposits	2,632,664	1,166,712
Total Cash Provided by Operating Activities	\$ 17,152,768	\$ 14,370,915
NON-CASH INVESTING, CAPITAL, AND NON-CAPITAL FINANCING ACTIVITIES:		
Fair Value Adjustments to Investments	\$ 130,129	\$ 48,874
Capital Assets Acquired by Assuming Liabilities, Including Retainage Payable	10,093,412	1,490,842

The accompanying notes are an integral part of this statement.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

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 in order to secure rights to the Santa Ana River water and have it delivered to the District's surface water treatment plant. At June 30, 2020, the District owned 6,613.15 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, 2020

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>Financing Authority</u>	<u>Eliminations</u>	<u>Total</u>
Statement of Net Position					
Current Assets	\$ 39,515,793	\$ 17,111	\$ 386,247	\$ (386,247)	\$ 39,532,904
Capital Assets	221,073,816	2,834,868	-	(1,870,999)	222,037,685
Other Assets	10,235,449	295,417	33,720,000	(33,720,000)	10,530,866
Deferred Outflows	4,053,635	-	-	-	4,053,635
Total Assets & Deferred Outflows	<u>274,878,693</u>	<u>3,147,396</u>	<u>34,106,247</u>	<u>(35,977,246)</u>	<u>276,155,090</u>
Current Liabilities	18,514,507	10,357	386,247	(386,247)	18,524,864
Long-Term Liabilities	120,977,021	-	33,720,000	(33,720,000)	120,977,021
Deferred Inflows	745,208	-	-	-	745,208
Total Liabilities & Deferred Inflow:	<u>140,236,736</u>	<u>10,357</u>	<u>34,106,247</u>	<u>(34,106,247)</u>	<u>140,247,093</u>
Net Investment in Capital Assets	105,602,650	2,976,904	-	(1,870,999)	106,708,555
Restricted Net Position	6,499,352	160,135	-	-	6,659,487
Unrestricted Net Position	22,539,955	-	-	-	22,539,955
Total Net Position	<u>134,641,957</u>	<u>3,137,039</u>	<u>-</u>	<u>(1,870,999)</u>	<u>135,907,997</u>
Statement of Changes in Net Position					
Sales and Services	\$ 39,068,996	\$ -	\$ -	\$ -	\$ 39,068,996
Other Operating Revenue	743,916	-	-	-	743,916
Operating Expenses	29,824,041	(149,852)	-	-	29,674,189
Depreciation	6,631,658	(55,837)	-	-	6,575,821
Operating Income	<u>3,357,213</u>	<u>205,689</u>	<u>-</u>	<u>-</u>	<u>3,562,902</u>
Net Non-Operating Revenue (Expenses)	(1,046,978)	114,532	-	-	(932,446)
Capital Contributions	9,961,882	-	-	-	9,961,882
Special Items	-	-	-	-	-
Change in Net Position	<u>12,272,117</u>	<u>320,221</u>	<u>-</u>	<u>-</u>	<u>12,592,338</u>
Beginning Net Position	122,369,840	2,816,818	-	(1,870,999)	123,315,659
Ending Net Position	<u>\$ 134,641,957</u>	<u>\$ 3,137,039</u>	<u>\$ -</u>	<u>\$ (1,870,999)</u>	<u>\$ 135,907,997</u>
Net Cash from Operating Activities	\$ 17,205,086	(52,678)	\$ -	\$ -	\$ 17,152,408
Net Cash from Capital and Related Financing Activities	(20,040,191)	(23,388)	3,161,488	(3,161,488)	(20,063,579)
Net Cash from Investing Activities	335,332	(153)	(3,161,488)	3,161,488	335,179
Beginning Cash and Equivalents	21,170,065	378,950	-	-	21,549,015
Ending Cash & Equivalents	<u>\$ 18,670,292</u>	<u>\$ 302,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,973,023</u>

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

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

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

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

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

C) Comparative Data

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

D) Inventory Valuation

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

E) Capitalization and Depreciation

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

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

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

F) Restricted Assets

Certain assets of the District are restricted in use by ordinance or debt covenant and accordingly are shown as restricted assets on the accompanying statement of net position. Unexpended Bond proceeds are set aside for capital improvements, District deposits into Bond trustee accounts are to be used for debt service, and utility deposits must be returned to the customers at their request after their account has been paid timely for 12 consecutive months, or when their account is closed.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

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 position 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 position 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 two items which qualify for reporting in this category: Deferred Inflows related to Pensions and Deferred Inflows related to OPEB.

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, 2020

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

K) Classification of Revenue

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

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

L) Use of Restricted Resources

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

M) Use of Estimates

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

N) Pension

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

O) Postemployment Benefits Other Than Pensions (OPEB)

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

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

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

P) Future Accounting Pronouncements

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

Table 1-2

GASB Statement	Description	Effective Date
Statement No. 84	Fiduciary Activities	The statement improves guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments. The statement is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
Statement No. 87	Leases	The statement addresses accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.
Statement No. 89	Accounting for Interest Cost Incurred before the End of a Construction Period	The statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest costs incurred before the end of a construction period will not be included in the historical costs of a capital asset reported in a business-type activity or enterprise fund. The statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P) Future Accounting Pronouncements

Table 1-2 - Continued

GASB Statement	Description	Effective Date
Statement No. 90	Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61	The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100 percent equity interest is acquired in that component unit. The statement is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
Statement No. 91	Conduit Debt Obligations	The statement provides a single method of reporting conduit debt to eliminate diversity in reporting and the related note disclosures. The statement also addresses arrangements - often characterized as leases - that are associated with conduit debt obligations. The statement is effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.
Statement No. 95	Postponement of the effective Dates of Certain Authoritative Guidance	Provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statementsx and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

2) CASH AND INVESTMENTS

Cash and Investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Table 2-1

Cash and Cash Equivalents	\$	8,777,977
Restricted Cash and Cash Equivalents		10,195,046
Investments		5,683,093
Total	\$	24,656,116

Cash and investments as of June 30, 2020 consist of the following:

Table 2-2

Cash on Hand	\$	5,250
Deposits with Financial Institutions		3,424,484
Money Market Accounts with Financial Institutions		222,002
Investments with Local Agency Investment Fund		15,321,287
Investment in Debt Securities		5,683,093
Total	\$	24,656,116

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

At June 30, 2020, 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 through the use of reverse repurchase agreements.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

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, 2020, the District had the following investments and maturities:

Table 2-4

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Maturity</u>
Fannie Mae	\$ 554,164	2.01 years
Freddie Mac	601,595	3.19 years
Federal Home Loan Bank	858,367	1.31 years
Federal Farm Credit Bank	1,300,697	2.19 years
US Treasury	1,923,867	1.49 years
Tenn Valley Authority	444,403	2.42 years
LAIF	15,321,287	N/A
Money Market Mutual Funds	222,002	N/A
	<u>21,226,382</u>	

Disclosures Relating to Credit Risk

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

Table 2-5

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating at Year End AAA</u>	<u>Not Rated</u>
Fannie Mae	\$ 554,164	N/A	\$ -	\$ 554,164	\$ -
Freddie Mac	601,595	N/A	-	601,595	-
Federal Home Loan Bank	858,367	N/A	-	858,367	-
Federal Farm Credit Bank	1,300,697			1,300,697	
US Treasury	1,923,867	N/A	1,923,867	-	-
Tenn Valley Authority	444,403	N/A	-	444,403	-
LAIF	15,321,287	N/A	-	-	15,321,287
Money Market Mutual Funds	222,002	N/A	-	222,002	-
	<u>\$ 21,226,382</u>		<u>\$ 1,923,867</u>	<u>\$ 3,981,228</u>	<u>\$ 15,321,287</u>

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

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, 2020:

Table 2-6

Investments by Fair Value Level	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt Securities				
Fannie Mae	\$ -	\$ 554,164	\$ -	\$ 554,164
Freddie Mac	-	601,595	-	601,595
Federal Home Loan Bank	-	858,367	-	858,367
Federal Farm Credit Bank	-	1,300,697	-	1,300,697
US Treasury	1,923,867	-	-	1,923,867
Tenn Valley Authority	-	444,403	-	444,403
Total Investments Measured at Fair Value	<u>\$ 1,923,867</u>	<u>\$ 3,759,226</u>	<u>\$ -</u>	<u>\$ 5,683,093</u>
Investments Measured at Amortized Cost				
LAIF				15,321,287
Money Market Mutual Funds				222,002
Total Investments				<u>\$ 21,226,382</u>

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, 2020, 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, 2020

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, 2020, the District had \$9,285,794 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, 2020, the carrying amount (at amortized cost) of the pool was \$101,607,078,218 and the estimated fair value of the pool was \$101,607,078,218. The District's proportionate share of the fair value (as determined by LAIF) as of June 30, 2020, was \$15,321,287. 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.

3) RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents at June 30, 2020 are restricted as follows:

Table 3-1

Held for Debt Service	\$	1,659,286
Capacity Fees from Developers		6,499,353
Customer Deposits		1,563,518
Construction Advances		186,663
North Fork Water Company		286,226
Total	\$	10,195,046

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

4) CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

Table 4-1

	Beginning of Year	Additions	Deletions	End of Year
Water Fund				
Non-Depreciable Assets				
Land and Easements	\$ 2,583,057	\$ 3,494,704	\$ -	\$ 6,077,761
Water Rights	732,835	-	-	732,835
Construction in Progress	3,519,720	4,027,002	(5,576,364)	1,970,358
Total Non-Depreciable Assets	<u>6,835,612</u>	<u>7,521,706</u>	<u>(5,576,364)</u>	<u>8,780,954</u>
Depreciable Assets				
Source of Supply	18,874,920	255,774	-	19,130,694
Pumping Plant	14,422,348	192,869	-	14,615,217
Treatment Plant	28,162,779	364,076	-	28,526,855
Transmission and Distribution Plant	100,147,622	2,234,532	(578,591)	101,803,563
General Plant	18,581,118	610,689	(58,472)	19,133,335
Total Depreciable Assets	<u>180,188,787</u>	<u>3,657,940</u>	<u>(637,063)</u>	<u>183,209,664</u>
Accumulated Depreciation				
Source of Supply	(7,134,348)	(653,743)	-	(7,788,091)
Pumping Plant	(6,699,128)	(435,408)	-	(7,134,536)
Treatment Plant	(11,151,647)	(1,170,474)	-	(12,322,121)
Transmission and Distribution Plant	(40,196,081)	(2,628,234)	534,321	(42,289,994)
General Plant	(5,945,666)	(865,040)	58,472	(6,752,234)
Total Accumulated Depreciation	<u>(71,126,870)</u>	<u>(5,752,899)</u>	<u>592,793</u>	<u>(76,286,976)</u>
Water Fund Capital Assets, Net	<u>115,897,529</u>	<u>5,426,747</u>	<u>(5,620,634)</u>	<u>115,703,642</u>
Wastewater Fund				
Non-Depreciable Assets				
Land and Easements	713,940	-	-	713,940
Construction in Progress	34,221,184	52,812,005	(48,770)	86,984,419
Total Non-Depreciable Assets	<u>34,935,124</u>	<u>52,812,005</u>	<u>(48,770)</u>	<u>87,698,359</u>
Depreciable Assets				
Wastewater Collection Plant	27,510,245	48,770	-	27,559,015
General Plant	9,357,806	519,511	(58,472)	9,818,845
Total Depreciable Assets	<u>36,868,051</u>	<u>568,281</u>	<u>(58,472)</u>	<u>37,377,860</u>
Accumulated Depreciation				
Wastewater Collection Plant	(14,581,277)	(462,634)	-	(15,043,911)
General Plant	(3,396,448)	(360,289)	58,472	(3,698,265)
Total Accumulated Depreciation	<u>(17,977,725)</u>	<u>(822,923)</u>	<u>58,472</u>	<u>(18,742,176)</u>
Wastewater Fund Capital Assets, Net	<u>53,825,450</u>	<u>52,557,363</u>	<u>(48,770)</u>	<u>106,334,043</u>
Total Capital Assets, Net	<u>\$169,722,979</u>	<u>\$57,984,110</u>	<u>\$ (5,669,404)</u>	<u>\$222,037,685</u>

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

5) LONG-TERM DEBT

The schedule below summarizes changes in long-term debt during the year ended June 30, 2020:

Table 5-1

	Beginning Balance	Additions	Retirements/ Payments	Ending Balance	Current Portion	Long-Term Portion
Direct Placement:						
2010 Refunding Bonds	\$ 23,215,000	\$ -	\$ (1,580,000)	\$ 21,635,000	\$ 1,650,000	\$ 19,985,000
Unamortized Premium	1,506,579	-	(80,741)	1,425,838	80,741	1,345,097
2013 Revenue Bonds	12,085,000	-	-	12,085,000	-	12,085,000
Unamortized Premium	507,912	-	(21,202)	486,710	21,200	465,510
Unamortized Discount	(32,427)	-	1,354	(31,073)	(1,354)	(29,719)
Subtotal Direct Placement	<u>37,282,064</u>	<u>-</u>	<u>(1,680,589)</u>	<u>35,601,475</u>	<u>1,750,587</u>	<u>33,850,888</u>
Direct Borrowing:						
U.S. Bank Lease Purchase	2,125,215	-	(406,133)	1,719,082	415,379	1,303,703
SBVMWD Loan	3,006,022	-	(430,000)	2,576,022	430,000	2,146,022
DWR Contracts						-
AVAD Construction	77,764	-	(6,762)	71,002	6,762	64,240
Plant 134 Construction	6,068,369	-	(233,399)	5,834,970	233,399	5,601,571
EFAD Construction	312,386	-	(13,016)	299,370	13,016	286,354
SNRC	25,489,032	37,871,030	-	63,360,062	-	63,360,062
Subtotal Direct Borrowing	<u>37,078,788</u>	<u>37,871,030</u>	<u>(1,089,310)</u>	<u>73,860,508</u>	<u>1,098,556</u>	<u>72,761,952</u>
Total	<u>\$ 74,360,852</u>	<u>\$ 37,871,030</u>	<u>\$ (2,769,899)</u>	<u>\$ 109,461,983</u>	<u>\$ 2,849,143</u>	<u>\$ 106,612,840</u>

2010 Refunding Revenue Bonds

On October 29, 2010, the District issued \$33,545,000 of East Valley Water District Financing Authority Refunding Revenue Bonds, Series 2010 (2010 Bonds), with interest rates ranging from 2.00% to 5.00%. The purpose for issuing the 2010 Bonds was to provide \$16,000,000 for future capital improvements, and for refunding virtually all the District's outstanding long-term debt. The refunded debt included 1) \$5,935,000 in 2001 Certificates of Participation bearing interest rates ranging from 4.25% to 5.00%, 2) a \$7,867,528 balance on a 2004 Installment Sale Note bearing interest at 4.50%, and 3) a \$5,109,854 balance on a 2006 Installment Sale Note bearing interest at 4.95%.

The refunding portion of the 2010 Bonds (\$17,170,000) were issued at a premium of \$1,630,726, and after paying issuance costs of \$318,849, net proceeds were \$18,481,877. The net proceeds, combined with a \$920,318 sinking fund for 2001 COP debt service, were sufficient to accomplish the refunding of the existing debt. All refunded debt has been retired leaving \$0 of outstanding in-substance defeased debt.

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 2024 using the straight-line method of amortization. The indenture authorizes, upon default, the Trustee to declare immediate due and payable the total unpaid principal of the Bonds and accrued interest thereon.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

5) LONG-TERM DEBT - Continued

2013 Revenue Bonds

On June 19, 2013 the District issued \$12,085,000 of East Valley Water District Financing Authority Revenue Bonds, Series 2013 (2013 Bonds), with interest rates ranging from 4.00% to 5.00%. The purpose for issuing the 2013 Bonds was to provide financing for water and wastewater capital improvements, primarily construction of a new administration and operations headquarters complex. The indenture authorizes, upon default, the Trustee to declare immediate due and payable the total unpaid principal of the Bonds and accrued interest thereon.

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

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

On January 20, 2015, the District entered into an agreement with the SBVMWD for the construction, financing, and maintenance of a turnout by which the District's surface water treatment plant can receive State Project water. The total amount borrowed for construction of the project is \$4,367,927 bearing interest at the State of California Local Agency Investment Fund (LAIF) apportionment rate, which is 1.47% at June 30, 2020. Debt service payments are to be made annually on February 1st over ten years.

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

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

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

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

5) LONG-TERM DEBT - Continued

and accrued interest thereon.

Department of Water Resources Contract 11CX101 - Eastwood Farms Assessment District

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

The aggregate debt service requirements to maturity for long-term debt as of June 30, 2020 are as follows (excludes unamortized premiums/discounts and the California State Water Resource Control Board Contract C-06-8106-110):

Table 5-2

Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,748,555	\$ 1,609,845	\$ 4,358,400
2022	2,243,008	1,529,485	3,772,493
2023	2,302,672	1,468,447	3,771,119
2024	2,362,550	1,405,128	3,767,678
2025	1,958,176	1,342,223	3,300,399
2026-2030	6,741,902	5,970,934	12,712,836
2031-2035	7,100,452	4,815,388	11,915,840
2036-2040	9,002,070	3,231,100	12,233,170
2041-2045	9,761,060	1,055,750	10,816,810
	<u>\$ 44,220,445</u>	<u>\$ 22,428,300</u>	<u>\$ 66,648,745</u>

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

On June 26, 2018 the District entered into a Funding Agreement for the construction of a 6 million gallon per day (mgd) water recycling plant with the State Water Resources Control Board. The initial agreement approves \$11.5 million for design cost reimbursement, with a revised agreement covering design and construction costs

**EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020**

5) LONG-TERM DEBT - Continued

totaling \$157 million executed on December 2, 2019. The revised Agreement includes a \$6.7 million grant and a low interest (1.8%) loan for the balance of \$150.3 million.

As of June 30, 2020 the District has incurred \$70.4 million in design and construction cost, the District has drawn approximately \$51.5 million, \$18.9 million is awaiting reimbursement (Due From Other Governments) of the \$150.3 million in loan financing available. Repayment on the loan will begin one year after the completion of construction and annual installment payments of principal and interest are projected to be approximately \$6.8 million. The District has pledged available water and wastewater revenue for the repayment of the loan, including the following new revenue streams:

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

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

Security for debt is as follows:

Table 5-3

<u>Debt</u>	<u>Security</u>
2010 and 2013 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, 2020, net water revenues represented 266% of the annual water debt service and net wastewater revenues represented 3,448% of the annual wastewater debt service.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

6) COMPENSATED ABSENCES

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

Table 6-1

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Usage / Payments</u>	<u>End of Year</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Accrued Vacation Leave	\$ 486,255	\$ 555,413	\$(332,837)	\$ 708,831	\$ 359,043	\$ 349,788
Accrued Sick Leave	471,023	408,181	(599,045)	280,159	175,426	104,733
Total	<u>\$ 957,278</u>	<u>\$ 963,594</u>	<u>\$(931,882)</u>	<u>\$ 988,990</u>	<u>\$ 534,469</u>	<u>\$ 454,521</u>

7) NET INVESTMENT IN CAPITAL ASSETS

Net Investment in capital assets at June 30, 2020 consisted of the following:

Table 7-1

Non-Depreciable Capital Assets	\$ 96,255,683
Depreciable Capital Assets	220,587,523
Accumulated Depreciation	(95,029,151)
Loans Payable	(79,613,249)
Bonds Payable	(35,598,861)
Deferred Amount on Refunding	106,610
Total	<u>\$ 106,708,555</u>

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

8) DEFINED BENEFIT PENSION PLAN (PERS)

A) General Information about the Pension Plans

Plan Description

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2020, 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%	6.5%
Required Employer Contribution Rates	12.805%	7.026%

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for the Plans were as follows:

Table 8-2

	Miscellaneous
Contributions - Employer	\$ 1,798,495

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

As of June 30, 2020, 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	\$ 11,805,140

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2018 and 2019 was as follows:

Table 8-4

	Miscellaneous Prior to January 1, 2013
Proportion - June 30, 2018	0.287816%
Proportion - June 30, 2019	0.294797%
Change - Increase (Decrease)	0.006981%

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued

For the year ended June 30, 2020, the District recognized pension expense of \$1,361,184. At June 30, 2020, 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	\$ 819,917	\$ 63,527
Changes in Assumptions	562,924	199,552
Net differences between projected and actual earnings on plan investments	-	206,390
Change in employer's proportion	168,426	79,580
Difference between the employer's contributions and the employer's proportionate share of contributions	182,612	133,547
Pension contributions subsequent to measurement date	1,798,495	-
Total	\$ 3,532,374	\$ 682,596

\$1,798,495 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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

Year Ended June 30,	Amount
2021	\$ 868,636
2022	(17,128)
2023	148,104
2024	51,671
	\$ 1,051,283

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Table 8-7

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	Annual increase vary by Category, entry age and duration of service
Projected Salary Increase	2.5
Investment Rate of Return ⁽¹⁾	7.15%
Mortality Rate Table ⁽²⁾	Derived using CalPERS' membership data for all Funds

⁽¹⁾ Net of pension plan investment expenses and administrative expenses; including inflation

⁽²⁾ The Mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scales 90% of scale MP2016. For more details on this table, please refer to the December 2017 experience study report (based on Cal PERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

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

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

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued

members, and adopting a risk oversight process to improve early detection of financial hardship issues.

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

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

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

Table 8-8

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

(a) An expected inflation of 2.0 % used for this period

(b) An expected inflation of 2.92 % used for this period

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

The following presents East Valley Water District's proportionate share of the net pension liability for the Plan, calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued

Table 8-9

		<u>Miscellaneous</u>
1% Decrease		6.15%
Net Pension Liability	\$	17,968,327
Current Discount Rate		7.15%
Net Pension Liability	\$	11,805,140
1% Increase		8.15%
Net Pension Liability	\$	6,717,865

D) Pension Plan Fiduciary Net Position

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

E) Payable to the Pension Plan

At June 30, 2020, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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, 2020, or in the previous two fiscal years.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

10) RISK MANAGEMENT - Continued

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.

At June 30, 2020, the District's participation in the self-insurance programs of the Authority was as follows:

Table 10-1

<u>Description</u>		<u>Limits</u>	<u>Deductible</u>
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 Coverage	\$ 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	\$ 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, 2020

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, 2020, 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	\$ 2,096,677	\$ 436,587	\$ 62,612	\$ 247,849

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 a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Membership in the health benefit plan consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Table 11-2

<u>Participant Type:</u>	<u>Number of Participants</u>
Inactive participants currently receiving benefits	26
Inactive participants entitled to but not yet receiving benefit	0
Active employees	65
Total	91

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.

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 \$700 per month). The surviving spouse of an eligible retiree is eligible for the District's

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

11) POST EMPLOYMENT HEALTHCARE BENEFITS - Continued

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, 2019, the District paid \$278,539 to the plan including the implicit rate subsidy. The District contributed \$436,587 including the implicit rate subsidy for retiree health benefits to the Trust during the fiscal year ended June 30, 2020.

Net OPEB Liability

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

Table 11-3

	Balance
	June 30, 2020
Total OPEB Liability	\$ 2,896,822
Plan Fiduciary Net Position	800,145
District's Net OPEB Liability (Asset)	\$ 2,096,677

Investments

As described above, at June 30, 2020, 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, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

Table 11-4

<u>Deferred Outflows and Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement date	\$ 262,358	\$ -
Differences between expected and actuarial experience	173,038	-
Changes of assumptions	-	59,216
Differences between projected and actual earnings on	1,191	3,396
Total	\$ 436,587	\$ 62,612

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. The EARSL for the OPEB plan for June 30, 2020 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.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

11) POST EMPLOYMENT HEALTHCARE BENEFITS - Continued

The deferred inflows of resources related to OPEB resulting from the net differences between projected and actual earnings on the plan 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.

The deferred inflows of resources related to OPEB resulting from the net differences between projected and actual earnings on the plan 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,	Amortization
2021	\$ 12,042
2022	12,040
2023	12,348
2024	11,953
2025	12,647
Thereafter	50,587
<u>Total</u>	<u>\$ 111,617</u>

Actuarial Methods and Assumptions

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2019, using the actuarial assumptions shown herein, applied to all periods included in the measurement, unless otherwise specified.

Table 11-6

<u>Actuarial Methods and Assumptions</u>	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	6.50%
Health Care Trend Rate	6.50% HMO / 6.50% 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, 2020

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, 2019 are shown herein:

Table 11-7

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
Global Equity	40%	5.50%
Global Debt Securities	43%	2.35%
Inflation Assets	5%	1.50%
Commodities	4%	1.75%
REITs	8%	3.65%

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

Changes in the Net OPEB Liability

Table 11-8

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at June 30, 2019	\$ 2,658,612	\$ 642,194	\$ 2,016,418
Changes for the year:			
Service Cost	106,297	-	106,297
Interest	174,233	-	174,233
Differences between expected and actual experience	192,265	-	192,265
Employer Contributions		278,539	(278,539)
Net Investment Income		48,769	(48,769)
Change of assumptions	(65,798)	-	(65,798)
Benefit Payments	(168,787)	(168,787)	-
Administrative Expenses		(330)	330
Other Expenses		(240)	240
Net Changes	238,210	157,951	80,259
Balances at June 30, 2020	<u>\$ 2,896,822</u>	<u>\$ 800,145</u>	<u>\$ 2,096,677</u>

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

11) POST EMPLOYMENT HEALTHCARE BENEFITS - Continued

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

Table 11-9

<u>Discount Rate</u>	<u>Net OPEB Liability (Asset)</u>
1% Decrease (5.50%)	\$ 2,389,112
Current Discount Rate (6.50%)	\$ 2,096,677
1% Increase (7.50%)	\$ 1,842,889

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

Table 11-10

<u>Healthcare Trend Rate</u>	<u>Net OPEB Liability (Asset)</u>
1% Decrease (5.50%HMO/5.50%PPO decreasing to 4.00%HMO/4.00%PPO)	\$ 1,791,125
Current Healthcare Cost Trend Rates (6.50%HMO/6.50%PPO decreasing to 5.00%HMO/5.00%PPO)	\$ 2,096,677
1% Increase (7.50%HMO/7.50%PPO decreasing to 6.00%HMP/6.00%PPO)	\$ 2,464,016

OPEB Expense

For the year ended June 30, 2020, the District recognized OPEB expense of \$247,849 and recorded deferred outflows of resources of \$436,587 for contributions made during fiscal year 2020 after the measurement date. The deferred outflows will be recognized in OPEB expense for the period ending June 30, 2021.

The District recorded \$62,612 of deferred inflows of resources resulting from the differences between projected and actual earnings on OPEB plan investments for the period ending June 30, 2019. The deferred inflows of resources will be amortized and recognized in OPEB expense over three remaining periods ending June 30, 2023.

EAST VALLEY WATER DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2020

12) SUBSEQUENT EVENTS

On September 10, 2020 the District issued \$16,885,000 Refunding Revenue Bonds, Series 2020A and \$13,615,000 Refunding Revenue Bonds, Series 2020B (Federally Taxable). The issuance is for refunding the East Valley Water District Financing Authority Refunding Revenue Bonds, Series 2010, and 2013 in full; and to pay costs of issuance associated with the 2020A and 2020B Bonds while saving the District a potential \$9 million in debt service payments.

Table 12-1

<u>Year Ended June 30,</u>	<u>Prior Debt Service</u>	<u>Refunding Debt Service</u>	<u>Savings</u>
2021	\$ 739,494	\$ 590,738	\$ 148,756
2022	2,590,763	2,205,086	385,677
2023	2,593,288	2,207,878	385,410
2024	2,593,763	2,207,962	385,801
<u>2025-2044</u>	<u>44,250,542</u>	<u>36,489,201</u>	<u>7,761,341</u>
Total	\$ 52,767,850	\$ 43,700,865	\$ 9,066,985

13) CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The District has three significant active construction project commitments as of June 30, 2020. The following contracts are related to the construction of the Recycled Water Facility.

Table 13-1

<u>Contractual Commitments</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Project Management & Labor Compliance for the Recycled Water Facility	\$ 1,387,087	\$ 279,502
Design-Build Services of the Recycled Water Facility	\$ 58,751,011	\$ 106,878,073
Design-Build Services of the Digester	\$ 10,586,079	\$ 9,642,776

Required Supplementary Information



**East Valley Water District
Schedule of Proportionate Share of the Net Pension Liability
Year Ended June 30, 2020
Last Ten Years***

Schedule of Proportionate Share of the Net Pension Liability

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

	<u>2020</u>				
Proportion of the Net Pension Liability	0.29480%				
Proportionate Share of the Net Pension Liability	\$11,805,140				
Covered Payroll	\$ 5,888,338				
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	200.48%				
Plan's Fiduciary Net Position	\$34,016,773				
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	77.73%				
		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the Net Pension Liability		0.28782%	0.11699%	0.11585%	0.11551%
Proportionate Share of the Net Pension Liability		\$10,846,955	\$11,601,798	\$10,024,712	\$ 7,928,173
Covered Payroll		\$ 5,447,702	\$ 4,489,575	\$ 5,097,156	\$ 4,715,712
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll		199.11%	258.42%	196.67%	168.12%
Plan's Fiduciary Net Position		\$33,563,265	\$27,706,747	\$27,529,345	\$28,045,198
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability		77.69%	71.37%	74.06%	78.40%
				<u>2015</u>	
Proportion of the Net Pension Liability				0.10632%	
Proportionate Share of the Net Pension Liability				\$ 6,615,935	
Covered Payroll				\$ 4,436,236	
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll				149.13%	
Plan's Fiduciary Net Position				\$29,336,566	
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability				79.82%	

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

**East Valley Water District
Schedule of Contributions
Year Ended June 30, 2020
Last Ten Years***

Schedule of Contributions

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

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

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

**East Valley Water District
Schedule of Changes in the Net OPEB Liability
Year Ended June 30, 2020**

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	2020	2019	2018
Service Cost	\$ 106,297	\$ 103,452	\$ 97,138
Interest	174,233	166,826	160,043
Differences between expected and actual experience	192,265		
Changes of assumptions	(65,796)		
Benefit Payments, including refunds of member contributions	(168,787)	(149,550)	(168,724)
Net Change in Total OPEB Liability	238,212	120,728	88,457
Total OPEB Liability - Beginning	2,658,610	2,537,882	2,449,425
Total OPEB Liability - Ending (a)	<u>\$ 2,896,822</u>	<u>\$ 2,658,610</u>	<u>\$ 2,537,882</u>
Plan Fiduciary Net Position	2020	2019	2018
Contributions - Employer	\$ 278,539	\$ 149,548	\$ 218,724
Net Investment Income	48,769	37,365	36,877
Benefit Payments	(168,787)	(149,548)	(168,724)
Administrative Expense	(330)	-	(261)
Other Expense	(240)	(683)	-
Net Change in Plan Fiduciary Net Position	<u>\$ 157,951</u>	<u>\$ 36,682</u>	<u>\$ 86,616</u>
Plan Fiduciary Net Position - Beginning	<u>642,194</u>	<u>605,512</u>	<u>518,896</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 800,145</u>	<u>\$ 642,194</u>	<u>\$ 605,512</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ 2,096,677</u>	<u>\$ 2,016,416</u>	<u>\$ 1,932,370</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	27.62%	24.16%	23.86%
Covered-Employee Payroll	\$ 5,744,627	\$ 5,495,000	\$ 5,495,000
Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	36.50%	36.70%	35.17%

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

**East Valley Water District
Schedule of OPEB Contributions
Year Ended June 30, 2020**

Schedule of OPEB 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.

OPEB Contributions	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 362,533	\$ 285,551	\$ 144,415
Contributions in Relation to the ADC	(278,539)	(149,548)	(218,724)
Contribution Deficiency (Excess)	<u>83,994</u>	<u>136,003</u>	<u>(74,309)</u>
District's Covered-Employee Payroll	\$ 5,744,627	\$ 5,495,000	\$ 5,495,000
Contributions as a Percentage of Covered-Employee Payroll	6.31%	5.20%	2.63%

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

East Valley Water District
Notes to the Required Supplementary Information
Purpose of Schedules
Year Ended June 30, 2020

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 Postemployment Healthcare Contributions

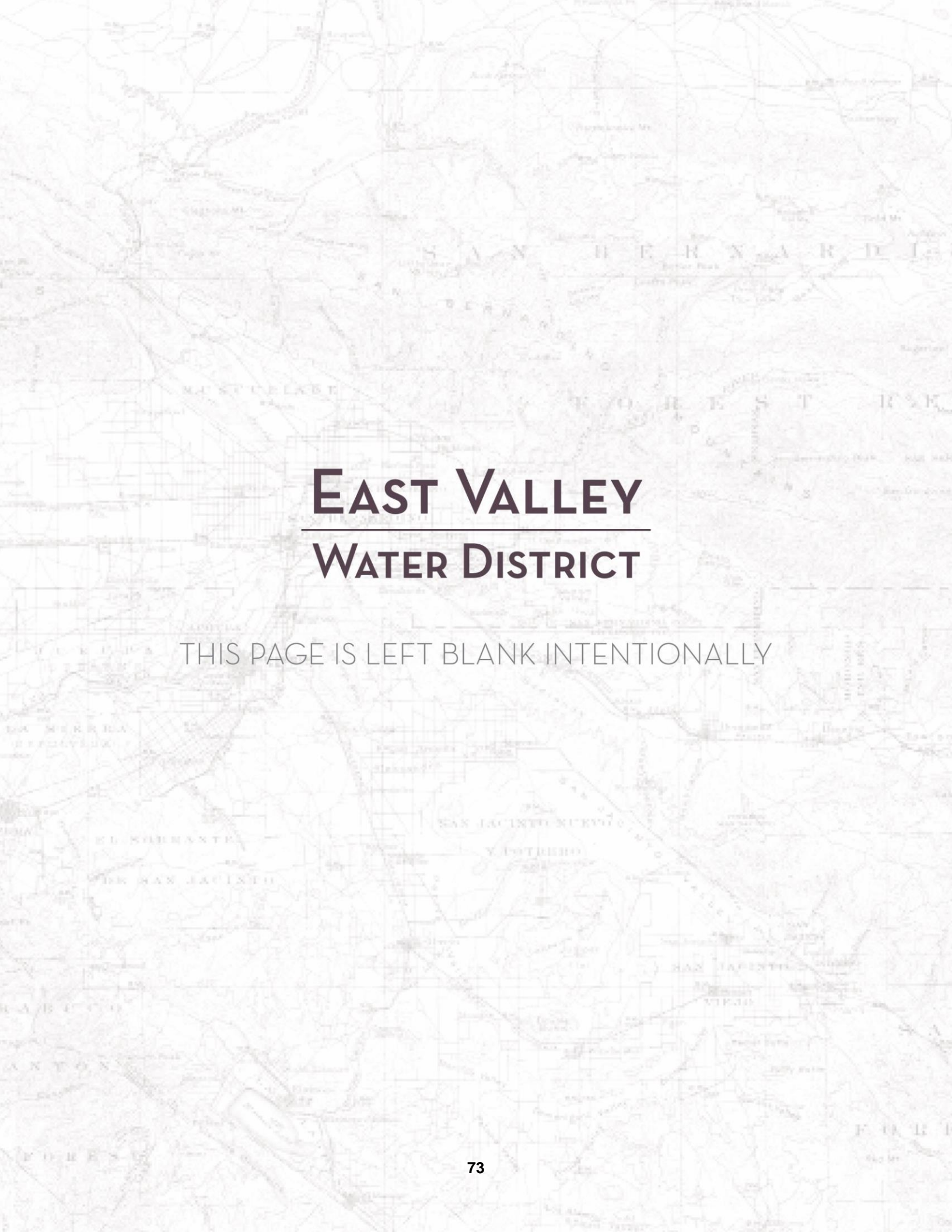
The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

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.



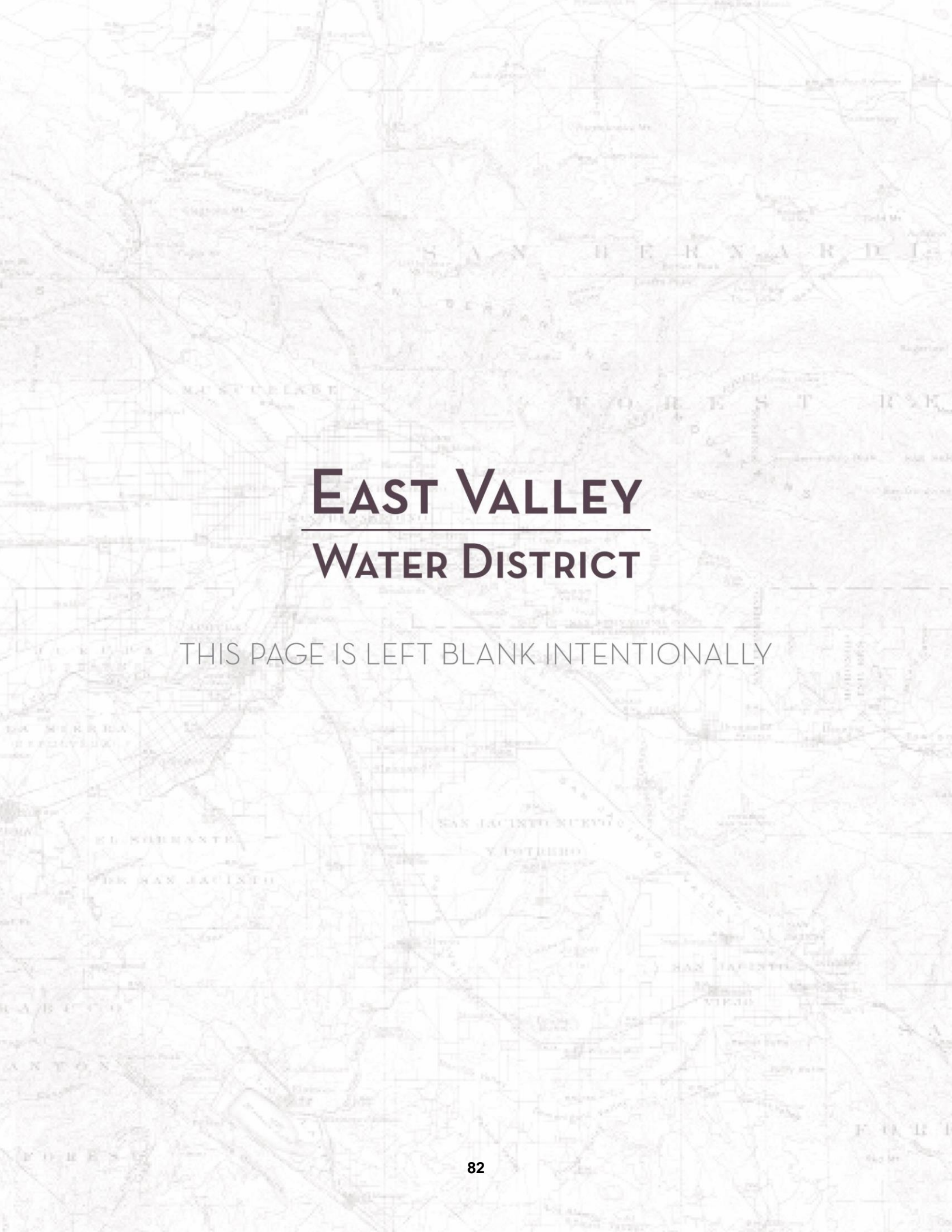
EAST VALLEY

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EAST VALLEY

WATER DISTRICT

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**East Valley Water District
History and Organization
Year Ended June 30, 2020**

Formation of the District

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

East Valley Water District Financing Authority

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

Nature of Business

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

Location

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

Directors

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

Management

<u>East Valley Water District</u>	
John Mura	General Manager/CEO
Brian W. Tompkins	Chief Financial Officer/Treasurer

District General Counsel

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

**East Valley Water District
Combining Schedule of Net Position
June 30, 2020**

ASSETS	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:				
Cash & Cash Equivalents	\$ 8,777,977	\$ -		\$ 8,777,977
Investments	3,658,968	2,024,125		5,683,093
Accounts Receivable, Net	4,528,220	272,218		4,800,438
Interest Receivable	55,906	3,377		59,283
Other Receivables	567,882	-		567,882
Due From Sewer Fund	12,918,463	-	12,918,463	-
Due from Other Governments	16,145	18,890,712		18,906,857
Inventory	480,250	6,721		486,971
Prepaid Expenses	203,816	46,587		250,403
Total Current Assets	<u>31,207,627</u>	<u>21,243,740</u>	<u>12,918,463</u>	<u>39,532,904</u>
Non-Current Assets:				
Restricted Cash & Cash Equivalents	5,765,371	4,429,675		10,195,046
Assessments Receivable	335,820	-		335,820
Capital Assets not being Depreciated	8,780,954	87,698,359		96,479,313
Capital Assets, Net (Note 4)	<u>106,922,688</u>	<u>18,635,684</u>		<u>125,558,372</u>
Total Non-Current Assets	<u>121,804,833</u>	<u>110,763,718</u>	<u>-</u>	<u>232,568,551</u>
Total Assets	<u>153,012,460</u>	<u>132,007,458</u>	<u>12,918,463</u>	<u>272,101,455</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	84,675	-		84,675
Deferred Outflows - Pensions	2,716,227	816,146		3,532,373
Deferred Outflows - OPEB	<u>305,611</u>	<u>130,976</u>		<u>436,587</u>
Total Deferred Outflows	<u>3,106,513</u>	<u>947,122</u>	<u>-</u>	<u>4,053,635</u>
Total Assets and Deferred Outflows of Resources	<u>\$156,118,973</u>	<u>\$132,954,580</u>	<u>\$12,918,463</u>	<u>\$ 276,155,090</u>

(Continued)

East Valley Water District
Combining Schedule of Net Position – Continued
June 30, 2020

	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable & Accrued Expenses	\$ 2,304,545	\$ 6,355,715	\$ -	\$ 8,660,260
Accrued Payroll & Benefits	464,104	133,951		598,055
Customer Service Deposits	1,563,518	-		1,563,518
Construction Advances and Retentions	106,000	3,802,876		3,908,876
Accrued Interest Payable	369,820	51,181		421,001
Current Portion of Compensated Absences	414,000	120,469		534,469
Current Portion of Long-Term Debt	2,721,186	117,499		2,838,685
Due To Water Fund	-	12,918,463	12,918,463	-
Total Current Liabilities	<u>7,943,173</u>	<u>23,500,154</u>	<u>12,918,463</u>	<u>18,524,864</u>
Non-Current Liabilities:				
Compensated Absences, Less Current Portion	353,887	100,634		454,521
Net Pension Liability	9,065,574	2,739,566		11,805,140
Net OPEB Liability	1,467,674	629,003		2,096,677
Long-Term Debt, Less Current Portion	38,885,951	67,734,732		106,620,683
Total Non-Current Liabilities	<u>49,773,086</u>	<u>71,203,935</u>	<u>-</u>	<u>120,977,021</u>
Total Liabilities	<u>57,716,259</u>	<u>94,704,089</u>	<u>12,918,463</u>	<u>139,501,885</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pensions	519,366	163,230		682,596
Deferred Inflows - OPEB	43,828	18,784		62,612
Total Deferred Inflows	<u>563,194</u>	<u>182,014</u>	<u>-</u>	<u>745,208</u>
Total Liabilities and Deferred Inflows of Resources	<u>58,279,453</u>	<u>94,886,103</u>	<u>12,918,463</u>	<u>140,247,093</u>
NET POSITION				
Net Investment in Capital Assets	75,166,983	31,541,572		106,708,555
Restricted for:				
Future Capital Expansion Projects	2,444,157	4,215,330		6,659,487
Unrestricted	20,228,380	2,311,575		22,539,955
Total Net Position	<u>\$ 97,839,520</u>	<u>\$ 38,068,477</u>	<u>\$ -</u>	<u>\$ 135,907,997</u>

East Valley Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
OPERATING REVENUE			
Water Sales	\$ 16,902,370	\$ -	\$ 16,902,370
Wastewater Treatment Charges	-	8,496,012	8,496,012
System Charges	9,023,267	4,647,347	13,670,614
Other Revenue	657,697	86,219	743,916
Total Operating Revenue	<u>26,583,334</u>	<u>13,229,578</u>	<u>39,812,912</u>
OPERATING EXPENSES			
Source of Supply:			
Salary & Benefits	603,432	-	603,432
Contract Services	447,085	-	447,085
Utilities	1,196,961	-	1,196,961
Insurance	3,674	-	3,674
Materials & Supplies	52,945	-	52,945
Purchased Water	816,085	-	816,085
Water Assessments	16,811	-	16,811
Chemicals	94,902	-	94,902
Professional Development	443	-	443
Taxes	31,065	-	31,065
Total Source of Supply	<u>3,263,403</u>	<u>-</u>	<u>3,263,403</u>
Pumping:			
Salary & Benefits	58,241	-	58,241
Contract Services	39,594	-	39,594
Utilities	349,651	-	349,651
Materials & Supplies	10,360	-	10,360
Total Pumping	<u>457,846</u>	<u>-</u>	<u>457,846</u>
Water Treatment:			
Salary & Benefits	447,308	-	447,308
Contract Services	143,971	-	143,971
Utilities	133,445	-	133,445
Materials & Supplies	27,710	-	27,710
Chemicals	138,693	-	138,693
Total Water Treatment	<u>891,127</u>	<u>-</u>	<u>891,127</u>
Wastewater Treatment:			
Treatment Services	-	8,496,012	8,496,012
Transmission & Distribution:			
Salary & Benefits	2,290,630	-	2,290,630
Contract Services	802,162	-	802,162
Materials & Supplies	290,847	-	290,847
Chemicals	23,300	-	23,300
Permits	18,132	-	18,132
Tools	35,571	-	35,571
Total Transmission & Distribution	<u>\$ 3,460,642</u>	<u>\$ -</u>	<u>\$ 3,460,642</u>

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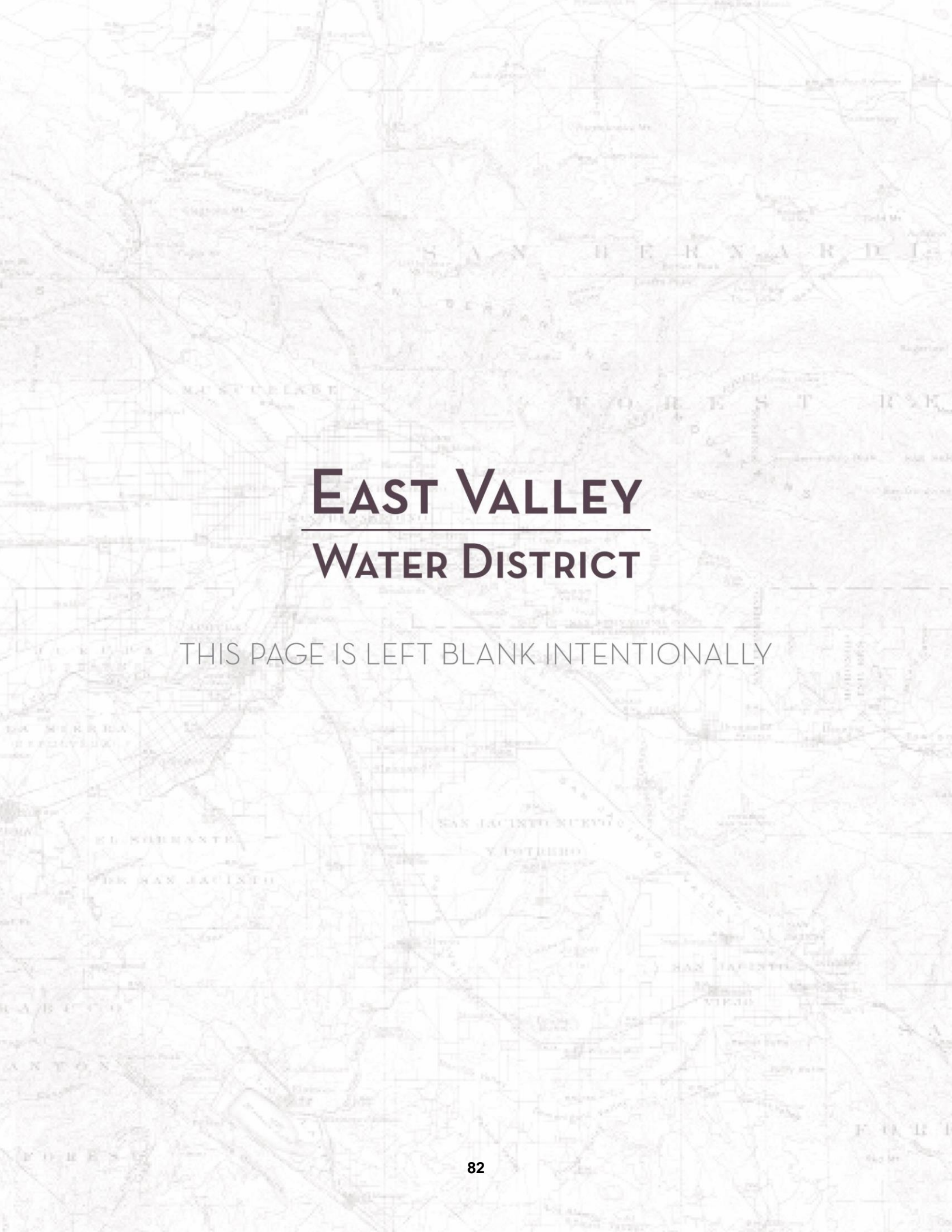
East Valley Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position - Continued
Year Ended June 30, 2020

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
OPERATING EXPENSES - Continued			
Wastewater Collection:			
Salary & Benefits	\$ -	\$ 462,308	\$ 462,308
Contract Services	-	283,436	283,436
Materials & Supplies	-	21,009	21,009
Tools	-	695	695
Total Wastewater Collection	<u>-</u>	<u>767,448</u>	<u>767,448</u>
Customer Accounts:			
Salary & Benefits	668,749	180,781	849,530
Contract Services	576,065	145,278	721,343
Utilities	11,650	2,009	13,659
Materials & Supplies	4,206	745	4,951
General Office Supplies	5,935	827	6,762
Tools	1,752	-	1,752
Printing & Publishing	4,175	1,789	5,964
Postage	82,782	35,478	118,260
Professional Development	1,526	190	1,716
Total Customer Accounts	<u>1,356,840</u>	<u>367,097</u>	<u>1,723,937</u>
General & Administrative:			
Salary & Benefits	5,205,279	1,722,084	6,927,363
Contract Services	1,541,941	437,887	1,979,828
Conservation Rebates	144,259	-	144,259
Utilities	263,738	40,966	304,704
Insurance	213,136	91,344	304,480
Materials & Supplies	201,911	87,294	289,205
General Office Supplies	15,354	12,404	27,758
Legal Services	117,255	48,828	166,083
Permits	63,707	2,459	66,166
Memberships & Dues	70,122	28,774	98,896
Tools	17,725	6,546	24,271
Printing & Publishing	87,447	44,647	132,094
Professional Development	102,666	27,798	130,464
Rents & Leases	13,382	4,461	17,843
Total General & Administrative	<u>8,057,922</u>	<u>2,555,492</u>	<u>10,613,414</u>
OPERATING EXPENSES BEFORE DEPRECIATION			
	17,487,780	12,186,049	29,673,829
Depreciation	<u>5,752,899</u>	<u>822,922</u>	<u>6,575,821</u>
Total Operating Expenses	<u>23,240,679</u>	<u>13,008,971</u>	<u>36,249,650</u>
OPERATING INCOME (LOSS)	\$ 3,342,655	\$ 220,607	\$ 3,563,262

(Continued)

East Valley Water District
Combining Schedule of Revenues, Expenses, and Changes in Net Position - Continued
Year Ended June 30, 2020

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
NON-OPERATING REVENUES			
Investment Income	\$ 476,514	\$ 48,161	\$ 524,675
Other Income	119,215	2,768	121,983
Total Non-Operating Revenues	<u>595,729</u>	<u>50,929</u>	<u>646,658</u>
NON-OPERATING EXPENSES			
Interest Expense	1,393,639	185,465	1,579,104
Total Non-Operating Expenses	<u>1,393,639</u>	<u>185,465</u>	<u>1,579,104</u>
INCOME BEFORE CONTRIBUTIONS	<u>2,544,745</u>	<u>86,071</u>	<u>2,630,816</u>
CONTRIBUTIONS:			
Capacity Charges	287,644	2,931,753	3,219,397
Capital Grants	-	6,742,125	6,742,125
Total Contributions	<u>287,644</u>	<u>9,673,878</u>	<u>9,961,522</u>
CHANGE IN NET POSITION	2,832,389	9,759,949	12,592,338
TOTAL NET POSITION, BEGINNING (AS PREVIOUSLY REPORTED)	<u>95,007,131</u>	<u>28,308,528</u>	<u>123,315,659</u>
TOTAL NET POSITION, ENDING	<u><u>\$ 97,839,520</u></u>	<u><u>\$ 38,068,477</u></u>	<u><u>\$ 135,907,997</u></u>



EAST VALLEY

WATER DISTRICT

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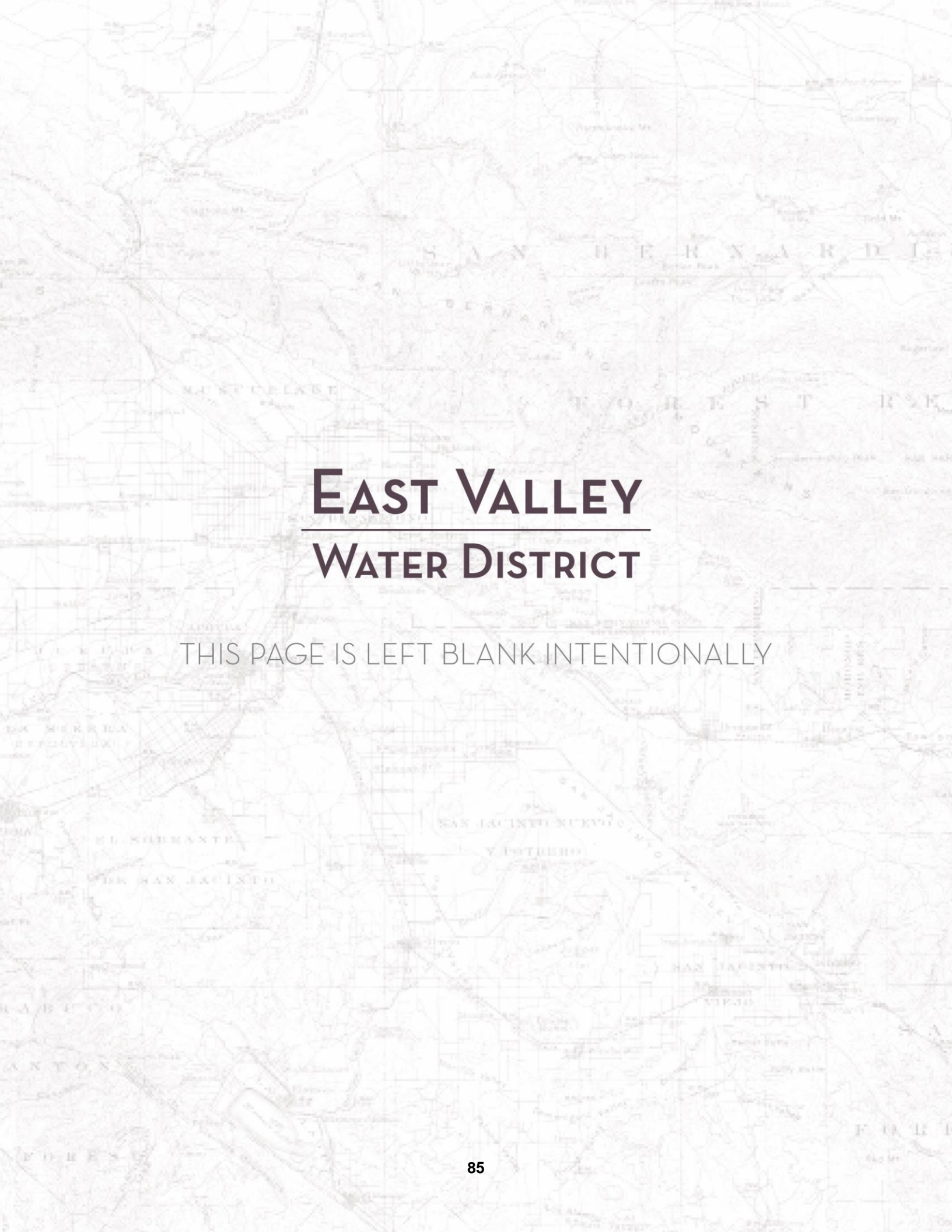
**East Valley Water District
Combining Schedule of Cash Flows
Year Ended June 30, 2020**

	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 25,927,296	\$ 15,860,837	\$ -	\$ 41,788,133
Cash Payments for Employees Services	(8,751,204)	(2,071,380)		(10,822,584)
Cash Payments to Suppliers	(10,194,169)	(3,873,256)		(14,067,425)
Cash from Other Sources	254,644	-		254,644
Net Cash Provided by Operating Activities	<u>7,236,567</u>	<u>9,916,201</u>	<u>-</u>	<u>17,152,768</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grant Funds Received	-	6,742,125		6,742,125
Gain on Disposal	48,954	2,768		51,722
Contributed Capital	287,644	2,931,753		3,219,397
Proceeds from Loan of Capital Debt	-	33,232,846		33,232,846
Due To Water Fund	-	2,736,361	(2,736,361)	-
Due From Sewer Fund	(2,736,361)	-	2,736,361	-
Principal Paid on Capital Debt	(2,564,311)	(105,000)		(2,669,311)
Interest Paid on Capital Debt	(1,498,569)	(207,350)		(1,705,919)
Acquisition of Capital Assets	(5,603,282)	(53,331,517)		(58,934,799)
Net Cash Used for Capital and Related Financing Activities	<u>(12,065,925)</u>	<u>(7,998,014)</u>	<u>-</u>	<u>(20,063,939)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received from Investments	522,252	27,889		550,141
Acquisition of Investment Securities	(4,819,634)	(999,600)		(5,819,234)
Proceeds from Sales of Investments	4,699,988	898,165		5,598,153
Loan Proceeds	6,119	-		6,119
Net Cash Provided (Used) by Investing Activities	<u>402,606</u>	<u>(73,546)</u>		<u>329,060</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(4,426,752)</u>	<u>1,844,641</u>		<u>(2,582,111)</u>
Cash and Equivalents, Beginning of Year	<u>18,963,981</u>	<u>2,585,034</u>		<u>21,549,015</u>
Cash and Equivalents, End of Year	<u>\$ 14,537,229</u>	<u>\$ 4,429,675</u>	<u>\$ -</u>	<u>\$ 18,966,904</u>
RECONCILIATION TO STATEMENT OF NET POSITION				
Cash and Cash Equivalents	\$ 8,777,977	\$ -	\$ -	\$ 8,777,977
Restricted Cash and Cash Equivalents	5,765,371	4,429,675		10,195,046
Total Cash and Cash Equivalents	<u>\$ 14,543,348</u>	<u>\$ 4,429,675</u>	<u>\$ -</u>	<u>\$ 18,973,023</u>

(Continued)

**East Valley Water District
Combining Schedule of Cash Flows - Continued
Year Ended June 30, 2020**

	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 3,342,655	\$ 220,607	\$ -	\$ 3,563,262
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	5,752,899	822,922		6,575,821
Change in Assets and Liabilities:				
Customer Receivables	(669,218)	(1,404)		(670,622)
Other operating receivables	254,644	-		254,644
Inventory	(141,338)	-		(141,338)
Prepays	36,698	(17,239)		19,459
Deferred Outflow of Resources	(301,191)	(129,082)		(430,273)
Accounts Payable - Supplier	(1,875,391)	5,964,863		4,089,472
Salaries & Benefits Payable	77,355	27,422		104,777
Compensated absences	(30,733)	62,444		31,711
Net Pension Liability	670,730	287,456		958,186
Net OPEB Liability	56,181	24,078		80,259
Deferred Inflows of Resources	50,096	21,470		71,566
Customer Deposits	13,180	-		13,180
Developer Deposits	-	2,632,664		2,632,664
	<u>\$ 7,236,567</u>	<u>\$ 9,916,201</u>	<u>\$ -</u>	<u>\$ 17,152,768</u>
NON-CASH INVESTING, CAPITAL, AND NON-CAPITAL FINANCING ACTIVITIES:				
Fair Value Adjustments to Investments	\$ 109,857	\$ 20,272	\$ -	\$ 130,129
Capital Assets Acquired by Assuming Liabilities, Including Retainage Payable	45,326	10,048,086		10,093,412



EAST VALLEY

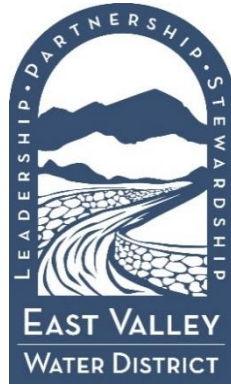
WATER DISTRICT

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A detailed topographic map of a region, likely in the Pacific Northwest, showing terrain contours, roads, and various geographical features. The map is rendered in a light, faded style.

Statistical Information Section





Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

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

Year ended June 30,

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Change In Net Position					
Operating Revenue	\$ 25,205,990	\$ 28,652,017	\$ 31,513,194	\$ 32,620,577	\$ 30,743,445
Operating Expenses	24,368,478	24,664,829	24,859,076	29,191,176	29,146,339
Operating Income (Loss)	<u>837,512</u>	<u>3,987,188</u>	<u>6,654,118</u>	<u>3,429,401</u>	<u>1,597,106</u>
Non Operating Revenue					
(Expenses)					
Investment Income	87,589	84,094	55,310	49,846	100,830
Other Income	195,070	137,094	397,796	334,700	800,278
Interest Expense	(1,286,352)	(1,451,516)	(1,445,981)	(1,917,676)	(1,980,062)
Amortization	(32,851)	(35,284)	(69,038)	(99,688)	-
Gain (Loss) on Disposal of Assets	(140,301)	-	-	(606,085)	-
	<u>(1,176,845)</u>	<u>(1,265,612)</u>	<u>(1,061,913)</u>	<u>(2,238,903)</u>	<u>(1,078,954)</u>
Special Item					
Abandoned Projects	-	-	-	-	(2,413,478)
Hazard Mitigation	-	-	-	-	-
Capital Contributions	778,049	3,562,822	832,515	6,369,890	596,940
Change in Net Position	438,716	6,284,398	6,424,720	7,560,388	(1,298,386)
Prior Period Adjustment	-	2,861,951	(537,099)	-	(7,956,231)
Cumulative Effect of Change in Accounting Principles	-	-	-	-	-
Net Position - Beginning	<u>99,036,420</u>	<u>99,475,136</u>	<u>108,621,485</u>	<u>114,509,106</u>	<u>122,069,494</u>
Net Position - Ending	<u>\$ 99,475,136</u>	<u>\$ 108,621,485</u>	<u>\$ 114,509,106</u>	<u>\$ 122,069,494</u>	<u>\$ 112,814,877</u>
Net Position By Component					
Net Investment in					
Capital Assets	95,251,762	96,919,789	95,258,164	101,757,787	98,091,685
Restricted	103,029	416,250	920,554	2,274,769	2,322,238
Unrestricted	4,120,345	11,285,446	18,330,388	18,036,938	12,400,954
	<u>\$ 99,475,136</u>	<u>\$ 108,621,485</u>	<u>\$ 114,509,106</u>	<u>\$ 122,069,494</u>	<u>\$ 112,814,877</u>

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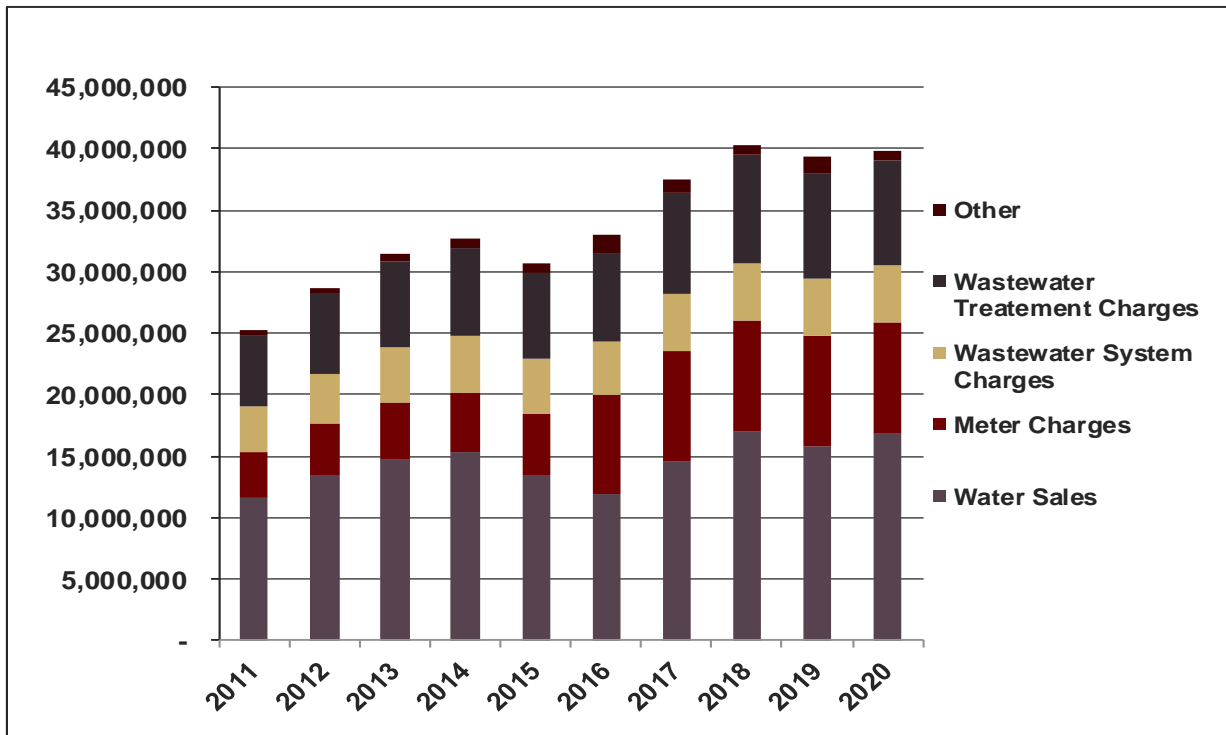
EAST VALLEY WATER DISTRICT
Changes in Net Position by Component - Continued
Last Ten Fiscal Years

Year ended June 30,

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Change In Net Position					
Operating Revenue	\$ 33,024,082	\$ 37,448,549	\$ 40,291,125	\$ 39,309,298	\$ 39,812,912
Operating Expenses	32,655,921	32,299,587	35,980,099	35,898,073	36,249,650
Operating Income (Loss)	<u>368,161</u>	<u>5,148,962</u>	<u>4,311,026</u>	<u>3,411,225</u>	<u>3,563,262</u>
Non Operating Revenue					
(Expenses)					
Investment Income	146,874	69,237	221,359	571,549	524,675
Other Income	830,806	401,323	258,560	307,247	121,983
Interest Expense	(1,843,440)	(1,776,684)	(1,777,852)	(1,684,986)	(1,579,104)
Amortization	-	-	-	-	-
Gain (Loss) on Disposal of Assets	-	-	-	705,285	-
	<u>(865,760)</u>	<u>(1,306,124)</u>	<u>(1,297,933)</u>	<u>(100,905)</u>	<u>(932,446)</u>
Special Item					
Abandoned Projects	-	(1,615,241)	-	-	-
Hazard Mitigation	-	-	(155,177)	-	-
Capital Contributions	732,642	2,446,118	523,918	611,673	9,961,522
Change in Net Position	235,043	4,673,715	3,381,834	3,921,993	12,592,338
Prior Period Adjustment	-	-	-	-	-
Cumulative Effect of Change in Accounting Principles	-	-	(1,711,803)	-	-
Net Position - Beginning	<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>
Net Position - Ending	<u>\$113,049,920</u>	<u>\$117,723,635</u>	<u>\$119,393,666</u>	<u>\$123,315,659</u>	<u>\$135,907,997</u>
Net Position By Component					
Net Investment in					
Capital Assets	103,222,160	104,659,796	103,210,762	95,468,735	106,708,555
Restricted	2,276,695	2,847,924	3,334,940	3,460,835	6,659,487
Unrestricted	7,551,065	10,215,915	12,847,964	24,386,089	22,539,955
	<u>\$113,049,920</u>	<u>\$117,723,635</u>	<u>\$119,393,666</u>	<u>\$123,315,659</u>	<u>\$135,907,997</u>

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

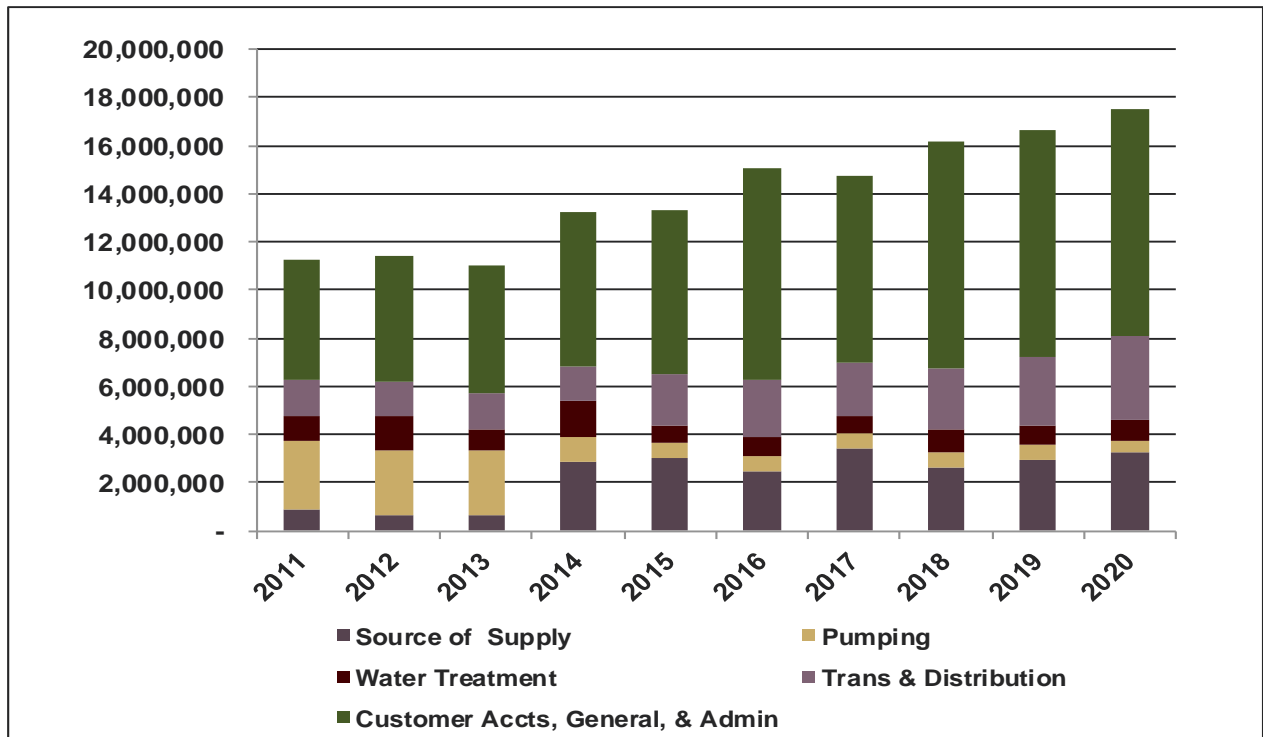
Year Ended June 30,	Water Sales	Meter Charges	Wastewater System Charges	Wastewater Treatment Charges	Other	Total Operating Revenue
2011	11,625,249	3,695,345	3,708,815	5,761,956	500,831	25,292,196
2012	13,426,700	4,175,522	4,114,621	6,470,322	464,852	28,652,017
2013	14,780,448	4,555,414	4,473,032	6,998,487	705,813	31,513,194
2014	15,351,609	4,704,036	4,649,212	7,197,418	718,302	32,620,577
2015	13,505,159	4,874,581	4,531,355	6,907,828	924,522	30,743,445
2016	11,927,523	8,063,077	4,286,594	7,165,655	1,581,233	33,024,082
2017	14,556,339	8,944,652	4,703,439	8,128,030	1,116,089	37,448,549
2018	17,063,891	8,999,756	4,668,923	8,697,671	860,884	40,291,125
2019	15,746,654	9,009,881	4,643,732	8,592,950	1,316,081	39,309,298
2020	16,902,370	9,023,267	4,647,347	8,496,012	743,916	39,812,912



SOURCE: East Valley Water District - Finance Department

EAST VALLEY WATER DISTRICT
Water Operating Expenses
Last Ten Fiscal Years

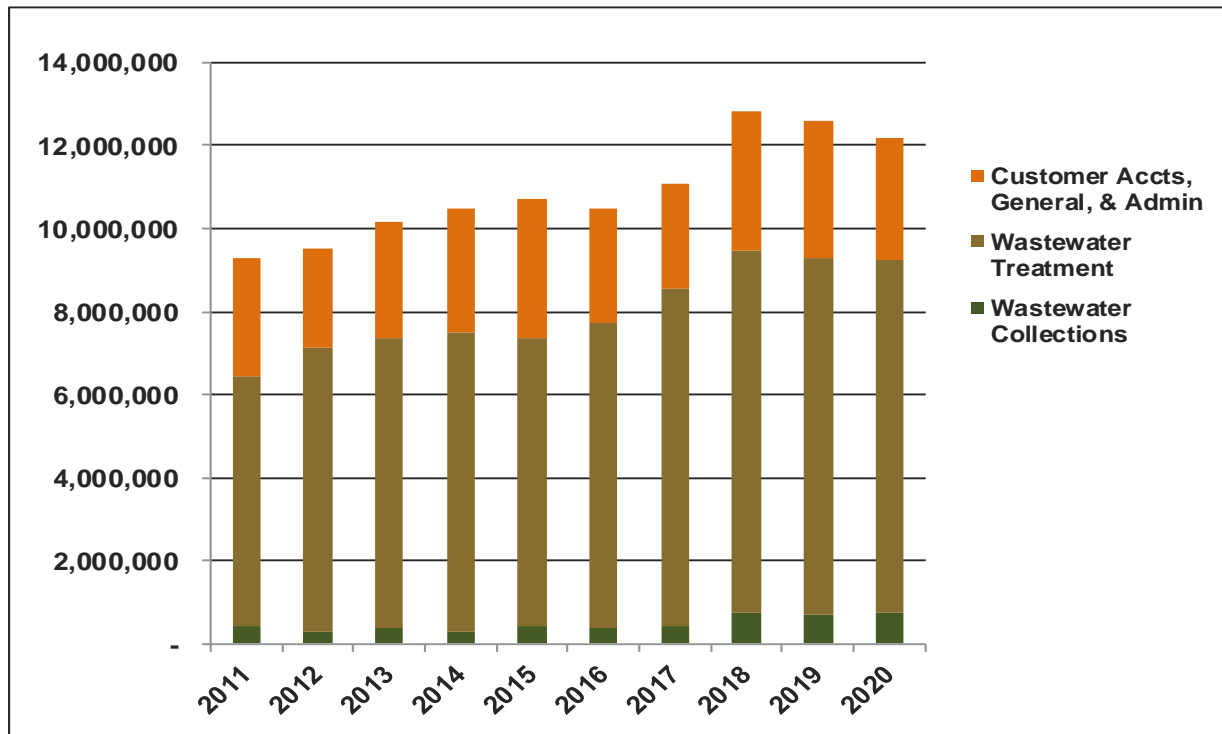
Year Ended June 30,	Source of Supply	Pumping	Water Treatment	Trans & Distribution	Customer Accts, General, & Admin	Total Water Oper Expenses
2011	853,161	2,853,461	1,080,954	1,514,394	4,923,033	11,225,003
2012	658,481	2,700,867	1,412,079	1,449,491	5,203,981	11,424,899
2013	672,101	2,683,340	874,448	1,469,243	5,323,101	11,022,233
2014	2,875,518	992,555	1,516,412	1,437,831	6,397,534	13,219,850
2015	3,025,714	615,147	743,099	2,120,374	6,785,909	13,290,243
2016	2,442,061	696,432	799,947	2,327,185	8,782,957	15,048,582
2017	3,401,062	646,940	750,052	2,222,953	7,696,211	14,717,218
2018	2,595,071	683,296	969,460	2,538,910	9,347,724	16,134,461
2019	2,975,348	585,585	840,623	2,819,288	9,393,555	16,614,399
2020	3,263,403	457,846	891,127	3,460,642	9,414,762	17,487,780



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

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

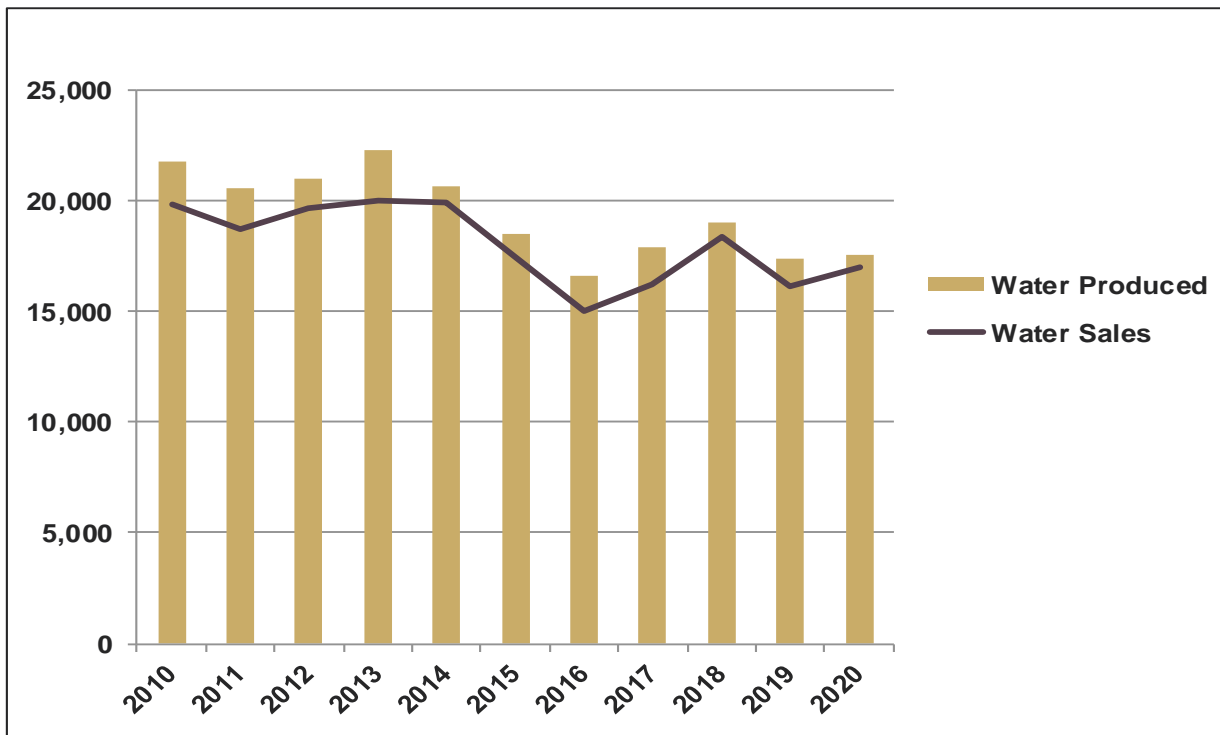
Year Ended June 30,	Wastewater Collections	Wastewater Treatment	Customer Accts, General, & Admin	Total Wastewater Oper Expenses
2011	447,426	5,995,720	2,857,272	9,300,418
2012	310,834	6,800,369	2,389,631	9,500,834
2013	382,197	6,998,487	2,758,848	10,139,532
2014	312,193	7,197,418	2,953,997	10,463,608
2015	448,399	6,907,828	3,356,250	10,712,477
2016	407,913	7,302,389	2,752,779	10,463,081
2017	425,944	8,128,030	2,510,920	11,064,894
2018	753,000	8,697,671	3,367,091	12,817,762
2019	700,507	8,592,950	3,309,983	12,603,440
2020	767,448	8,496,012	2,922,949	12,186,409



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)
2010	19,803	21,792
2011	18,712	20,605
2012	19,708	20,982
2013	20,036	22,308
2014	19,910	20,665
2015	17,431	18,494
2016	14,999	16,614
2017	16,223	17,922
2018	18,361	18,997
2019	16,167	17,397
2020	17,037	17,596



SOURCES: East Valley Water District - Finance and Operations Departments

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

Water Consumption Rates

Year ended June 30,

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>
Charge per HCF	\$ 1.49	\$ 1.62	\$ 1.77	\$ 1.77	Tier 1-\$1.45 Tier 2-\$2.07 Tier 3-\$2.89

Water Monthly System Charges

Year ended June 30,

<u>Meter Size (inches)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>
5/8	\$ 11.54	\$ 12.58	\$ 13.71	\$ 13.71	\$ 20.96
3/4	11.54	12.58	13.71	13.71	26.61
1	17.56	19.14	20.87	20.87	37.92
1 1/2	32.49	35.41	38.60	38.60	66.19
2	74.47	81.17	88.48	88.48	100.12
3	137.40	149.77	163.25	163.25	207.54
4	227.30	247.76	270.06	270.06	365.85
6	452.06	492.74	537.09	537.09	744.67
8	721.76	786.72	857.52	857.52	1,366.62

(Continued)

NOTES:

HCF = Hundred Cubic Feet = 748 gallons

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

** On January 1, 2020 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020**</u>
Charge per HCF	Tier 1-\$1.45	Tier 1-\$1.63	Tier 1-\$1.73	Tier 1-\$1.73	Tier 1-\$1.83
	Tier 2-\$2.07	Tier 2-\$2.32	Tier 2-\$2.46	Tier 2-\$2.46	Tier 2-\$2.61
	Tier 3-\$2.89	Tier 3-\$3.24	Tier 3-\$3.44	Tier 3-\$3.44	Tier 3-\$3.64

Water Monthly System Charges

Year ended June 30,

<u>Meter Size (inches)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
5/8	\$ 20.96	\$ 23.06	\$ 23.06	\$ 23.06	\$ 23.06
3/4	26.61	29.27	29.27	29.27	29.27
1	37.92	41.71	41.71	41.71	41.71
1 1/2	66.19	72.81	72.81	72.81	72.81
2	100.12	110.13	110.13	110.13	110.13
3	207.54	228.30	228.30	228.30	228.30
4	365.85	402.44	402.44	402.44	402.44
6	744.67	819.14	819.14	819.14	819.14
8	1,366.62	1,503.28	1,503.28	1,503.28	1,503.28

NOTES:

HCF = Hundred Cubic Feet = 748 gallons

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

** On January 1, 2020 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>
Residential (1 to 3 units)					
Flat Monthly Charge (per unit)	\$ 12.93	\$ 14.09	\$ 15.36	\$ 15.36	\$ 15.36
Commercial					
Flat Monthly Charge	3.28	3.58	3.90	3.90	3.90
plus, Charge per HCF	0.46	0.50	0.55	0.55	0.55

Wastewater Treatment Charges

	Year ended June 30,				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>
Residential (Flat Monthly Charge)					
Flat Monthly Charge					
Residential (1 unit)	\$ 16.00	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50
Multi-Family (2 units)	16.00	37.00	37.00	37.00	37.00
Multi-Family (3 units)	16.00	55.50	55.50	55.50	55.50
Commercial					
Multi-family (4+ units)	2.00	2.40	2.40	2.40	2.40
Non-Residential	2.00	2.40	2.40	2.40	2.40
plus, Charge per HCF:					
Multi-family (4+ units)	0.95	1.25	1.25	1.25	1.25
Retail	1.90	2.10	2.10	2.10	2.10
Restaurants/Lounges	2.00	2.70	2.70	2.70	2.70
Laundromats	1.30	1.50	1.50	1.50	1.50
Dry Cleaners	1.90	2.10	2.10	2.10	2.10
Schools/Churches	0.70	1.10	1.10	1.10	1.10
Governments/Municipal	1.50	1.50	1.50	1.50	1.50
Convalescent Homes	0.95	1.35	1.35	1.35	1.35
Hotels	2.00	2.70	2.70	2.70	2.70
Ofc Bldgs/Motels	1.50	1.50	1.50	1.50	1.50
Auto Repair/Svc Stations	1.30	1.30	1.30	1.30	1.30
Car Wash	1.30	1.30	1.30	1.30	1.30

NOTES:

HCF = Hundred Cubic Feet = 748 gallons

(Continued)

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

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential (1 to 3 units)					
Flat Monthly Charge (per unit)	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.36
Commercial					
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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential (Flat Monthly Charge)					
Flat Monthly Charge					
Residential (1 unit)	\$ 19.18	\$ 20.85	\$ 21.55	\$ 21.55	\$ 21.55
Multi-Family (2 units)	38.37	41.72	43.10	43.10	43.10
Multi-Family (3 units)	57.55	62.58	64.64	64.64	64.64
Commercial					
Multi-family (4+ units)	1.71	1.90	1.97	1.97	1.97
Non-Residential	3.18	3.42	3.52	3.52	3.52
plus,					
Charge per HCF:					
Multi-family (4 + units)	1.36	1.48	1.53	1.53	1.53
Retail	2.28	2.47	2.55	2.55	2.55
Restaurants/Lounges	2.93	3.18	3.28	3.28	3.28
Laundromats	1.63	1.77	1.83	1.83	1.83
Dry Cleaners	2.28	2.47	2.55	2.55	2.55
Schools/Churches	1.19	1.29	1.33	1.33	1.33
Governments/Municipal	1.63	1.77	1.83	1.83	1.83
Convalescent Homes	1.46	1.58	1.63	1.63	1.63
Hotels	2.93	3.18	3.28	3.28	3.28
Ofc Bldgs/Motels	1.63	1.77	1.83	1.83	1.83
Auto Repair/Svc Stations	1.41	1.53	1.58	1.58	1.58
Car Wash	1.41	1.53	1.58	1.58	1.58

NOTES:

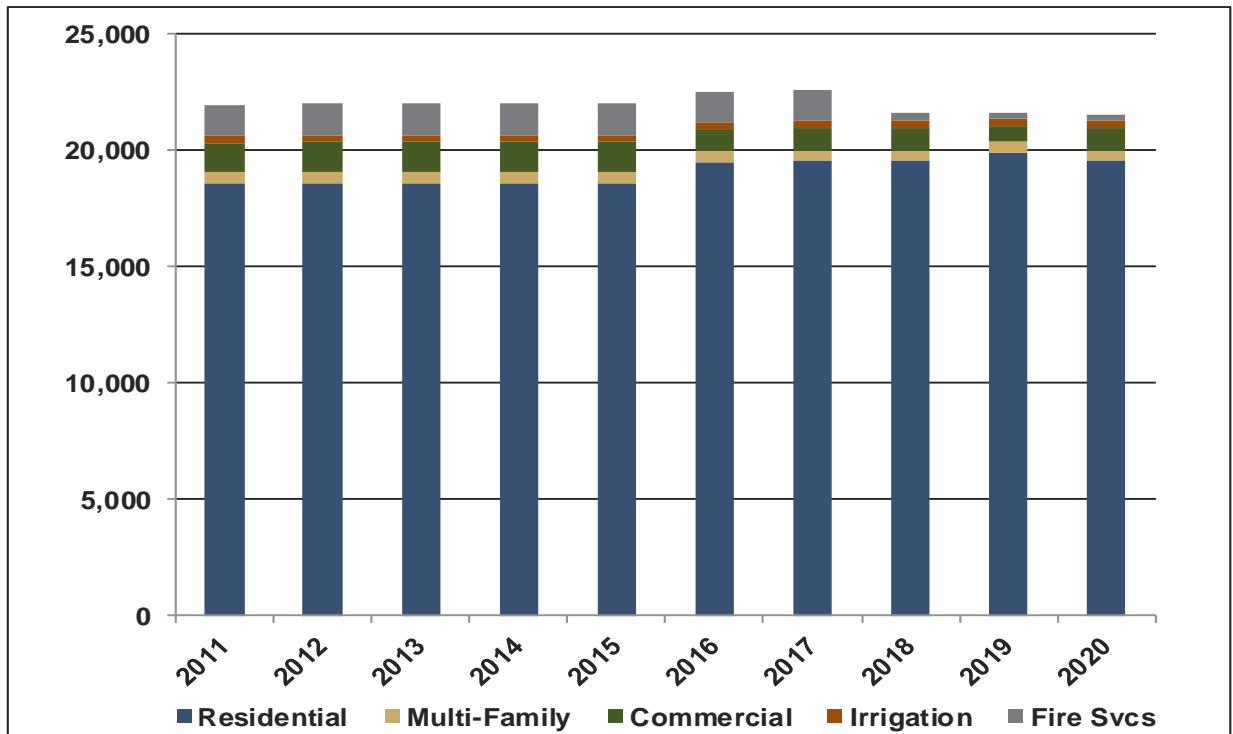
HCF = Hundred Cubic Feet = 748 gallons

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

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
2011	18,564	502	1,273	310	1,318	21,967
2012	18,584	497	1,268	313	1,321	21,983
2013	18,584	497	1,268	313	1,321	21,983
2014	18,584	497	1,268	313	1,321	21,983
2015	18,584	497	1,268	313	1,321	21,983
2016	19,500	463	949	275	1,330	22,517
2017	19,526	463	988	275	1,339	22,591
2018	19,526	463	988	275	361	21,613
2019	19,883	474	681	322	252	21,612
2020	19,526	463	988	275	255	21,507



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

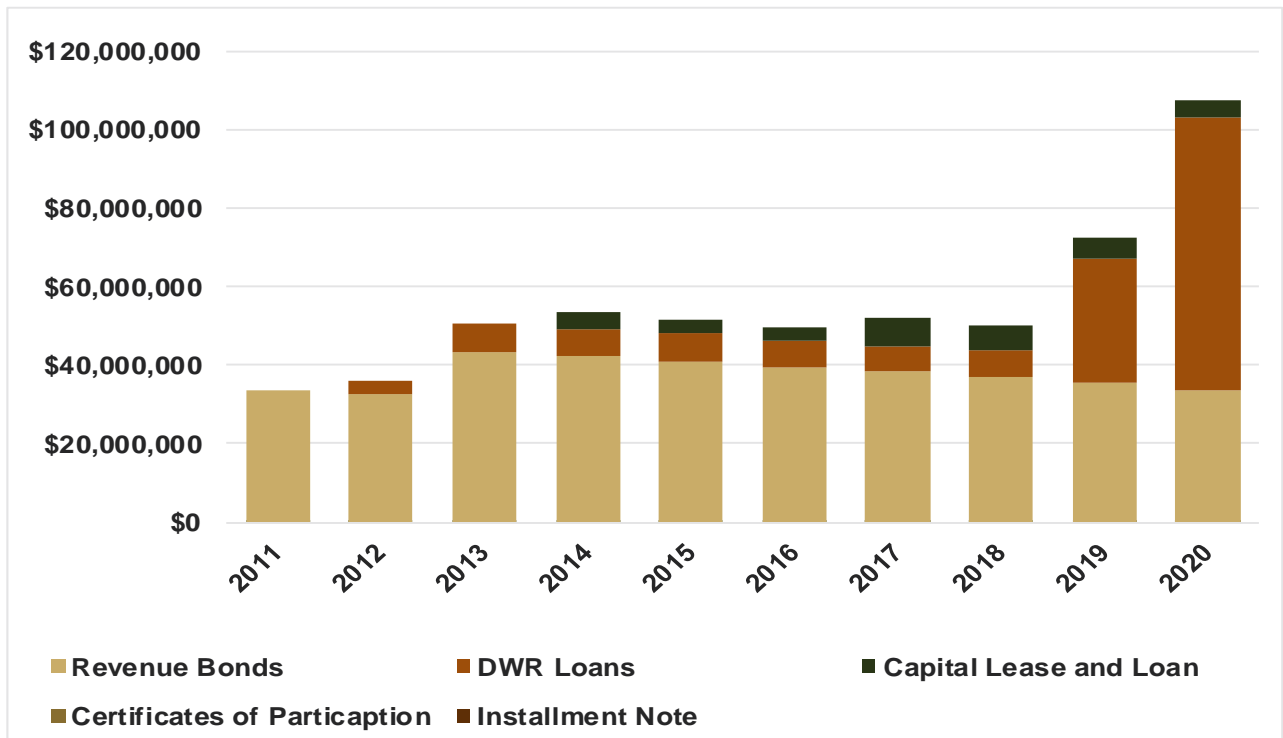
**EAST VALLEY WATER DISTRICT
Principal Customers
Current Fiscal Year and Nine Years Ago**

Customer	2020			2011		
	Water Consumed	Rank	Percentage of Total	Water Consumed	Rank	Percentage of Total
	(AF)		(%)	(AF)		(%)
San Bernardino City Unified School District	590	1	3.35%	449	2	2.18%
Patton State Hospital	419	2	2.38%	793	1	3.85%
San Manuel Mission Indians	287	3	1.63%	248	5	1.20%
East Highlands Ranch	258	4	1.47%	434	3	2.11%
City of Highland	253	5	1.44%	243	6	1.18%
San Manuel Indian Bingo & Casino	213	6	1.21%	386	4	1.87%
Village Lakes Homeowners Association	162	7	0.92%	150	8	0.73%
Tuscany Apartments	145	8	0.82%			
Valencia Lea Mobile Home Park	119	9	0.68%	129	9	0.63%
Woodman Realty Inc	118	10	0.67%			
Stubblefield Mobile Home Parks & Offices				215	7	1.04%
Victoria Village Apartments				113	10	0.55%
Total - Top 10	<u>2,564</u>		<u>14.57%</u>	<u>3,160</u>		<u>15.34%</u>
Total - District	<u>17,596</u>		<u>100.00%</u>	<u>20,605</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	Capital Lease and Loan	Certificates of Participation	Installment Note	Outstanding Debt	\$ Per Capita	As a Share of Personal Income
2011	33,545,000	-	-	-	-	33,545,000	518	1.67%
2012	32,490,000	3,460,760	-	-	-	35,950,760	546	1.72%
2013	43,400,000	7,101,964	-	-	-	50,501,964	540	1.66%
2014	42,195,000	7,091,964	3,998,560	-	-	53,285,524	561	1.63%
2015	40,930,000	7,071,964	3,671,849	-	-	51,673,813	508	1.40%
2016	39,615,000	6,818,565	3,299,108	-	-	49,732,673	476	*
2017	38,235,000	6,565,166	7,278,478	-	-	52,078,644	510	*
2018	36,800,000	6,721,695	6,392,308	-	-	49,914,003	489	*
2019	35,300,000	31,947,551	5,131,238	-	-	72,378,789	710	*
2020	33,720,000	69,565,404	4,295,104	-	-	107,580,508	1,044	*



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			Coverage
				Principal ⁽³⁾	Interest	Total	
2011	16,911,310	11,129,387	5,781,923	1,347,250	828,894	2,176,144	2.66
2012	18,286,850	11,424,899	6,861,951	1,048,319	980,000	2,028,319	3.38
2013	20,225,013	11,022,233	9,202,780	1,095,000	1,382,013	2,477,013	3.72
2014	27,397,559	13,219,850	14,177,709	1,167,718	1,840,671	3,008,389	4.71
2015	20,662,750	12,915,690	7,747,060	1,546,490	1,813,348	3,359,838	2.31
2016	22,543,107	15,048,582	7,494,525	1,851,139	1,718,658	3,569,797	2.10
2017	25,257,709	14,717,219	10,540,490	1,926,956	1,653,322	3,580,278	2.94
2018	27,537,072	16,134,461	11,402,611	2,479,570	1,584,820	4,064,390	2.81
2019	27,071,082	16,614,399	10,456,683	2,904,466	1,593,181	4,497,647	2.32
2020	27,466,707	17,487,780	9,978,927	2,564,310	1,456,842	4,021,152	2.48

Wastewater Department

Year Ended June 30,	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2011	*	*	*	*	*	*	*
2012	\$10,674,998	\$ 9,500,834	\$1,174,164	\$ 75,000	\$ 36,650	\$ 111,650	10.52 %
2013	11,600,800	10,139,532	1,461,268	80,000	35,100	115,100	12.70
2014	11,974,164	10,463,608	1,510,556	85,000	184,621	269,621	5.60
2015	11,578,742	10,606,751	971,991	85,000	229,725	314,725	3.09
2016	12,095,372	10,463,081	1,632,291	90,000	225,775	315,775	5.17
2017	13,134,564	11,064,894	2,069,670	95,000	221,625	316,625	6.54
2018	13,758,976	12,817,762	941,214	95,000	217,350	312,350	3.01
2019	14,433,970	12,603,440	1,830,530	100,000	212,475	312,475	5.86
2020	22,954,385	12,186,049	10,768,336	105,000	207,350	312,350	34.48

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.
- * Not Applicable

SOURCE: East Valley Water District - Finance Department

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

<u>Year Ended June 30,</u>	<u>District Population⁽³⁾</u>	<u>Unemployment Rate ^{(1), (3)}</u>	<u>County of San Bernardino</u>		
			<u>Population^{(2), +}</u>	<u>Personal Income (thousands of dollars)^{(2), +}</u>	<u>Personal Income Per Capita (dollars)^{(2), +}</u>
2011	64,698	13.3%	2,061,040	64,031,994	31,068
2012	65,850	12.2%	2,074,195	65,821,308	31,733
2013	93,500	10.6%	2,083,871	67,628,367	32,453
2014	95,000	8.9%	2,100,776	72,097,622	34,320
2015	101,733	7.2%	2,117,311	76,881,147	36,311
2016	104,457	6.0%	2,134,174	80,228,377	37,592
2017	102,208	5.5%	2,153,203	83,217,749	38,648
2018	102,000	4.4%	2,171,603	87,550,004	40,316
2019	102,000	4.0%	*	*	*
2020	103,000	6.4%	*	*	*

NOTES:

+ This data was revised in 2020 ⁽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.

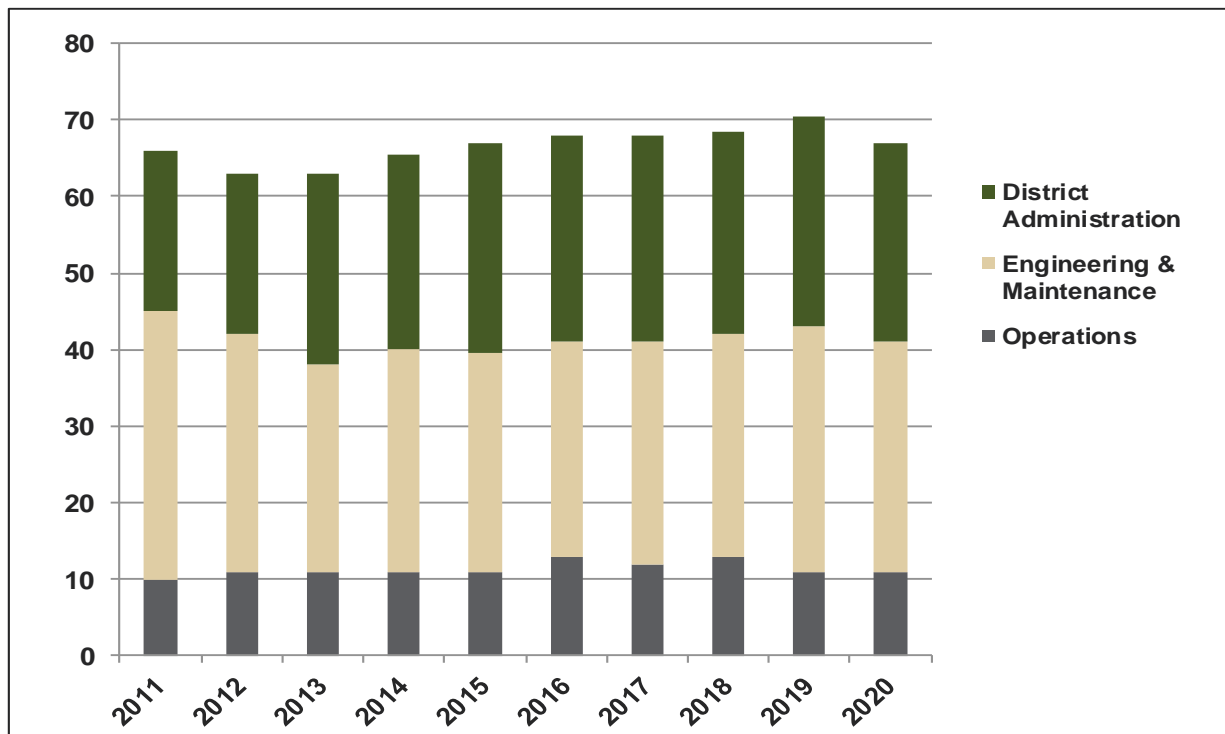
(2) Bureau of Economic Analysis (BEA)
Computed using midyear population estimates.

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

SOURCE: East Valley Water District - Finance Department

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

<u>Year Ended June 30,</u>	<u>District Administration</u>	<u>Engineering & Maintenance</u>	<u>Operations</u>	<u>Total</u>
2011	21	35	10	66
2012	21	31	11	63
2013	25	27	11	63
2014	25.5	29	11	65.5*
2015	27.5	28.5	11	67*
2016	27	28	13	68*
2017	27	29	12	68*
2018	26.5	29	13	68.5*
2019	27.5	32	11	70.5*
2020	26	30	11	67.0



NOTES:

* - Includes Part-Time Employees (PTEs)

SOURCES: East Valley Water District - Finance and HR 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)
2011	294	2,854	6,097	17
2012	297	2,854	6,422	18
2013	303	2,915	6,529	18
2014	297	2,976	6,488	18
2015	316	3,005	5,680	16
2016	316	3,005	4,887	13
2017	316	3,005	5,286	14
2018	300	3,018	5,983	16
2019	300	3,025	5,268	14
2020	300	3,025	5,552	15

Wastewater System				
Year Ended June 30,	Miles of Wastewater	Service Connections	Annual Sewerage (MG)	Daily Sewerage (MGD)
2011	208	19,435	2,073.09	5.68
2012	224	19,477	2,247.66	6.16
2013	224	19,502	2,285.06	6.26
2014	223	19,504	2,595.08	7.11
2015	224	19,544	2,271.96	6.22
2016	224	19,572	2,167.71	5.94
2017	260	20,290	2,175.40	5.96
2018	225	20,581	2,149.85	5.89
2019	214	20,563	2,091.45	5.73
2020	214	19,679	2,220.61	6.08

NOTES:

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

SOURCE: East Valley Water District - Engineering and IT Departments



Other Information



**EAST VALLEY WATER DISTRICT
Capacity Charge Funds
Year Ended June 30, 2020**

Capacity Charge Funds

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

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

The District has the following capacity charge funds:

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

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

A summary of changes in Water Fund Capacity Fees collected for the year ended June 30, 2020 is as follows:

Categories	Beginning of Year	Contributions	Usage	End of Year
Storage	\$ 68,459	\$ 62,936	\$ -	\$ 131,395
Treatment	658,061	143,042		801,103
Supply	390,868	37,274		428,142
Transmission	297,403	1,061		298,464
Distribution	446,932	30,781		477,713
Operations	134,656	12,550		147,206
	<u>\$ 1,996,379</u>	<u>\$ 287,644</u>	<u>\$ -</u>	<u>\$ 2,284,023</u>

**EAST VALLEY WATER DISTRICT
Capacity Charge Funds
Year Ended June 30, 2020**

A summary of Projects Funded by Capacity Fees for the year ended June 30, 2020:

<u>Categories</u>	<u>CIP Project</u>	<u>FY 2019-20 Expended</u>	<u>% Funded by Capacity</u>	<u>Total Capacity Fees Usage</u>
Storage		\$ -	0%	\$ -
Treatment			0%	
Supply			0%	
Transmission			0%	
Distribution			0%	
Operations			0%	
		<u>\$ -</u>		<u>\$ -</u>

A summary of Projects Funded by Capacity Fees for the year ended June 30, 2021:

<u>Categories</u>	<u>CIP Project *</u>	<u>FY 2020-21 Expended</u>	<u>% Funded by Capacity</u>	<u>Total Capacity Fees Usage</u>
Storage		\$ -	0%	\$ -
Treatment			0%	
Supply			0%	
Transmission			0%	
Distribution			0%	
Operations			0%	
		<u>\$ -</u>		<u>\$ -</u>

Note: * The District did not have any CIP projects utilizing Capacity Fee funds for the year ended June 30, 2021.

**EAST VALLEY WATER DISTRICT
Capacity Charge Funds
Year Ended June 30, 2020**

A summary of changes in Wastewater Fund Capacity Fees collected for the year ended June 30, 2020 is as follows:

<u>Categories</u>	<u>Beginning of</u>		<u>Usage</u>	<u>End of</u>	
	<u>Year</u>	<u>Contributions</u>		<u>Year</u>	
Collection	\$ 550,754	\$ 916,266		\$ 1,467,020	
Transmission	158,406	263,534		421,940	
Recharge	129,405	215,287		344,692	
Operations	86,241	143,475		229,716	
Treatment	358,772	1,393,191		1,751,963	
	<u>\$ 1,283,578</u>	<u>\$ 2,931,753</u>	<u>\$ -</u>	<u>\$ 4,215,331</u>	

A summary Project Funded by Capacity Fees for the year ended June 30, 2020:

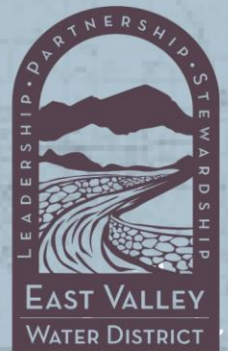
<u>Categories</u>	<u>CIP Project*</u>	<u>FY 2019-20 Expended</u>	<u>% Funded by Capacity</u>	<u>Total Capacity Fees Usage</u>
Collection		\$ -		\$ -
Transmission				
Recharge				
Operations				
Treatment				
		<u>\$ -</u>		<u>\$ -</u>

Note: * The District did not have any CIP projects utilizing Capacity Fee funds for the year ended June 30, 2020.

A summary of Projects Funded by Capacity Fees for the year ended June 30, 2021:

<u>Categories</u>	<u>CIP Project **</u>	<u>FY 2020-21 Expended</u>	<u>% Funded by Capacity</u>	<u>Total Capacity Fees Usage</u>
Collection				\$ -
Transmission				
Recharge				
Operations				
Treatment				
		<u>\$ -</u>		<u>\$ -</u>

Note: ** The District did not have any CIP projects utilizing Capacity Fee funds for the year ended June 30, 2021.



DISTRICT BOARD MEETINGS

Second and fourth Wednesday of each month
District Headquarters Board Room, 5:30pm

DISTRICT HEADQUARTERS

3111 Greenspot Road, Highland, CA 92346
(909) 889-9501 | www.eastvalley.org