

CUCAMONGA VALLEY WATER DISTRICT

Rancho Cucamonga, CA



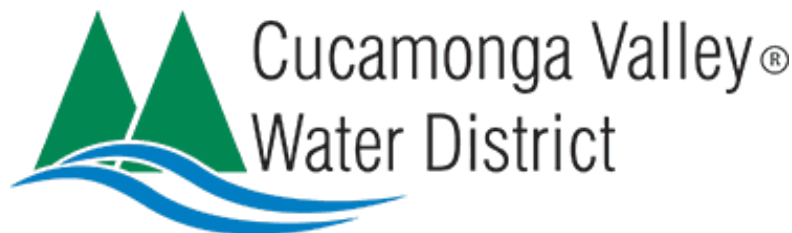
ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fiscal Year Ended June 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023



Service Beyond Expectation

10440 Ashford Street
Rancho Cucamonga, CA 91730

District Management:

General Manager/CEO

John Bosler

Assistant General Manager

Eduardo Espinoza, PE

**Director of Human Resources
& Risk Management**

Roberta Perez

**Director of Finance &
Technology Services**

Chad Brantley

Director of Operations

Robert Hills

Prepared by Accounting Department:

Finance Manager

Agnes Boros

Accounting Supervisor

Jennifer Fillinger

Senior Accountant

Andrea Dutton

Accountant

Brandon Koh

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INTRODUCTORY SECTION

John Bosler
Secretary/General Manager/CEO

October 31, 2023

To the Board of Directors & ratepayers of the Cucamonga Valley Water District,

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for Cucamonga Valley Water District for the year ended June 30, 2023. State law requires that every general-purpose government publish an ACFR within six months of the close of each fiscal year that includes a complete set of audited financial statements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Davis Farr LLP has issued an unmodified (“clean”) opinion on the District’s financial statements for the year ended June 30, 2023. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

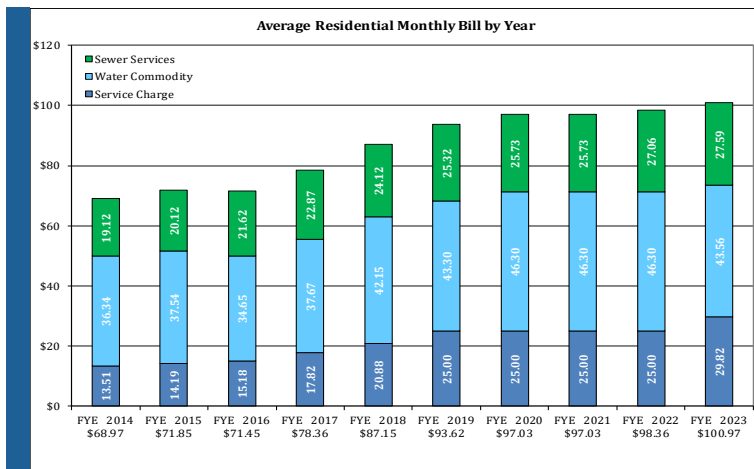
Profile of the District

The Cucamonga Valley Water District (the “District” or “CVWD”) is an independent special district that operates under the authority of Division 12 of the California Water Code. The District was incorporated on March 25, 1955, and is governed by a five-member, elected Board of Directors. The District has a 46 square mile service area located in the western area of San Bernardino County, California.

The District encompasses the majority of the community of Rancho Cucamonga and portions of the cities of Fontana, Ontario, Upland, and some of the unincorporated areas of San Bernardino County. The District provides services to a population of approximately 173,545. The District maintains 49,787 water connections, 37,554 sewer and 151 recycled water service connections.



Profile of the District, continued



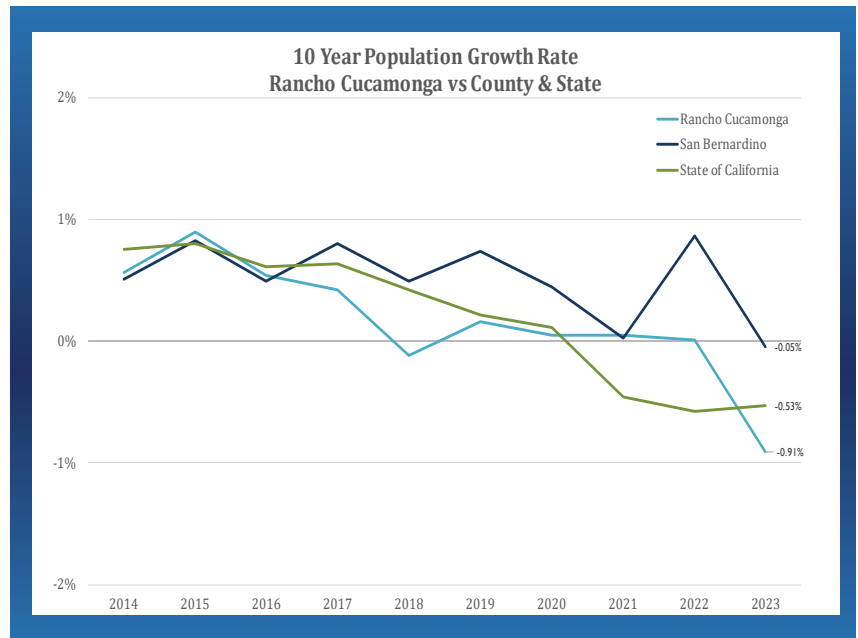
During the past ten fiscal years, the District’s customer base has grown slowly at around 0.16% per year. The largest customers in the service area are CalTrans District, City of Rancho Cucamonga, City of Fontana, County of San Bernardino, and Etiwanda School District.

In the latest available census data from 2021, the median value of housing was \$551,700 and the average household income was \$97,046. The average monthly bill for a CVWD residential customer that has potable water and sewer service is \$100.97.

Local Economy

Cucamonga Valley Water District is in the well-developed Inland Empire. Over the last ten years the City of Rancho Cucamonga has had an average population growth rate of 0.20% despite a slight decrease of 0.91% in 2023 which was experienced by the county as well as the state.

The Inland Empire consists of 52 cities within the counties of Riverside and San Bernardino. As far as the number of customers served by the District, the top two cities are Rancho Cucamonga and Fontana. For 2023, the California Department of Finance released population data that indicates that the City of Fontana is second largest in the region followed by the City of Ontario and City of Rancho Cucamonga as fourth.



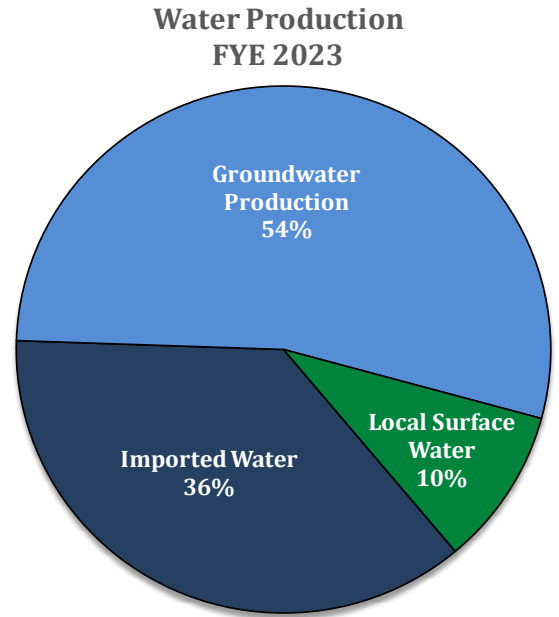
The San Bernardino County Assessor’s office reported that the City of Rancho Cucamonga has the second highest assessed valuation in the region of \$34 billion dollars. The City of Fontana ranked as the third highest. Clearly, these two cities served by CVWD are strong contributors to the economic engine of the Inland Empire.

According to the State of California Employment Development Department, unemployment rates in Rancho Cucamonga were 3.7% as of June 2023. Unemployment rose rapidly in the wake of the pandemic shutdown to as high as 12.7% in May 2020, but has since recovered. The unemployment rates in Rancho Cucamonga remain lower than other areas in the region. While unemployment rates are improving, other economic factors such as rising interest rates and high inflation create uncertainty in the future economy. Nevertheless, the local economy of the Inland Empire remains stable due to factors such as the “highest job growth in the state” according to The Public Policy Institute of California¹. Major industry contributors include the transportation sector, warehousing, administrative services, and health care industries.

1. Sarah Bohn, Marisol Cuellar Mejia, Jenny Duan, and Julien Lafortune, *A Regional Look at California’s Latest Employment Trends*. (Public Policy Institute of California, 2023), 3.

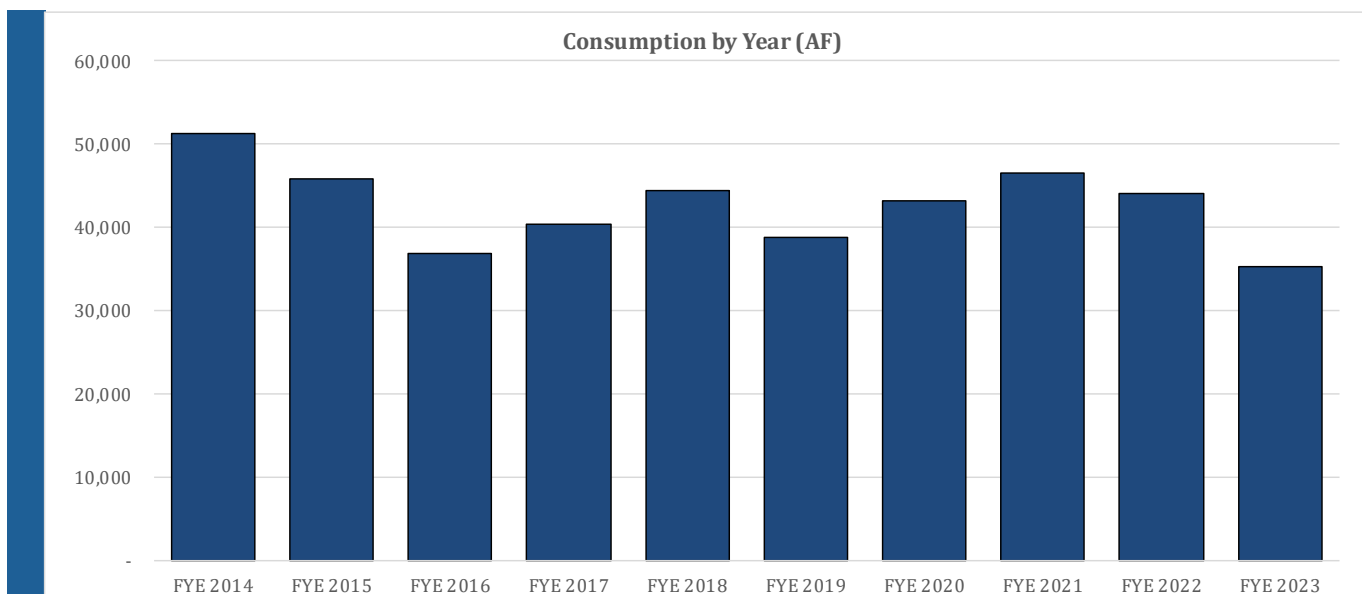
Water Supply and Reliability

Residential customers make up approximately 92% of the District’s customer base and consume approximately 56% of the water produced annually by the District. The District currently has a total of 30 groundwater wells, of which 19 are in service with a maximum production capacity of approximately 32,995 gallons per minute (or an annual production equivalent of 53,224 acre-feet). In addition, the District has surface and subsurface water rights in four local canyon watersheds with an annual production in 2023 of 3,566 acre-feet. Lastly, untreated imported water from the Sacramento-San Joaquin River Delta through the State Water Project makes up the third source of water available to the District. In 2023, the District purchased 13,515 acre-feet of imported water. The chart to the right illustrates the water production sources.



California’s water supply continues to be under increased scrutiny due to drought concerns. The District has expanded and will continue to expand its conservation efforts and the availability of local sources such as groundwater and canyon water. Such expansions will increase diversity of the District’s water supply and water source reliability. The District will also continue to work with local and regional water suppliers in planning and constructing other water delivery systems throughout its service area.

Water consumption volume has been influenced primarily by weather conditions and the associated government actions during this decade. Consumption peaked in 2014 which was a very dry year. However, consumption was reduced by statewide water conservation messaging in 2015 and then reduced further by the statewide conservation mandate that was in place during 2016. The drought was alleviated by extremely high precipitation in 2017 which also resulted in lower-than-average water consumption levels. Similarly low levels of consumption were seen in 2019, which was also a wet year. Fiscal year 2020 water consumption continued to track weather conditions and did not show any impacts as a result of the emergency response to the COVID-19 pandemic. In 2021, water consumption was influenced by low levels of precipitation leading to the highest fiscal year total consumption since 2014. In 2022, water consumption was lower than in 2021 due to weather conditions and mandated conservation.



Water Supply and Reliability, continued

In October 2021, the Governor of California declared a statewide drought emergency and in June 2022, statewide water conservation requirements went into effect. On May 24, 2022, the District implemented Stage 3 of the Water Supply Shortage Contingency Plan which imposes certain restrictions on water use for outdoor irrigation. California experienced historical rainfall during the fall and winter months of the fiscal year, which relieved the emergency drought restrictions but also led to a reduction in customer demand for outdoor water use. Due to these restrictions and subsequent high precipitation, water consumption was down 20% compared to the prior fiscal year.

Water sales revenues have been impacted by rate changes as well as by the changes in consumption mentioned above. Non-drought rates were increased by approximately 5% per year from 2011-2014 and approximately 6% per year from 2015-2018. Stage 6 Drought Rates were used during fiscal year 2016 in compliance with the conservation target mandated by the State Water Resources Control Board. The Drought Rates represented a 58% increase over Stage 1 rates, however, the District was able to self-certify its water supply and return to Stage 1 rates in fiscal years 2017 through 2020. The District began a rate study process in fiscal year 2019. However, the process was delayed due to the COVID-19 pandemic. The rate study was completed and approved in September, 2021. The rate study set a 5-year rate series for calendar years 2022 through 2026. Annual rate adjustments in the 5-year series amount to 2.8% increases per year. Pass-through rates were also authorized in order to recover increases in Metropolitan Water District (MWD) and Inland Empire Utilities Agency (IEUA) charges.

The Meter Charges portion of water revenues are based on fixed monthly rates in proportion to the size of the water meter. Changes in these revenues are primarily driven by increasing rates. The annual total of meter charges has increased by approximately 8% per year on average since 2011. New construction within the service area also increases the total of meter charge revenue, however the customer growth rate has averaged only 0.16% per year during the past decade.

Fiscal Management

The District Board of Directors biennially adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise functions, including the Water Utility Fund, Sewer Utility Fund, and Recycled Water Utility Fund. The budget and reporting treatment applied to each fund is consistent with the accrual basis of



accounting and the financial statement basis, except where noted in the budget in the "Basis of Budgeting" section. Each month the Accounting Department provides the Board with a budget report, Financial Results Report, to ensure goals and objectives are being met within budget. The District operates within a balanced budget for each fiscal year.

The District's financial planning also includes assessment of savings and the use of reserves, alternative and outside funding sources such as grants. This helps with the financial stability of the district without a direct impact to our customers.

Long Term Financial Planning

The District’s financial plan includes the establishment of reserve funds in accordance with the District’s Reserve and Financial Benchmark Policy. Reserve funds are set to ensure the continued orderly operation of the District’s water, recycled water and sewer systems, the provision of services to customers at established levels, and the continued stability of the District’s rate structure. The District has committed to the following funds and objectives in the Reserve and Financial Benchmark Policy as of June 30, 2023:

1. The District will strive to adopt balanced budgets in all operating funds.
2. Capital Reserves are established to provide funds for capital facility and equipment replacement.
3. Liquidity Reserves are established to safeguard the financial flexibility and stability of the District and to maintain stable customer charges and rates.
4. Restricted Reserves are maintained to comply with restrictions imposed by outside sources such as creditors, grantors, contributors, laws, or regulations.

Debt Administration

In the process of issuing the 2021 Revenue Bonds, the District earned a rating upgrade of “AA+” from Standard and Poor’s on the 2021 Revenue Bonds as well as the previously issued Revenue Bonds. In early 2022, Fitch Ratings also upgraded their rating of the Districts Revenue Bonds to “AA+”.

The District’s outstanding debt as of June 30, 2023 consists of six Revenue Bonds, as follows:

Year of Issuance	Use of Proceeds
2014 Revenue Bonds	Provided funds for construction of improvements to water treatment plants and other District facilities. Also used to payoff 2003 C.O.P.
2016 Revenue Bonds	Provided funds to payoff 2006 C.O.P. and a portion of the 2009 C.O.P.
2018A Revenue Bonds	Provided funds for construction of improvements to water treatment plants and other District facilities.
2018B Revenue Bonds	Provided funds to payoff a portion of the 2011 C.O.P.
2021A Revenue Bonds	Provided funds to payoff the 2012 Revenue Bond.
2021B Revenue Bonds	Provided funds to payoff the remaining 2011 C.O.P.

Financial Policies

The Board of Directors regularly adopts updated Financial Policies that provide a foundation for consistent and reliable financial management decisions and best practices, while also adhering to California State Law and District ordinances. Policies are reviewed annually or biennially to incorporate improvements in district procedures and/or legal mandates. The major policies updated this fiscal year include Customer Assistance Program, Capital Asset, Fraud Prevention, Investment, and Reserve Policies.

Long Term Financial Planning

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity 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.

Major Initiatives

The activities of the Board and staff at the District are driven by our mission statement, *To Provide High-Quality, Safe, and Reliable Drinking Water and Wastewater Services, While Practicing Good Stewardship of Natural and Financial Resources.*

In addition to our mission, major District initiatives are guided by our Strategic Vision. Our Strategic Vision was developed nearly twelve years ago and is continually re-evaluated to ensure it is reflective of our changing environment, opportunities, and trends within our industry.

The District's primary areas of focus include **Service, Water, and People**. **Service** relates to the identification of the needs of our customers and stakeholders that meets and exceeds their expectations. **Water** is the essential service that our organization provides and our ability to provide it consistently and at a reasonable price is imperative. The District has upgraded the treatment processes at the Lloyd Michael Water Treatment Plant (LMWTP), which will ensure our ability to meet changing regulatory requirements while continuing to provide high quality water to our customers. **People** are identified as the customers that we serve and the dedicated staff that provides the services to support our mission. Externally, key areas of focus include communication, education and outreach. Internally, succession planning, training, and improving communication with employees is crucial to our continued success. It is apparent that programs that develop effective leadership skills and encourage high performance and personal accountability are crucial to prepare the next generation of leaders in our organization and industry.



Award For Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cucamonga Valley Water District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the twenty-first consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

GFOA financial reporting guidelines and standards exceed the minimum disclosure requirements of state law and provide for maximum disclosure to the public. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR 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.

Acknowledgments

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District's customers. The contributions made by Agnes Boros, Finance Manager, Jennifer Fillinger, Accounting Supervisor, Andrea Dutton, Senior Accountant, and Brandon Koh, Accountant, deserve special recognition. We would also like to thank and recognize the members of the Board of Directors and especially the Finance Committee members for their continued support in planning and implementation of the Cucamonga Valley Water District's fiscal policies.

Respectfully submitted,



John Bosler

General Manager/CEO



Chad Brantley

Director of Finance & Technology Services

BOARD OF DIRECTORS AND EXECUTIVE STAFF

AS OF JUNE 30, 2023



Randall James Reed
President



John Bosler
General Manager/CEO



Mark Gibboney
Vice President



Eduardo Espinoza
Assistant General Manager



James V. Curatalo, Jr.
Director



Chad Brantley
Director of Finance & Technology Services



Kevin Kenley
Director



Roberta Perez
Director of Human Resources & Risk Management

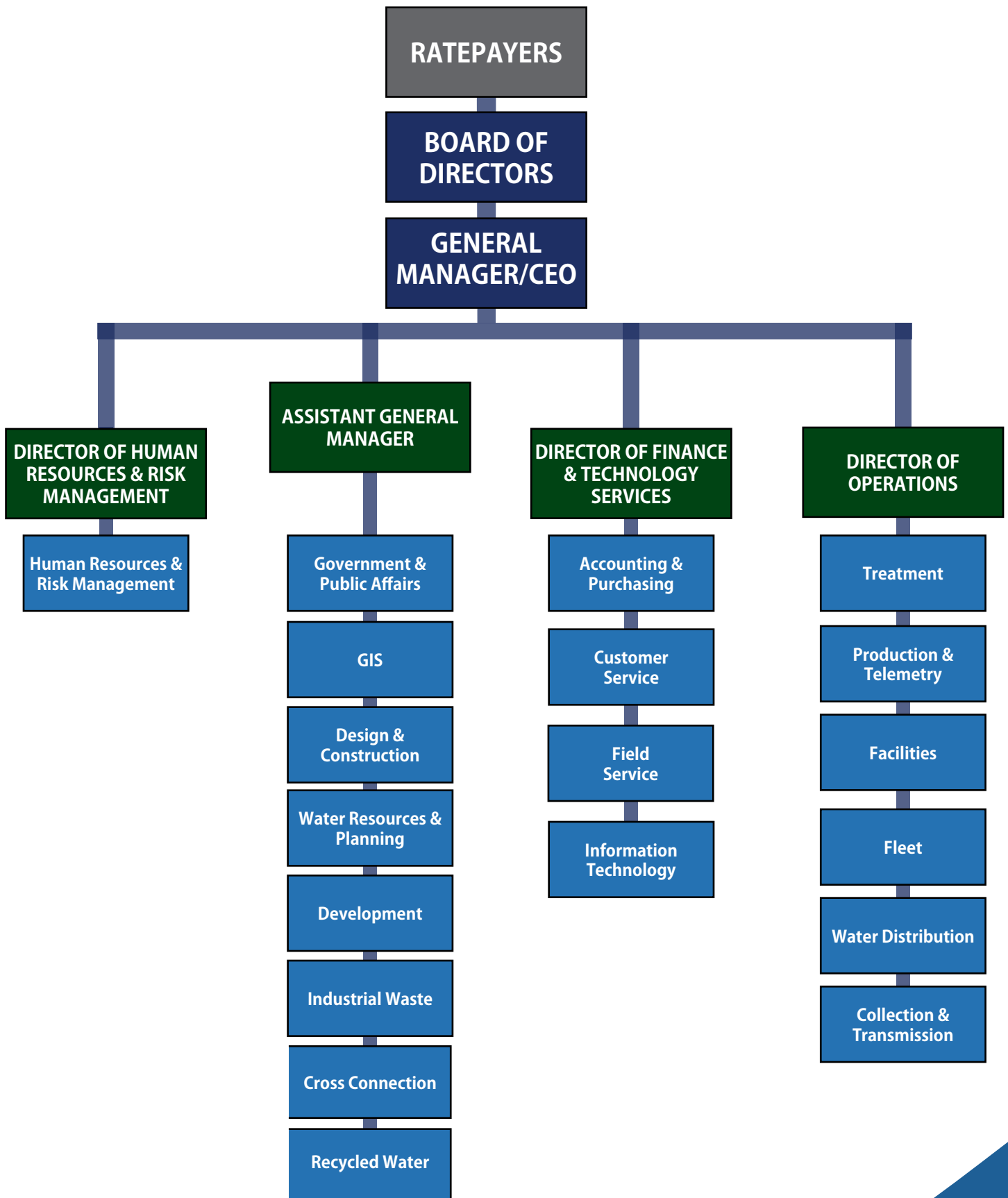


Jimmie Moffatt
Director



Robert Hills
Director of Operations

ORGANIZATIONAL STRUCTURE



MISSION STATEMENT

Our Mission

To provide high quality, safe, and reliable water and wastewater services, while practicing good stewardship of natural and financial resources.

Vision

People- Our staff is innovative, self-managed, and takes pride of ownership in their work product and providing exceptional service ensuring highly satisfied customers and stakeholders.

Key Characteristics: Innovative, Purposeful, Empowered, Well-informed, Invested

Service- We are a servant-oriented organization and provide "Service Beyond Expectation" to our internal and external customers.

Key Characteristics: Dependable, Responsive, Pride in Quality and Standards, Concierge Model of Service, Value

Water- We provide a high quality, sustainable water supply that is safe and reliable, while being delivered in a cost effective manner.

Key Characteristics: Cost-Effective, High Quality, Sustainable, Reliable and Diversified, Stewardship



Culture & Values

Accountability- We take ownership of our actions and look for innovative solution based ideas to improve our effectiveness and service to customers.

Key Characteristics: Ownership, Solution based thinking, Innovative, Shared Responsibility

Communication- We encourage an open form of communication that provides employees and customers with information to improve their knowledge about our business operations.

Key Characteristics: Timely, Fluid messaging, Two-way communication, Listening, Focused and personalized, Technology driven

Customer Service- Our internal and external customer service is provided with a cooperative and collaborative approach, exceeding customer expectations.

Key Characteristics: Internal/External, Cooperative and collaborative, Responsive team approach, Service Beyond Expectation



GFOA CERTIFICATE OF ACHEIVEMENT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cucamonga Valley Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

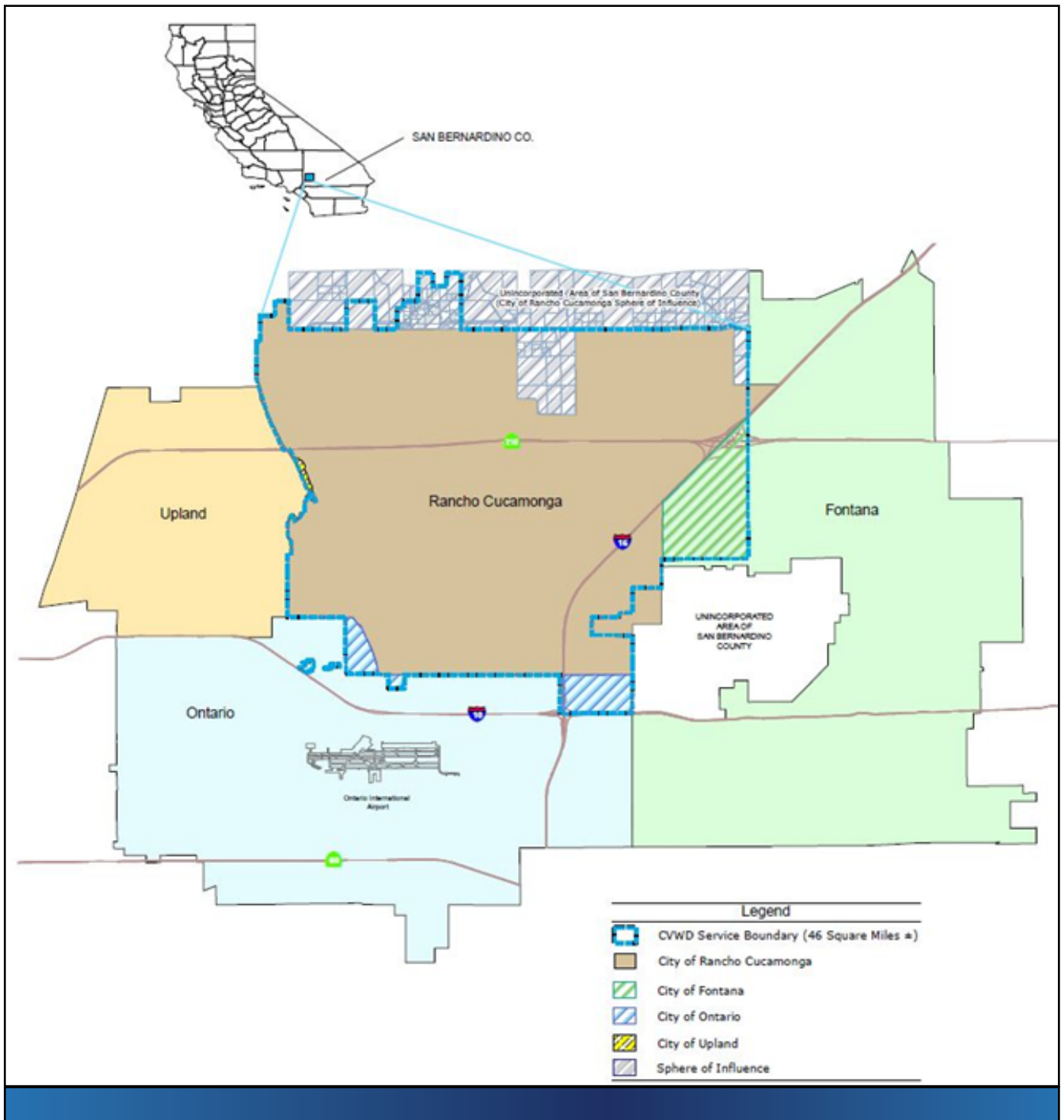
June 30, 2022

Christopher P. Morill

Executive Director/CEO



DISTRICT BOUNDARY





FINANCIAL SECTION

Independent Auditor's Report

Board of Directors
Cucamonga Valley Water District
Rancho Cucamonga, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Cucamonga Valley Water District (District), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise Cucamonga Valley Water District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
October 31, 2023

This section of the District's annual financial report presents our analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the basic financial statements which follow this section.

Financial Highlights

- The District's net position increased by \$5,864,529 or 1.64%.
- During the year the District's revenues decreased 6.22 % to \$100,511,844, while expenses increased 3.17% to \$96,755,468.
- Capital contributions to the District amounted to \$2,108,153 a 61.20% decrease from prior year.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: Financial Statements and Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Required Financial Statements

The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position (page 28) includes all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position (page 29). This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows (pages 30 and 31). The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

Our analysis of the District begins on page 28 of the financial statements. One of the most important questions to ask about the District's finances is "Whether the District, as a whole, is better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. Measuring the change in the District's net position - the difference between assets and liabilities - is one way to measure financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

Condensed Statement of Net Position

To begin our analysis, a summary of the District's Statements of Net Position are presented in Table A-1.

TABLE A-1
Condensed Statements of Net Position

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Total Percent Change
Current and Noncurrent Assets	\$ 155,710,570	\$ 161,931,449	\$ (6,220,879)	(3.84)%
Capital Assets	409,383,580	413,231,164	(3,847,584)	(0.93)%
Total Assets	565,094,150	575,162,613	(10,068,463)	(1.75)%
Deferred Outflows of Resources	21,221,332	12,384,266	8,837,066	71.36%
Long-term Liabilities	172,533,314	164,650,712	7,882,602	4.79%
Other Liabilities	42,733,659	45,374,036	(2,640,377)	(5.82)%
Total Liabilities	215,266,973	210,024,748	5,242,225	2.50%
Deferred Inflows of Resources	7,639,272	19,977,423	(12,338,151)	(61.76)%
Net Investment in Capital Assets	269,536,865	264,457,989	5,078,876	1.92%
Restricted for Capital Projects	11,433,977	11,909,318	(475,341)	(3.99)%
Unrestricted	82,438,395	81,177,401	1,260,994	1.55%
Total Net Position	\$ 363,409,237	\$ 357,544,708	\$ 5,864,529	1.64%

Total current and noncurrent assets decreased by approximately \$10 million due to a decrease in cash and restricted cash caused by a decrease in water sales and the net balance of capital assets decreased as depreciation expense was greater than additions. The changes in deferred outflows, deferred inflows, and long-term liabilities are all related to increases in pension liabilities.

As can be seen from the table above, net position increased \$5,864,529 to \$363,409,237 in fiscal year 2023, up slightly from \$357,544,708 in fiscal year 2022.



Statement of Revenues, Expenses and Changes in Net Position

TABLE A-2

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Total Percent Change
Operating Revenues:				
Water Sales	\$ 44,572,800	\$ 57,991,344	\$ (13,418,544)	(23.14)%
Meter Charges	26,889,981	24,233,306	2,656,675	10.96%
Water Services	896,933	651,145	245,788	37.75%
Sewer Services	23,594,214	22,316,484	1,277,730	5.73%
Nonoperating Revenues:				
Investment Income	2,726,875	-	2,726,875	100.00%
Rent and Lease Revenue	502,895	477,754	25,141	5.26%
Gain on Disposal of Assets	-	232,844	(232,844)	(100.00)%
Other Nonoperating Revenue	1,328,146	1,280,297	47,849	3.74%
Total Revenues	100,511,844	107,183,174	(6,671,330)	(6.22)%
Operating Expenses:				
Source of Supply	20,077,171	28,103,439	(8,026,268)	(28.56)%
Pumping Operations	8,373,799	3,811,274	4,562,525	119.71%
Water Treatment	5,660,488	3,761,497	1,898,991	50.48%
Transmission and Distribution	4,022,981	3,491,085	531,896	15.24%
Collection and Transmission	20,759,162	18,465,741	2,293,421	12.42%
Customer Accounts	4,107,771	3,702,055	405,716	10.96%
General and Administrative	14,555,121	12,139,397	2,415,724	19.90%
Depreciation and Amortization	13,636,928	13,422,135	214,793	1.60%
Nonoperating Expenses:				
Investment Loss	-	1,837,893	(1,837,893)	(100.00)%
Interest Expense	4,166,612	4,507,779	(341,167)	(7.57)%
Amortization of Deferred Bond Costs and Refunding	122,584	122,585	(1)	(0.00)%
Loss on Disposal of Assets	429,078	-	429,078	100.00%
Other Nonoperating Expenses	843,773	413,543	430,230	104.04%
Total Expenses	96,755,468	93,778,423	2,977,045	3.17%
Net Income/(Loss) Before Capital Contributions	3,756,376	13,404,751	(9,648,375)	(71.98)%
Capital Contributions	2,108,153	5,432,750	(3,324,597)	(61.20)%
Changes in Net Position	5,864,529	18,837,501	(12,972,972)	(68.87)%
Beginning Net Position	357,544,708	338,707,207	18,837,501	5.56%
Ending Net Position	\$ 363,409,237	\$ 357,544,708	\$ 5,864,529	1.64%



Statement of Revenues, Expenses and Changes in Net Position, continued

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 on page 23, net income before capital contributions of \$3,756,376 and capital contributions of \$2,108,153 were the sources of the \$5,864,529 increase in Net Position in fiscal year 2023.

A closer examination of the source of changes in net position reveals that the District's revenues decreased by \$6,671,330 to \$100,511,844 in fiscal year 2023 from \$107,183,174 in fiscal year 2022 due primarily to a decrease in water sales, specifically domestic water with conservation efforts in summer of 2023. Meter charges increased \$2,656,675 due to an increase of meter rate charges as of January 1, 2023. Non-operating revenue increased \$2,567,020 mainly due to a positive increase in investment income of \$ 2,726,875 . Operating expenses increased \$4,296,798 due mainly to pension liabilities, and increased costs of associated with producing potable water. Nonoperating expenses decreased by \$1,319,751 , mostly due to investment earnings this fiscal year where last year there were losses.

Operating Revenues – Water Sales

TABLE A-2a
Water Sales

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Total Percent Change
Customer Type:				
Domestic	\$ 21,778,231	\$ 30,345,285	\$ (8,567,054)	(28.23)%
Irrigation and Landscape	15,389,310	22,321,523	(6,932,213)	(31.06)%
Other Water Agencies	4,053,618	1,888,671	2,164,947	114.63%
Industrial	2,775,650	2,671,746	103,904	3.89%
Construction	223,053	436,747	(213,694)	(48.93)%
Canyon Source Water	352,938	327,372	25,566	7.81%
<i>Total Water Sales</i>	<u>\$ 44,572,800</u>	<u>\$ 57,991,344</u>	<u>\$ (13,418,544)</u>	<u>(23.14)%</u>

Water sales revenue to Domestic, Irrigation and Landscape, Industrial, and Construction water for the fiscal year 2023 decreased \$15,609,057 combined due a decrease in the volume of water consumed because of the drought conservation messaging from the State, followed by a historically wet winter. Sales to other water agencies increased by \$ 2,164,947 due to increased sales to San Gabriel Water Company.

Capital Asset Administration

At June 30, 2023, the District invested \$9,323,382 of new additions in a broad range of infrastructure as shown in Table A-3. Negative amounts represent the retirement of fully depreciated assets.

TABLE A-3
Capital Assets

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Total Percent Change
Non-Depreciable Assets:				
Land	\$ 9,376,292	\$ 9,002,043	\$ 374,249	4.16%
Water Rights	92,759,807	92,756,207	3,600	0.00%
Construction in Progress	11,581,598	20,502,108	(8,920,510)	(43.51)%
Total Non-Depreciable Assets	<u>113,717,697</u>	<u>122,260,358</u>	<u>(8,542,661)</u>	(6.99)%
Depreciable Assets:				
Intangibles	557,209	557,209	-	0.00%
Source of Supply	34,145,156	25,200,697	8,944,459	35.49%
Pumping Plant	15,604,643	14,722,904	881,739	5.99%
Transmission and Distribution	236,147,768	229,678,444	6,469,324	2.82%
Treatment Plant	115,366,934	115,366,934	-	0.00%
General Water	43,411,494	42,627,208	784,286	1.84%
Wastewater Reclamation	5,608,270	5,608,270	-	0.00%
Collection and Transmission	79,571,259	78,932,805	638,454	0.81%
General Sewer	9,452,912	9,312,161	140,751	1.51%
General Frontier Project	84,527	77,497	7,030	9.07%
Total Depreciable Assets	539,950,172	522,084,129	17,866,043	3.42%
Less: Accumulated Depreciation	<u>(244,284,289)</u>	<u>(231,113,323)</u>	<u>(13,170,966)</u>	5.70%
Net Depreciable Assets	<u>295,665,883</u>	<u>290,970,806</u>	<u>4,695,077</u>	1.61%
Total Capital Assets, Net	<u>\$ 409,383,580</u>	<u>\$ 413,231,164</u>	<u>\$ (3,847,584)</u>	(0.93)%

The following is a summary of some of the major improvements to the system during fiscal year 2023. This year's major capital asset additions include:

Source of Supply	\$ 8,944,459
Various Water Distribution Mains	6,469,324
Buildings and Equipment	976,217
Pumps and Pumping Equipment	881,739
Various Sewer Collection and Transmission Mains	638,454

In Table A-4, the District’s fiscal year 2024 Capital Budget is \$16,482,300 for capital projects, principally for groundwater treatment, pumps and pumping equipment, fleet vehicles, new water and sewer mains, and reservoir improvements. The District believes these projects can be financed from available resources provided by projected cash flows and capital reserves. More information about the District’s Capital Assets is presented in Note 5 of the Notes to Basic Financial Statements.

TABLE A-4
Fiscal Year 2024 Budget

Depreciable Assets:	
Sewer Collection and Transmission	\$ 5,287,750
Reservoirs	4,830,000
Transmission and Distribution	3,436,000
General Water	1,482,050
Pumping Plant	1,250,000
Recycled Water Distribution	125,000
General Sewer	<u>71,500</u>
 Total Depreciable Assets	 <u><u>\$ 16,482,300</u></u>

Debt Administration

During the year, the District’s long-term debt decreased by \$9,155,710 due to normal debt principal repayments, while also not issuing any new debt in the fiscal year. Additional information on other long-term debt is presented in Note 6 of the Notes to Basic Financial Statements. The District earned a rating upgrade of “AA+” from Standard and Poor’s on the 2021 Revenue Bonds as well as the previously issued Revenue Bonds. Fitch affirmed the rating of “AA+” on the Revenue Bonds. The District is not subject to a legal debt margin.

TABLE A-5
Long-Term Debt

	<u>Year</u> <u>2023</u>	<u>Year</u> <u>2022</u>	<u>Dollar</u> <u>Change</u>
Net Revenue Bonds	\$ 137,613,222	\$ 145,877,241	\$ (8,264,019)
Finance Purchase Agreement Payable	2,629,911	3,657,450	(1,027,539)
Loan Payable	242,833	277,421	(34,588)
Compensated Absences	<u>2,675,914</u>	<u>2,505,478</u>	<u>170,436</u>
 Total Long-term debt	 <u><u>\$ 143,161,880</u></u>	 <u><u>\$ 152,317,590</u></u>	 <u><u>\$ (9,155,710)</u></u>

Post-Employment Benefits & Obligations

Post-Employment related obligations include OPEB which is presented in Note 17 , CalPERS presented in Note 14 , PARS in Note 15 and Excess Benefit in Note 15 , increased by \$ 18,867,747 during the year. This is primarily due to actuarial results for the CalPERS pension plan which included investment losses and changes in the actuarial assumptions as of the measurement date of June 30, 2022.



TABLE A-5a
Post-Employment Obligations

	Year 2023	Year 2022	Dollar Change
Net OPEB Obligation	\$ 7,397,789	\$ 6,242,366	\$ 1,155,423
Net CalPERS Pension Plan Obligation	30,582,346	13,722,680	16,859,666
Net PARS Pension Plan Obligation	530,578	(936,872)	1,467,450
Total Excess Benefit Plan Obligation	<u>1,857,180</u>	<u>2,471,972</u>	<u>(614,792)</u>
Total Post-Employment Obligations	<u>\$ 40,367,893</u>	<u>\$ 21,500,146</u>	<u>\$ 18,867,747</u>

Economic Factors and Next Year's Budget and Rates

The District's Board of Directors and management considered many factors when setting the fiscal year 2023 budget, user fees, and charges. These indicators were taken into consideration when adopting the District's budget for year 2024.

TABLE A-6
Fiscal Year 2023 Actual vs Fiscal Year 2024 Budget

	Actual Fiscal Year 2023	Budget Fiscal Year 2024	Dollar Change	Total Percent Change
Operating Revenues	\$ 95,953,928	\$ 108,027,944	\$ 12,074,016	12.6%
Nonoperating Revenues	<u>4,557,916</u>	<u>3,629,800</u>	<u>(928,116)</u>	<u>(20.4)%</u>
Total Revenues	<u>100,511,844</u>	<u>111,657,744</u>	<u>11,145,900</u>	11.1%
Depreciation Expense	13,636,928	14,000,000	363,072	2.7%
Other Operating Expenses	77,556,493	90,771,511	13,215,018	17.0%
Nonoperating Expenses	<u>5,562,047</u>	<u>4,514,797</u>	<u>(1,047,250)</u>	<u>(18.8)%</u>
Total Expenses	<u>96,755,468</u>	<u>109,286,308</u>	<u>12,530,840</u>	13.0%
Net Income/(Loss) Before Capital Contributions	3,756,376	2,371,436	(1,384,940)	(36.9)%
Capital Contributions	<u>2,108,153</u>	<u>7,452,749</u>	<u>5,344,596</u>	253.5%
Changes in Net Position	5,864,529	9,824,185	3,959,656	67.5%
Beginning Net Position	<u>357,544,708</u>	<u>363,409,237</u>	<u>5,864,529</u>	1.6%
Total Net Position	<u>\$ 363,409,237</u>	<u>\$ 373,233,422</u>	<u>\$ 9,824,185</u>	2.7%

Contacting the District's Director of Finance & Technology Services

This financial report is designed to provide our customers and creditors with a general overview of the District finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Chad Brantley, Director of Finance & Technology Services, at (909) 987-2591.



Statement of Net Position as of June 30, 2023

	Water Utility Fund	Sewer Utility Fund	Recycled Water Utility Fund	Frontier Project Foundation	Totals
CURRENT ASSETS:					
Cash and Cash Equivalents (note 2)	\$ 10,333,052	\$ 8,062,190	\$ 811,929	\$ 19,997	\$ 19,227,168
Investments (note 2)	35,005,593	26,952,244	-	-	61,957,837
Net Customer Receivables	10,315,340	1,872,335	202,347	-	12,390,022
Accounts Receivable	2,644,807	1,353,563	-	240	3,998,610
Accrued Interest	398,598	132,866	-	-	531,464
Lease Receivable (note 18)	2,779,449	-	-	-	2,779,449
Prepaid Expense and Deposits	56,415	18,638	-	-	75,053
Inventories	1,124,729	-	-	-	1,124,729
TOTAL CURRENT ASSETS	62,657,983	38,391,836	1,014,276	20,237	102,084,332
NONCURRENT ASSETS:					
Restricted Cash and Cash Equivalents (note 2 & 3)	377	-	-	-	377
Restricted Investments (note 2)	-	14,664,298	-	-	14,664,298
Water in Storage (note 4)	38,961,563	-	-	-	38,961,563
Capital Assets (note 5):					
Non-Depreciable Capital Assets	113,117,706	515,008	84,983	-	113,717,697
Net Depreciable Capital Assets	247,787,433	43,739,259	4,133,165	6,026	295,665,883
TOTAL NONCURRENT ASSETS	399,867,079	58,918,565	4,218,148	6,026	463,009,818
TOTAL ASSETS	462,525,062	97,310,401	5,232,424	26,263	565,094,150
DEFERRED OUTFLOWS OF RESOURCES:					
Pension Plans Deferred Outflows	12,830,379	2,793,155	265,896	-	15,889,430
Other Postemployment Benefits Deferred Outflows	3,716,029	902,981	74,018	-	4,693,028
Deferred Charge on Refunding	638,874	-	-	-	638,874
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,185,282	3,696,136	339,914	-	21,221,332
CURRENT LIABILITIES:					
Current:					
Accounts Payable	5,239,179	3,255,193	181,163	288	8,675,823
Interest Payable	1,533,247	-	-	-	1,533,247
Accrued Expense Payable	1,319,556	1,359,066	10,193	-	2,688,815
Unearned Revenue	29	-	-	25,031	25,060
Customer Deposits	1,879,973	-	-	-	1,879,973
Intergovernmental Payable (note 7)	-	14,664,298	-	-	14,664,298
Water Held for Inland Empire Utilities Agency (note 8)	2,269,984	-	-	-	2,269,984
Finance Purchase Agreements (note 6)	1,052,080	-	-	-	1,052,080
Compensated Absences Payable (note 6)	1,211,812	272,658	30,295	-	1,514,765
Revenue Bonds (note 6)	8,395,000	-	-	-	8,395,000
Loans Payable (note 6)	-	-	34,614	-	34,614
TOTAL CURRENT LIABILITIES	22,900,860	19,551,215	256,265	25,319	42,733,659
NONCURRENT LIABILITIES:					
Net Other Postemployment Benefits Liability (note 17)	5,409,040	1,926,642	62,107	-	7,397,789
Net Pension Liability (notes 6,13,14,16)	26,661,523	5,834,574	474,007	-	32,970,104
Finance Purchase Agreements (note 6)	1,577,831	-	-	-	1,577,831
Compensated Absences Payable (note 6)	961,794	174,711	24,644	-	1,161,149
Revenue Bonds (note 6)	129,218,222	-	-	-	129,218,222
Loans Payable (note 6)	-	-	208,219	-	208,219
TOTAL NONCURRENT LIABILITIES	163,828,410	7,935,927	768,977	-	172,533,314
TOTAL LIABILITIES	186,729,270	27,487,142	1,025,242	25,319	215,266,973
DEFERRED INFLOWS OF RESOURCES:					
Lease Related (note 18)	2,705,443	-	-	-	2,705,443
Pension Plans Deferred Inflows	954,627	187,531	22,308	-	1,164,466
Other Postemployment Benefits Deferred Inflows	3,320,130	364,366	84,867	-	3,769,363
TOTAL DEFERRED INFLOWS OF RESOURCES	6,980,200	551,897	107,175	-	7,639,272
NET POSITION:					
Net Investment in Capital Assets (note 9)	221,301,257	44,254,267	3,975,315	6,026	269,536,865
Restricted for Capital Projects	8,305,367	2,514,584	614,026	-	11,433,977
Unrestricted (note 10)	56,394,250	26,198,647	(149,420)	(5,082)	82,438,395
TOTAL NET POSITION	\$ 286,000,874	\$ 72,967,498	\$ 4,439,921	\$ 944	\$ 363,409,237



Statement of Revenues, Expenses, & Changes in Net Position

For the Year Ended June 30, 2023

	Water Utility Fund	Sewer Utility Fund	Recycled Water Utility Fund	Frontier Project Foundation	Totals
OPERATING REVENUES:					
Water Sales	\$ 43,723,429	\$ -	\$ 849,371	\$ -	\$ 44,572,800
Meter Charges	26,718,411	-	171,570	-	26,889,981
Water Services	896,696	-	237	-	896,933
Sewer Services	-	23,594,214	-	-	23,594,214
TOTAL OPERATING REVENUES	<u>71,338,536</u>	<u>23,594,214</u>	<u>1,021,178</u>	<u>-</u>	<u>95,953,928</u>
OPERATING EXPENSES:					
Source of Supply	19,516,372	-	560,799	-	20,077,171
Pumping Operations	8,373,799	-	-	-	8,373,799
Water Treatment	5,660,488	-	-	-	5,660,488
Transmission and Distribution	3,891,999	-	130,982	-	4,022,981
Collection and Transmission	-	20,759,162	-	-	20,759,162
Customer Accounts	3,380,377	641,825	85,569	-	4,107,771
General and Administrative	12,074,127	2,334,574	127,970	18,450	14,555,121
Depreciation and Amortization	11,515,263	2,003,951	116,710	1,004	13,636,928
TOTAL OPERATING EXPENSES	<u>64,412,425</u>	<u>25,739,512</u>	<u>1,022,030</u>	<u>19,454</u>	<u>91,193,421</u>
NET OPERATING INCOME (LOSS)	<u>6,926,111</u>	<u>(2,145,298)</u>	<u>(852)</u>	<u>(19,454)</u>	<u>4,760,507</u>
NONOPERATING REVENUES (EXPENSES):					
Investment Income (loss)	2,151,943	574,932	-	-	2,726,875
Rent and Lease Revenue	502,895	-	-	-	502,895
Interest Expense	(4,166,407)	-	(205)	-	(4,166,612)
Amortization of Deferred Charge on Refunding	(122,584)	-	-	-	(122,584)
Gain (loss) on Disposal of Assets	(429,078)	-	-	-	(429,078)
Other Nonoperating Revenues	1,306,167	2,525	-	19,454	1,328,146
Other Nonoperating Expenses	(804,442)	(38,848)	(483)	-	(843,773)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,561,506)</u>	<u>538,609</u>	<u>(688)</u>	<u>19,454</u>	<u>(1,004,131)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	5,364,605	(1,606,689)	(1,540)	-	3,756,376
Capital Contributions (note 11)	966,567	1,110,554	31,032	-	2,108,153
CHANGE IN NET POSITION	6,331,172	(496,135)	29,492	-	5,864,529
NET POSITION - BEGINNING	<u>279,669,702</u>	<u>73,463,633</u>	<u>4,410,429</u>	<u>944</u>	<u>357,544,708</u>
NET POSITION - ENDING	<u>\$ 286,000,874</u>	<u>\$ 72,967,498</u>	<u>\$ 4,439,921</u>	<u>\$ 944</u>	<u>\$ 363,409,237</u>



Statement of Cash Flows

For the Year Ended June 30, 2023

	Water Utility Fund	Sewer Utility Fund	Recycled Water Utility Fund	Frontier Project Foundation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 69,837,097	\$ 23,216,346	\$ 1,026,483	\$ -	\$ 94,079,926
Receipts From Others	1,306,196	2,525	-	25,770	1,334,491
Payment to Suppliers	(54,480,708)	(21,185,019)	(722,841)	(23,850)	(76,412,418)
Payment to Employees	(11,040,745)	(2,367,392)	(205,794)	-	(13,613,931)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>5,621,840</u>	<u>(333,540)</u>	<u>97,848</u>	<u>1,920</u>	<u>5,388,068</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal Payments - Certificates of Participation & Revenue Bonds	(7,705,000)	-	-	-	(7,705,000)
Principal Payments - Lease Payable	(1,027,540)	-	-	-	(1,027,540)
Principal Payments - Loan Payable	-	-	(34,588)	-	(34,588)
Interest	(4,811,820)	-	(205)	-	(4,812,025)
Proceeds From Sale of Equipment	50,472	-	-	-	50,472
Capital Fees Collected for Inland Empire Utilities Agency	-	625,222	-	-	625,222
Additions to Utility Plant	(8,934,969)	(640,340)	(12,471)	(7,030)	(9,594,810)
Rent and Lease Revenue	560,698	-	-	-	560,698
Cash Contributions Received in Aid of Construction	773,215	629,822	31,032	-	1,434,069
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(21,094,944)</u>	<u>614,704</u>	<u>(16,232)</u>	<u>(7,030)</u>	<u>(20,503,502)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Income	1,595,560	420,939	-	-	2,016,499
Purchases of Investments	(23,540,561)	(22,511,152)	-	-	(46,051,713)
Proceeds from Sales and Maturities of Investments	11,749,905	7,036,815	-	-	18,786,720
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(10,195,096)</u>	<u>(15,053,398)</u>	<u>-</u>	<u>-</u>	<u>(25,248,494)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(25,668,200)</u>	<u>(14,772,234)</u>	<u>81,616</u>	<u>(5,110)</u>	<u>(40,363,928)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>36,001,630</u>	<u>22,834,424</u>	<u>730,313</u>	<u>25,107</u>	<u>59,591,474</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,333,429</u>	<u>\$ 8,062,190</u>	<u>\$ 811,929</u>	<u>\$ 19,997</u>	<u>\$ 19,227,545</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and Cash Equivalents	\$ 10,333,052	\$ 8,062,190	\$ 811,929	\$ 19,997	\$ 19,227,168
Cash and Cash Equivalents - Restricted	377	-	-	-	377
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 10,333,429</u>	<u>\$ 8,062,190</u>	<u>\$ 811,929</u>	<u>\$ 19,997</u>	<u>\$ 19,227,545</u>

(continued on next page)

Statement of Cash Flows

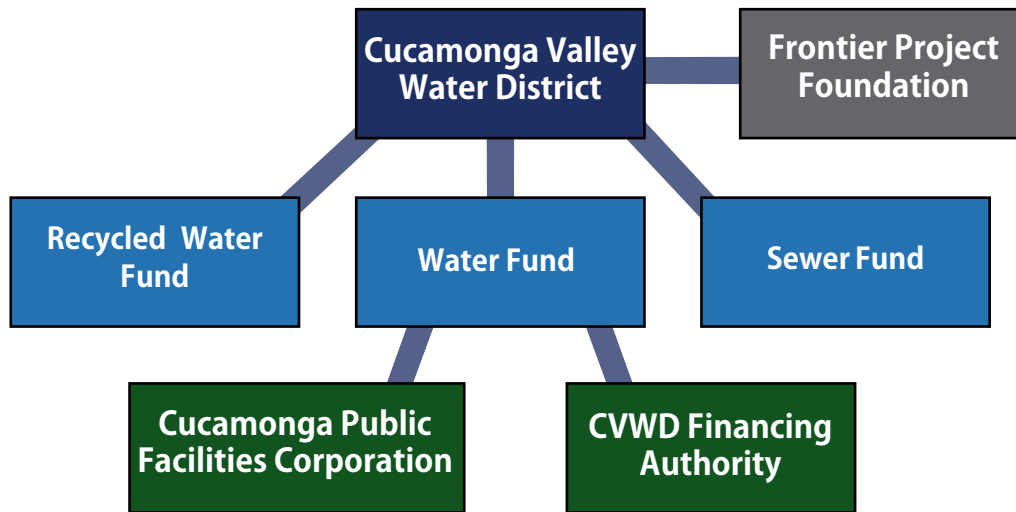
For the Year Ended June 30, 2023 (cont.)

	Water Utility Fund	Sewer Utility Fund	Recycled Water Utility Fund	Frontier Project Foundation	Totals
RECONCILIATION OF OPERATING					
INCOME (LOSS) TO NET CASH PROVIDED (USED) BY					
OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 6,926,111	\$ (2,145,298)	\$ (852)	\$ (19,454)	\$ 4,760,507
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation and Amortization	11,515,263	2,003,951	116,710	1,004	13,636,928
Other Nonoperating Revenues	1,306,167	2,525	-	19,454	1,328,146
Other Nonoperating Expense	(804,442)	(38,848)	(483)	-	(843,773)
(Increase) Decrease in Net Customer Receivables	(98,050)	(395,110)	5,305	-	(487,855)
(Increase) Decrease in Accounts Receivable	(1,413,440)	17,242	-	3,540	(1,392,658)
(Increase) Decrease in Prepaid Expense and Deposits	4,481	1,661	-	3,080	9,222
(Increase) Decrease in Inventories	44,317	-	-	-	44,317
(Increase) Decrease in Water in Storage	(5,687,072)	-	-	-	(5,687,072)
(Increase) Decrease in Deferred Outflows	(6,979,362)	(1,860,562)	(119,728)	-	(8,959,652)
Increase (Decrease) in Accounts Payable	(4,094,854)	200,601	77,479	(7,345)	(3,824,119)
Increase (Decrease) in Accrued Expense Payable	(568,840)	381,752	(70,746)	(1,135)	(258,969)
Increase (Decrease) in Unearned Revenue	29	-	-	2,776	2,805
Increase (Decrease) in Customer Deposit	10,051	-	-	-	10,051
Increase (Decrease) in Compensated Absences Payable	157,961	8,714	3,761	-	170,436
Increase (Decrease) in Net Other Postemployment Benefits Liability	785,508	365,433	4,482	-	1,155,423
Increase (Decrease) in Net Pension Liability	14,295,347	3,135,654	281,323	-	17,712,324
Increase (Decrease) in Deferred Inflows	(9,777,335)	(2,011,255)	(199,403)	-	(11,987,993)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 5,621,840</u>	<u>\$ (333,540)</u>	<u>\$ 97,848</u>	<u>\$ 1,920</u>	<u>\$ 5,388,068</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Contributions in Aid of Construction	\$ 193,352	\$ 480,732	\$ -	\$ -	\$ 674,084
Changes in Fair Value of Investments	314,872	104,957	-	-	419,829
NET NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ 508,224</u>	<u>\$ 585,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,093,913</u>

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

Entity Structure



Cucamonga Valley Water District

The reporting entity Cucamonga Valley Water District (“District”) includes the accounts of the District, the Cucamonga Public Facilities Corporation, the Cucamonga Valley Water District Financing Authority, and the Frontier Project Foundation.

The District was incorporated as Cucamonga County Water District in March of 1955, under the provisions of the County Water District Law, Division 12 of the California Water Code. In fiscal year 2003-2004, the name of the District was changed to Cucamonga Valley Water District. The District’s 46 square mile service area lies in western San Bernardino County and includes the City of Rancho Cucamonga, portions of the cities of Fontana, Upland, Ontario, and some unincorporated areas.

Cucamonga Public Facilities Corporation

During 1987-88, the Cucamonga Public Facilities Corporation (“Corporation”) was formed to issue Certificates of Participation (C.O.P.’s). The Corporation transfers C.O.P. proceeds to the District in exchange for notes receivable bearing the same terms as the C.O.P.’s. The District’s five member Board of Directors is appointed as the Cucamonga Public Facilities Corporation’s governing board. In the combined financial statements, interfund transactions between the Corporation and District have been eliminated. All C.O.P.’s were refinanced by 2021 Revenue Bonds. Separate financial statements are not available.

Cucamonga Valley Water District Financing Authority

During 2012, the Cucamonga Valley Water District Financing Authority (“Financing Authority”) was formed to issue Revenue Bonds. The Financing Authority transfers Revenue Bond proceeds to the District in exchange for notes receivable bearing the same terms as the Revenue Bonds. The District’s five member Board of Directors is appointed as the Financing Authority’s governing board. In the combined financial statements, interfund transactions between the Financing Authority and District have been eliminated. Amounts eliminated include \$137,613,222 in interfund receivable/payable on the statement of net position, \$4,089,379 in interest expense and \$434 in investment income on the statement of revenues, expenses and changes in net position, and \$559,019 in interest expense on the statement of cash flows. Separate financial statements are not available.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

A. Organization and Operations of the Reporting Entity, continued

Frontier Project Foundation

The Frontier Project Foundation (“Foundation”) is a nonprofit public benefit corporation formed for the purposes of (i) creating an interactive indoor and outdoor educational center to demonstrate current and future building design methods and techniques that promote resource conservation, (ii) aiding, promoting and advancing the principles of sustainable design in California living and working environments, (iii) educating residents and business owners of the surrounding communities on how to incorporate sustainable design standards in their residence and businesses, (iv) engaging in other activities in furtherance of the purposes for which the Foundation was formed, and (v) receiving, investing and utilizing funds and property acquired through solicitation of contributions, donations, grants, gifts, bequests and the like for the purposes for which the Foundation was formed. The Foundation is governed by a Board of Directors, which consists of the District’s Board of Directors and up to four additional members appointed by the District’s Board of Directors. Currently, the District’s Board of Directors has chosen not to fill any of the four open positions. Separate financial statements are available by the District.

Criteria

The criteria used in determining the scope of the reporting entity is based on the provisions of the Governmental Accounting Standards Board Statement (GASB). The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District 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 District. The District has accounted for the Corporation, the Financing Authority, and the Foundation as “blended” component units. Despite being legally separate, these entities are so intertwined with the District that they are in substance, part of the District’s operations. Accordingly, the balances and transactions of the Financing Authority are reported within the Water Utility Fund of the District, while the Foundation is accounted for in its own fund. Separate financial statements are not issued for the Corporation or the Financing Authority. The separate financial statements of the Frontier Project Foundation may be obtained from the District’s office.

B. Basis of Accounting and Measurement Focus

The District reports its activities as a set of proprietary funds. This means that the District utilizes the economic resources measurement focus which emphasizes limitations on the use of net position. This is similar to a private-sector business. Revenues and expenses are recognized on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flow takes place.

Operating revenues, such as charges for services (water sales, sewer services and water services) result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

When both restricted and unrestricted resources are available for use, the District uses restricted resources and then unrestricted resources.

The funds of the District are described below:

Water Utility Fund – This fund is used to account for the operations of the District’s water system and related revenues.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Sewer Utility Fund – This fund is used to account for the operations of the District’s wastewater system and related revenues.

Recycled Water Utility Fund – This fund is used to account for the operations of the District’s recycled water system and related revenues.

Frontier Project Foundation – This fund is used to account for the activities related to the Frontier Project Foundation.

C. Operating and Nonoperating Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the distribution and transmission of potable and recycled water to users, and the operation and maintenance of the sewer network within the District. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of three months or less.

3. Investments and Investment Policy

Investments are stated at their fair value which represents the quoted or stated fair value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

4. Customer Receivables

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

5. Inventory

Materials and supplies inventory consists primarily of water meters, pipe and pipe fittings for construction and repair to the District’s water transmission and distribution system. The inventory method changed this fiscal year from Average Cost Method to First-in, First-out (FIFO) which caused zero net change. This will improve inventory costing accuracy in the future. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

6. Prepaid Expense and Deposit

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Position, continued

7. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

- Intangible Plant – 40 years
- Source of Supply Plant – 50 years
- Pumping Plant – 10 to 40 years
- Treatment Plant – 10 to 40 years
- Collection, Transmission and Distribution Plant – 10 to 50 years
- General Plant 5-40 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has three items that qualify for reporting in this category on the Statement of Net Position. Pension Plan deferred outflows and Other Postemployment Benefits (OPEB) deferred outflows, are the difference between expected and actual experience, the net difference between projected and actual earnings on plan investments and the employer contributions for the current fiscal year. The other item is a deferred charge on refunding which results from the difference in the net carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. The District has three items that qualifies for reporting in this category on the Statement of Net Position. Pension plan deferred inflows and OPEB deferred inflows result from the change in assumptions, the difference between expected and actual experience and the difference between projected and actual earnings on the assets invested in the plan. The deferred inflow of resources in lease related deferred inflows, are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

9. Leases

The District is a lessor for a noncancellable lease of a building, and twelve cellular towers. The District recognizes a lease receivable and a deferred inflow of resources in the statement of net position. At the commencement of the lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Position, continued

9. Leases, continued

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

10. Compensated Absences

The District's policy is to permit employees to accumulate a maximum of 200 hours of vacation and an unlimited amount of sick leave. Accumulated vacation time is accrued for the District's obligation to the employees for the amount owed up to the maximum of 200 hours. Sick leave is accrued at 50% of the earned balance in keeping with the District's policy of 50% pay out upon retirement or death of the employee. Upon retirement, the remaining 50% sick leave balance is reported to CalPERS for application to the employee's service credit.

11. Long-Term Debt

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

12. Net Pension Liability

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

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

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	June 30, 2021 to June 30, 2022

13. Other Postemployment Benefits (OPEB)

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan, the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Position, continued

13. Other Postemployment Benefits (OPEB), continued

GAAP require that reported results must pertain to liability and fiduciary net position information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	June 30, 2021 to June 30, 2022

14. Restricted Assets and Amounts Payable from Restricted Assets

Amounts shown as restricted assets have been restricted by bond indentures or are to be used for specified purposes based on contract provisions, such as bonded debt service. Certain liabilities which are currently payable have been classified as current liabilities payable from restricted assets since assets have been restricted for their payment.

15. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.

Restricted Net Position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of *restricted or net investment in capital assets*

16. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the District financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

17. Water Sales

Water sales are billed on a monthly cyclical basis. Estimated unbilled water revenue through June 30 has been accrued at year-end.

18. Capital Contributions

Contributions in aid of construction represent cash and utility plant additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment. In accordance with the GASB, the capital contributions are recorded on the Statement of Revenues, Expenses and Changes in Net Position.

The following special charges levied by the District against newly-connecting customers are being accounted for as contributions in aid of construction:

Water Development Fees: Range from \$10,148 to \$811,806 based on meter size.

Sewer Development Fees: Range from \$1,239 to \$99,140 based on meter size.



(2) Cash and Investments

Cash and investments are reported in the accompanying statement of net position as follows:

Unrestricted:	
Cash and cash equivalents	\$ 19,227,168
Investments	61,957,837
Restricted:	
Cash and cash equivalents with fiscal agent	377
Investments	14,664,298
Total cash and investments	<u>\$ 95,849,680</u>

Cash and investments at June 30, 2023 consisted of the following:

Cash on hand	\$ 3,300
Deposits with financial institutions	4,774,777
Investments	91,071,603
	<u>\$ 95,849,680</u>

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Minimum Quality Requirements	Maximum Investment In One Issuer
Banker's Acceptances	180 days	25%	A-I (short term)	10%
Collateralized Bank Deposits	5 years*	None*	N/A	No Limit
Commercial Paper	270 days	25%*	Highest rating by an NRSRO	10%
Joint Powers Authority Pool	N/A	50%	AAm	10%
Local Agency Investment Fund (LAIF)	N/A	\$ 100,000,000	None	\$75,000,000
Medium-Term Notes	5 years	30%	A	10%
Money Market Mutual Funds	N/A	20%	Highest rating by an NRSRO	10%
Mortgage Pass-Through & Asset-Backed	5 years	20%	AA	10%
Negotiable Certificates of Deposit	5 years	30%	A (long-term), A-I (short-term)	10%
Placement Service Deposits & Placement	5 years	30%	None	10%
Repurchase Agreements	90 days	10%	A (long-term), A-I (short-term)	10%
State Obligations- CA and Other & CA Local Agency Obligations	5 years	30%	A (long-term), A-I (short-term)	10%
Supranational Obligations	5 years	30%	AA	10%
United States Agency Obligations	5 years	None*	None	No Limit
United States Treasury Obligations	5 years	None	None	No Limit

* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.



(2) Cash and Investments, continued

Investments Authorized by Debt Agreement

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. Investments authorized for funds held by bond trustee include, U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, the California Local Agency Investment Fund, Guaranteed Investment Contracts, Commercial Paper, Local Agency Bonds, Banker's Acceptance and Money Market Mutual Funds. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed, or the maximum maturity of an investment, except for the maturity of Banker's Acceptance which are limited to a year.

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 counter party (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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities using mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The District had deposits with a bank balance of \$4,774,777 as of June 30, 2023. Of the bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name. The District's Director of Finance & Technology Services may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated by a nationally recognized statistical rating organization, but, as stated previously, it is regulated by the California Government Code, and is therefore exempt from rating requirements.



(2) Cash and Investments, continued

California Asset Management Program (CAMP)

The District has joined and invested with the California Asset Management Program (CAMP). This program is a California Joint Powers Authority that provides California public agencies with professional investment services. This is a stable net asset value investment with daily liquidity, promising safety of principal with a competitive yield.

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 will be to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations and their fair value measurement levels are provided by the following table that shows the distribution of the District's investments by maturity date:

Investment Type	Remaining Maturity (in Months)			Total	Level		
	12 Months or Less	13 - 24 Months	25 - 60 Months		1	2	3
Investments:							
U.S. Agency Securities:							
Federal National Mortgage Association	\$ 1,680,075	\$ -	\$ -	\$ 1,680,075	\$ -	\$ 1,680,075	\$ -
Federal Home Loan Mortgage Corporation	1,080,519	-	-	1,080,519	-	1,080,519	-
Commercial Paper	968,320	-	-	968,320	-	968,320	-
U.S. Treasuries	20,139,557	11,485,215	18,497,431	50,122,203	50,122,203	-	-
Medium-term Corporate Notes	3,935,335	6,209,715	12,625,968	22,771,018	-	22,771,018	-
Total Securities Classified	27,803,806	17,694,930	31,123,399	76,622,135	<u>\$ 50,122,203</u>	<u>\$ 26,499,932</u>	<u>\$ -</u>
Local Agency Investment Fund (LAIF)	537,920	-	-	537,920	-	-	-
Joint Powers Authority Pool (PFM Camp)	12,033,104	-	-	12,033,104	-	-	-
Money Markets	1,852,565	-	-	1,852,565	-	-	-
Cash with fiscal agent:							
Money Market Funds	25,879	-	-	25,879	-	-	-
	<u>\$ 42,253,274</u>	<u>\$ 17,694,930</u>	<u>\$ 31,123,399</u>	<u>\$ 91,071,603</u>			

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Municipal bonds, corporate notes and CD's, and supranational obligations classified in Level 2 of the fair value hierarchy are valued using a matrix pricing model. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.



(2) Cash and Investments, continued

Credit Risk, continued

Investment Type	Minimum Legal Rating	Rating	June 30, 2023
U.S. Agency Securities:			
Federal National Mortgage Association	AA+	AA+	\$ 1,680,075
Federal Home Loan Mortgage Corporation	AA+	AA+	1,080,519
U.S. Treasuries	AA+	AA+	50,122,203
Municipal Bonds	A	AA	968,320
Medium-term Corporate Notes	A	AA	1,874,785
		AA-	979,775
		A+	3,541,809
		A	5,656,750
		A-	4,868,090
		BBB+	5,849,809
Local Agency Investment Fund (LAIF)	N/A	N/A	537,920
Joint Powers Authority Pool (PFM Camp)	AAm	AAAm	12,033,104
Money Market Funds	A	AAA	1,852,565
Cash with Fiscal Agent:			
Money Market Funds	A	AAA	25,879
			\$ 91,071,603

Concentration of Credit Risk

The investment policy of the District has set a limitation of 10% that can be invested in any one issuer. The District does not have any investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District's investments.

(3) Restricted Assets

Restricted assets were provided by, and are to be used for, the following:

Funding Source	Use	Amount
Sewer Facility Fees	Construction of Sewer Treatment Facilities (Note 7)	\$ 14,664,298
Debt Proceeds	Construction of Specific Assets Outlined In Issues	377
		\$ 14,664,675

(4) Water in Storage

The District is entitled to water in the Chino Basin. To accommodate future growth, the District has purchased additional water from other purveyors within the Basin, which is stored in the Basin. The water is intended for use in future years. As of June 30, 2023, the District's unsold water purchases amounted to \$38,961,563.



(5) Capital Assets

Changes in capital assets for the year were as follows:

	<u>Balance July 1, 2022</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance June 30, 2023</u>
Non-Depreciable Assets:				
Water:				
Land	\$ 9,002,043	\$ 374,249	\$ -	\$ 9,376,292
Water Rights	92,756,207	3,600	-	92,759,807
Construction in Progress	20,256,455	7,265,390	(16,540,238)	10,981,607
Sewer:				
Construction in Progress	173,141	395,189	(53,322)	515,008
Recycled Water:				
Construction in Progress	72,512	12,471	-	84,983
Total Non-Depreciable Assets	<u>122,260,358</u>	<u>8,050,899</u>	<u>(16,593,560)</u>	<u>113,717,697</u>
Depreciable Assets:				
Water:				
Intangibles	247,708	-	-	247,708
Source of Supply	25,200,697	9,838,791	(894,332)	34,145,156
Pumping Plant	14,722,904	881,739	-	15,604,643
Transmission and Distribution	229,678,444	6,469,324	-	236,147,768
Treatment Plant	115,366,934	-	-	115,366,934
General Water	42,627,208	835,466	(51,180)	43,411,494
Sewer:				
Intangibles	127,819	-	-	127,819
Collection and Transmission	78,932,805	638,454	-	79,571,259
General Sewer	9,312,161	140,751	-	9,452,912
Recycled Water:				
Intangibles	181,682	-	-	181,682
Wastewater Reclamation	5,608,270	-	-	5,608,270
Frontier Project Foundation:				
Office Equipment	77,497	7,030	-	84,527
Total Depreciable Assets	<u>522,084,129</u>	<u>18,811,555</u>	<u>(945,512)</u>	<u>539,950,172</u>
Less: Accumulated Depreciation				
Water:				
Intangibles	(189,417)	(5,702)	-	(195,119)
Source of Supply	(9,967,629)	(588,203)	431,099	(10,124,733)
Pumping Plant	(7,041,907)	(936,220)	-	(7,978,127)
Transmission and Distribution	(97,163,068)	(5,208,224)	-	(102,371,292)
Treatment Plant	(51,900,750)	(3,200,740)	-	(55,101,490)
General Water	(19,824,198)	(1,576,174)	34,863	(21,365,509)
Sewer:				
Intangibles	(87,093)	(3,193)	-	(90,286)
Collection and Transmission	(37,832,000)	(1,569,153)	-	(39,401,153)
General Sewer	(5,489,687)	(431,605)	-	(5,921,292)
Recycled Water:				
Intangibles	(76,323)	(4,542)	-	(80,865)
Wastewater Reclamation	(1,463,754)	(112,168)	-	(1,575,922)
Frontier Project Foundation:				
Office Equipment	(77,497)	(1,004)	-	(78,501)
Total Accumulated Depreciation	<u>(231,113,323)</u>	<u>(13,636,928)</u>	<u>465,962</u>	<u>(244,284,289)</u>
Total Net Depreciable Assets	<u>290,970,806</u>	<u>5,174,627</u>	<u>(479,550)</u>	<u>295,665,883</u>
Total Net Capital Assets	<u>\$ 413,231,164</u>	<u>\$ 13,225,526</u>	<u>\$ (17,073,110)</u>	<u>\$ 409,383,580</u>



(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Current Portion
Revenue Bonds	\$ 138,610,000	\$ -	\$ (7,705,000)	\$ 130,905,000	\$ 8,395,000
Deferred Bond Premium	7,267,241	-	(559,019)	6,708,222	-
Net Revenue Bonds	145,877,241	-	(8,264,019)	137,613,222	8,395,000
Finance Purchase Agreements	3,657,450	-	(1,027,539)	2,629,911	1,052,080
Loan Payable	277,421	-	(34,588)	242,833	34,614
Compensated Absences	2,505,478	1,685,201	(1,514,765)	2,675,914	1,514,765
	<u>\$ 152,317,590</u>	<u>\$ 1,685,201</u>	<u>\$ (10,840,911)</u>	<u>\$ 143,161,880</u>	<u>\$ 10,996,459</u>

Revenue Bond principal balances for the year ended June 30, 2023 are as follows:

2014 Revenue Bonds	\$ 6,530,000
2016 Revenue Bonds	13,265,000
2018A Revenue Bonds	9,710,000
2018B Revenue Bonds	50,215,000
2021A Revenue Bonds	31,100,000
2021B Revenue Bonds	20,085,000
	<u>\$ 130,905,000</u>

Finance Purchase Agreements principal balances for the year ended June 30, 2023 are as follows:

2010 Fixed Network Meter Replacement	\$ 410,297
2016 Fixed Network Meter Replacement	2,219,614
	<u>\$ 2,629,911</u>

2014 Revenue Bonds

In July 2014, the Cucamonga Valley Water District Financing Authority issued Revenue Bonds in the amount of \$12,150,000. The proceeds were used to fund the acquisition and construction of certain capital improvements and equipment, to refund the outstanding 2003 Certificates of Participation, and to pay for the costs of issuance.

The 2014 Revenue Bonds are scheduled to mature annually on September 1, 2022 to September 1, 2030 in amounts ranging from \$605,000 to \$1,575,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 2.5% to 5%.

Debt service requirements on the 2014 Certificates of Participation are as follows:

Year	Principal	Interest	Total
2024	\$ 1,575,000	\$ 246,212	\$ 1,821,212
2025	740,000	188,337	928,337
2026	780,000	150,337	930,337
2027	810,000	114,638	924,638
2028	845,000	81,538	926,538
2029-2030	1,780,000	68,519	1,848,519
	<u>\$ 6,530,000</u>	<u>\$ 849,581</u>	<u>\$ 7,379,581</u>



(6) Long-term Liabilities, continued

2016 Revenue Bonds

In February 2016, the Cucamonga Valley Water District Financing Authority issued Revenue Bonds in the amount of \$19,940,000. The proceeds were used to pay off the outstanding Cucamonga Valley Water District 2006 Certificates of Participation, a portion of the 2009 Certificates of Participation, and to pay costs incurred in connection with the issuance of the bonds. The 2016 Revenue Bonds are scheduled to mature annually on September 1, 2017 to September 1, 2036 in amounts ranging from \$395,000 to \$9,250,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 3% to 5%.

Debt service requirements on the 2016 Certificates of Participation are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 439,763	\$ 439,763
2025	-	439,762	439,762
2026	-	439,763	439,763
2027	-	439,762	439,762
2028	-	439,763	439,763
2029-2033	935,000	2,184,787	3,119,787
2034-2037	12,330,000	1,189,094	13,519,094
	<u>\$ 13,265,000</u>	<u>\$ 5,572,694</u>	<u>\$ 18,837,694</u>

2018A Revenue Bonds

In May 2018, the Cucamonga Valley Water District Financing Authority issued Revenue Bonds in the amount of \$9,710,000. The proceeds were used to fund the acquisition and construction of certain capital improvements and equipment. The 2018A Revenue Bonds are scheduled to mature annually on September 1, 2032 to September 1, 2035 in amounts ranging from \$2,290,000 to \$2,590,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 3% to 5%.

Debt service requirements on the Water Revenue Bonds, Series 2018A are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 401,175	\$ 401,175
2025	-	401,175	401,175
2026	-	401,175	401,175
2027	-	401,175	401,175
2028	-	401,175	401,175
2029-2033	2,290,000	1,970,094	4,260,094
2034-2036	7,420,000	547,056	7,967,056
	<u>\$ 9,710,000</u>	<u>\$ 4,523,025</u>	<u>\$ 14,233,025</u>



(6) Long-term Liabilities, continued

2018B Revenue Bonds (Federally Taxable)

In May 2018, the Cucamonga Valley Water District Financing Authority issued Federally Taxable Revenue Bonds in the amount of \$63,745,000. The proceeds were used to pay off a portion of the outstanding Cucamonga Valley Water District 2011 Certificates of Participation, and to pay costs incurred in connection with the issuance of the bonds. The 2018B Revenue Bonds are scheduled to mature annually on September 1, 2018 to September 1, 2031 in amounts ranging from \$2,500,000 to \$6,555,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 2% to 4%.

Debt service requirements on the Water Revenue Bonds, Series 2018B are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,465,000	\$ 1,735,921	\$ 6,200,921
2025	5,315,000	1,577,185	6,892,185
2026	5,505,000	1,395,902	6,900,902
2027	5,685,000	1,201,409	6,886,409
2028	5,895,000	994,390	6,889,390
2029-2032	23,350,000	1,703,108	25,053,108
	<u>\$ 50,215,000</u>	<u>\$ 8,607,915</u>	<u>\$ 58,822,915</u>

2021A Revenue Bonds (Federally Taxable)

In April 2021, the Cucamonga Valley Water District Financing Authority issued Federally Taxable Revenue Bonds in the amount of \$33,785,000. The proceeds were used to pay off the remaining portion of the outstanding Cucamonga Valley Water District Financing Authority Water Revenue Bonds, Series 2012, and to pay costs incurred in connection with the issuance of the bonds. The 2021A Revenue Bonds are scheduled to mature annually on September 1, 2021 to September 1, 2042 in amounts ranging from \$1,295,000 to \$1,970,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 0.17% to 2.67%.

Debt service requirements on the Water Revenue Bonds, Series 2021A are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,300,000	\$ 704,397	\$ 2,004,397
2025	1,305,000	697,620	2,002,620
2026	1,320,000	686,714	2,006,714
2027	1,330,000	671,934	2,001,934
2028	1,350,000	653,293	2,003,293
2029-2033	7,145,000	2,869,602	10,014,602
2034-2038	8,050,000	1,967,729	10,017,729
2039-2043	9,300,000	716,379	10,016,379
	<u>\$ 31,100,000</u>	<u>\$ 8,967,668</u>	<u>\$ 40,067,668</u>



(6) Long-term Liabilities, continued

2021B Revenue Bonds (Tax Exempt)

In June 2021, the Cucamonga Valley Water District Financing Authority issued Federally Tax-Exempt Revenue Bonds in the amount of \$21,085,000. The proceeds were used to refund all of the outstanding Cucamonga Valley Water District Water Revenue Bonds, 2011 Series A, and to pay costs incurred in connection with the issuance of the bonds. The 2021B Revenue Bonds are scheduled to mature annually on September 1, 2021 to September 1, 2035 in amounts ranging from \$380,000 to \$1,935,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 4% to 5%.

Debt service requirements on the Water Revenue Bonds, Series 2021B are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,055,000	\$ 933,075	\$ 1,988,075
2025	1,385,000	872,075	2,257,075
2026	1,445,000	801,325	2,246,325
2027	1,525,000	727,075	2,252,075
2028	1,600,000	648,950	2,248,950
2029-2033	8,595,000	1,948,875	10,543,875
2034-2036	4,480,000	273,400	4,753,400
	<u>\$ 20,085,000</u>	<u>\$ 6,204,775</u>	<u>\$ 26,289,775</u>

2010 Fixed Network Meter Replacement Finance Purchase Agreement

The District entered into an agreement dated October 1, 2010 with Chase Equipment Finance to finance the purchase of certain equipment related to the District's fixed network retrofit and meter exchange program in the amount of \$2,200,000. The finance purchase agreement requires quarterly payments of \$47,659 at an interest rate of 3.59%.

Debt service requirements on the 2010 fixed network meter replacement finance purchase agreement are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 178,288	\$ 12,347	\$ 190,635
2025	184,775	5,860	190,635
2026	47,234	424	47,658
	<u>\$ 410,297</u>	<u>\$ 18,631</u>	<u>\$ 428,928</u>

2016 Fixed Network Meter Replacement Finance Purchase Agreement

The District entered into an agreement dated November 13, 2015 with Chase Equipment Finance to finance the purchase of certain equipment related to the District's fixed network retrofit and meter exchange program in the amount of \$8,216,000. As of June 30, 2023, equipment in the amount of \$7,224,441 had been purchased. The lease purchase agreement requires quarterly payments of \$228,483 at an interest rate of 2.12%.

Debt service requirements on the 2016 fixed network meter replacement finance purchase agreement are as follows:



(6) Long-term Liabilities, continued

2016 Fixed Network Meter Replacement Finance Purchase Agreement, continued

Year	Principal	Interest	Total
2024	\$ 873,792	\$ 40,140	\$ 913,932
2025	892,464	21,468	913,932
2026	453,358	3,607	456,965
	\$ 2,219,614	\$ 65,215	\$ 2,284,829

Church Street Lateral Loan Payable

The District entered into an agreement dated November 24, 2009 with Inland Empire Utilities Agency (IEUA) for the construction of a recycled water pipeline. A portion of the pipeline was for the purpose of IEUA's Regional Recycled Water system and a portion was for the purpose of the District's recycled water connections. The entire project is to be funded by a State of California Revolving Fund (SRF) loan, obtained by IEUA, which offers low interest rates for the purpose of constructing infrastructure. The District paid for the construction costs and was subsequently reimbursed by IEUA in the amount of \$2,441,548. IEUA obtained two grants for the project. The amounts of the grants were \$344,760 and \$615,822. The grants were received from the California State Water Resources Control Board and the United States Bureau of Reclamation respectively.

The District's portion of the grants was \$461,939. The District's portion of the pipeline amounted to \$690,648, which is payable by the District in annual installments of \$34,532 including interest at .074%.

Debt service requirements on the Church Street Lateral loan payable are as follows:

Year	Principal
2024	\$ 34,614
2025	34,639
2026	34,665
2027	34,690
2028	34,716
2029-2030	69,509
	\$ 242,833

(7) Intergovernmental Payable

The District, along with other agencies in the area, has an agreement with the Inland Empire Utilities Agency (IEUA) to share in construction costs of regional sewer treatment facilities. Construction costs are paid by tax increments each year by IEUA. If these tax increments do not cover the construction costs, the various agencies involved will be billed their allocated percentage. The District collects sewer facilities fees that by this agreement must be paid to IEUA when collected. The District is allowed to earn interest on any sewer facilities fees collected until remitted to IEUA. The District's liability for collected but unremitted sewer facilities fees at June 30, 2023 is \$14,664,298.

(8) Water Held for Inland Empire Utilities Agency

The District entered into an agreement dated March 1, 2016 with IEUA in which IEUA will pay for the purchase and delivery of Metropolitan Water District imported water to the District. The District in return will account for an equivalent volume of Chino Basin groundwater to IEUA within the District's existing Excess Carryover Storage Account. The District's liability for this water held for IEUA at June 30, 2023 is \$2,269,983.

(9) Net Investments in Capital Assets

Investment in capital assets, net of related debt, at June 30, 2023, consisted of the following:

Non-Depreciable Capital Assets	\$ 113,717,697
Net Depreciable Capital Assets	295,665,883
Finance Purchase Agreements - Current Portion	(1,052,080)
Revenue Bonds - Current Portion	(8,395,000)
Finance Purchase Agreements - Noncurrent Portion	(1,577,831)
Revenue Bonds - Noncurrent Portion	(129,217,845)
Loans Payable	(242,833)
Deferred Charge - Refunding of Certificates of Participation	638,874
	\$ 269,536,865

(10) Designation of Unrestricted Net Position

The District has adopted a Reserve Policy to establish designations of unrestricted net position. The designations established at June 30, 2023 are as follows:

Reserve Types	Fund		
	Water	Sewer	Recycled Water
Capital			
Capital Project ⁽¹⁾	\$ 14,000,000	\$ 14,000,000	\$ -
Capital Emergency ⁽²⁾	3,609,000	838,000	-
Administrative Capital Improvement ⁽³⁾	653,000	97,000	-
Local Water Resource Development ⁽⁴⁾	4,000,000	N/A	N/A
Liquidity			
Operating ⁽⁵⁾	14,223,145	10,816,278	-
Rate Stabilization ⁽⁶⁾	15,035,499	N/A	N/A
Water Banking ⁽⁷⁾	2,500,000	N/A	N/A
Customer Assistance Program Carry Over ⁽⁸⁾	200,000	N/A	N/A
Compensated Absences ⁽⁹⁾	2,173,606	447,369	-
Undesignated	-	-	(149,420)
Total Unrestricted Net Position	\$ 56,394,250	\$ 26,198,647	\$ (149,420)

Note (1) Capital Project Reserve: The funding target is a minimum of 100% of the current budgeted pay-go capital projects plus 25% of subsequent year's pay-go capital projects for each fund. The maximum target level is 100% of the current and two subsequent years' pay-go capital budget.

Note (2) Capital Emergency Reserve: The funding target is a minimum of 1% and a maximum of 4% of the capital assets in the fund

Note (3) Administrative Capital Improvement Reserve: The funding target is a minimum balance of 100% of each current budgeted vehicle, field, and office related capital project for each fund. Maximum target is a balance is equal to the minimum balance with an annual inflationary adjustment.



(10) Designation of Unrestricted Net Position, continued

Note (4) Local Water Resource Development Reserve: The funding target is a minimum of \$4 million, the approximate cost of a new groundwater well and a maximum of \$8 million, the estimated cost of two new groundwater wells.

Note (5) Operating Reserve: The funding target is a minimum of 20% and a maximum of 50% of the budgeted total operating expenses in the fund.

Note (6) Rate Stabilization Reserve: The funding target is a minimum of \$2,200,000.

Note (7) Water Banking Reserve: The funding target is a minimum of 3% of the budgeted water sales and a maximum equal to the cost of purchasing 5,000 acre feet of Metropolitan Water District Tier 2 imported water.

Note (8) Customer Assistance Program Carry Over: Funding set aside for the Customer Assistance Program when expenses are below budget, maximum \$200,000.

Note (9) Compensated Absences: The funding target is a minimum of 50% of the calculated annual liability for each fund and the maximum is 100% of the same liability.

(11) Capital Contributions

Capital contributions for the fiscal year ending June 30, 2023 were as follows:

Developer Fees	\$ 1,434,069
Developer Donated Assets	674,084
Total Contributed Capital	<u>\$ 2,108,153</u>

(12) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in three 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Fair value of all plan assets held in trust by the District's three deferred compensation plans at June 30, 2023 amounted to \$7,685,228. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

(13) Defined Benefit Pension Plans

The District has one pension plan with CalPERS and two with PARS. The information below includes the aggregate total pension related items for all plans.

	CalPERS (Note 14)	PARS (Note 15)	Excess Benefit (Note 16)	Total
Net Pension Liability	\$ 30,582,346	\$ 530,578	\$ 1,857,180	\$ 32,970,104
Pension Plans Deferred Outflows	13,568,748	1,294,354	1,026,327	15,889,430
Pension Plans Deferred Inflows	137,033	10,720	1,016,713	1,164,466
Pension Expense	4,619,537	425,093	48,122	5,092,752



(14) CalPERS Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, agent 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 Local Government 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. Employees are eligible for benefits under the plan in one of three tiers.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Tier 1	Tier 2	Tier 3
Hire date	Before 1/1/2011	On or after 1/1/2011 but before 1/1/2013	On or after 1/1/2013
Benefit formula	2.5% at 55	2% at 60	2% at 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum age 50	Minimum age 50	Minimum age 52
Required employer contribution rates	9.78%	9.78%	9.78%
Required employee contribution rates	8%	7%	6.50%
Employee contribution covered by the employer	0%	0%	0%

Employees Covered Table:

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	42
Active employees	121
Total	<u>278</u>

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.



(14) CalPERS Pension Plan, continued

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

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

Discount Rate

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 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 expected real rates of return by asset class are as followed:



(14) CalPERS Pension Plan, continued

Asset Class ⁽¹⁾	Asset Allocation	Real Return ⁽¹⁾⁽²⁾
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0	3.84
Private Equity	13.0	7.28
Treasury	5.0	0.27
Mortgage backed Securities	5.0	0.50
Investment Grade Corporates	10.0	1.56
High Yield	5.0	0.02
Emerging Market Debt	5.0	2.48
Private Debt	5.0	3.57
Real Assets	5.0	3.21
Leverage	(5.0)	(0.59)

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

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

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
	(a)	(b)	(c)=(a)-(b)
Balance at: 6/30/2021	\$ 104,747,195	\$ 91,024,515	\$ 13,722,680
Changes Recognized for the Measurement Period:			
Service Cost	2,128,582	-	2,128,582
Interest on the Total Pension Liability	7,503,561	-	7,503,561
Changes of Assumptions	4,450,710	-	4,450,710
Difference between Expected and Actual Experience	608,326	-	608,326
Contributions - Employer	-	4,004,837	(4,004,837)
Contributions - Employees	-	804,952	(804,952)
Net Investment Income	-	(6,921,573)	6,921,573
Benefit Payments, including Refunds of Employee Contributions	(4,246,481)	(4,246,481)	-
Administrative Expense	-	(56,703)	56,703
Net Changes During 2021-22	10,444,698	(6,414,968)	16,859,666
Balance at: 6/30/2022	\$ 115,191,893	\$ 84,609,547	\$ 30,582,346



(14) CalPERS Pension Plan, continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Plan's Net Pension Liability/(Assets)	\$48,181,877	\$30,582,346	\$16,260,269

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expenses. The amortization period differs depending on the source of the gain or loss:

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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the measurement period ending June 30, 2022 measurement period is 5.2 years, which was obtained by dividing the total service years of 1,576 (the sum of remaining service lifetimes of the active employees) by 306 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the District incurred a pension expense of \$4,619,537 for the Plan. As of June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Change in Assumptions	\$	3,594,804	\$	(30,565)
Difference between Expected and Actual Experience		1,278,415		(106,468)
Net Difference between Projected and Actual Earnings on Pension Plan Investments		4,336,265		-
Contributions subsequent to the Measurement Date		4,359,264		-
Total	\$	13,568,748	\$	(137,033)



(14) CalPERS Pension Plan, continued

\$4,359,264 will be recognized as reduction to the net pension liability in the following measurement period, the remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	\$ 2,145,208
2024	1,708,604
2025	1,409,665
2026	3,614,398
2027	194,576

Subsequent Events

The actuarial valuation report reflects fund investment return through June 30, 2022, and statutory/regulatory changes and board actions through January 2023.

During the period between the valuation date and the publication of reported actuarial, inflation has been significantly higher than expected inflation of 2.3% per annum. Since inflation influences cost of living increase for retirees, beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2023, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, CalPERS believes a long-term inflation assumption of 2.3% is appropriate.

(15) PARS Retirement Enhancement Plan

Plan Description

Effective July 1, 2003, the District established the PARS Retirement Enhancement Plan (the "REP"), a Single Employer defined benefit retirement plan, to provide a supplemental retirement benefit to the employee's pension benefit from CalPERS. The Plan is currently funded through PARS, a multiple agency trust. Benefit provisions and all other requirements are established by state statute and the District. Copies of the PARS audited GAAP basis annual financial report may be obtained by writing to PO Box 12919, Newport Beach, CA 92658-2919.

Benefits Provided

An employee is eligible to receive the REP benefit at retirement if employed by the District at July 1, 2003, is at least age 50 and has at least 20 years of service or 5 years of service on or after July 1, 2003. Employees hired on or after January 1, 2011 are not eligible for the REP.

The monthly retirement benefit is equal to the difference between 1) and 2) below:

- 1) Benefit Service x Final Pay x PARS Age Factor
- 2) Benefit Service x Final Pay x CalPERS Age Factor

The CalPERS Age Factor is defined as the 2.5% at 55 Local Miscellaneous Member benefit age factor used by CalPERS determined at your age of retirement. The PARS Age Factor is determined at your age of retirement under CalPERS. Both factors by CalPERS retirement age are presented in the following table.



(15) PARS Retirement Enhancement Plan, continued

Inactive employees or beneficiaries currently receiving benefits	49
Inactive employees entitled to but not yet receiving benefits	17
Active employees	65
Total	131

Retirement Age	CalPERS Age Factor	PARS Age Factor	REP
50	2.000%	2.000%	0.000%
51	2.100%	2.140%	0.040%
52	2.200%	2.280%	0.080%
53	2.300%	2.420%	0.120%
54	2.400%	2.560%	0.160%
55+	2.500%	2.700%	0.200%

Benefits are payable as a life annuity for the lifetime of the eligible employee subject to a 2% annual cost-of-living increase. Two Optional Forms of payments are also available.

Contribution Description

The District currently funds the REP through the PARS trust. The contribution for the 2022-2023 fiscal year is \$180,000. The annual contribution represents a means to expense the REP liabilities in an orderly manner. The net pension obligation at the end of the fiscal year will reflect any contributions made during the measurement period by the District.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	The Entry Age Normal level percent of pay cost method
Actuarial Assumptions	
Discount Rate	6.00%
Inflation	2.25%
Salary Increases	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study. Rates are based on a wage growth rate of 2.75% per year plus merit and promotion increases.
Investment Rate of Return	6.00%
Mortality Rate Table	Pub-2010 General above-median income Employee and Retiree mortality tables projected with generational mortality improvement using 80% of scale MP-2020
Post Retirement Benefit Increase	Assumed to increase 2% per year

Change of Assumptions

Since the previous valuation the discount rate has remained unchanged at 6.00%. The inflation rate remained the same, 2.25%, based on forward-looking market expectations.



(15) PARS Retirement Enhancement Plan, continued

Discount Rate

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 geometric rates of return are net of administrative expenses.

Asset Class	Strategic Allocation	Long-Term Expected Real Rate
Domestic Equity	33.00%	4.76% - 5.25%
International Equity	17.00%	5.41% - 6.38%
Fixed Income	48.00%	2.01% - 3.53%
Real Estate and Alternatives	0.00%	4.53%
Cash and Equivalents	2.00%	0.74%

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. The actuarial liability for the REP includes benefits for the current retirees as well as for the current active employees expected to retire in the future. This plan was closed to employees hired after January 11, 2011, therefore, the valuation does not consider employees not yet hired as of the valuation date.

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2021	\$ 7,311,629	\$ 8,248,501	\$ (936,872)
Changes Recognized for the Measurement Period:			
Service Cost	117,087	-	117,087
Interest on the Total Pension Liability	438,535	-	438,535
Contribution from the Employer	-	180,000	(180,000)
Net Investment Income	-	(1,059,715)	1,059,715
Benefit Payments including Refunds of Employee Contributions	(239,608)	(239,608)	-
Administrative Expense	-	(32,113)	32,113
Net Changes During 2021-2022	316,014	(1,151,436)	1,467,450
Balance at: 6/30/2022	\$ 7,627,643	\$ 7,097,065	\$ 530,578

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the REP as of the measurement date, calculated using the discount rate of 6.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.00%) or 1 percentage-point higher (7.00%) than the current rate:



(15) PARS Retirement Enhancement Plan, continued

	Discount Rate -1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate +1% (7.00%)
Plan's Net Pension Liability/(Assets)	\$1,672,803	\$530,578	(\$400,380)

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual	5 year straight-line amortization
All other amounts	Straight-line amortization over a closed period equal to the average of the expected remaining service lives of all members (i.e., active employees and terminated/retired members) that are provided with pensions through the pension plan.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ending June 30, 2023 the District incurred a pension expense of \$425,093 for the Plan. As of June 30, 2023, the District has deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ 389,680	\$ (10,720)
Difference between Expected and Actual Liability	107,053	-
Net Difference between Projected and Actual	617,621	-
Contributions subsequent to the Measurement Date	180,000	-
Total	\$ 1,294,354	\$ (10,720)

\$180,000 will be recognized as reduction to the Net Pension Liability in the following measurement period, the remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ 369,738
2025	270,511
2026	153,165
2027	310,220

Subsequent Events

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



(16) Excess Benefit Plan

Plan Description

Effective January 1, 2011, the District established the Excess Benefit Plan (the "Plan") to provide a benefit to participants in the PARS Retirement Enhancement Plan (REP) whose benefit is limited due to the dollar limitation under Section 415 of the Internal Revenue Code. The plan is a Single Employer plan. Benefit provisions and all other requirements are established by state statute and the District. Copies of the PARS audited GAAP basis annual financial report may be obtained by writing to PO Box 12919, Newport Beach, CA 92658-2919.

Benefits Provided

Eligibility for the Plan requires participation in the REP. In general, the Plan will pay a benefit equal to the full REP benefit if the benefit payable under CalPERS is greater than the applicable dollar limitation at retirement. In addition, the Plan will pay a benefit equal to a portion of the REP benefit, if the combined REP and CalPERS benefit is greater than the applicable dollar limit at retirement. Employees hired on or after January 1, 2011 are not eligible for the Plan.

Employees Covered Table:

Inactive employees or beneficiaries currently receiving benefits	3
Active employees	65
Total	<u>68</u>

Contribution Description

The District does not contribute beyond the current year member benefit payments. The Plan is unfunded and benefits under the Plan are paid through the general fund of the District or through an Excess Benefit Plan Trust (the "Trust") that has been set up by the District through PARS. The Trust is a grantor trust held by the District subject to the claims of the District's creditors.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB
Actuarial Assumptions	
Discount Rate	3.69%
Inflation	2.25%
Salary Increases	N/A
Investment Rate of Return	N/A
Mortality Rate Table	Pub-2010 General Disabled mortality tables projected with generational mortality improvement using 80% of scale MP-2020
Post Retirement Benefit Increase	Assumed to increase 2% per year

Change of Assumptions

Since the previous valuation the discount rate increased from 1.92% to 3.69%. Total Pension Liability decreased from \$2,471,972 to \$1,857,180.



(16) Excess Benefit Plan, continued

Changes in the Total Pension Liability

The following table shows the changes in total pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2021	\$ 2,471,972	\$ -	\$ 2,471,972
Changes Recognized for the Measurement Period:			
Service Cost	36,790	-	36,790
Interest on the Total Pension Liability	47,366	-	47,366
Changes of Assumptions	(615,390)	-	(615,390)
Contribution from the Employer	-	83,558	(83,558)
Benefit Payments including Refunds of Employee Contributions	(83,558)	(83,558)	-
Net Changes During 2021-22	(614,792)	-	(614,792)
Balance at: 6/30/2022	\$ 1,857,180	\$ -	\$ 1,857,180

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability of the Plan as of the measurement date, calculated using the discount rate of 3.69 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.69 percent) or 1 percentage-point higher (4.69 percent) than the current rate:

	Discount Rate -1% (2.69%)	Current Discount Rate (3.69%)	Discount Rate +1% (4.69%)
Plan's Total Pension Liability/(Assets)	\$2,173,536	\$1,857,180	\$1,603,982

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ending June 30, 2023 the District incurred a pension expense of \$48,122 for the Plan. As of June 30, 2023, the District has deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ 415,681	\$ 985,621
Difference between Expected and Actual Experience	514,628	31,092
Contributions subsequent to the Measurement Date	96,018	-
Total	\$ 1,026,327	\$ 1,016,713



(16) Excess Benefit Plan, continued

\$96,018 will be recognized as reduction to the total pension liability in the following measurement period, the remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ (36,034)
2025	(36,034)
2026	(43,879)
2027	(58,662)
2028	36,968
Thereafter	51,237

Subsequent Events

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

(17) Other Postemployment Benefits

Plan Description

The District administers a single-employer defined benefit healthcare plan which provides medical insurance benefits to eligible retirees and their eligible dependents in accordance with District ordinances.

Benefits Provided

Employees are eligible for retiree health care benefits according to the following matrix:

	Minimum Age at Retirement	Years of Service with District	Coverage Provided
Tier 1 - Hired Before 11/1/2006 and Executives	50	10	Employee Only
Tier 2 - Hired Between 11/1/2006 & 1/1/2011	50	25	Employee Only
Tier 3 - Hired Before 11/1/2011 and Executives	60	15	Employee and Dependents
Tier 4 - Hired Between 11/1/2006 & 1/1/2011 and Executives	50	20	Employee and Dependents
Tier 5 - Hired After 1/1/2011	-	5	Health Savings Account

Employees hired on or after January 1, 2011 are enrolled in a defined contribution health savings plan after five years of employment.

Active employees	52
Active employees waiving coverage	11
Inactive employees or beneficiaries current receiving benefits	52
Inactive employees with only non-medical OPEB coverage	3
Total	<u>118</u>



(17) Other Postemployment Benefits, continued

Contribution Description

Retirees must pay the portion of the coverage, if any, not covered by their benefits. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's Board of Directors. District assets designated for OPEB are invested in California Employers' Retiree Benefits Trust (CERBT) Strategy 1, which is a qualified irrevocable trust under IRC Section 115 and administered by CalPERS. Annual contributions by the District are equal to at least 75 percent of the Annual Required Contribution (ARC). Benefit payments equal to the annual direct plus implicit subsidy are paid from the trust. For fiscal year 2023, the District contributed \$2,480,774 to the plan, including \$880,774 for current premiums and an additional \$1,600,000 to prefund. Plan members receiving benefits contributed \$115,931.

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total net OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal																											
Actuarial Assumptions																												
Discount Rate	6.00%																											
Inflation	2.25%																											
Salary Increases	2.75%																											
Investment Rate of Return	6.00%																											
Mortality Rate	<p>Healthy Mortality: Pub-2010 General above median income Employee and Retiree mortality tables projected with generational mortality improvement using 80% of scale MP-2020.</p> <p>Disabled Mortality: Pub-2010 General Disabled mortality tables projected with generational mortality improvement using 80% of scale MP-2020.</p>																											
Healthcare Trend Rate	<p>Annual increases in per capita claims costs and plan premiums are as follows:</p> <table border="1"> <thead> <tr> <th colspan="3">Medical Coverage</th> </tr> <tr> <th>Fiscal Year Ending</th> <th>Not Medicare Eligible</th> <th>Medicare Eligible</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>6.7%</td> <td>4.7%</td> </tr> <tr> <td>2023</td> <td>6.2%</td> <td>4.7%</td> </tr> <tr> <td>2024</td> <td>5.7%</td> <td>4.7%</td> </tr> <tr> <td>2025</td> <td>5.2%</td> <td>4.7%</td> </tr> <tr> <td>2026-2038</td> <td>4.7%</td> <td>4.7%</td> </tr> <tr> <td>2039-2074</td> <td>Transition to ultimate rate</td> <td>Transition to ultimate rate</td> </tr> <tr> <td>2075+</td> <td>3.7%</td> <td>3.7%</td> </tr> </tbody> </table> <p>- Medicare Part B premiums are assumed to increase 5.5% annually through fiscal year ending 2025 and then increase with the above trend rates annually thereafter.</p> <p>- Dental and vision premiums are assumed to increase 3.25% and 2.00% annually, respectively.</p>	Medical Coverage			Fiscal Year Ending	Not Medicare Eligible	Medicare Eligible	2022	6.7%	4.7%	2023	6.2%	4.7%	2024	5.7%	4.7%	2025	5.2%	4.7%	2026-2038	4.7%	4.7%	2039-2074	Transition to ultimate rate	Transition to ultimate rate	2075+	3.7%	3.7%
Medical Coverage																												
Fiscal Year Ending	Not Medicare Eligible	Medicare Eligible																										
2022	6.7%	4.7%																										
2023	6.2%	4.7%																										
2024	5.7%	4.7%																										
2025	5.2%	4.7%																										
2026-2038	4.7%	4.7%																										
2039-2074	Transition to ultimate rate	Transition to ultimate rate																										
2075+	3.7%	3.7%																										

Change of Assumptions

Since the previous valuation, there was no change, the discount rate remained the same at 6.00% and healthcare trends rates at 6.70%.



(17) Other Postemployment Benefits, continued

Discount Rate

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Strategy 1	
	Strategic Allocation	Long-Term Expected Real Rate of Return
Global Equity	49.00%	5.00%
Fixed Income	23.00%	5.00%
Treasury Inflation-Protected Securities	5.00%	3.00%
REITs	20.00%	5.00%
Commodities	3.00%	3.00%
Cash	0.00%	2.00%

The discount rate used to measure the total OPEB liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94429-2703.

Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2021	\$ 19,755,465	\$ 13,513,099	\$ 6,242,366
Changes Recognized for the Measurement Period:			
Service Cost	376,510	-	376,510
Interest	1,182,010	-	1,182,010
Difference between Expected and Actual Experience	30,449	-	30,449
Contribution from the Employer	-	2,443,620	(2,443,620)
Net Investment Income	-	(2,006,439)	2,006,439
Benefit Payments	(863,620)	(863,620)	-
Administrative Expense	-	(3,635)	3,635
Net Changes	725,349	(430,074)	1,155,423
Balance at: 6/30/2022	\$ 20,480,814	\$ 13,083,025	\$ 7,397,789



(17) Other Postemployment Benefits, continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	Discount Rate - 1% (5.0%)	Current Discount Rate (6.0%)	Discount Rate +1% (7.0%)
Net OPEB Liability	\$9,969,450	\$7,397,789	\$5,238,954

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trends Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	Trend Rates - 1% (5.7%)	Current Trend Rates (6.7%)	Trend Rates +1% (7.7%)
Net OPEB Liability	\$4,879,362	\$7,397,789	\$10,470,007

Recognition of Gains and Losses

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
Effects of Assumption Changes and Experience Gains and Losses	Straight-line amortization over a closed period equal to the average of the expected remaining service lives of all members (i.e., active employees and terminated/retired members) that are provided with OPEB through the plan.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB income of \$56,632. As of fiscal year ended June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:



(17) Other Postemployment Benefits, continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ 781,550	\$ 175,478
Difference between Expected and Actual Experience	291,834	3,593,885
Net Difference between Projected and Actual Earnings on Investments	1,138,869	-
Contributions subsequent to the Measurement Date	2,480,775	-
Total	\$ 4,693,028	\$ 3,769,363

\$2,480,775, the contributions made after the measurement date of the net pension/OPEB liability/collective net pension/OPEB liability but before the end of the employer's or governmental non-employer contributing entity's reporting period will be recognized as a reduction of the net pension/OPEB liability or collective net pension/OPEB liability in the subsequent fiscal period rather than in the current fiscal period. The remaining amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future expense as follows:

Measurement Period ended	Deferred Outflows/(Inflows) of Resources
2024	\$ (748,610)
2025	(615,617)
2026	(772,681)
2027	579,798

(18) Leases

The District implemented GASB 87 has lease agreements in which the District is the lessor – for buildings and cellular towers. The leases vary in length, but all are received monthly. The District recognized \$455,978 in lease revenue and \$94,403 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, the District's receivable for lease payments was \$2,779,449. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources was \$2,705,443.

(19) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA or Authority). The ACWA/JPIA is a risk-pooling, self-insurance authority, created under California Government Code Sections 6500 et. seq. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and purchases excess insurance coverage for its members. The District has purchased various insurance policies to manage the potential liabilities from the previously named sources. As of June 30, 2023, the District participates in the liability and property programs of the Authority as follows:



(19) Risk Management, continued

Property Loss: Insured up to the replacement value with a \$25,000 deductible per occurrence for buildings, personal property, fixed equipment, and catastrophic coverage. The deductible for mobile equipment and vehicles is \$5,000. The boiler and machinery deductible is \$25,000 or \$50,000 and varies by incident and property type. There is a \$50,000,000 program limit with replacement values. The deductible for flood is \$100,000. The deductible for earthquake is 5% per unit of insurance, subject to \$75,000 with a limit of \$2,500,000. The Property Program includes Business Interruption with a sub-limit of \$500,000 per loss, subject to a \$2,500,000 program aggregate. The ACWA/JPIA is self-insured up to \$100,000 per occurrence and has purchased excess coverage up to \$60,000,000 for its members.

General Liability: The District is insured for general liability up to \$1,000,000 per occurrence, and ACWA/JPIA has purchased additional coverage from commercial insurers, subject to policy aggregate limits.

Auto Liability: The District is insured for automobile liability up to \$1,000,000 per occurrence, and ACWA/JPIA has purchased additional coverage from commercial insurers, subject to policy aggregate limits.

UST Pollution Liability: The District is insured for underground storage tank liability with a \$10,000 deductible for each incident. The Authority is self-insured up to \$3,000,000 per occurrence and has purchased excess insurance coverage in the amount of \$3,000,000 subject to a \$750,000 aggregate expense limit.

Cyber Liability: The deductible for Cyber Liability is \$50,000, subject to a \$2,000,000 annual aggregate limit.

Public Officials' and Employees' Errors and Omissions: The District is insured up to \$5,000,000 per occurrence, and ACWA/JPIA has purchased additional coverage from commercial insurers, subject to policy aggregate limits.

Workers Compensation: The District is insured to statutory requirements.

In addition to the above, the District also has purchased insurance coverage as follows:

Fidelity Coverage: \$100,000 total insurance with a \$1,000 deductible covering public employee dishonesty, forgery or alteration, and computer fraud.

Settled claims have not exceeded any of the coverage amounts in the last three fiscal years, and there were no reductions in the District's insurance coverage during the years ending June 30, 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022, and 2021.

(20) Jointly Governed Organizations

The District, in conjunction with the Monte Vista Water District, the City of Ontario, and the Inland Empire Utilities Agency, have created the Chino Basin Water Bank Planning Authority (CBWB). The CBWB's board is composed of one member from the governing board of each of the four agencies. The four members of the CBWB have entered into a cost sharing agreement in which each agency will pay 25% of the costs of the CBWB activities. The primary activity cost of the CBWB has been professional consulting to complete a planning and feasibility study.



(21) 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.

Construction Commitments

The following schedule lists the major contractual commitments as of June 30, 2023:

<u>Project</u>	<u>Vendor</u>	<u>Amount</u>
Integrated Master Plan	Stantec Consulting Services	\$ 637,079

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.





REQUIRED SUPPLEMENTARY INFORMATION

Defined Benefit Pension Plan (PERS)
Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

MEASUREMENT PERIOD	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 1,503,857	\$ 1,489,827	\$ 1,524,172	\$ 1,758,184	\$ 1,866,288
Interest	4,682,615	5,013,228	5,279,223	5,620,418	5,921,045
Changes in Assumptions	-	(1,378,724)	-	5,233,031	(794,630)
Difference Between Expected and Actual Experience	-	623,559	(558,291)	157,575	575,309
Benefit Payments, Including Refunds of Employee Contributi	(2,290,095)	(2,363,439)	(2,606,336)	(2,820,091)	(3,197,422)
Net Change in Total Pension Liability	\$ 3,896,377	\$ 3,384,451	\$ 3,638,768	\$ 9,949,117	\$ 4,370,590
Total Pension Liability - Beginning	62,827,983	66,724,360	70,108,811	73,747,579	83,696,696
Total Pension Liability - Ending (a)	\$66,724,360	\$70,108,811	\$73,747,579	\$83,696,696	\$ 88,067,286
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 1,517,017	\$ 1,653,572	\$ 1,817,385	\$ 3,044,601	\$ 3,038,475
Contribution - Employee	734,040	899,150	777,419	804,638	847,496
Net Investment Income	7,556,918	1,140,016	288,644	5,852,581	5,068,060
Benefit Payments, Including Refunds of Employee Contributi	(2,290,095)	(2,363,439)	(2,606,336)	(2,820,091)	(3,197,422)
Administrative Expense	-	(58,593)	(31,758)	(77,299)	(92,188)
Net Plan to Plan Resource Movement	-	-	-	-	(149)
Other Miscellaneous Income/(Expenses)	-	-	-	-	(175,066)
Net Change in Fiduciary Net Position	\$ 7,517,880	\$ 1,270,706	\$ 245,354	\$ 6,804,430	\$ 5,489,206
Plan Fiduciary Net Position - Beginning	43,321,632	50,839,512	52,110,218	52,355,572	59,160,002
Plan Fiduciary Net Position - Ending (b)	\$ 50,839,512	\$ 52,110,218	\$ 52,355,572	\$ 59,160,002	\$ 64,649,208
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽²⁾	\$15,884,848	\$17,998,593	\$21,392,007	\$24,536,694	\$ 23,418,078
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.19%	74.33%	70.99%	70.68%	73.41%
Covered Payroll	\$ 9,088,151	\$ 9,381,625	\$ 9,867,521	\$ 10,315,083	\$ 10,475,082
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	174.79%	191.85%	216.79%	237.87%	223.56%



Defined Benefit Pension Plan (PERS)
Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

MEASUREMENT PERIOD	2019	2020	2021	2022
TOTAL PENSION LIABILITY				
Service Cost	\$ 1,745,718	\$ 1,765,434	\$ 1,867,039	\$ 2,128,582
Interest	6,380,628	6,682,850	7,057,652	7,503,561
Changes in Assumptions	-	-	-	4,450,710
Difference Between Expected and Actual Experience	2,116,769	(266,167)	521,071	608,326
Benefit Payments, Including Refunds of Employee Contribution	(3,634,711)	(3,651,602)	(3,904,772)	(4,246,481)
Net Change in Total Pension Liability	\$ 6,608,404	\$ 4,530,515	\$ 5,540,990	\$ 10,444,698
Total Pension Liability - Beginning	88,067,286	94,675,690	99,206,205	104,747,195
Total Pension Liability - Ending (a)	\$ 94,675,690	\$ 99,206,205	\$ 104,747,195	\$ 115,191,893
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 3,259,552	\$ 3,575,721	\$ 3,823,185	\$ 4,004,837
Contribution - Employee	798,807	844,963	974,874	804,952
Net Investment Income	4,268,816	3,468,688	16,768,820	(6,921,573)
Benefit Payments, Including Refunds of Employee Contribution	(3,634,711)	(3,651,602)	(3,904,772)	(4,246,481)
Administrative Expense	(46,135)	(97,690)	(73,358)	(56,703)
Net Plan to Plan Resource Movement	-	-	-	-
Other Miscellaneous Income/(Expenses)	149	-	-	-
Net Change in Fiduciary Net Position	\$ 4,646,478	\$ 4,140,080	\$ 17,588,749	\$ (6,414,968)
Plan Fiduciary Net Position - Beginning	64,649,208	69,295,686	73,435,766	91,024,515
Plan Fiduciary Net Position - Ending (b)	\$ 69,295,686	\$ 73,435,766	\$ 91,024,515	\$ 84,609,547
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽²⁾	\$ 25,380,004	\$ 25,770,439	\$ 13,722,680	\$ 30,582,346
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.19%	74.02%	86.90%	73.45%
Covered Payroll	\$ 10,612,655	\$ 11,021,207	\$ 11,573,492	\$ 12,048,553
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	239.15%	233.83%	118.57%	253.83%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

(2) Net of administrative expenses

Notes to Schedule:

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after Valuation Date are not included in the figures above, unless liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumptions were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

Defined Benefit Pension Plan (PERS)
Schedule of Plan Contributions
As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

2014-2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 1,517,017	\$ 1,653,572	\$ 1,817,385	\$ 2,044,601	\$ 2,058,533
Contribution in Relation to the Actuarially					
Determined Contribution	(1,517,017)	(1,653,572)	(1,817,385)	(3,044,601)	(3,058,533)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>
Covered Payroll	9,088,151	9,381,625	9,867,521	10,315,083	10,475,082
Contributions as a Percentage of Covered Payroll	16.69%	17.63%	18.42%	29.52%	29.20%

2019-2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially Determined Contribution	\$ 2,309,234	\$ 2,638,119	\$ 2,894,521	\$ 3,080,880	\$ 3,359,264
Contribution in Relation to the Actuarially					
Determined Contribution	(3,309,234)	(3,638,119)	(3,894,521)	(4,080,880)	(4,359,264)
Contribution Deficiency (Excess)	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>
Covered Payroll	10,612,655	11,021,207	11,573,492	12,048,553	13,068,782
Contributions as a Percentage of Covered Payroll	31.18%	33.01%	33.65%	33.87%	33.36%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Note to Schedule:

Valuation Date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll growth	2.75% compounded annually
Investment rate of return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Defined Benefit Pension Plan (PARS)
Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

MEASUREMENT PERIOD	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 155,755	\$ 167,923	\$ 96,326	\$ 105,656	\$ 91,496
Interest	275,262	291,019	306,815	324,556	334,808
Difference Between expected and Actual Experience	-	(59,276)	-	(130,125)	-
Changes in Assumptions	-	(1,467,793)	-	35,844	-
Benefit Payments, Including Refunds of employee Contributions	(128,070)	(128,012)	(142,508)	(156,761)	(183,021)
Net Change in Total Pension Liability	\$ 302,947	\$ (1,196,139)	\$ 260,633	\$ 179,170	\$ 243,283
Total Pension Liability - Beginning	5,413,524	5,716,471	4,520,332	4,780,965	4,960,135
Total Pension Liability - Ending (a)	\$ 5,716,471	\$ 4,520,332	\$ 4,780,965	\$ 4,960,135	\$ 5,203,418
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ -	\$ 181,815	\$ 229,000	\$ 180,000	\$ 180,000
Net Investment Income	642,211	116,980	72,824	457,755	368,766
Benefit Payments, Including Refunds of Employee Contributions	(105,433)	(128,012)	(142,508)	(156,761)	(183,021)
Administrative Expense	(51,373)	(29,113)	(29,467)	(29,547)	(30,086)
Net Change in Fiduciary Net Position	\$ 485,405	\$ 141,670	\$ 129,849	\$ 451,447	\$ 335,659
Plan Fiduciary Net Position - Beginning	4,633,256	5,118,661	5,260,331	5,390,180	5,841,627
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,118,661</u>	<u>\$ 5,260,331</u>	<u>\$ 5,390,180</u>	<u>\$ 5,841,627</u>	<u>\$ 6,177,286</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽²⁾	\$ 597,810	\$ (739,999)	\$ (609,215)	\$ (881,492)	\$ (973,868)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.54%	116.37%	112.74%	117.77%	118.72%
Covered Payroll	\$ 8,257,925	\$ 8,237,008	\$ 8,060,799	\$ 7,785,307	\$ 7,606,373
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	7.24%	(8.98)%	(7.56)%	(11.32)%	(12.80)%



Defined Benefit Pension Plan (PARS)
Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

MEASUREMENT PERIOD	2019	2020	2021	2022
TOTAL PENSION LIABILITY				
Service Cost	\$ 94,241	\$ 107,042	\$ 109,986	\$ 117,087
Interest	350,617	387,118	404,619	438,535
Difference Between expected and Actual Experience	(42,960)	-	195,163	-
Changes in Assumptions	794,012	-	349,202	-
Benefit Payments, Including Refunds of Employee Contributions	(206,668)	(211,632)	(222,529)	(239,608)
Net Change in Total Pension Liability	\$ 989,242	\$ 282,528	\$ 836,441	\$ 316,014
Total Pension Liability - Beginning	5,203,418	6,192,660	6,475,188	7,311,629
Total Pension Liability - Ending (a)	\$ 6,192,660	\$ 6,475,188	\$ 7,311,629	\$ 7,627,643
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
Net Investment Income	389,948	400,069	1,474,348	(1,059,715)
Benefit Payments, Including Refunds of Employee Contributions	(206,668)	(211,632)	(222,529)	(239,608)
Administrative Expense	(30,195)	(30,591)	(31,535)	(32,113)
Net Change in Fiduciary Net Position	\$ 333,085	\$ 337,846	\$ 1,400,284	\$ (1,151,436)
Plan Fiduciary Net Position - Beginning	6,177,286	6,510,371	6,848,217	8,248,501
Plan Fiduciary Net Position - Ending (b)	\$ 6,510,371	\$ 6,848,217	\$ 8,248,501	\$ 7,097,065
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽²⁾	\$ (317,711)	\$ (373,029)	\$ (936,872)	\$ 530,578
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.13%	105.76%	112.81%	93.04%
Covered Payroll	\$ 6,781,265	\$ 7,078,754	\$ 7,214,300	\$ 7,783,939
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	(4.69)%	(5.27)%	(12.99)%	6.82%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

(2) Net of administrative expenses

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

- Mortality rates were updated from the rates based on the 2017 CalPERS experience study to rates that better align with proposed tables from the 2021 CalPERS experience study as well as more contemporary actuarial methods.
- The expected investment return and discount rate remain at 6.00% to reflect updated capital market assumptions provided by the plan's investment manager.
- The inflation assumption remained the same at 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- The marriage assumption was reduced from 80% to 70% based on recent plan experience.

**Defined Benefit Pension Plan (PARS)
Schedule of Plan Contributions**
As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

2014-2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 221,769	\$ 181,815	\$ 229,000	\$ 180,000	\$ 180,000
Contribution in Relation to the Actuarially Determined Contribution	-	(181,815)	(229,000)	(180,000)	(180,000)
Contribution Deficiency (Excess)	<u>\$ (221,769)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	8,257,925	8,237,008	8,060,799	7,785,307	7,606,373
Contributions as a Percentage of Covered Payroll	0.00%	2.21%	2.84%	2.31%	2.37%

2019-2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially Determined Contribution	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
Contribution in Relation to the Actuarially Determined Contribution	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	6,781,265	7,078,754	7,214,300	7,783,939	7,210,368
Contributions as a Percentage of Covered Payroll	2.65%	2.54%	2.50%	2.31%	2.50%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Note to Schedule:

Valuation Date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	The Entry Age Normal level percent of pay cost method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10 years
Assets valuation method	5-year
Inflation	2.25%
Salary Increases	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study. Rates are based on a wage growth rate of 2.75% per year plus merit and promotion increases.
Investment rate of return	6.00%
Retirement age	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study.
Mortality	Pub-2010 General above-median income Employee and Retiree mortality tables projected with generational mortality improvement using 80% of scale MP-2020

Excess Benefit Pension Plan Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

MEASUREMENT PERIOD	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 59,051	\$ 70,173	\$ 33,058	\$ 45,946	\$ 46,967
Interest	55,507	59,298	48,835	45,287	60,070
Difference Between Expected and Actual Experience	-	153,569	-	327,832	-
Changes in Assumptions	-	(517,106)	234,570	(290,403)	(17,478)
Changes of Benefits Terms	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(24,485)	(24,711)	(25,205)	(25,709)	(37,013)
Change in Total Pension Liability	\$ 90,073	\$ (258,777)	\$ 291,258	\$ 102,953	\$ 52,546
Total Pension Liability - Beginning	1,433,384	1,523,457	1,264,680	1,555,938	1,658,891
Total Pension Liability - Ending (a)	\$ 1,523,457	\$ 1,264,680	\$ 1,555,938	\$ 1,658,891	\$ 1,711,437
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 22,330	\$ -	\$ -	\$ -	\$ -
Net Investment Income	106	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(24,226)	-	-	-	-
Other Changes in Fiduciary Net Position	(48)	(3,403)	-	-	-
Net Change in Fiduciary Net Position	\$ (1,838)	\$ (3,403)	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Beginning	5,241	3,403	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 3,403	\$ -	\$ -	\$ -	\$ -
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽²⁾	\$ 1,520,054	\$ 1,264,680	\$ 1,555,938	\$ 1,658,891	\$ 1,711,437
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
	0.22%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 8,257,925	\$ 8,237,008	\$ 8,060,799	\$ 7,785,307	\$ 7,606,373
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	18.41%	15.35%	19.30%	21.31%	22.50%



Excess Benefit Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

MEASUREMENT PERIOD	2019	2020	2021	2022
TOTAL PENSION LIABILITY				
Service Cost	\$ 48,376	\$ 22,372	\$ 28,232	\$ 36,790
Interest	62,756	59,591	52,559	47,366
Difference Between Expected and Actual Experience	622,043	-	(53,788)	-
Changes in Assumptions	(479,570)	219,076	362,382	(615,390)
Changes of Benefits Terms	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(52,435)	(62,201)	(68,858)	(83,558)
Change in Total Pension Liability	\$ 201,170	\$ 238,838	\$ 320,527	\$ (614,792)
Total Pension Liability - Beginning	1,711,437	1,912,607	2,151,445	2,471,972
Total Pension Liability - Ending (a)	\$ 1,912,607	\$ 2,151,445	\$ 2,471,972	\$ 1,857,180
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ -	\$ -	\$ -	\$ -
Net Investment Income	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	-	-	-	-
Other Changes in Fiduciary Net Position	-	-	-	-
Net Change in Fiduciary Net Position	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽²⁾	\$ 1,912,607	\$ 2,151,445	\$ 2,471,972	\$ 1,857,180
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 6,781,265	\$ 7,078,754	\$ 7,214,300	\$ 7,783,939
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	28.20%	30.39%	34.26%	23.86%

(1) Historical information is required only for measurements for which GASB 73 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

(2) Plan Fiduciary Net Position balance at previous fiscal year end included pension assets. Under GASB 73, pension assets subject to District's creditors should be reported as assets of the District rather than Plan Fiduciary Net Position.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: The discount rate changed from 1.92% to 3.69%, no other changes.

**Excess Benefit Pension Plan
Schedule of Plan Contributions**
As of June 30, for the Last Ten Fiscal Years (1)

2014-2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 24,360	\$ 24,360	\$ 25,205	\$ 25,709	\$ 37,013
Contribution in Relation to the Actuarially Determined Contribution	(24,360)	(24,360)	(25,205)	(25,709)	(37,013)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 8,257,925	\$ 8,237,008	\$ 8,060,799	\$ 7,785,307	\$ 7,606,373
Contributions as a Percentage of Covered Payroll	0.29%	0.30%	0.31%	0.33%	0.49%

2019-2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially Determined Contribution	\$ 52,435	\$ 62,201	\$ 68,858	\$ 83,597	\$ 96,018
Contribution in Relation to the Actuarially Determined Contribution	(52,435)	(62,201)	(68,858)	(83,597)	(96,018)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 6,781,265	\$ 7,078,754	\$ 7,214,300	\$ 7,783,939	\$ 7,210,368
Contributions as a Percentage of Covered Payroll	0.77%	0.88%	0.95%	1.07%	1.33%

(1) Historical information is required only for measurement for which GASB 73 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Note to Schedule:

Valuation Date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12 years
Assets valuation method	5-year
Inflation	2.25%
Salary Increases	Varies by entry age and service
Investment rate of return	N/A

Retirement age	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study.
Mortality	Pub-2010 General Disabled mortality tables projected with generational mortality improvement using 80% of scale MP-2020

Other Postemployment Benefits (OPEB) Schedule of Changes in Net OPEB Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years (1)

MEASUREMENT PERIOD	2017	2018	2019	2020	2021	2022
TOTAL OPEB LIABILITY						
Service Cost	\$ 432,544	\$ 452,441	\$ 447,776	\$ 456,216	\$ 473,415	\$ 376,510
Interest	1,384,413	1,469,710	1,477,009	1,457,921	1,525,952	1,182,010
Changes in Assumptions	-	(1,052,868)	176,487	-	1,217,489	-
Difference Between Expected and Actual Experience	-	-	857,268	945	(6,022,185)	30,449
Benefit Payments	(566,374)	(764,013)	(764,690)	(887,328)	(883,965)	(863,620)
Net Change in Total OPEB Liability	\$ 1,250,583	\$ 105,270	\$ 2,193,850	\$ 1,027,754	\$ (3,689,294)	\$ 725,349
Total OPEB Liability - Beginning	18,867,302	20,117,885	20,223,155	22,417,005	23,444,759	19,755,465
Total OPEB Liability - Ending (a)	\$ 20,117,885	\$ 20,223,155	\$ 22,417,005	\$ 23,444,759	\$ 19,755,465	\$ 20,480,814
PLAN FIDUCIARY NET POSITION						
Contribution - Employer	\$ 984,000	\$ 1,311,239	\$ 1,520,000	\$ 1,457,643	\$ 2,201,838	\$ 2,443,620
Contribution - Employee	596,123	-	-	-	-	-
Net Investment Income	-	516,128	517,427	319,294	2,772,786	(2,006,439)
Other Additions	-	4,435	-	-	-	-
Other Deductions	-	(8,226)	-	-	-	-
Benefit Payments	(566,374)	(764,013)	(764,690)	(887,328)	(883,965)	(863,620)
Administrative Expense	(2,883)	(3,524)	(1,697)	(4,438)	(3,832)	(3,635)
Net Change in Fiduciary Net Position	\$ 1,010,866	\$ 1,056,039	\$ 1,271,040	\$ 885,171	\$ 4,086,827	\$ (430,074)
Plan Fiduciary Net Position - Beginning	5,203,156	6,214,022	7,270,061	8,541,101	9,426,272	13,513,099
Plan Fiduciary Net Position - Ending (b)	\$ 6,214,022	\$ 7,270,061	\$ 8,541,101	\$ 9,426,272	\$ 13,513,099	\$ 13,083,025
Plan Net OPEB Liability/(Assets) - Ending (a) - (b)	\$ 13,903,863	\$ 12,953,094	\$ 13,875,904	\$ 14,018,487	\$ 6,242,366	\$ 7,397,789
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.89%	35.95%	38.10%	40.21%	68.40%	63.88%
Covered Employee Payroll⁽²⁾	\$ 7,785,307	\$ 7,753,113	\$ 7,431,860	\$ 7,907,675	\$ 7,527,264	\$ 8,224,550
Plan Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	178.59%	167.07%	186.71%	177.28%	82.93%	89.95%

(1) Historical information is required only for measurement for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

(2) Covered Employee Payroll represents the payroll of employees that are provided with OPEB through the OPEB plan since the contributions to the OPEB plan are not based on a measure of pay.

Note to Schedule:

Changes of Assumptions: No changes from prior year.

Other Postemployment Benefits (OPEB)
Schedule of Plan Contributions
As of June 30, for the Last Ten Fiscal Years (1)

	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 1,311,239	\$ 1,520,000	\$ 1,440,000	\$ 2,201,838	\$ 2,443,620	\$ 2,480,775
Contribution in Relation to the Actuarially Determined Contribution	(1,311,239)	(1,520,000)	(1,440,000)	(2,201,838)	(2,443,620)	(2,480,775)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 7,753,113	\$ 7,431,860	\$ 7,907,675	\$ 7,527,264	\$ 8,224,550	\$ 7,600,357
Contributions as a Percentage of Covered Employee Payroll	16.91%	20.45%	18.21%	29.25%	29.71%	32.64%

(1) Historical information is required only for measurement for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Note to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023 were from the June 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a fixed closed 21-year period
Asset Valuation Method	Market value
Inflation	2.25%
Payroll Growth	2.75%
Investment Rate of Return	6.00%, assuming actuarially determined contributions funded into CERBT Investment Strategy 1
Healthcare cost-trend rates	Annual increases in per capita claims costs and plan premiums are as follows:

Medical Coverage

Fiscal Year Ending	Not Medicare Eligible
2022	6.7%
2023	6.2%
2024	5.7%
2025	5.2%
2026-2038	4.7%
2039-2074	Transition to ultimate rate
2075+	3.7%

- Medicare Part B premiums are assumed to increase 5.5% annually through fiscal year ending 2025 and then increase with the above trend rates annually thereafter.
- Dental and vision premiums are assumed to increase 3.25% and 2.00% annually, respectively.

Retirement Age: Tier 1 employees - 2.5% @55, Tier 2 employees - 2.5% @60 and Tier 3 employees - 2.0% @62. The probabilities of Retirement are based on the 2017 CalPERS Experience Study.

Mortality: Healthy Mortality: Pub-2010 General above median income Employee and Retiree mortality tables projected with generational mortality improvement using 80% of scale MP-2020.
Disabled Mortality: Pub-2010 General Disabled mortality tables projected with generational mortality improvement using 80% of scale MP-2020.



STATISTICAL SECTION

Changes in Net Position by Component
Last 10 Fiscal Years
Schedule 1

	Fiscal Year				
	2014	2015	2016	2017	2018
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 83,426,225	\$ 77,904,102	\$ 81,198,764	\$ 84,522,917	\$ 92,921,423
Operating expenses (see Schedule 3)	(67,892,079)	(67,584,114)	(64,439,623)	(74,472,769)	(86,904,795)
Operating income(loss)	<u>15,534,146</u>	<u>10,319,988</u>	<u>16,759,141</u>	<u>10,050,148</u>	<u>6,016,628</u>
Non-operating revenues(expenses)					
Investment income (loss)	929,941	755,174	1,569,781	226,841	522,782
Taxes and assessments	12	35	35	13	12
Rent and lease revenue	375,700	405,027	437,184	450,838	460,533
Interest expense	(7,321,681)	(6,814,957)	(6,052,435)	(7,441,446)	(7,379,979)
Amortization of deferred charge on refunding	303,225	(150,560)	(225,345)	(309,984)	(316,069)
Gain (loss) on disposal of assets	(16,526)	84,155	(6,153)	(169,966)	-
Other nonoperating revenues	1,634,133	6,124,244	1,498,448	1,636,786	1,228,196
Other nonoperating expenses	(1,460,637)	(984,585)	(1,405,307)	(1,475,858)	(2,178,033)
Total non-operating revenues(expenses), net	<u>(5,555,833)</u>	<u>(581,467)</u>	<u>(4,183,792)</u>	<u>(7,082,776)</u>	<u>(7,662,558)</u>
Net income before capital contributions	9,978,313	9,738,521	12,575,349	2,967,372	(1,645,930)
Capital contributions	5,352,641	2,627,376	3,009,934	3,134,828	3,655,449
Special items	-	-	-	-	-
Changes in net position	<u>\$ 15,330,954</u>	<u>\$ 12,365,897</u>	<u>\$ 15,585,283</u>	<u>\$ 6,102,200</u>	<u>\$ 2,009,519</u>
Net position by component:					
Net investment in capital assets	\$212,123,526	\$ 219,737,010	\$230,275,675	\$ 230,199,134	\$ 242,567,203
Restricted for capital projects	8,528,546	10,483,922	8,923,356	6,090,965	9,746,415
Unrestricted	<u>88,882,134</u>	<u>71,283,528</u>	<u>70,845,073</u>	<u>79,856,205</u>	<u>55,985,193</u>
Total net position	<u>\$309,534,206</u> ⁽¹⁾	<u>\$ 301,504,460</u>	<u>\$310,044,104</u> ⁽²⁾	<u>\$ 316,146,304</u>	<u>\$ 308,298,811</u> ⁽³⁾

Continued on the next page...



Changes in Net Position by Component
Last 10 Fiscal Years
Schedule 1

	Fiscal Year				
	2014	2015	2016	2017	2018
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 83,426,225	\$ 77,904,102	\$ 81,198,764	\$ 84,522,917	\$ 92,921,423
Operating expenses (see Schedule 3)	(67,892,079)	(67,584,114)	(64,439,623)	(74,472,769)	(86,904,795)
Operating income(loss)	<u>15,534,146</u>	<u>10,319,988</u>	<u>16,759,141</u>	<u>10,050,148</u>	<u>6,016,628</u>
Non-operating revenues(expenses)					
Investment income (loss)	929,941	755,174	1,569,781	226,841	522,782
Taxes and assessments	12	35	35	13	12
Rent and lease revenue	375,700	405,027	437,184	450,838	460,533
Interest expense	(7,321,681)	(6,814,957)	(6,052,435)	(7,441,446)	(7,379,979)
Amortization of deferred charge on refunding	303,225	(150,560)	(225,345)	(309,984)	(316,069)
Gain (loss) on disposal of assets	(16,526)	84,155	(6,153)	(169,966)	-
Other nonoperating revenues	1,634,133	6,124,244	1,498,448	1,636,786	1,228,196
Other nonoperating expenses	(1,460,637)	(984,585)	(1,405,307)	(1,475,858)	(2,178,033)
Total non-operating revenues(expenses), net	<u>(5,555,833)</u>	<u>(581,467)</u>	<u>(4,183,792)</u>	<u>(7,082,776)</u>	<u>(7,662,558)</u>
Net income before capital contributions	9,978,313	9,738,521	12,575,349	2,967,372	(1,645,930)
Capital contributions	5,352,641	2,627,376	3,009,934	3,134,828	3,655,449
Special items	-	-	-	-	-
Changes in net position	<u>\$ 15,330,954</u>	<u>\$ 12,365,897</u>	<u>\$ 15,585,283</u>	<u>\$ 6,102,200</u>	<u>\$ 2,009,519</u>
Net position by component:					
Net investment in capital assets	\$212,123,526	\$ 219,737,010	\$230,275,675	\$ 230,199,134	\$ 242,567,203
Restricted for capital projects	8,528,546	10,483,922	8,923,356	6,090,965	9,746,415
Unrestricted	<u>88,882,134</u>	<u>71,283,528</u>	<u>70,845,073</u>	<u>79,856,205</u>	<u>55,985,193</u>
Total net position	<u>\$309,534,206</u> ⁽¹⁾	<u>\$ 301,504,460</u>	<u>\$310,044,104</u> ⁽²⁾	<u>\$ 316,146,304</u>	<u>\$ 308,298,811</u> ⁽³⁾

Notes:

- (1) The District made a net prior period adjustment of (\$20,395,643).
- (2) The District made a prior period adjustment of (\$7,045,639).
- (3) The District made a prior period adjustment of (\$9,857,012).

SOURCE: Cucamonga Valley Water District- Accounting Department

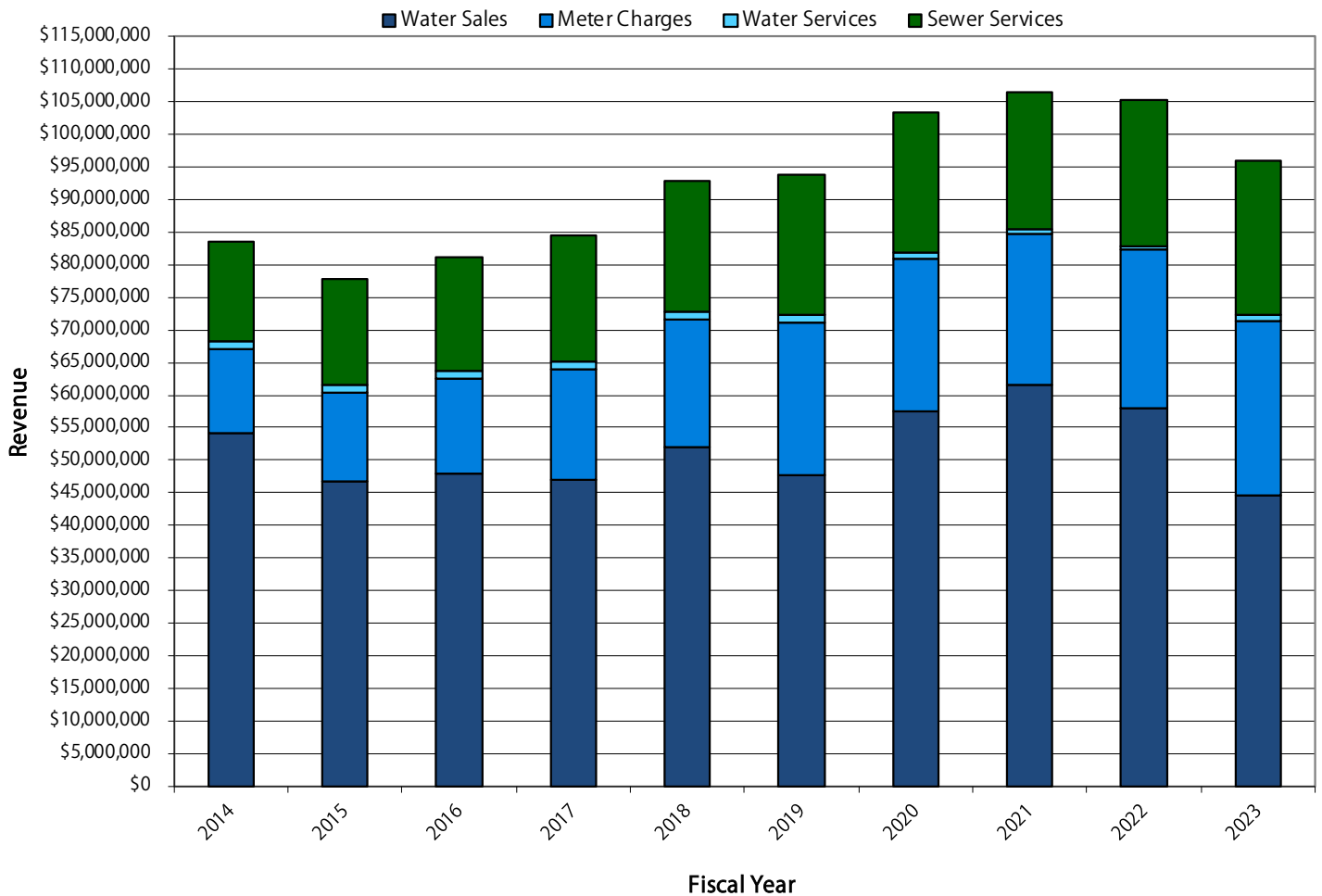


Operating Revenue by Source

Last Ten Fiscal Years

Schedule 2

Fiscal Year	Water Sales	Meter Charges	Water Services	Sewer Services	Total Operating Revenue
2013	\$ 49,983,058	\$ 12,122,798	\$ 1,229,893	\$ 14,239,661	\$ 77,575,410
2014	54,134,874	12,814,590	1,248,185	15,228,576	83,426,225
2015	46,811,236	13,442,140	1,243,752	16,406,974	77,904,102
2016	47,914,302	14,595,971	1,266,664	17,421,827	81,198,764
2017	47,067,431	16,780,336	1,224,963	19,450,187	84,522,917
2018	51,977,882	19,558,598	1,253,034	20,131,909	92,921,423
2019	47,740,155	23,458,777	1,212,098	21,433,145	93,844,175
2020	57,520,807	23,299,147	1,078,989	21,532,618	103,431,561
2021	61,464,121	23,159,509	716,184	21,084,410	106,424,224
2022	57,991,344	24,233,306	651,145	22,316,484	105,192,279
2023	44,572,800	26,889,981	896,933	23,594,214	95,953,928



SOURCE: Cucamonga Valley Water District- Accounting Department

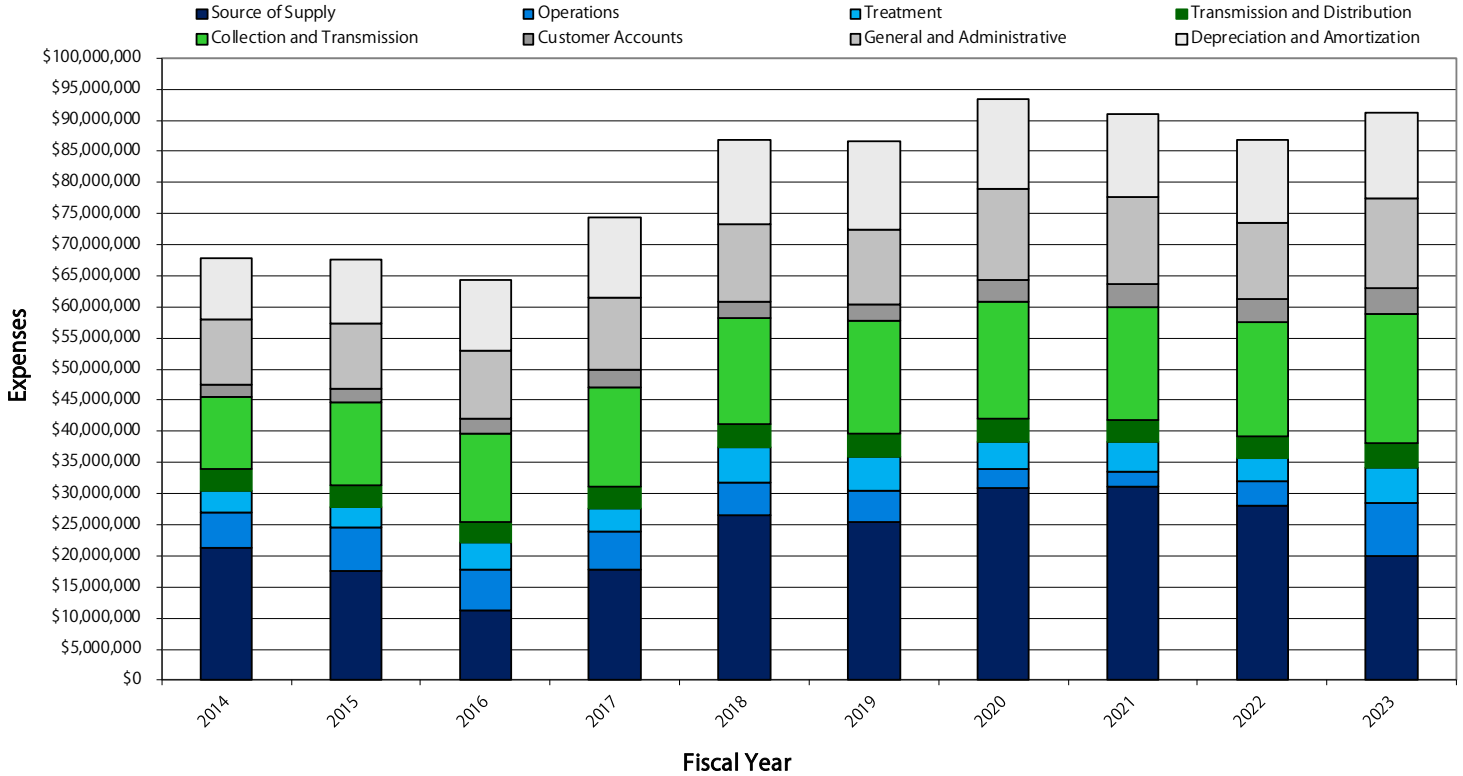


Operating Expenses by Activity

Last Ten Fiscal Years

Schedule 3

Fiscal Year	Source of Supply	Pumping Operations	Water Treatment	Transmission and Distribution	Collection and Transmission	Customer Accounts	General and Administrative	Depreciation and Amortization	Total Operating Expenses
2014	\$ 21,286,846	\$ 5,707,682	\$ 3,431,498	\$ 3,436,889	\$ 11,622,712	\$ 2,115,655	\$ 10,479,755	\$ 9,811,042	\$ 67,892,079
2015	17,671,304	6,932,863	3,269,903	3,399,409	13,326,807	2,172,880	10,473,636	10,337,312	67,584,114
2016	11,286,663	6,485,127	4,380,765	3,284,484	14,240,864	2,266,296	11,134,118	11,361,306	64,439,623
2017	17,807,730	6,120,261	3,597,740	3,575,857	16,021,489	2,751,655	11,578,873	13,019,164	74,472,769
2018	26,482,669	5,188,325	5,756,539	3,729,021	17,039,642	2,540,184	12,497,711	13,670,704	86,904,795
2019	25,525,383	4,887,732	5,463,597	3,876,239	17,922,796	2,787,920	11,882,432	14,181,649	86,527,748
2020	31,007,851	2,859,490	4,477,073	3,614,004	18,790,682	3,523,499	14,731,324	14,469,529	93,473,452
2021	31,141,728	2,315,271	4,799,390	3,545,040	18,268,853	3,647,716	13,879,534	13,308,229	90,905,761
2022	28,103,439	3,811,274	3,761,497	3,491,085	18,465,741	3,702,055	12,139,397	13,422,135	86,896,623
2023	20,077,171	8,373,799	5,660,488	4,022,981	20,759,162	4,107,771	14,555,121	13,636,928	91,193,421



SOURCE: Cucamonga Valley Water District- Accounting Department

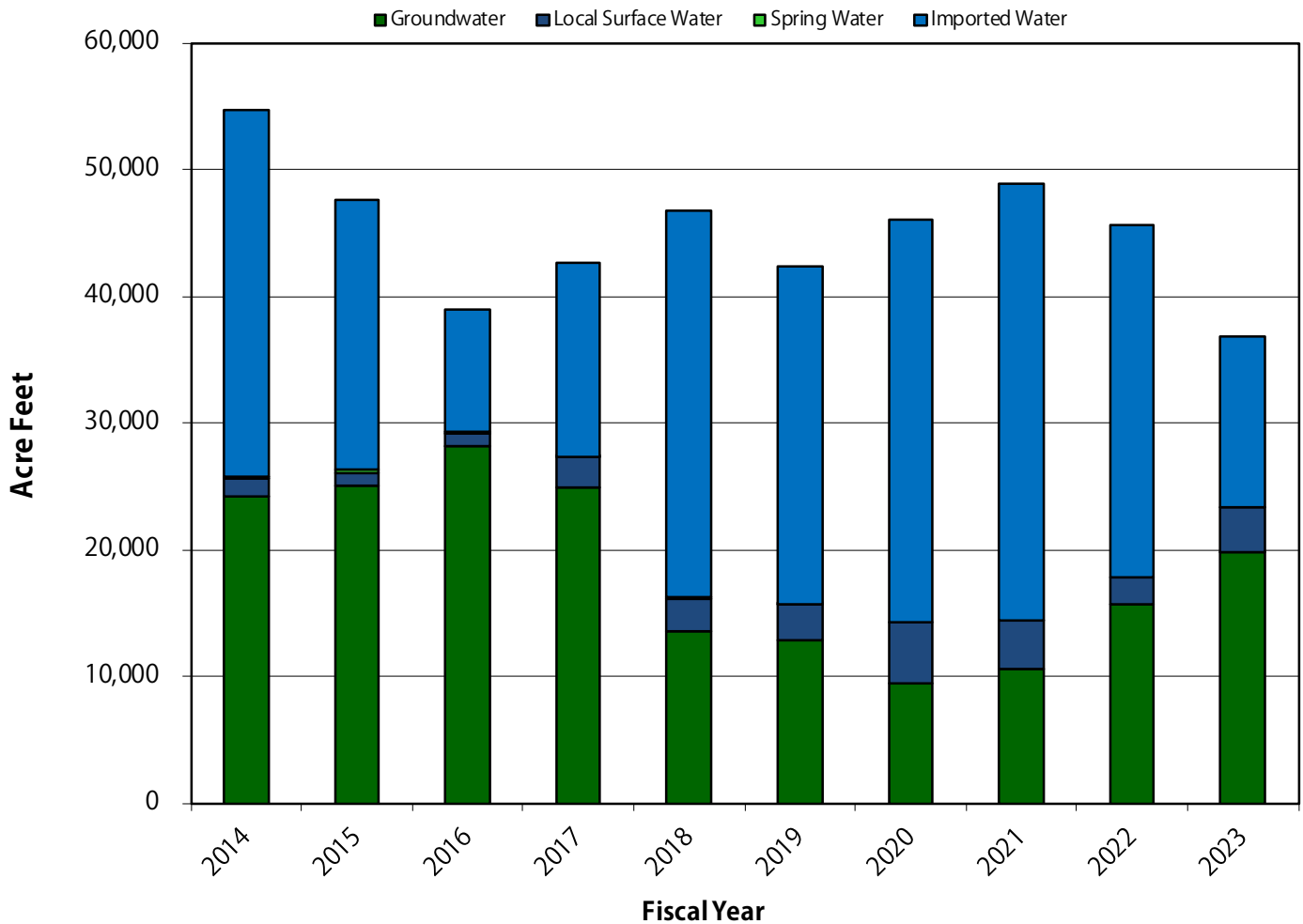


Water Production in Acre Feet

Last Ten Fiscal Years

Schedule 4

Fiscal Year	Source				Total Production
	Groundwater	Local Surface Water	Spring Water	Imported Water	
2014	24,230	1,388	216	28,825	54,659
2015	25,055	1,076	216	21,306	47,653
2016	28,151	990	156	9,682	38,979
2017	24,928	2,448	8	15,288	42,672
2018	13,527	2,662	30	30,559	46,778
2019	12,883	2,847	22	26,691	42,443
2020	9,537	4,744	-	31,738	46,019
2021	10,638	3,797	-	34,425	48,860
2022	15,668	2,136	-	27,880	45,684
2023	19,795	3,566	-	13,515	36,876



Note: See Schedule 2 "Operating Revenue by Source" for more information regarding water revenues

SOURCE: Cucamonga Valley Water District- Production Department



Water Rate History

Last Ten Fiscal Years

Schedule 5

Water Rate per HCF⁽¹⁾ Tiered Water Rates

Fiscal Year	Tier 1	Tier 2	Tier 3	Tier 4	Construction
2014 ^(A)	\$1.49	\$1.78	\$2.19	\$2.54	\$3.78
2015 ^(A)	1.52	1.84	2.34	2.75	3.98
2016 ^{(2)(A)}	2.34	2.55	3.09	5.68	5.34
2017 ^(A)	1.60	2.13	2.66	3.03	4.63
2018 ^(A)	1.61	2.14	2.68	3.05	4.65
2019 ^(A)	1.62	2.16	2.71	3.07	4.70
2020 ^(A)	1.62	2.16	2.71	3.07	4.70
2021 ^(A)	1.62	2.16	2.71	3.07	4.70
2022 ^(B)	1.62	2.16	2.71	3.07	4.70
2022 ^(C)	1.67	2.07	3.55	3.76	3.76
2023 ^(B)	1.67	2.07	3.55	3.76	3.76
2023 ^(C)	1.72	2.13	3.65	3.87	3.87

MWD Surcharge Rate

Fiscal Year	Tier 1	Tier 2	Tier 3	Tier 4
2021 ^(A)	0.29	0.29	0.29	0.29
2022 ^(B)	0.29	0.29	0.29	0.29
2022 ^(C)	N/A	N/A	0.05	0.05
2023 ^(B)	N/A	N/A	0.05	0.05
2023 ^(C)	N/A	N/A	0.19	0.19

Tier Allocation in HCF by Meter Size Effective Since January 2022

	3/4 inch	1 inch	1 1/2 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch
Tier 1	0-6	0-10	0-20	0-32	0-64	0-100	0-200	0-320	0-480	0-675
Tier 2	7-18	11-30	21-60	33-96	65-192	101-300	201-600	321-960	481-1,440	676-2,025
Tier 3	19-36	31-60	61-120	97-192	193-384	301-600	601-1200	961-1,920	1,441-2,880	2,026-4,050
Tier 4	> 36	> 60	> 120	> 192	> 384	> 600	> 1,200	> 1,920	> 2,880	> 4,050

Meter Charge Rates

Fiscal Year	Billing Period	3/4 inch	1 inch	1 1/2 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch
2013	Bi-monthly	\$25.73	\$42.98	\$85.70	\$137.17	\$257.35	\$429.00	\$857.73	\$1,372.42	\$2,058.76	\$25.30
2014	Bi-monthly	27.02	45.13	89.98	144.02	270.21	450.44	900.62	1,441.05	2,161.70	40.08
2015	Bi-monthly	28.37	47.38	94.48	151.22	283.72	472.97	945.65	1,513.10	2,269.79	77.02
2016	Bi-monthly	30.35	50.58	101.16	161.86	303.48	505.80	1,011.60	1,618.57	2,427.85	121.36
2017	Bi-monthly	35.64	59.39	118.79	190.06	356.36	593.93	1,187.87	1,900.59	2,850.88	239.59
2018	Bi-monthly	41.75	69.58	139.16	222.65	417.47	695.79	1,391.57	2,226.51	3,339.77	37.60
2019	Bi-monthly	50.00	83.33	166.67	266.67	500.00	833.33	1,666.67	2,666.67	4,000.00	742.08
2020	Monthly	25.00	41.66	83.33	133.33	250.00	416.66	833.33	1,333.33	2,000.00	1,185.44
2021	Monthly	25.00	41.66	83.33	133.33	250.00	416.66	833.33	1,333.33	2,000.00	1,776.59
2022 ^(B)	Monthly	25.00	41.66	83.33	133.33	250.00	416.66	833.33	1,333.33	2,000.00	1,776.59
2022 ^(C)	Monthly	25.30	40.08	77.02	121.36	239.59	372.60	742.08	1,185.44	1,776.59	2,497.07
2023 ^(B)	Monthly	25.30	40.08	77.02	121.36	239.59	372.60	742.08	1,185.44	1,776.59	2,497.07
2023 ^(C)	Monthly	26.01	41.21	79.18	124.76	246.30	383.04	762.86	1,218.64	1,826.34	2,566.99

IEUA Fixed Charges Rates

Fiscal Year	Billing Period	3/4 inch	1 inch	1 1/2 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch
2022 ^(C)	Monthly	\$3.52	\$5.87	\$11.70	\$18.72	\$37.43	\$58.47	\$116.91	\$187.04	\$280.55	\$394.52
2023 ^(B)	Monthly	3.84	6.41	12.77	20.44	40.86	63.83	127.62	204.18	306.25	430.67
2023 ^(C)	Monthly	3.81	6.35	12.70	20.32	40.64	63.50	127.00	203.20	304.80	427.30

- Notes:**
 (1) HCF = 100 Cubic Feet = 748 gallons
 (2) In fiscal year 2016, the District enacted Drought Stage 6 which increased tiered rates in accordance with the rate series approved in June 2015. This action was taken in order to comply with the California state-wide water conservation mandate issued by the Governor. The District returned to Drought Stage 1 rates in fiscal year 2017.
 (A) Effective July 1 to June 30
 (B) Effective July 1 to December 31
 (C) Effective January 1 to June 30

SOURCE: Cucamonga Valley Water District- Accounting Department

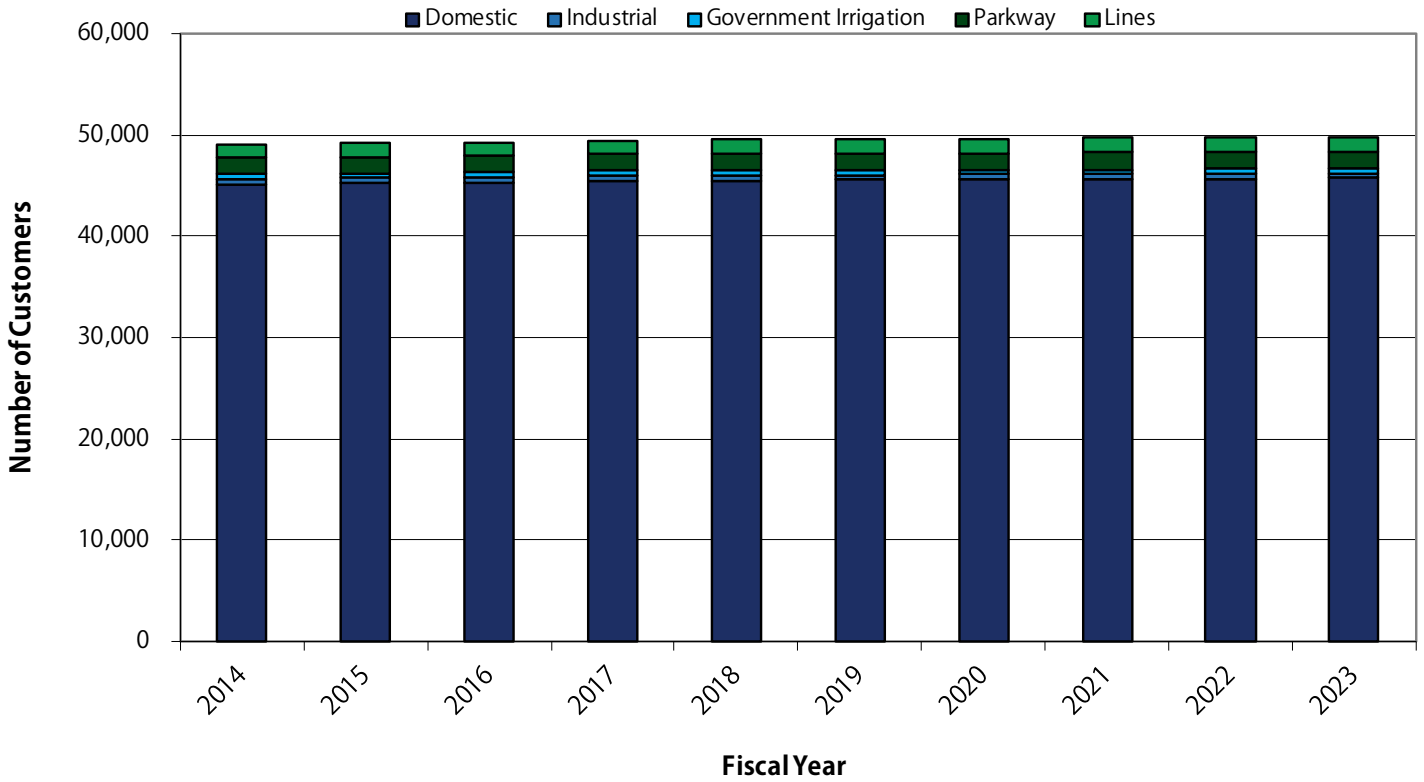
Water Service Accounts

Last Ten Fiscal Years

Schedule 6

Customer Type

Fiscal Year	Domestic	Industrial	Government Irrigation	Landscape/ Parkway	Fire Lines	Total
2014	45,129	501	453	1,662	1,330	49,075
2015	45,201	501	456	1,636	1,340	49,134
2016	45,291	503	458	1,648	1,346	49,246
2017	45,463	503	458	1,648	1,356	49,428
2018	45,491	502	458	1,649	1,378	49,478
2019	45,540	506	458	1,654	1,403	49,561
2020	45,571	505	458	1,666	1,415	49,615
2021	45,599	503	457	1,678	1,427	49,664
2022	45,663	504	458	1,669	1,427	49,721
2023	45,702	504	458	1,684	1,439	49,787



Note: Number of customers as of June 30 of Fiscal Year

SOURCE: Cucamonga Valley Water District- Accounting Department

Principal Water Customers
 Current Fiscal Year and Nine Years Ago
Schedule 7

Customer	2023			2014		
	Annual Usage (HCF)	Percentage of Total	Rank	Annual Usage (HCF)	Percentage of Total	Rank
CalTrans District	934,255	6.04%	1	280,332	1.23%	4
City of Rancho Cucamonga	587,675	3.80%	2	1,067,204	4.67%	1
City of Fontana	190,927	1.23%	3	N/A	N/A	N/A
County of San Bernardino	133,498	0.86%	4	261,215	1.14%	5
Etiwanda School District	116,148	0.75%	5	259,800	1.14%	6
Frito Lay Inc	113,532	0.73%	6	123,838	0.54%	9
Homecoming I @ Terra Vista LLC	93,179	0.60%	7	N/A	N/A	N/A
Chaffey Union High School District	90,441	0.58%	8	N/A	N/A	N/A
Nestle Waters North America	80,886	0.52%	9	N/A	N/A	N/A
Chaffey College	76,911	0.50%	10	144,425	0.63%	7
Total	2,417,452	15.61%		2,136,814	9.35%	
Total Water Consumed (HCF)	15,464,486	100.00%		22,867,224	100.00%	

HCF = 100 cubic feet

SOURCE: Cucamonga Valley Water District- Accounting Department

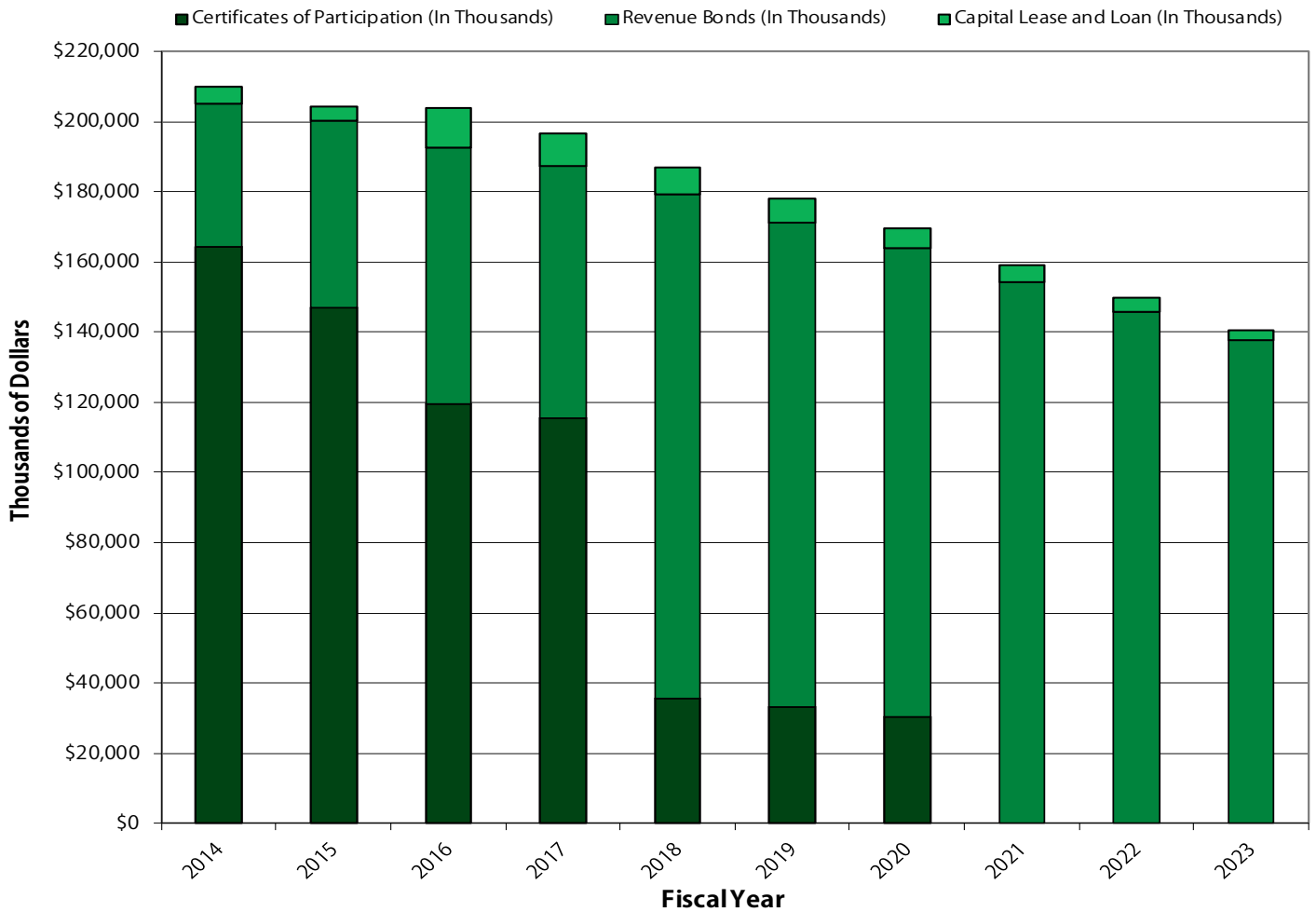


Ratio of Outstanding Debt

Last Ten Fiscal Years

Schedule 8

Fiscal Year	Certificates of Participation (In Thousands)	Revenue Bonds (In Thousands)	Capital Lease and Loan (In Thousands)	Total		
				Debt (In Thousands)	\$ Per Capita ⁽¹⁾	As a Share of Personal Income ⁽¹⁾
2014	\$ 164,184	\$ 40,797	\$ 4,756	\$ 209,737	\$ 1,221.52	3.56%
2015	146,875	53,506	3,976	204,357	1,179.65	3.26%
2016	119,533	73,203	11,018	203,754	1,169.90	3.12%
2017	115,620	71,531	9,471	196,622	1,129.41	2.94%
2018	35,595	143,505	7,986	187,086	1,070.94	2.69%
2019	33,075	138,127	7,018	178,220	1,018.56	2.41%
2020	30,444	133,279	6,027	169,750	969.71	2.08%
2021	-	154,246	5,014	159,260	913.04	1.81%
2022	-	145,877	3,935	149,812	860.54	N/A
2023	-	137,613	2,873	140,486	809.51	N/A



(1) Using Demographic Economic Statistics from Schedule 10

N/A= Data not available for time period

NOTE: Amounts in thousands of dollars, except for per capita amounts and percentages

SOURCE: Cucamonga Valley Water District- Accounting Department

Debt Coverage
Last Ten Fiscal Years
Schedule 9

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2014	\$ 74,855,711	\$ 44,836,095	\$ 30,019,616	\$ 4,954,286	\$ 9,211,847	\$ 14,166,133	2.12
2015	70,788,304	42,148,489	28,639,815	5,104,286	9,106,864	14,211,150	2.02
2016	69,430,664	36,809,953	32,620,711	5,204,286	8,345,317	13,549,603	2.41
2017	68,905,223	42,633,687	26,271,536	4,904,286	8,279,270	13,183,556	1.99
2018	76,782,827	53,144,908	23,637,919	5,509,286	8,040,315	13,549,601	1.74
2019	79,088,317	51,544,252	27,544,065	7,444,286	6,083,156	13,527,442	2.04
2020	84,602,295	56,171,782	28,430,513	7,024,286	6,505,646	13,529,932	2.10
2021	87,931,434	55,386,719	32,544,715	7,347,857	6,234,706	13,582,563	2.40
2022	87,705,843	56,310,561	31,395,282	7,810,000	4,647,478	12,457,478	2.52
2023	75,721,283	52,897,162	22,824,121	7,705,000	4,734,793	12,439,793	1.83

Notes:

- (1) Gross revenues includes operating revenue, interest income, other non-operating revenue (excluding taxes and assessments) and connection fees from the Water Utility Funds. As well as withdrawals from the Rate Stabilization Reserve.
- (2) Operating expenses less depreciation and amortization for the Water Utility Funds. As well as deposits to the Rate Stabilization Reserve.

SOURCE: Cucamonga Valley Water District- Accounting Department

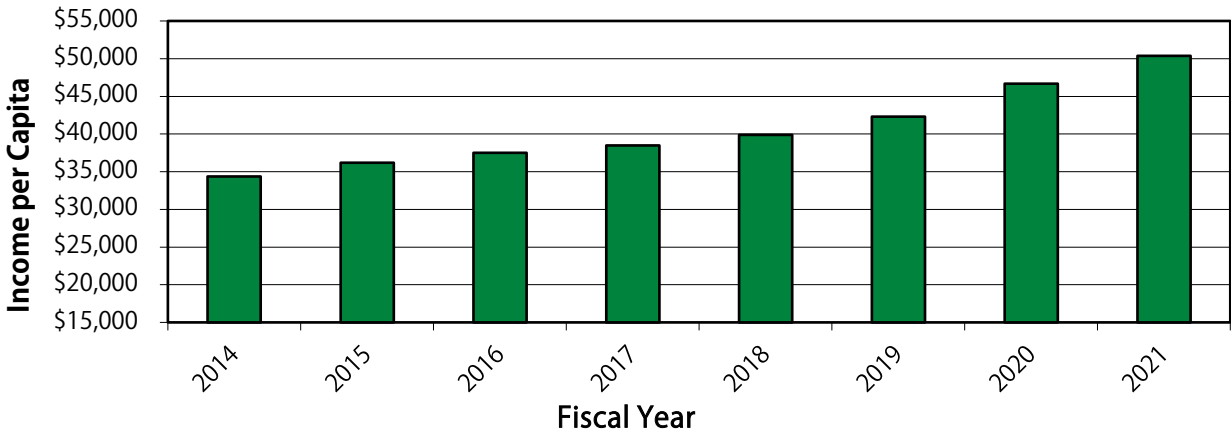
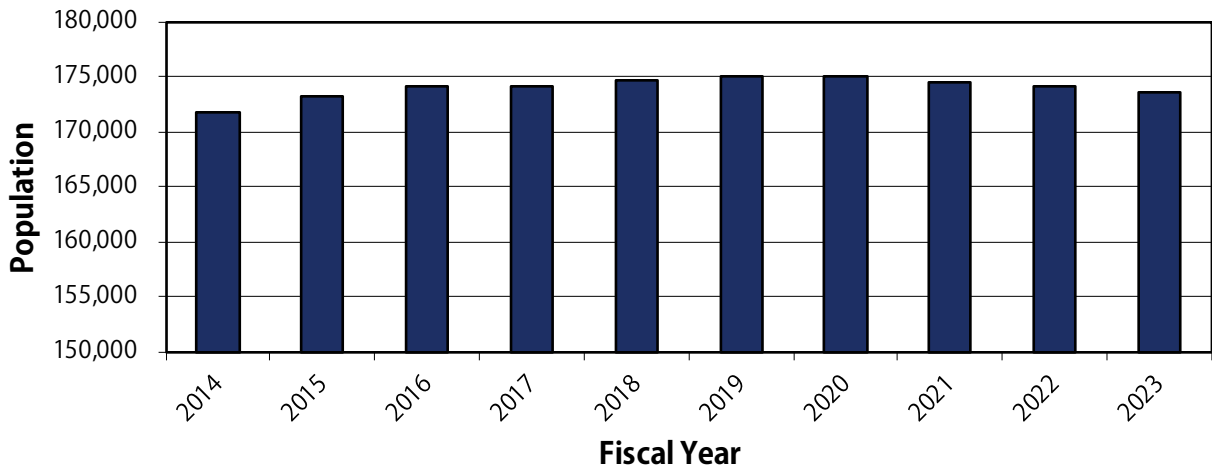


Demographic and Economic Statistics

Last Ten Fiscal Years

Schedule 10

Year	Unemployment Rate	Population - Rancho Cucamonga	Riverside-San Bernardino- Ontario MSA	
			Personal Income (thousands of dollars)	Personal Income per Capita
2014	6.2%	171,701	150,645	34,357
2015	5.0%	173,235	160,089	36,195
2016	4.9%	174,164	167,439	37,496
2017	4.0%	174,093	173,558	38,467
2018	3.4%	174,694	181,409	39,869
2019	3.1%	174,972	193,709	42,326
2020	12.2%	175,052	214,884	46,658
2021	6.0%	174,429	234,444	50,384
2022	3.0%	174,090	N/A	N/A
2023	3.7%	173,545	N/A	N/A



SOURCE: California State Department of Finance, United States Bureau of Economic Analysis and the United States Department of Labor



Principal Employers
Current Fiscal Year and Nine Years Ago
Schedule 11

Employer	2023			2014		
	Number of Employees	Percentage of Total	Rank	Number of Employees	Percentage of Total	Rank
Etiwanda School District	1,194	1.23%	1	1,058	1.49%	2
Inland Empire Health Plan	1,180	1.22%	2	N/A	N/A	N/A
Chaffey Community College	1,100	1.13%	3	1,229	1.73%	1
West Valley Detention Center	1,100	1.13%	4	N/A	N/A	N/A
Frito-Lay	949	0.98%	5	561	0.79%	9
Alta Loma School District	800	0.82%	6	670	0.94%	6
Central School District	715	0.74%	7	527	0.74%	10
City of Rancho Cucamonga	860	0.58%	8	841	1.18%	4
Amphastar Pharmaceutical	550	0.57%	9	880	1.24%	3
National Community Renaissance	500	0.52%	10	N/A	N/A	N/A

NOTE: Data is from June 2021 (latest available data).

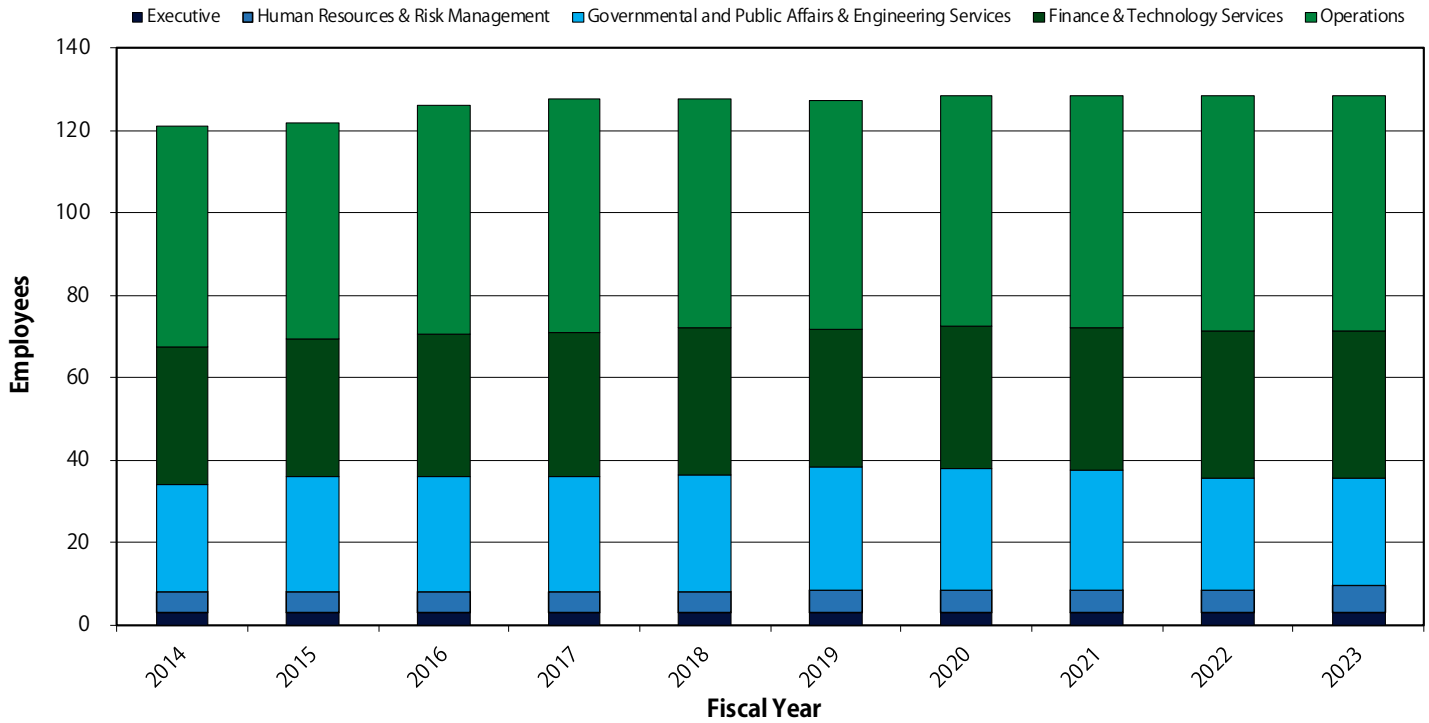
SOURCE: City of Rancho Cucamonga

Personnel Trends

Current Fiscal Year and Nine Years Ago
Schedule 12

Full Time Equivalent Employees by Division

Fiscal Year	Division					Total
	Executive	Human Resources & Risk Management	Governmental and Public Affairs & Engineering Services	Finance & Technology Services	Operations	
2014	3.00	5.00	26.00	33.50	53.50	121.00
2015	3.00	5.00	28.00	33.50	52.50	122.00
2016	3.00	5.00	28.00	34.50	55.50	126.00
2017	3.00	5.00	28.00	35.00	56.50	127.50
2018	3.00	5.00	28.50	35.50	55.50	127.50
2019	3.00	5.50	29.75	33.50	55.50	127.25
2020	3.00	5.50	29.50	34.50	56.00	128.50
2021	3.00	5.50	29.00	34.75	56.00	128.25
2022	3.00	5.50	27.00	36.00	57.00	128.50
2023	3.00	6.50	26.00	36.00	57.00	128.50



SOURCE: Cucamonga Valley Water District- Human Resources Department

Other Operating and Capacity Indicators

Last Ten Fiscal Years

Schedule 13

Water System				
Fiscal Year	Miles of Water Mains	Number of Fire Hydrants	Annual Production (MG)	Average Production (MGD)
2013	710	8,315	17,245	47.2
2014	711	8,371	18,010	49.3
2015	711	8,323	16,006	43.9
2016	707	8,354	13,080	35.8
2017	707	8,374	14,232	39.0
2018	707	8,388	15,665	42.9
2019	708	8,413	14,155	38.8
2020	708	8,427	15,336	42.0
2021	709	8,441	16,314	44.7
2022	709	8,461	16,764	45.9
2023	709	8,468	18,605	51.0

Sewer System				
Fiscal Year	Miles of Sewers	Service Connections	Annual Sewerage (MG)	Daily Sewerage (MGD)
2013	420	36,688	6,265	17.2
2014	421	36,884	6,645	18.2
2015	421	37,012	7,140	19.6
2016	421	37,061	6,799	18.6
2017	419	37,231	6,847	18.8
2018	419	37,338	6,729	18.4
2019	420	37,379	6,682	18.3
2020	420	37,461	6,342	17.4
2021	420	37,488	6,606	18.1
2022	420	37,506	6,399	18.1
2023	420	37,554	6,894	18.9

SOURCE: Cucamonga Valley Water District- GIS, Industrial Waste, and Production Departments





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