

the PIPELINE



[FISCAL YEAR ENDED JUNE 30, 2024]

POPULAR ANNUAL FINANCIAL REPORT

Highland, California



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BOARD OF DIRECTORS

James Morales, Jr.
Chairman of the Board

Ronald L. Coats
Vice Chairman of the Board

Chris Carrillo
Governing Board Member

Phillip R. Goodrich
Governing Board Member

David E. Smith
Governing Board Member

DISTRICT MANAGEMENT

Michael Moore, P.E.
General Manager/CEO

Brian Tompkins
Chief Financial Officer

Jeff Noelte
Director of Engineering & Operations

Justine Hendricksen
District Clerk

Kerrie Bryan
Director of Administrative Services

Manny Moreno
Water Reclamation Manager

Patrick Milroy
Operations Manager

William Ringland
Public Affairs/Conservation Manager

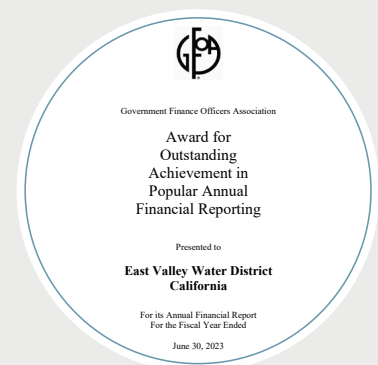


POPULAR ANNUAL FINANCIAL REPORTING AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to East Valley Water District, for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2023.

In order to receive this award, a government agency unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

We believe our current PAFR continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another Award. We also welcome and encourage feedback from District ratepayers to help make this publication more useful and/or informative.



TRANSMITTAL LETTER



TO OUR RATEPAYERS & COMMUNITY

We are pleased to present East Valley Water District's (District) Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2024 (FY 2023-24). This report summarizes financial information appearing in the 2024 Annual Report and was created to provide valuable information related to District finances and the Five-Year Capital Improvement Program, that support the quality and reliability of our community's distribution system.

The PAFR is unaudited; however, the financial data presented in the PAFR is developed based on the audited Annual Report, which is consistent with Generally Accepted Accounting Principles. This document can also be reviewed on the District's website at eastvalley.org/PAFR.

For more detailed information, the District's 2024 Annual Report is available for interested individuals at the District Headquarters, 31111 Greenspot Road, Highland, California 92346. It can also be viewed on the District's website, along with other key financial documents, at eastvalley.org/AnnualReport.

The organizational chart, District-at-a-Glance, and financial data represent the District during the timeframe reflected in this document.

Questions, comments, and feedback regarding this report are encouraged. Please do not hesitate to contact Brian Tompkins, Chief Financial Officer, at finance@eastvalley.org or (909) 381-6463.

On behalf of the District, thank you for the opportunity to serve you.

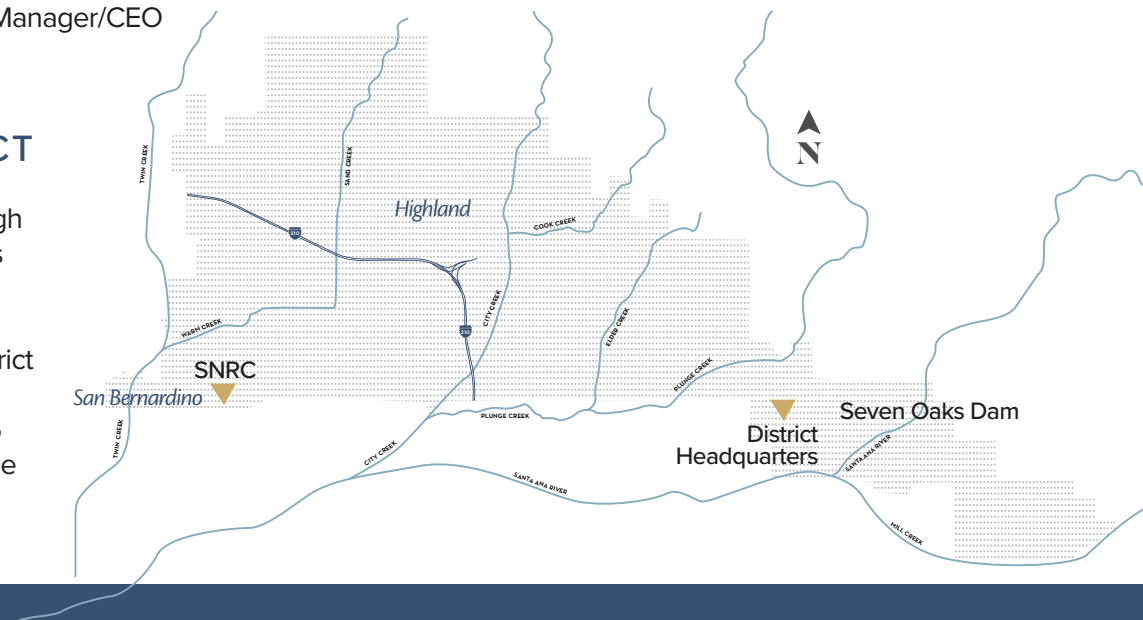
Respectfully submitted,



Michael Moore, P.E.
General Manager/CEO

ABOUT THE DISTRICT

The District was formed through a local election of mostly citrus grove farmers, to have water service provided by a public agency. East Valley Water District is located in the foothills of the San Bernardino Mountains, 65 miles east of Los Angeles in the County of San Bernardino.



ORGANIZATION STRUCTURE

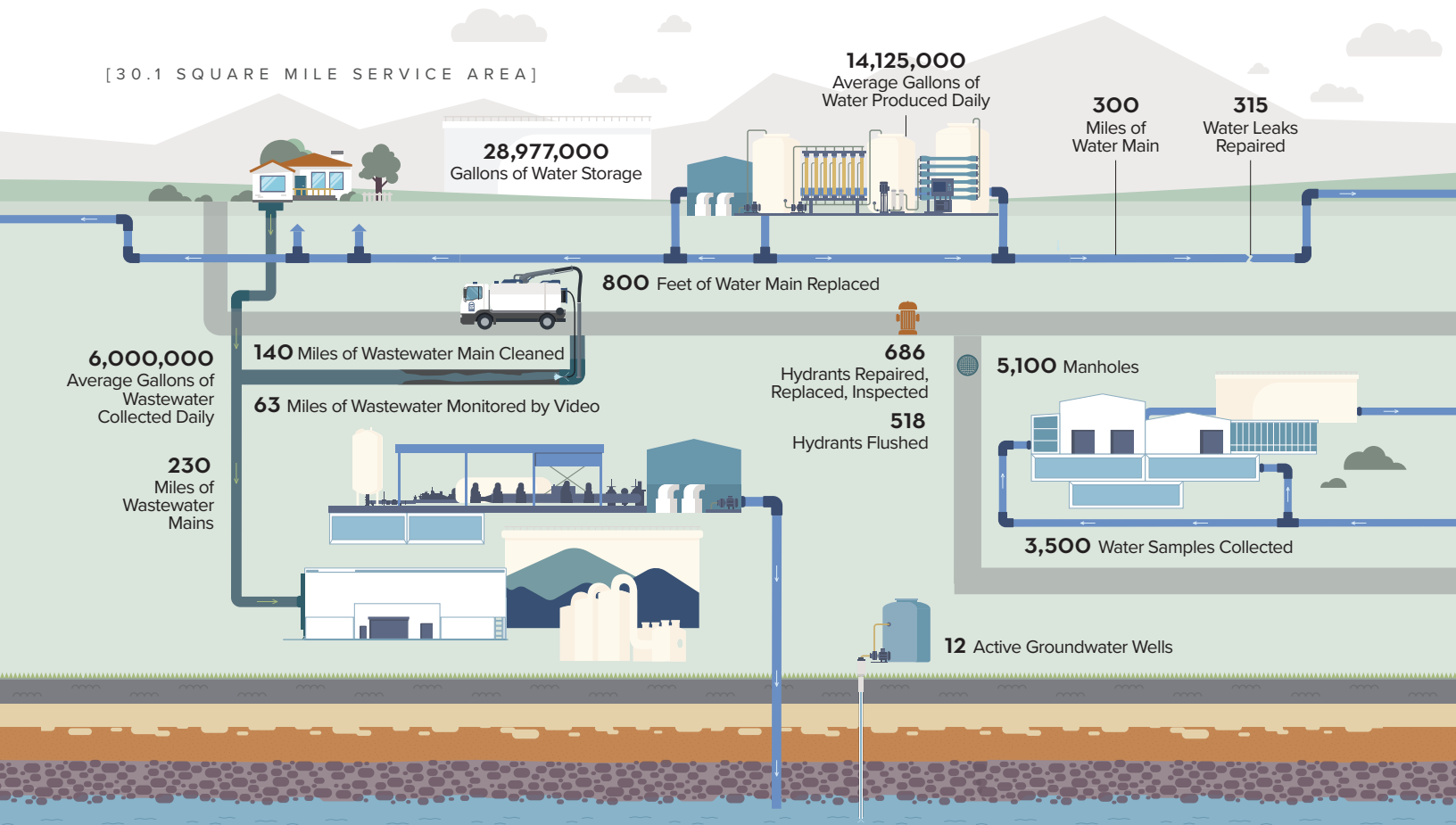
Presented to the right is an overview of East Valley Water District's organizational structure. The District employed 73 full-time positions during FY 2023-24.

As a performance-based organization, the District takes an active role maintaining staffing levels to performance-based objectives.



DISTRICT-AT-A-GLANCE

East Valley Water District provides water and wastewater services to residents within a 30.1 square mile area. This includes more than 108,000 people in the cities of Highland and San Bernardino, portions of the unincorporated County of San Bernardino, the San Manuel Band of Mission Indians, and Patton State Hospital.



DISTRICT PILLARS & STRATEGIC PLAN

The District has established five pillars to provide direction for operational and planning decisions. These pillars are an element of the Strategic Plan and guide initiatives to achieve the District's Mission and Vision. To learn more about each pillar and view the District's Strategic Plan, visit eastvalley.org/StrategicInitiatives.



COMMUNITY INVOLVEMENT: INSPIRING THE FUTURE

A sustainable future begins today by inspiring the next generation to become water professionals and responsible stewards of our most vital resource. East Valley Water District proudly offers a dynamic educational program that inspires, informs, and equips students from kindergarten through high school to make a meaningful impact.

Water and Wastewater

Educational Pathway Program

Local high school students participate in the District's hands-on internship program to learn about operations, recycled water, and the various career available in the field of water and wastewater.



Career Days

District staff participates in year-round presentations to educate students on the water cycle and ways they can conserve water at home.



CAPITAL IMPROVEMENT PROJECTS

ENHANCING AND INVESTING IN THE WATER INFRASTRUCTURE

Plant 120 Rehabilitation

To strengthen water supply redundancy and continue meeting the community's water needs, East Valley Water District rehabilitated a forebay tank to resume its operation after being offline for over a decade. The project included rebuilding a well and booster pumps, as well as rehabilitation of the plant's control system.

Date Completed: April 2024 **Project Cost:** \$308,554



Water Main Replacement — Darren, Tiffani and Valaria Court

Water main replacements enhance service, reduce calls for leaks, and extend the life of the system. District field crews replaced 900 feet of undersized pipeline in three different streets to increase flow capacity. Replacement projects are part of the District's on-going reliability efforts.

Date Completed: March 2024 **Project Cost:** \$118,923



Sterling Natural Resource Center

The District's new wastewater treatment facility can produce up to 8 million gallons of recycled water per day to replenish the local Bunker Hill Groundwater Basin. The basin is the main source of water for the East Valley Water District community.

Date Completed: March 2024 **Project Cost:** \$181,038,124



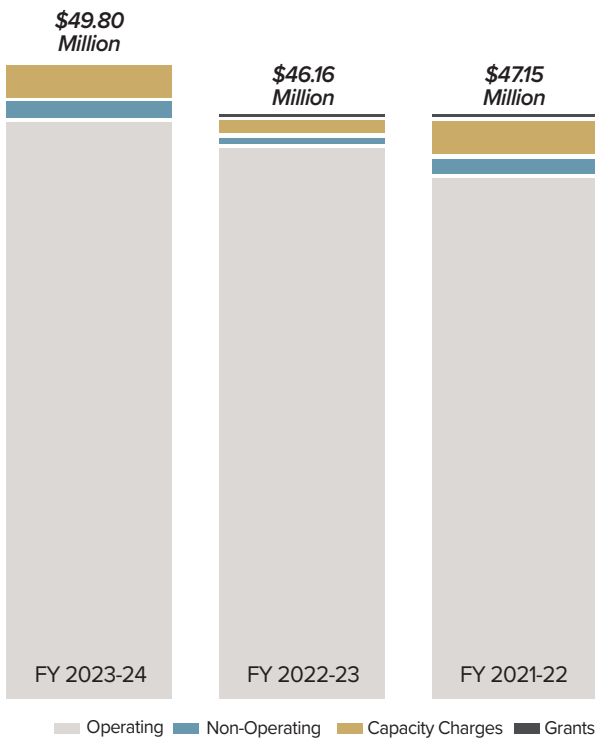
REVENUES AND EXPENSES



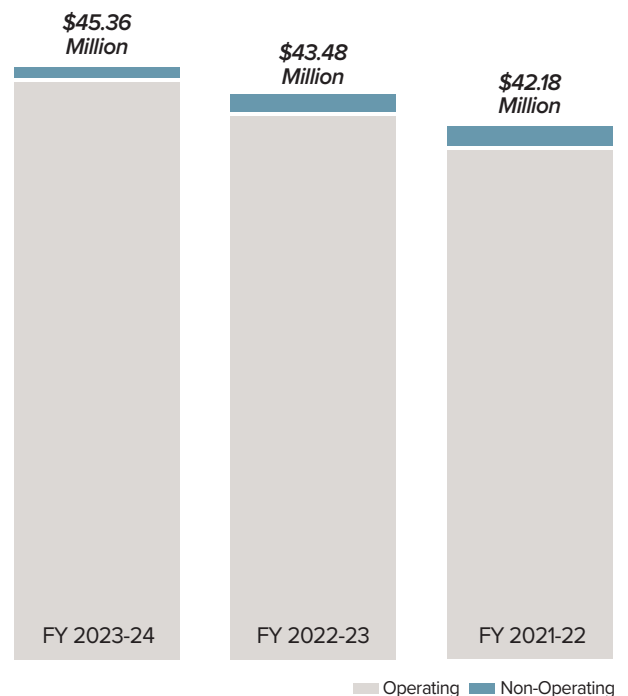
Providing safe drinking water to over 108,000 residents every day is the District's top priority and also one of its most significant expenses. The graphs below represent the District's combined revenue and expenses for FY 2023-24. For comparison purposes, FY 2021-22 and FY 2022-23 revenue and expenses have also been included.

Please refer to the District's 2024 Annual Report for a comprehensive breakdown of expenses.

REVENUE



EXPENSES



HOW IS REVENUE MANAGED?

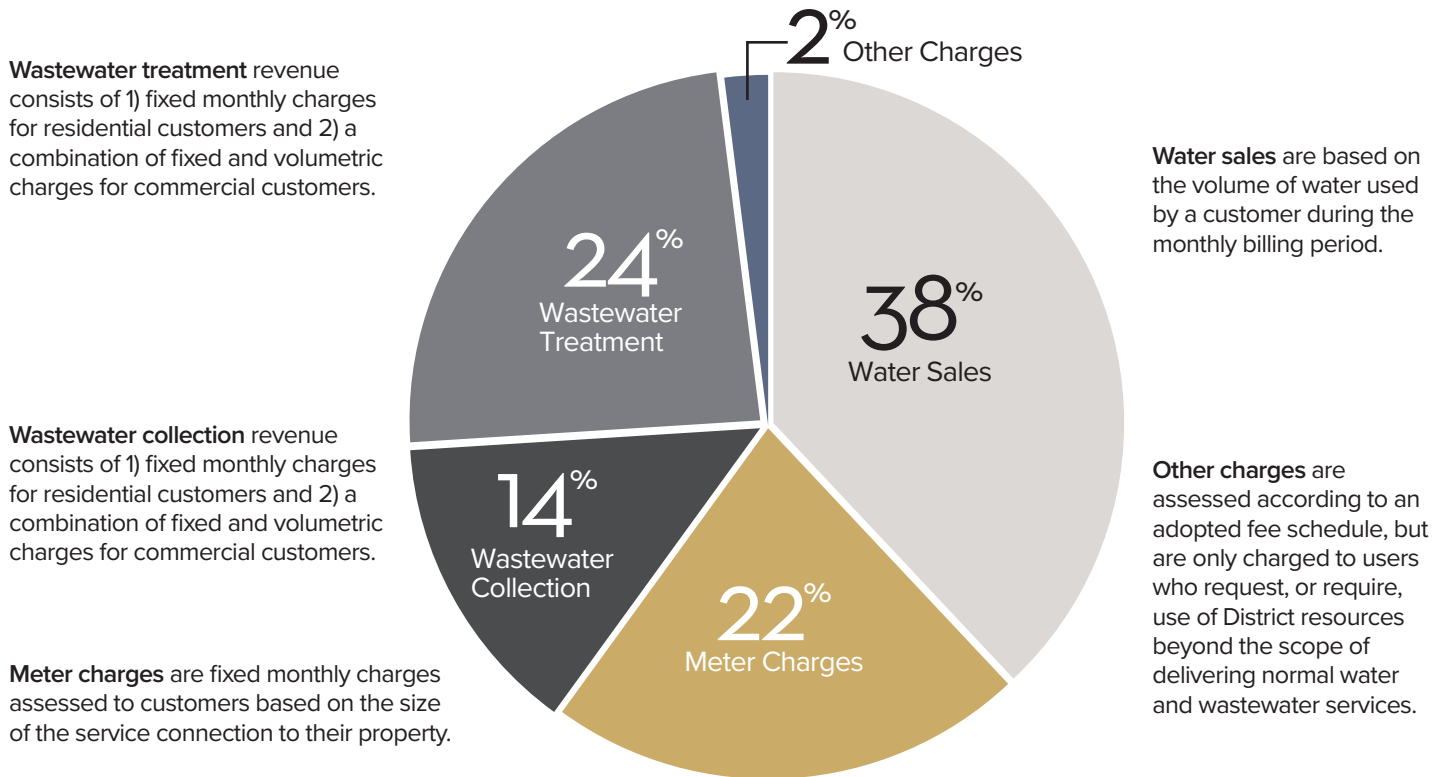
East Valley Water District utilizes revenue to fund daily operations, scheduled capital improvements and replacements, and principal and interest for debt financed construction projects. Remaining revenue is added to reserves or invested back into capital improvement projects to help maintain and improve the system's reliability so that East Valley Water District may continue taking steps to support the District's Vision of providing world-class public service.

Revenue also provides funding for conservation programming, which empowers customers to be efficient water users and encourages water savings indoors and out.

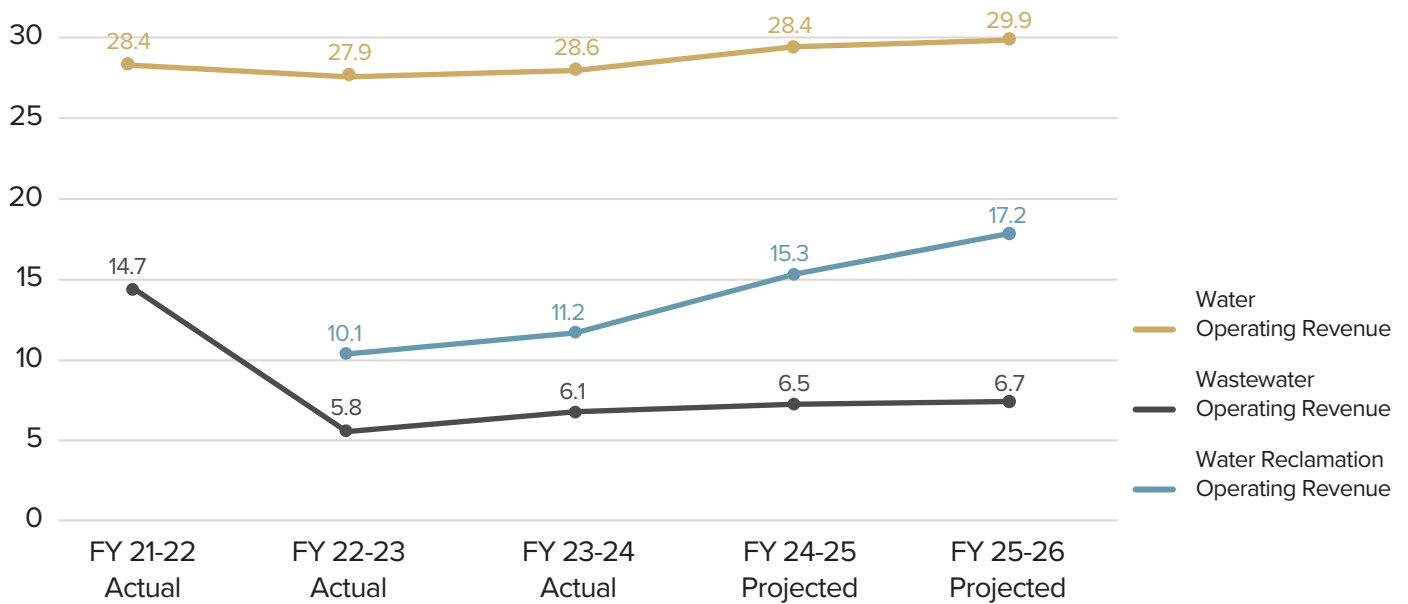
REVENUES BY SOURCES

The District relies on user rates/fees to fund day-to-day operations.

East Valley Water District receives 99 percent of its revenue from user rates and fees; the District receives no funding from property or sales taxes. Rates and fees are reviewed on three to five year cycles and are adjusted to meet the costs of providing services to customers. A summary of FY 2023-24 rate revenue is shown below.



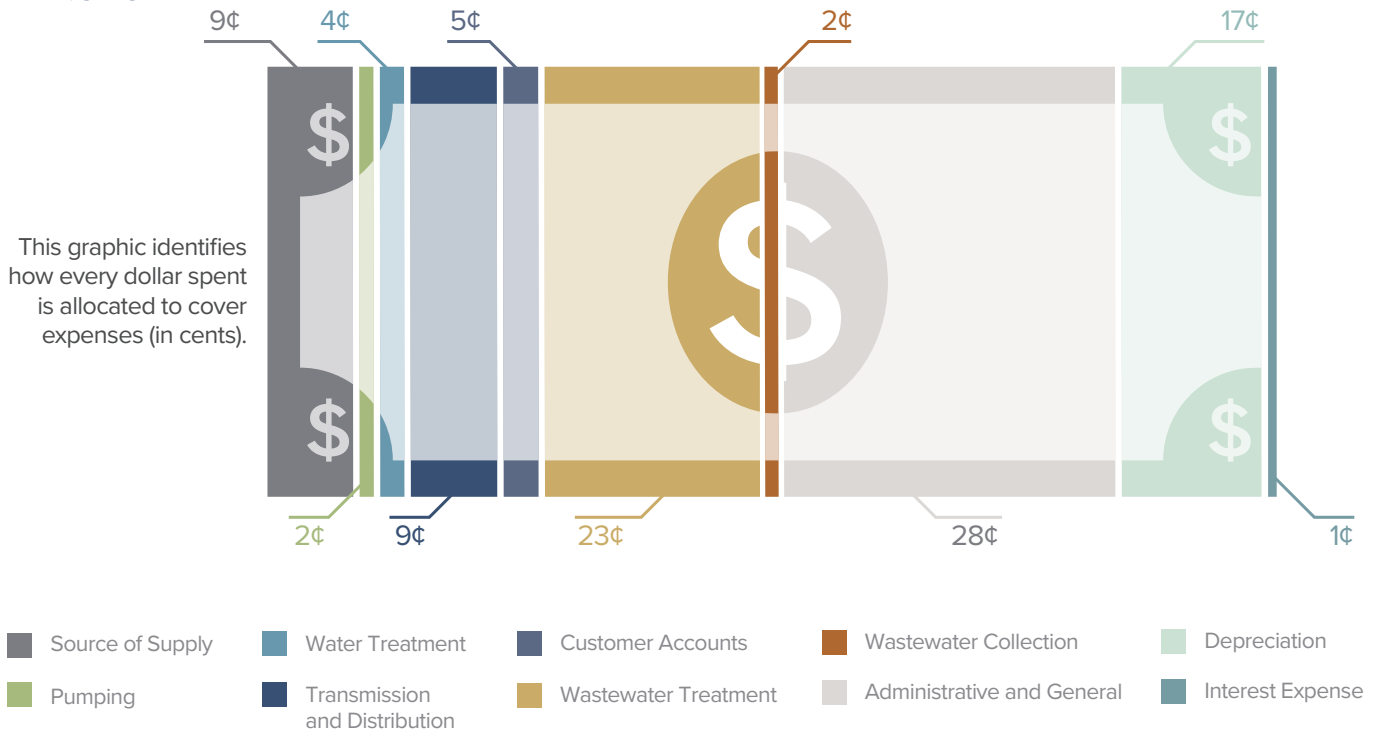
REVENUE HISTORY & FORECAST (IN MILLIONS)



BREAKDOWN OF EXPENSES

Expenses are the cost of providing water to meet customer demand and collecting and treating wastewater from customer residences or places of business. East Valley Water District strives to provide safe and reliable water delivery services. The District has put forth significant effort to overcome the challenges of maintaining a fiscally sustainable and operationally dependable organization.

EXPENSES



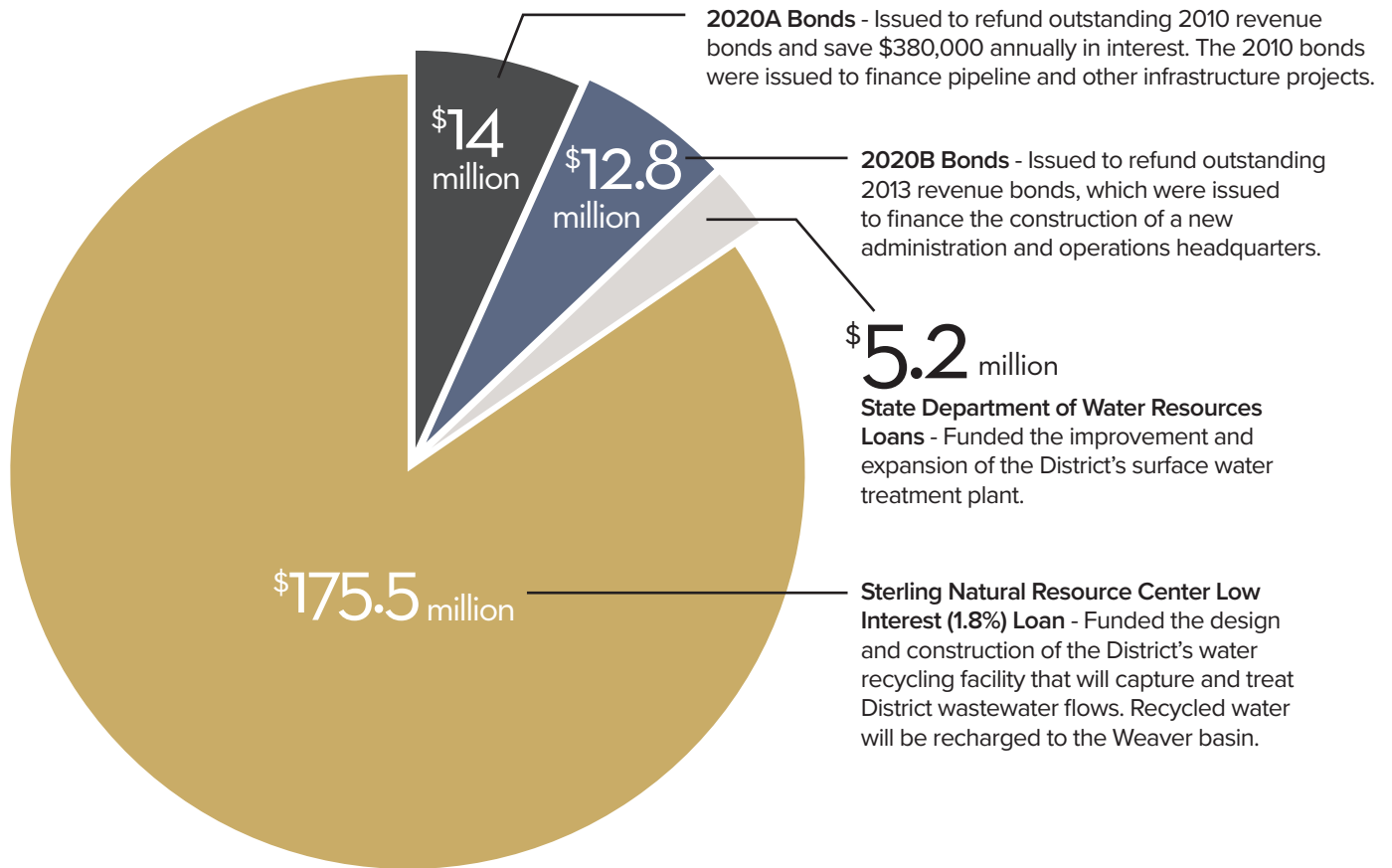
EXPLANATION OF EXPENSES

- **Source of Supply** - Expenses related to the extraction of groundwater, and for procuring water from the Santa Ana River or State Water Project when supply is available.
- **Pumping** - Expenses related to moving water throughout the District’s water distribution system.
- **Water Treatment** - Expenses related to the treatment of water.
- **Transmission and Distribution** - Expenses for transmitting water to treatment plants and storage reservoirs for distribution to commercial and residential customers.
- **Customer Accounts** - Expenses related to the service of customer accounts including, postage, telephone, printing and publishing, and billing services.
- **Wastewater Treatment** - Expenses related to the contracted service currently provided by the City of San Bernardino Municipal Water Department.
- **Wastewater Collection** - Expenses for the operation and maintenance of the District’s system of wastewater collection pipelines.
- **Administrative and General** - Expenses related to the administration of District operations. For example, employee compensation, benefits, conservation rebates, office supplies, banking services, materials and supplies, utilities, fuel, permits, insurance claims, legal services, and printing and publishing.
- **Depreciation** - Expenses related to the use of capital assets over time.
- **Interest Expense** - Expenses incurred for borrowing funds.

OUTSTANDING LONG-TERM DEBT

Much like how a mortgage is financed to spread costs over 30 years, East Valley Water District has incurred debt to fund large capital projects. The District has adopted a Debt Management Policy to clearly state that long-term borrowing is only to be used for Capital Improvement Projects that cannot be funded from current revenues.

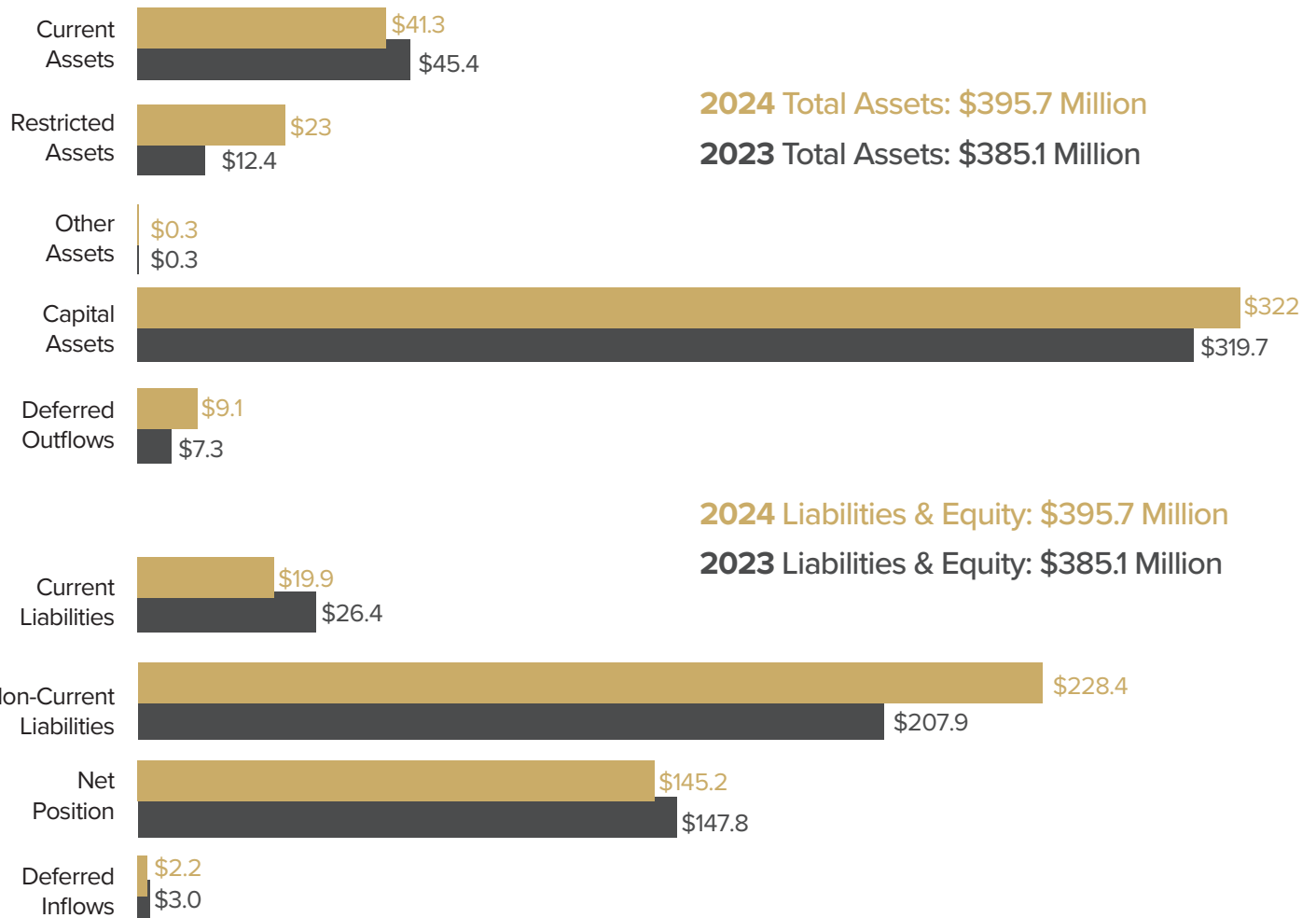
Similar to an individual's credit score, public agencies have a bond rating used by investors to determine risk. The District has a bond rating of AA- by both Fitch and Standard and Poor's rating services. This is considered a high quality investment grade. An explanation of debt in millions is shown below.



The District's long-term debt consists of bonds, loans and installment purchases.

TWO-YEAR COMPARATIVE NET POSITION (IN MILLIONS)

As an infrastructure-based organization, the District directs significant resources in capital investments to maintain and improve its water and wastewater system. Comparative net position offers perspective of the District’s assets, liabilities, and equity. The information presented below applies to fiscal years ended June 30, 2024 and 2023.



EXPLANATION OF ASSETS

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

Restricted Assets - Cash equivalents, grants and bonds restricted for a specific purpose and therefore not readily available to use.

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

Capital Assets - Any land, building, equipment, vehicles, inventory, treatment plants, pipeline, and water distribution systems owned by the District.

Deferred Outflow of Resources - Use of net assets attributed to future reporting periods, such as prepaid items and deferred charges.

EXPLANATION OF LIABILITIES AND EQUITY (NET POSITION)

Current Liabilities - Present financial obligations including, payments to vendors, payroll, and employee benefits.

Non-Current Liabilities - Long-term financial obligations including payments for loans, bonds, and employee retirement benefits.

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

Equity (Net Position) - Represents the difference of assets plus deferred outflows of resources over liabilities plus deferred inflows of resources.

EAST VALLEY

WATER DISTRICT

31111 Greenspot Road
Highland, California 92346

District Headquarters

31111 Greenspot Road
Highland, California 92346

Sterling Natural Resource Center

25318 5th Street
San Bernardino, California 92410

Customer Service & After-Hours Emergency Service

(909) 889-9501

eastvalley.org



@eastvalleywater

East Valley Water District was formed in 1954 and provides water and wastewater services to over 108,000 residents within the cities of Highland and San Bernardino, and portions of San Bernardino County. The District operates under the direction of a 5-member elected Board.

District Board Meetings

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

District Headquarters Board Room
31111 Greenspot Road
Highland, CA 92346

Office Hours

Monday – Thursday 8:00am – 5:00pm
2nd and 4th Tuesday 9:00am – 5:00pm
Friday 7:30am – 4:30pm