

COACHELLA VALLEY WATER DISTRICT  
**ANNUAL COMPREHENSIVE**  
FINANCIAL REPORT

*Fiscal Year Ended June 30, 2021*



Coachella Valley Water District  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended**  
**June 30, 2021**



**John Powell, Jr.**, President, Division 3

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**John Aguilar**, Director, Division 1

**Anthony Bianco**, Director, Division 2

**Peter Nelson**, Director, Division 4

**Jim Barrett**, General Manager

**Robert Cheng**, Assistant General Manager

**Dan Charlton**, Assistant General Manager

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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# INTRODUCTION





# COACHELLA VALLEY WATER DISTRICT

*Established in 1918 as a public agency*

GENERAL MANAGER  
Jim Barrett

ASSISTANT GENERAL MANAGER  
Robert Cheng

CLERK OF THE BOARD  
Sylvia Bermudez

ASSISTANT GENERAL MANAGER  
Dan Charlton

November 22, 2021

To the Board of Directors:

We are pleased to present the Coachella Valley Water District's (CVWD, District) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2021. This document, which contains a complete set of basic financial statements, is presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. State law requires that all special-purpose local governments publish these basic financial statements within six months of the close of the agency's fiscal year. This report is published to fulfill that requirement and to provide the Board of Directors (Board), the public, and other interested parties these basic financial statements.

This report contains management's representations concerning the finances of the District. 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 have been established for this purpose. These controls are designed to protect the District's assets from loss, theft, or misuse, and to ensure sufficiently reliable information for the preparation of the District's basic financial statements in conformity with GAAP. The District's internal controls have been designed to provide appropriate assurance that the basic financial statements will be free from material misstatement. As management, we assert that this financial report is complete and reliable in all material respects.

The District's basic financial statements have been audited by Clifton Larson Allen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for fiscal year ended June 30, 2021 are free of misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2021, are fairly presented, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

A profile of the District is presented in the Introductory Section. In the Financial Section, Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides an overview and analysis of the basic financial statements. The letter of transmittal and introduction is designed to complement the MD&A and should be read in

conjunction with it. This report includes all disclosures management believes necessary to enhance your understanding of the financial condition of the District.

## 1) Profile of the Coachella Valley Water District

**Mission Statement:** To meet the water-related needs of the people through dedicated employees, providing high-quality water at a reasonable cost.

### **Overview**

Coachella Valley Water District was formed in 1918 to protect and conserve local water sources. CVWD is a special district established by the California State legislature and certified by state officials on January 16, 1918. The District has a deep history and was one of the original signatories to the Seven Party Agreement of 1931, which divided California's share of the Colorado River Water.

The District has grown into a multi-faceted agency that delivers irrigation and domestic (drinking) water, collects and recycles wastewater, provides regional stormwater protection and flood control, replenishes the groundwater basin, provides agricultural drainage and promotes water conservation. CVWD serves an area of approximately 1,000 square miles and is located primarily in Riverside County, with portions in Imperial and San Diego counties. The total full-time population served is approximately 300,000.

### **Governance**

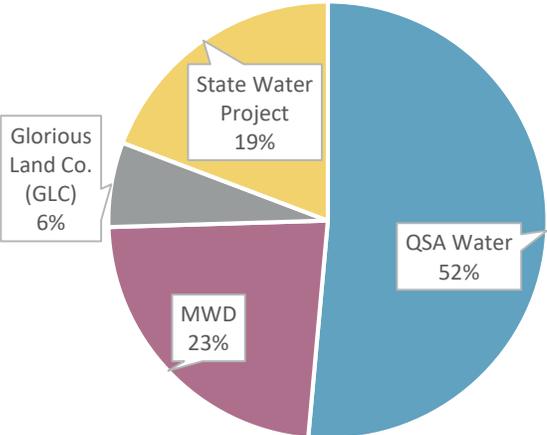
CVWD is governed by a five-member Board of Directors elected to four-year terms by District voters. Each Director lives in and represents one of five directorial divisions of the District, and is elected by voters who also live in that division. Terms of office are staggered and elections are held every two years, for two or three of the five Board members.

The Board of Directors set policy and represent the ratepayers. By a majority vote, the Board may enact and enforce ordinances and pass resolutions necessary for the operation of the District's business. The District plays a vital role in water resource management in Southern California and in the Lower Colorado River Basin.

The District must work effectively and cooperate with the State and federal governments, numerous local jurisdictions, and other water purveyors to fulfill this role. Board members actively serve in leadership positions for numerous intergovernmental agencies and associations that further the interests of the District. Numerous District policies are regulated by several state and federal agencies, including the State Water Resources Control Board, the California Department of Public Health and the California Environmental Protection Agency. Since the District is a government agency and not a private company, it is not regulated by the Public Utilities Commission.

The District relies on three sources of water to provide service to its customers: groundwater, recycled water, and imported water. The District imports water from four sources: the Colorado River, the Metropolitan Water District of Southern California (MWD), the Glorious Land Company (GLC), and the State Water Project (SWP). All of the District’s imported water is received via the Coachella Canal.

IMPORTED WATER SOURCE



Although the Coachella Valley is blessed with a vast aquifer, the region has relied upon imported water to protect and replenish groundwater supplies for years. The good news is that groundwater levels have improved in the west valley and continue to rise in the east valley, thanks to the successful implementation of the Coachella Valley Water Management Plan.

The Colorado River system is the primary source of water for the District’s irrigation customers and is used to replenish the aquifer. The District has a base allotment of 301,000 acre-feet of Colorado River water. Additional Colorado River water allotments vary based on the terms of the Quantification Settlement Agreement (QSA). See Note 9 to the Financial Statements for further details about the QSA.

The State Water Project has been used to replenish groundwater through a unique exchange agreement with the Metropolitan Water District. The State Water Project is the nation’s largest state-built water conveyance system and its water supply comes mainly from rainfall, snowmelt runoff, and excess flows in the Sacramento-San Joaquin Delta. The District is one of 29 State Water Project contractors that share in the cost of this delivery system.

The next several pages discuss the District’s enterprise funds.

## DOMESTIC WATER FUND

CVWD first provided drinking water to Coachella Valley residents in 1961 serving about 1,100 households. With continued growth and under the pressure of the need for a unified agency in the Valley, CVWD took over multiple water systems; over time the water services significantly increased. Every July, CVWD publishes operational information for the preceding year. As of calendar year 2020, below are the operating information:

Active wells	97
Distribution reservoirs	64
Storage capacity	153.2 MG
Distribution system	2,025 miles
Active Accounts	110,899
Population Served	300,000
Daily demand	75.9 MGD
Annual Acre Feet	88,911

In fiscal year 2021, the actual water consumption increased from 36,260 ccf to 40,095 ccf as compared to fiscal year 2020 mainly attributed to warmer than normal temperatures and lower than normal precipitation. In addition, the pandemic shutdown forced more people to stay home potentially resulting in higher than normal use of residential water. In effort to provide continued support to CVWD customers, the turn on/off fees, penalties, and interests are again suspended in FY 2021.



## **Domestic Water Rates**

The District uses a budget-based tiered rate structure to curb excess water use and reward water-efficient customers. Domestic water service is broken down into five (5) customer classes: single family residential, multi-family, commercial, landscape irrigation, and construction meters. Each customer class is assigned a different monthly fixed charge to reflect the difference in the cost of providing service to them. As illustrated in the table on the following page, there are five tiers, with the first two tiers designed to meet the needs of an average single-family home of four people. All use in excess of tier 2 is considered inefficient, and is charged at a higher rate to cover the incremental costs of providing water in excess of efficient use.

In FY 2021, the District completed a five-year cost of service study for the Domestic Fund resulting to proposed rate increases. The purpose of the study is to develop a sustainable five-year financial plan and rate structure that will meet the overall drinking water needs that will support growth and funding for aging infrastructures. In June 2021, the Board of Directors approved a water rate increase effective fiscal year 2022. The domestic five-year rate history is shown on the table below:

**Domestic Five-Year Rate History**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fixed Charge - Single Family (3/4" meter size)	\$6.92	\$6.92	\$7.92	\$7.92	\$12.65
Consumption - Per CCF - Tier 1 - Excellent	0.95	0.95	0.98	0.98	0.94
Consumption - Per CCF - Tier 2 - Efficient	1.32	1.32	1.37	1.37	1.17
Consumption - Per CCF - Tier 3 - Inefficient	2.46	2.46	2.55	2.55	3.59
Consumption - Per CCF - Tier 4 - Excessive	4.67	4.67	4.83	4.83	4.21
Consumption - Per CCF - Tier 5 - Wasteful	6.13	6.13	6.34	6.34	6.44

## CANAL WATER FUND

More than two-thirds of local farmland is irrigated with Colorado River water delivered via the Coachella Canal (Canal), a branch of the All American Canal.

Although the Valley is geographically located in the northwestern portion of the Sonoran Desert, irrigation allows widespread agriculture. In 1934, CVWD entered into a contract with the United States Bureau of Reclamation (Reclamation) for the construction of the Coachella Branch of the All American Canal. Reclamation agreed to deliver water to CVWD for potable and irrigation purposes within the 137,000 acres area known as Improvement District Number 1 (ID 1), of which 76,000 acres are irrigable. The larger size of ID 1 was established to maximize potential groundwater replenishment. The Coachella Canal was completed in 1948, with CVWD taking water delivery in 1949. Water that flows through the Canal travels several hundred miles, via gravity flow. It starts at the Colorado River and diverts into the All American Canal at the Imperial Dam, located 18 miles north of Yuma, Arizona. The water is diverted again, 38 miles downstream, into the Coachella Canal.

CVWD entered into a contract for the construction of the irrigation distribution system and a system of protective works to protect the Canal and systems from alluvial fan flooding. Shortly after work on the canal was completed, construction began on an underground tile drainage system designed to carry agricultural irrigation drainage water away from farmland to the Salton Sea. Below are some of the operating information as of calendar year 2020:

Pumping plants	16
Reservoirs	1
Storage capacity	1,361 AF
Distribution system	485 miles
Active accounts	1,305
Total water delivered	343,941 AF
Length of canal	123 miles
Irrigable acres	76,364

### **Canal Water Rates**

Canal Water Service Charges are condensed into two types of customers: Class 1, Agriculture, and Class 2, Non-agriculture. Class 1 customers are allocated the District's historic Colorado River water supply (301,000 acre fee (AF) per year). Since Class 1 customers use less than 301,000 AF per year, those customers are not responsible for any QSA water purchase costs.

Water Supply Surcharges fund the cost of QSA water purchases, a new and more expensive supply, and is collected only from Class 2 and Temporary Construction Meter Customers. Class 1 customers will pay it if they demand more than the legacy supply of 301,000 AF per year. The Outside Improvement District 1 (ID1) Surcharge is assessed to all customers outside of ID1.

The Outside ID1 Surcharge is a fixed charge based on property acreage and is calculated by dividing the ID1 property tax revenue in a given year by the total acres within ID1 receiving canal water service.

Similar to the Domestic Fund, the District completed a five-year cost of service study for the Canal Fund. The Board of Director’s approved a rate increases for Temporary Construction Meters, Quagga Mussel Surcharge, Gate Charges, and Outside ID 1 Surcharge in June 2021 for fiscal year 2022. The table below shows the five-year history of canal rates for the District.

**Canal Five-Year Rate History**

Service	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Water, per acre-foot, Class 1: Agriculture	\$ 34.32	\$ 34.32	\$ 34.32	\$ 34.32	\$ 34.32
Water, per acre-foot, Class 2: Nonagriculture (1)	34.32	34.32	34.32	34.32	34.32
Water, per acre-foot, Temporary Construction Meters (1)	47.41	47.41	47.41	47.41	51.33
Water Supply Surcharge	67.80	67.80	67.80	67.80	67.80
Quagga Mussel Surcharge, per acre-foot	2.78	2.78	2.78	2.78	3.18
Gate Charge - Scheduled, per visit	16.66	16.66	16.66	16.66	19.80
Gate Charge - Unscheduled, per visit	33.32	33.32	33.32	33.32	39.60
Outside ID 1 Surcharge (\$/acre/month)	3.69	3.69	3.69	3.69	3.92

(1) All Nonagriculture and Construction Meter customers pay the Class 1 rate plus the Water Supply Surcharge



## SANITATION FUND

In 1968, CVWD began wastewater collection and treatment services. The table shows CVWD's current operations and services. Overall, CVWD treats approximately six billion gallons of wastewater annually and recycles more than two billion gallons of wastewater each year. This wastewater is subjected to an advanced multi-step process that filters out solids, organic materials, chemicals, and germs. At two of the District's five wastewater reclamation plants, the treated reclaimed, or nonpotable, water is then delivered to customers to irrigate grass, landscapes, and fill lakes. Increasing the supply and use of recycled water is a key component of CVWD's long-range water management plans.

Reclamation plants	5
Daily plant capacity	33.1 MGD
Collection piping system	1,159 miles
Active accounts	96,932
Average daily flow	16.71 MGD
Population Served	262,217



## Sanitation Fund Rates

### Monthly Sewer Rates

Customer Class	Account Charge	Service Charge per ESU
Residential	\$1.58	\$23.04
RV/Trailer Parks	\$3.98	\$23.04
Nonresidential	\$3.98	\$23.04

Sewer customers are charged a consumption-based fixed service charge, which estimates sewage discharge, called an equivalent sewer unit (ESU). Sewage discharges for residential customers are based on their indoor water budget of 200 gallons per dwelling unit per day, established by the Domestic Water Fund, multiplied by 365 days per year yields an equivalent sewer unit of 73,000 gallons per year. This ESU value is used as a common denominator to measure the relative impact of all customer classes on the sewer system. A monthly account charge per customer is established to recover billing costs such as the cost of placing sewer bills on the tax roll for Residential customers. The RV/trailer park customer class has sewage production patterns similar to residential, but receives monthly sewer bills rather than annual sewer bills; therefore, they are charged a monthly account charge that reflects the cost to bill monthly. Nonresidential accounts are based on potable water use, combined with an assumption of a “return to sewer” factor. The return to sewer factor estimates how much of the account’s potable water use is discharged to the sewer drain as wastewater. All residential and rv/trailer park customers are charged one service charge unit per dwelling unit. Nonresidential customers are charged one service charge per equivalent sewer unit. ESU values are assigned to nonresidential customers based on 90% of their average daily water usage.

The District is planning to complete a cost of service study for the Sanitation Fund in fiscal year 2022. The purpose of the study is to create a financial plan and determine the appropriate monthly rates that will support the Sanitation Fund’s fiscal needs.

## GROUNDWATER REPLENISHMENT FUND GROUP

CVWD has three subbasins namely West Whitewater River, Mission Creek, and East Whitewater River to collect imported water to supplement groundwater needs. These three subbasins are accounted for in individual enterprise funds. Replenishment assessment charges are used to fund a portion of the costs of importing supplemental water for the replenishment of the subbasins.

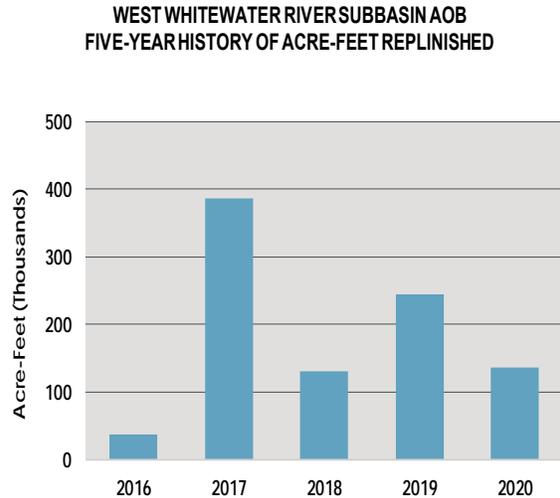
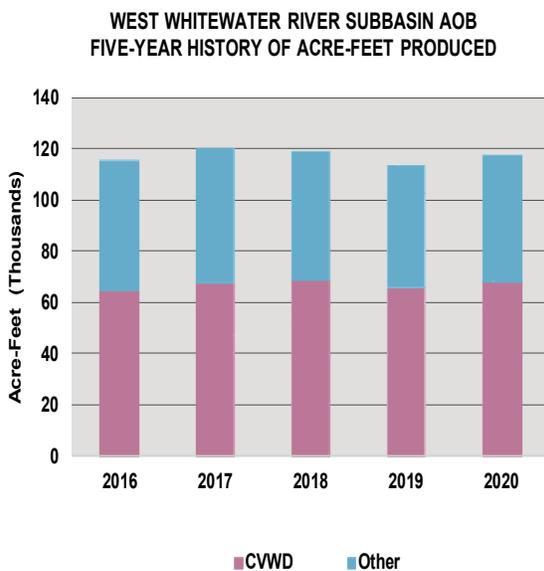


During fiscal year 2021, the District completed a five-year cost of service study for all three replenishment funds covering fiscal years 2022 to 2026. Based on the study, the result is a proposed rate increase for West Whitewater Subbasin and East Whitewater Subbasin, but none for Mission Creek Subbasin areas. The Board of Directors approved the increase in rates for fiscal year 2022 in June 2021. The new rates for West Whitewater Subbasin and East Whitewater Subbasin is reflected in each section below.

West Whitewater Replenishment Fund

In 1973, CVWD and Desert Water Agency, began using the State Water Project entitlement to replenish the western Coachella Valley’s aquifer at the Whitewater spreading area, northwest of Palm Springs. For calendar year 2020, there were 72 producers that pumped water from the West Whitewater River Subbasin. In addition, CVWD has replenished approximately 3.7 million acre-feet of water in the West Whitewater River Subbasin Area of Benefit (AOB). The amount of water replenished varies year-to-year. This is due in part to the 1984 Advance Delivery Agreement between CVWD, DWA and Metropolitan Water District (MWD), whereby the District will allow MWD to predeliver up to 800,000 AF of water in the Whitewater River. In years where an advance delivery balance exists, MWD may deliver less than the agreed upon allocations and instead draw on those advance delivery balances. However, the account can never go zero. The agreement allows MWD to store Colorado River water in the Whitewater River Basin in wet years on the Colorado River

The two graphs below show the history of the acre-feet produced and replenished in the last five years.



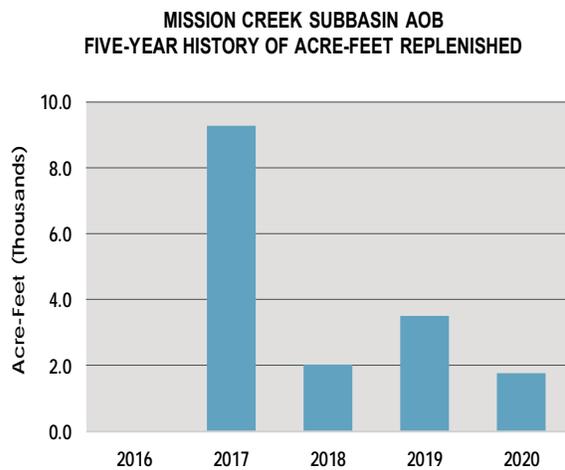
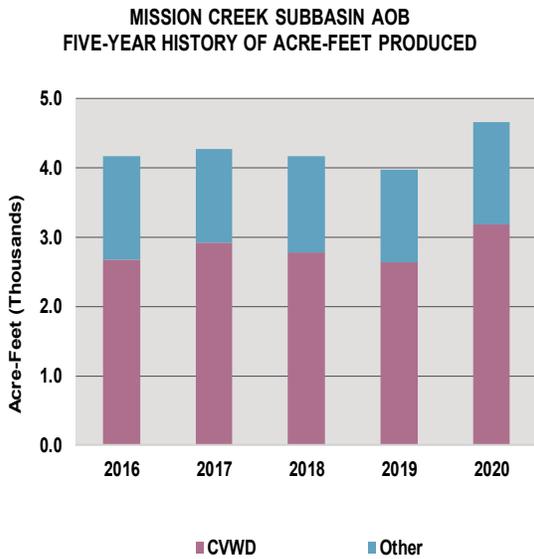
The table below shows the five-year history of the replenishment assessment charges (RAC) in the West Whitewater Replenishment Fund.

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
West Whitewater River Subbasin	\$ 143.80	\$ 143.80	\$ 143.80	\$ 143.80	\$ 165.37

Mission Creek Replenishment Fund

The Mission Creek Subbasin Area of Benefit (AOB) is bound on the south by the Banning fault and on the north and east by the Mission Creek fault. This subbasin relies on the same imported SWP exchange water source, as does the West Whitewater River Subbasin AOB. CVWD and DWA completed construction of the facilities to replenish the Mission Creek Subbasin AOB in 2002. In 2003, CVWD and DWA entered into the Mission Creek Groundwater Replenishment Agreement. This agreement recognizes the need to operate the subbasin as a complete unit rather than as individual segments delineated by agency boundaries. At the end of 2020, CVWD and DWA have replenished 166,854 AF in the Mission Creek Subbasin AOB.

The two graphs below show the history of the acre-feet produced and replenished in the last five years.



The table below shows the five-year history of the replenishment assessment charges (RAC) in the Mission Creek Replenishment Fund.

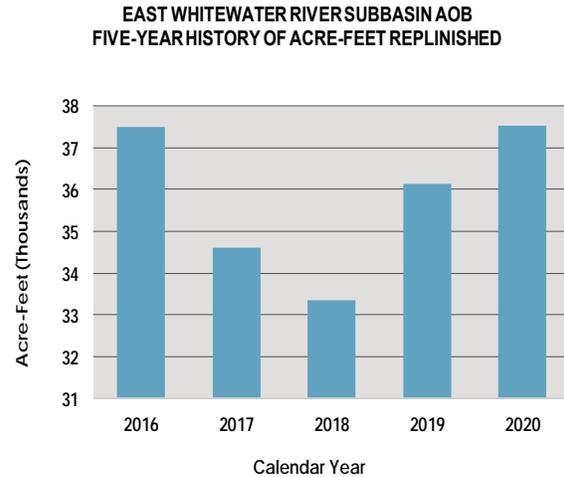
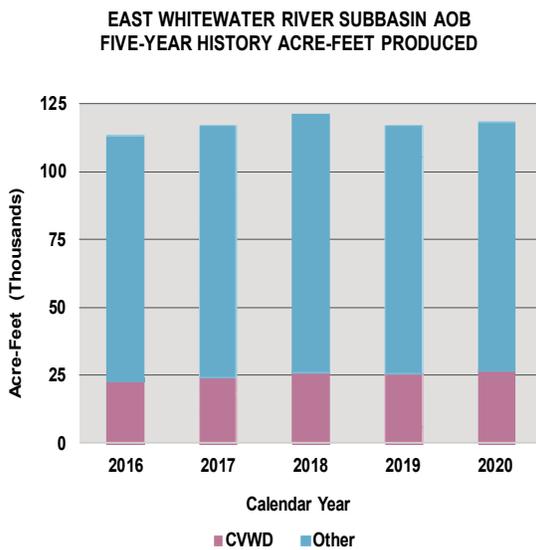
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Mission Creek Subbasin	\$ 135.52	\$ 135.52	\$ 135.52	\$ 135.52	\$ 135.52

East Whitewater Replenishment Fund

The Eastern boundary of the East Whitewater River Subbasin is formed primarily by the watershed of the Mecca Hills and by the Northwest shoreline of the Salton Sea, running between the Santa Rosa Mountains and Mortmar. The southern boundary roughly coincides with the Riverside/Imperial County line. The west boundary runs from Point Happy in La Quinta, to Indio Hills and the San Andreas Fault.

Groundwater replenishment in the east valley began in 1997, using pilot groundwater replenishment facilities at Martinez Canyon and Dike 4. The Thomas E. Levy Groundwater Replenishment facility (TEL) became operational in 2009. A loan from the Domestic Water Fund was used to pay for the cost of the new facility.

At the end of 2020, CVWD has replenished 440,459 AF of water in this subbasin. The water is supplied from the Colorado River via the Coachella Branch of the All American Canal.



The table below shows the five-year history of the replenishment assessment charges (RAC) in the East Whitewater Replenishment Fund.

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
East Whitewater River Subbasin	\$ 66.00	\$ 66.00	\$ 66.00	\$ 66.00	\$ 72.27

## STORMWATER FUND

In 1937, the Coachella Valley Stormwater District of Riverside County was merged into the Coachella Valley Water District. The District became responsible for much of the region's stormwater protection, helping to prevent loss of life and extensive property damage. CVWD protects over 590 squares miles from flooding. The entire system includes approximately 169 miles of channels built along the natural alignment of dry creeks that flow from the surrounding mountains into the Whitewater River. Along with the channels, a number of levees have been built to collect rapidly flowing floodwater as it pours from the adjacent mountains onto the valley floor. CVWD flood protection system is a 50-mile storm channel that runs from the Whitewater area north of Palm Springs to the Salton Sea.

Stormwater Chanel	17
Length of Whitewater River / Coachella Stormwater Channel	50 miles
Length of all Regional Flood Protection Facilities	169 miles
Service Area	381,479 acres



The Whitewater River/Coachella Valley Stormwater Channel was designed to convey rain and snow melt from Whitewater to the Salton Sea. It was built to withstand a standard project flood or a flow of about 83,000 cubic feet per second. Although the Coachella Valley averages less than four inches of rain per year, the surrounding mountains are subject to much higher rainfall, which can produce unpredictable, damaging, and even deadly flash flooding events throughout the Valley. Ensuring adequate stormwater protection is critical.

The District continues to make stormwater protection improvements. CVWD has began land acquisitions for the North Indio Flood Control Project (NIFCP), which connects the flood conveyance channels of Sun City Palm Desert to those of Sun City Shadow Hills. Construction will follow in subsequent years.

## 2) Economic Indicators

Although some restrictions had been lifted resulting from the increase in vaccine availability, the effects of the Covid 19 pandemic continue to have a global impact. The District's total net position increased by \$68.2 million in fiscal year 2021 as compared to prior year. Total revenues increased by \$1.5 million, while total expenses decreased by \$9.2 million resulting from decline in water purchases, professional, and other services due to the temporary closure of most businesses during the pandemic. In fiscal year 2022, the District anticipates the service activity to increase back to normal levels as businesses continue to open up.

The estimated population of major cities surrounding the Coachella Valley is almost 390,000, which can increase to almost 600,000 during the months of November through May with the influx of "snowbirds" escaping the cold winters of Canada, the Pacific Northwest, and the Northeastern United States.

### ***Tourism and Golf***

Tourism and golf are the region's largest and most dynamic sector, and are critical components of the Valley's economy. Coachella Valley hosts multiple major events such as Modernism Week, the Palm Springs International Film Festival, the Coachella Valley Music and Arts Festival, the Stagecoach Country Music Festival, and the BNP Paribas Open tennis tournament. In fiscal year 2021, several of these events were postponed or cancelled but the District anticipates these events to resume in fiscal year 2022.

Golf courses in the Coachella Valley account for almost 14% of the golf industry in California. The District is in the forefront in ensuring that appropriate measures and actions are taken to maintain water conservation including conversion of irrigated rough to native plantings and utilization of nonpotable water, while providing the golf community sufficient water supply for its operational needs. The golf industry provides employment opportunities and is substantially contributes to the economic growth of the Valley.

### ***Employment***

At the end of calendar year 2020, the Riverside County's unemployment rate significantly increased from 3.9% to 13.5%. However, the unemployment rate declined to 7.9% in July 2021 as restrictions were lifted, allowing various businesses and industries to reopen.

### ***Housing***

As of July 2021, the Coachella Valley median housing price has dramatically increased to \$546,000 from \$440,000, which was an increase of 24% as compared to last year. Even rental properties saw a drastic increase in rental rates as housing inventory remains low. The District is continually watching the fluctuation in the housing market.

### ***Crop Production***

The District irrigates about 77,101 acres of cropland in the Coachella Valley. As of calendar year 2020, the District delivered about 343,941 acre-feet to 1,305 customers. Crop production for calendar year 2020 is valued at almost \$575 million with an average gross value of \$9,727

acre, according to the CVWD annual crop report. Over 60% of farms in the Coachella Valley use drip irrigation. Besides reducing water use, drip irrigation allows pesticide and herbicides to be added directly to irrigation lines. Drip irrigation tends to increase crop yield; however, it is not appropriate for all types of crops. More than two-thirds of local farmland is irrigated in part with Colorado River water, delivered via the Coachella Canal.

### 3) Fiscal Year 2021 Highlights

- Total net position increase by \$68.2 million.
- Total capital assets increased by \$75.2 million mainly due to the completion of several major capital projects such as the Highway 86 Transmission Main Phase 2, Highway 86 Booster Pump Station, L4 Pump Station and Check Structure, Coachella Valley Stormwater Channel Bank Protection, and the Lift Station 81-03 Capacity Upgrade in Burr Street.
- The capital improvement program reached an execution rate of 92.8%, which exceeded the target rate of 80%.
- Issuance of a Certificate of Participation Series 2021 in the amount of \$42.9 million, plus premium of \$11.5 million for the Oasis Recharge Project under the East Replenishment Fund.
- Completed a Cost of Service Study for the Domestic, Canal, and Replenishment Funds.
- Updated the Financial Reserve Policy to support the District's financial plan.

### 4) Fiscal Year 2022 Financial Plan - Operating and Capital Improvement Budgets

Each year, the Board approves an annual operating budget. The District uses a base budget approach to budgeting. The base budget approach consists of budget proposals sufficient to maintain the operation of programs authorized in earlier years. Departments may request funding above the base budget amount in order to maintain current levels of service, to provide for the expansion of existing programs, or to enable the implementation of new services or programs. These are considered supplemental requests. All supplemental funding requests must be thoroughly described and include concise justification that reflects consideration of reasonable alternatives, particularly, if the request involves addition of full-time personnel.

The adopted fiscal year 2022 operating budget increased to \$286.2 million from \$278.5 million, which is a 2.8% increase as compared to fiscal year 2021. The primary drivers for the increase were in the Quantification Settlement Agreement Mitigation payments, utilities, water purchases, replenishment cost, and other services.

The Board also approves an annual capital improvement budget (CIB) based on new and replacement infrastructure needs of the District. The fiscal year 2022 CIB is \$165.6 million, an increase of \$61.8 million, which is a 59.6% increase as compared to fiscal year 2021. The CIB includes funding for a variety of projects and vehicle and equipment replacements.

## **Staff**

The District budgets approximately 569 staff members who are responsible for daily operations and implementing strategic initiatives and policies set forth by the Board of Directors.

## ***Challenges Facing the District***

The District currently faces several challenges including investment in infrastructure, drought impacts, pension costs, and pending litigations.

### *Investment in Infrastructure*

The aging infrastructures and rising demand on the water supply due to growth continues to be a significant challenge for CVWD in both short and long-term. For the past few years, the District has aggressively pursued alternative funding sources including grants, loans, and revenue bond debt issuance to support capital project needs. As of September 2021, the District has one-hundred and fifty four (154) active capital projects budgeted at \$165.4 million; has a total of fourteen (14) awarded and four (4) implemented grants for a total of \$26.7 million; and entered into four (4) loan agreements for a total of \$153.8 million. The District also has nineteen (19) active loan and grant applications for an estimated total of \$188.3 million.

In addition, the District implemented a Comprehensive Asset Management Plan about five years ago to catalog and prioritize the replacement of these aging infrastructures. The purpose of the plan is to provide the District a comprehensive view of the state of the assets and a timeline for replacement based on likelihood and consequence of failure. To date, over 300,000 physical assets have been identified, inventoried, located, photographed, condition scored, and valued. These physical assets have been entered into the new Computerized Maintenance Management System (CMMS). For fiscal year 2022, the focus will be to integrate CMMS to the existing financial system, Central Square (NaviLine).

### *Potential Drought Impacts*

In October 2021, Governor Newsom expanded the drought emergency declaration statewide from the original 50 counties that was declared back in April 2021. Governor Newsom signed an executive order to reduce water use by 15%. Although the water supply in the Coachella Valley region remains stable, the District has been proactive in addressing the drought emergency declaration by continued support of water use efficiency. CVWD adopted a climate action and adaptation plan at its September 28, 2021 board meeting. In addition, a Groundwater Management Plan for the Indio Subbasin and Mission Creek Subbasin is scheduled to be presented for adoption during the December 7, 2021 board meeting.

### *Pension Costs*

*Miscellaneous Pension Costs.* The District provides retirement benefits to District employees through the California Public Employees Retirement System (CalPERS). The Board of Directors has been very concerned about the rising level of retirement benefit unfunded liability, caused mostly by the lower than anticipated investment returns by the CalPERS investment portfolio managers, thus increasing unfunded liability. Since September 2018, the District has been working with a CalPERS Senior Actuary to modify the CalPERS projections utilizing more current and accurate data provided by the District in order to ensure the District continues to make the appropriate amount of payments to CalPERS, which in turn reduce reduced unfunded liability. On October 23, 2018, the Board of Directors unanimously voted to pay \$20 million directly to CalPERS in four equal payments throughout the fiscal year in order to reduce the

District's unfunded liability. The District continues to work with the CalPERS actuary to calculate appropriate payments and maintain a reasonable unfunded liability. As of the CalPERS Actuarial Valuation for measurement date ending June 30, 2020, the District's funded ratio is at 69.7% and an unfunded liability ratio of 30.3%.

*Other Postemployment Benefits Other than Pension (OPEB).* The District provides health care benefits to all employees who retire from the District, under retirement criteria established by the District, up to the age of 65, through a single-employer defined benefit plan. The OPEB eligibility varies depending on the bargaining unit's agreements. Through Board resolution in 2013, the District established a pre-funded Section 115 irrevocable OPEB Trust. District staff consistently monitors the OPEB plan and its funding status. As of June 2021, the OPEB plan is fully funded.

### Pending Litigations

*Agua Caliente Litigation.* The Agua Caliente Band of Cahuilla Indians filed a lawsuit on May 14, 2013 against CVWD and Desert Water Agency (DWA) claiming senior water rights above all users in the Coachella Valley. On October 6, 2020, the court entered an order staying all proceedings in both cases to allow the parties to pursue settlement discussions before a private mediator. As of now, the settlement discussion is ongoing.

*Interfund Loan Litigation.* Plaintiff Roberts filed a lawsuit in 2019 against CVWD seeking to invalidate a 2007 interfund loan between Domestic Fund and West Replenishment Fund, related to the Mid-Valley Pipeline project. The District prevailed at trial, but an appeal is pending.

### **Financial Stability**

Overall, the financial stability of the District remains stable and strong ending fiscal year 2021. The impact of pandemic did not have any significant impact on revenues; however, it did cause numerous delays in completion of planned capital improvement projects, including considerable increase in project costs. The overall impact of the pandemic to the Coachella Valley remains unclear. CVWD continues to monitor and proactively responds to anticipated changes that may have fiscal impact.

In addition, CVWD continues to pursue alternative funding sources such as grants, loans, and bond financing to support capital-financing needs. In fiscal year 2021, CVWD completed a five-year Cost of Service Study for the Canal, Domestic, and Replenishment Funds resulting in proposed rate increases. Proposition 218 allows for approval of five-year rate increases; however, CVWD adopts rate increases on an annual basis. The Board of Directors adopted fiscal year 2022 budget, along with the proposed rate increase last June 2021. The Cost of Service Study for Sanitation is set to begin in fiscal year 2022.

### **5) Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Coachella Valley Water District, for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, an agency must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

We would like to thank the dedicated employees of the District for their commitment to providing high-quality service to the District's customers. In addition, we would like to thank the Board of Directors for providing the resources necessary to prepare this report and for their role in preserving the District's framework of internal controls. The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance department.

Respectfully submitted,

A handwritten signature in cursive script that reads "Geoffrey A. Kiehl".

Geoffrey Kiehl  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Coachella Valley Water District  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

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COACHELLA VALLEY WATER DISTRICT  
**BOARD OF DIRECTORS**



John Aguilar  
Division One



John Powell Jr.  
**Board President**  
Division Three



Anthony Bianco  
Division Two



Peter Nelson  
Division Four



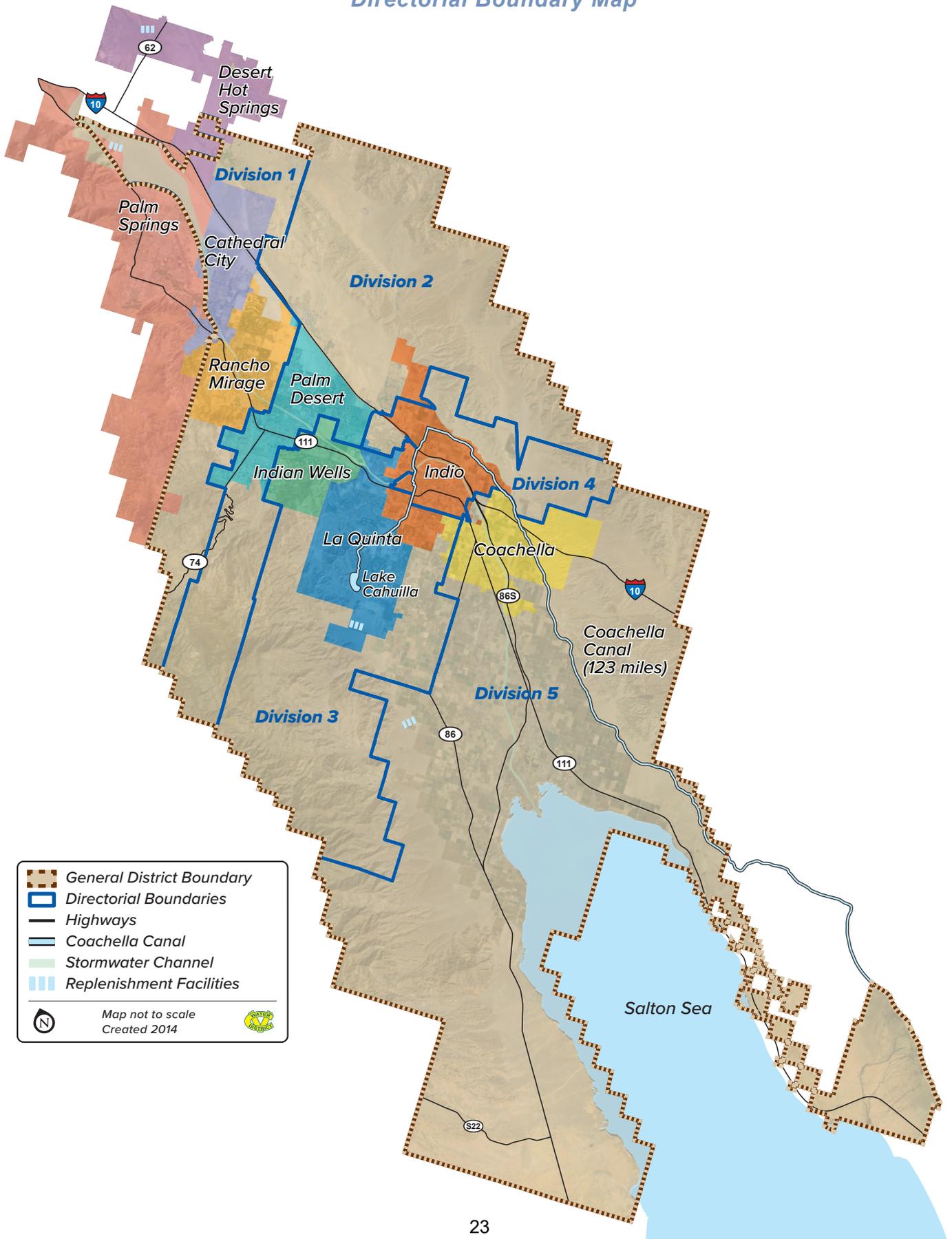
Cástulo R. Estrada  
**Board Vice President**  
Division Five

**Mission Statement:**

*To meet the water-related needs of the people through dedicated employees, providing high-quality water at a reasonable cost.*

# COACHELLA VALLEY WATER DISTRICT

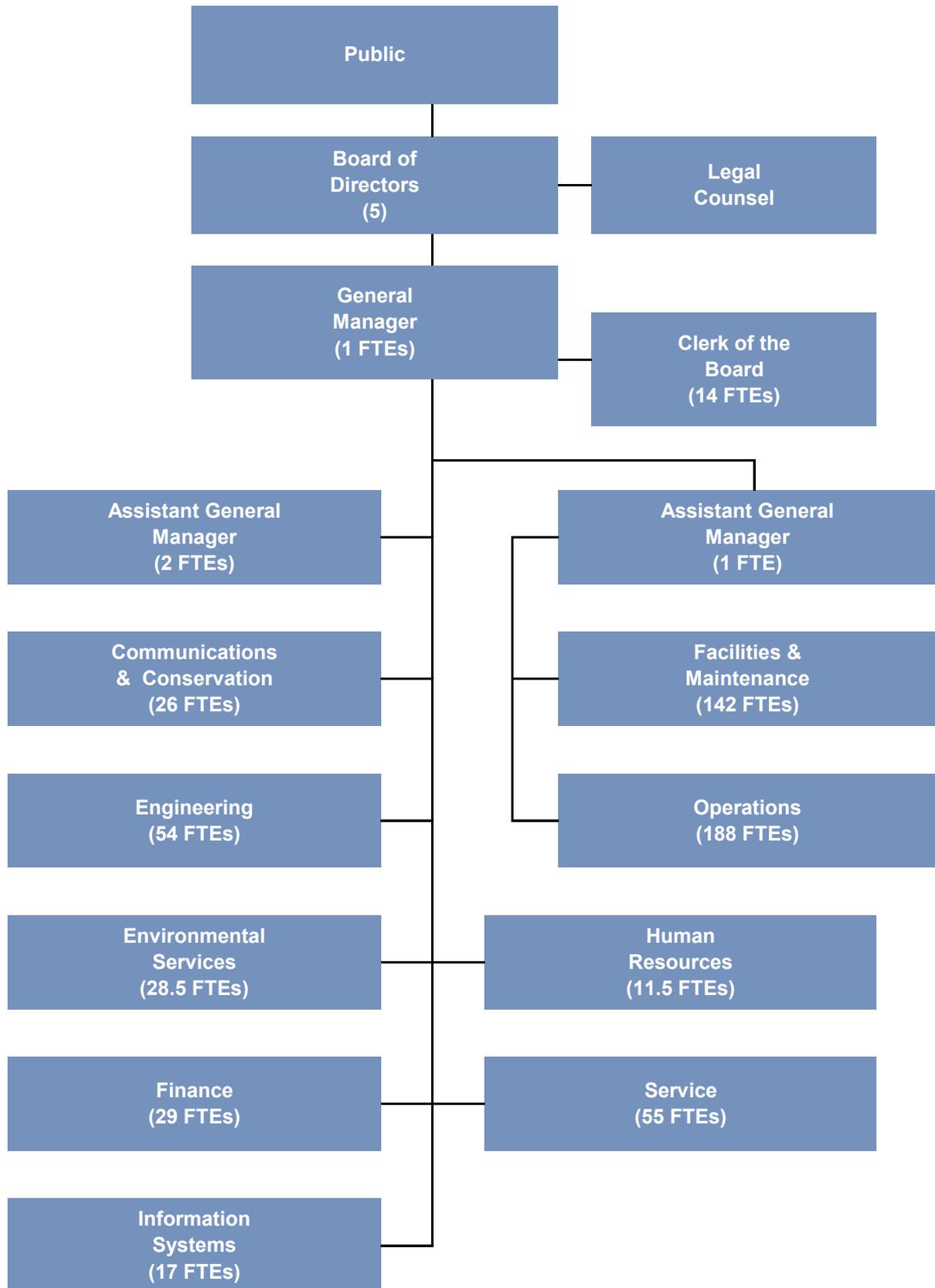
## Directorial Boundary Map



# COACHELLA VALLEY WATER DISTRICT Service Boundary Map



# Coachella Valley Water District Organizational Chart



## District Departments & Directors

### **Executive Administration**

General Manager  
Assistant General Manager  
Assistant General Manager

*Jim Barrett  
Robert Cheng  
Dan Charlton*

### **District Department Heads**

Clerk of the Board  
Communication & Conservation  
Engineering  
Environmental Services  
Finance  
Human Resources  
Information Systems  
Service

*Sylvia Bermudez  
Katie Evans  
Carrie Oliphant  
Steve Bigley  
Geoffrey Kiehl  
Scott Hunter  
Luis Maciel  
Scott Burritt*

## Acknowledgements

### **Finance Staff**

Controller  
Finance Manager (General Accounting & Reporting)  
Senior Accountant (Financial Analysis, Fixed Assets & Reporting)  
Accountant (Cash and Account Reconciliations)  
Accounting Technician II (Accounts Payable)  
Accounting Technician I (Accounts Payable)  
Accounting Technician I (Accounts Receivable)  
Accounting Technician I (Accounts Receivable)  
Accounting Technician II (Payroll)  
Accounting Technician I (Payroll)  
Financial Analyst I (Capital Projects)  
Financial Analyst II (Grants)

*Karrie Swaine  
Teresa Acevedo  
Sara Hypes  
Doug Kneuer  
Tina Casarrubias  
Vincent Naranjo  
John Norton  
Ana Olivarez  
Karla Kezis  
Jose Villalobos  
Nancy Clark  
Laura Kleeman*

### **Special Acknowledgement**

Communications Specialist  
Administrative Assistant I

*Andrea Shek  
Lena Zamudio*

For any additional inquiries, you may contact us at:

### **In Person Inquiry:**

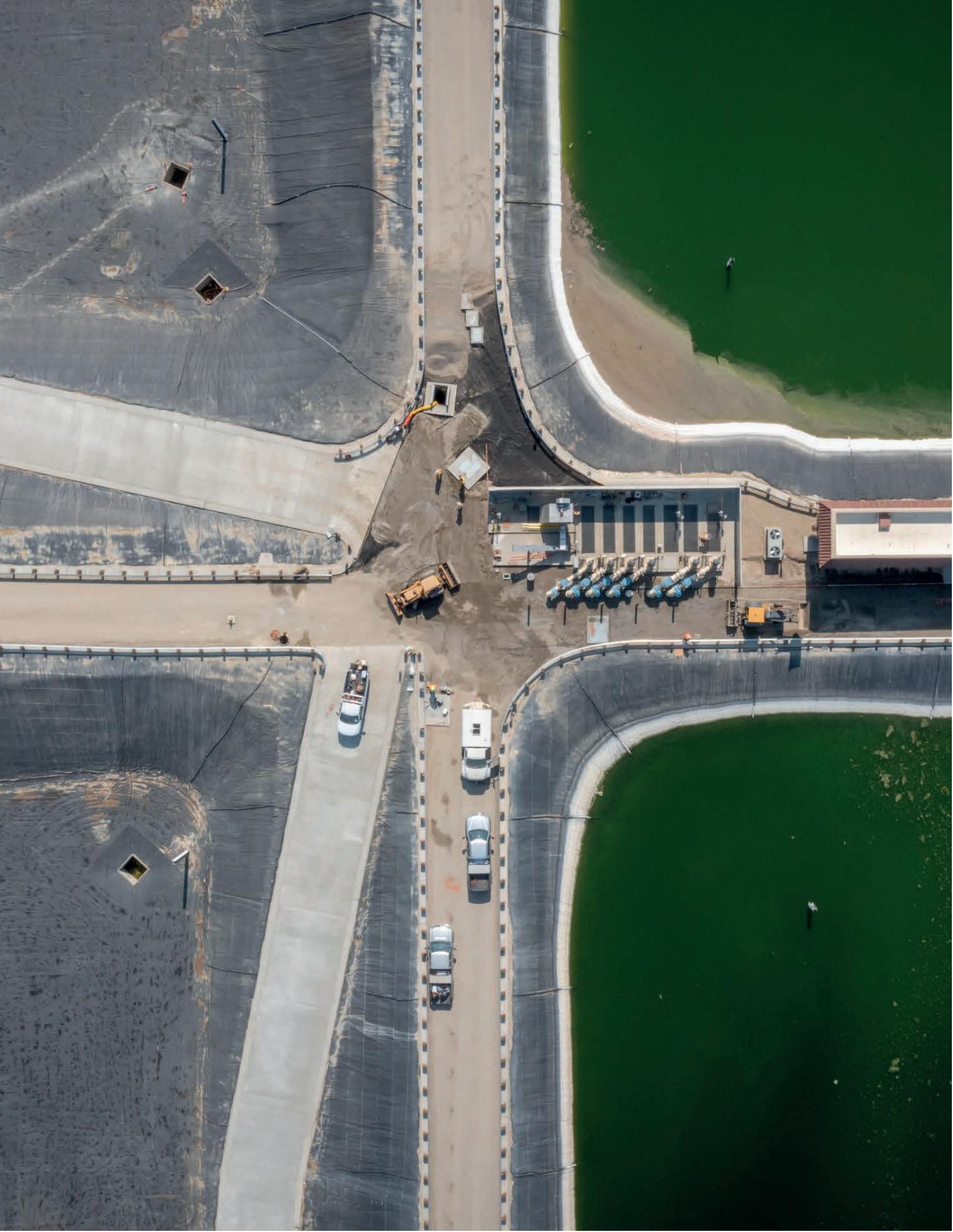
Coachella Valley Water District  
Steve Robbins Administration Building  
75-515 Hovley Lane East  
Palm Desert, CA 92260  
Phone: (760) 398-2651

### **Mailing Address**

Coachella Valley Water District  
P.O. Box 1058  
Coachella, CA 92236

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FINANCIAL





## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Coachella Valley Water District  
Coachella, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Coachella Valley Water District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

### ***Emphasis of Matter***

As discussed in Note 1S to the financial statements, the District implemented Governmental Accounting Standards (GASB) Statement No. 84, *Fiduciary Activities*, in fiscal year ended June 30, 2021, which resulted in a restatement. Our opinion is not modified with the respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining fund financial statements and supplementary debt schedules (supplementary information), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

***Other Matters (Continued)***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
November 22, 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Coachella Valley Water District's (District) annual financial report presents our analysis of the District's financial performance and activities for the fiscal year ended June 30, 2021. The following discussion and analysis should be read in conjunction with the basic financial statements and notes to the basic financial statements.

### **About the District**

The District operates under the authority of the California Water Code and engages in various activities classified as "proprietary." These activities are accounted for much like that of a private business and use the full accrual method of accounting for transactions. The major activities include: sale and delivery of groundwater to domestic and commercial accounts; sale and delivery of Colorado River water to agricultural and other accounts; operation and maintenance of a system of farm drains; collection, treatment, and disposal of wastewater; sale and delivery of recycled water; operation and maintenance of stormwater channels and flood protection facilities; and replenishment of the groundwater basin. The District also owns and operates a fleet of vehicles and other rolling stock to support the various operating activities.

### **Overview of the Financial Statements**

The financial statements of the District report information using accounting principles appropriate for an enterprise fund to report its activities. An "income determination" or "cost of services" measurement focus is reported with revenues and expenses recognized on the accrual basis of accounting. The financial statements conform to generally accepted accounting principles (GAAP) in the United States, and to the standards set by the Governmental Accounting Standards Board (GASB).

**The Statement of Net Position** shows the District's financial position at June 30, 2021. The statement includes the District's assets (i.e. the nature and amount of investments in resources) and liabilities (i.e. the obligations to creditors) by fund group. The net position represents the District's remaining value after the liabilities and deferred inflows of sources are deducted from assets and deferred outflows of sources. In addition, this statement also provides the basis of evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

**The Statement of Revenues, Expenses, and Changes in Fund Net Position** identifies the District's revenues and expenses for the fiscal year ended June 30, 2021. This statement provides information by fund groups on the District's operations and whether the District's operating and non-operating revenues have recovered all its costs.

**The Statement of Cash Flows** provides information concerning the District's cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities. This statement also provides information on the sources and uses of cash and on the change in the cash balance.

**The Notes to the Basic Financial Statements** provide a description of the accounting policies used to prepare the financial statements, and present material disclosures required by GAAP that are not otherwise present in the financial statements. The District, like other special Districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District are segregated into two categories: proprietary funds and custodial funds.

The District maintains two types of proprietary funds reported using the accrual basis of accounting: Enterprise funds and Internal service funds. Enterprise funds report the District's business-type activities: Domestic Water, Sanitation, Canal Water, Stormwater, Groundwater Replenishment, and State Water Project. The District uses internal service fund accounting to report the activities of its Motorpool Fund.

**The Required Supplementary Section** includes schedules to identify the funding progress for the District's pension and other post-employment benefit liabilities.

**Supplementary Information Section** this section includes Custodial Fund financial statements for the four Assessment Districts and two Community Facility Districts. The faith and credit of the Coachella Valley Water District are not pledged to these Districts; therefore, they are accounted for in custodial funds and are in the basic financial statement.

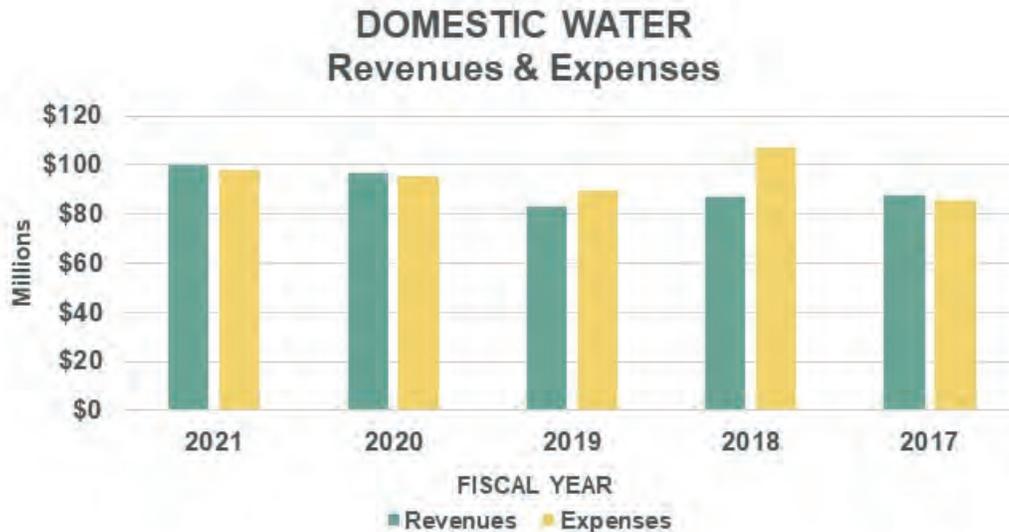
### **Financial Highlights**

The following are highlights of the financial status of the District during the time period specified. Each of these items is discussed in detail in subsequent sections of this report.

- As of June 30, 2021, the District's assets and deferred outflows exceeds liabilities and deferred inflows by approximately \$1.9 billion broken down as \$1.6 billion invested in capital assets, \$124.9 million in restricted funds, and unrestricted funds of \$207.7 million. The unrestricted funds pay for obligations as determined by the Board of Directors to support the services provided to the customers of the District.
- The District's total net position increased by \$68.2 million, or an increase of 3.7% from the prior fiscal year primarily due to an increase in net investment in capital assets of \$53.5 million attributable to the completion of several major projects, an increase in restricted net position of \$58.2 million and offset by decrease in unrestricted net position of \$43.5 million. Annually, the District sets an objective of completing budgeted capital projects at a minimum of 80%. In fiscal year 2021, the District exceeded reached an execution rate of 92.8%
- Operating revenues increased by approximately \$11.8million, or an increase of 6.8% from the prior fiscal year. This is mainly due to an increase in water sales of \$9.5 million, ground water replenishment sales of \$1.7 million, and other charges of \$624 thousand.
- Operating expenses, excluding depreciation, decreased by approximately \$12.9 million, or 5.5% as compared to the prior fiscal year. Water purchases vary depending on availability of water and project timing each year. In FY 2021, water purchases decreased by \$8.8 million. General operations decreased by \$7.7 million primarily resulting from delay in replacement of vacant positions due to pandemic closures, which is offset by an increase in utilities of \$3.5 million resulting from increased in electricity consumption and an electrical rate audit adjustment.
- Non-operating revenues decreased by \$10.3 million, or 7.0% as compared to prior fiscal year. The change is mainly due to an increase of \$10.5 million in property tax and other \$353 thousand in other charges, however, it is offset by decrease in investment income of \$17.3 million and intergovernmental income of \$3.9 million.
- Non-operating expenses slightly increased by \$100 thousand, or 5.5% as compared to prior fiscal year attributed to interest expense increase.

## Overview of Fund Group Activity

**Domestic Water Fund.** Activity associated with providing domestic water to the residents of the Coachella Valley. In fiscal year 2021, the Domestic Water Fund net position increased by \$4.3 million as compared to the restated fiscal year 2020 net position.



Total assets increased by \$10.4 million. Cash and investments (including restricted cash) increased by \$10.5 million, while capital assets net of depreciation increased by \$7.0 million due to continued effort by the District to complete capital projects. CVWD achieved an execution rate of 92.8% in FY 2021. Due from other governments increased by \$2.6 million, while the Advances to Other funds decreased by \$9.4 million, along with net decrease of \$247 thousand in other assets.

Deferred pension related items resulted to a decrease in outflow of \$2.6 million, while increase in inflow of \$287,588.

Total liabilities increased by \$3.3 million mainly due to increase of \$4.1 million in Customer Advances and Deposits, \$2.5 million in Loan Payables from State Water Resources Board (SWRCB) for Highway 86, offset by decrease of \$3.0 million in net pension and OPEB liabilities and net decrease in other liability of \$411 thousand.

Operating revenues increased by \$9.2 million, primarily due to an \$8.0 million higher water sales and \$1.2 million in other charges.

Operating expenses increased by \$4.1 million, mainly due to increases in utility resulting from increase electric consumption and electric rate adjustment of \$2.1 million, water purchases of \$1.1 million, materials and supplies of \$1.7 million, and depreciation of \$1.4 million. These are then offset by decreases in contract services, wages and salaries, and other expenses due to business shut-downs during the pandemic for \$2.2 million.

Total net non-operating revenues decreased by \$5.9 million, primarily due to significant decrease in investment income of \$4.1 million, intergovernmental revenue of \$1.7 million, and other income of \$1.2 million, offset by increase in property tax of \$1.2 million..

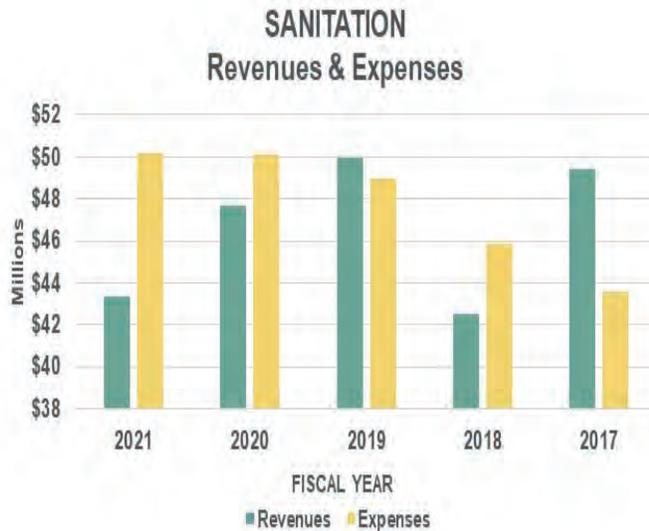
**Sanitation Fund.** Activity associated with the District’s wastewater reclamation plants. The plants allow the District to provide sanitation service to most of the Coachella Valley. The Sanitation Fund net position increased \$2.0 million from the restated fiscal year 2020 net position.

Cash and investments (including restricted cash) decreased \$10.2 million, and capital asset increased by \$11.9 million. Total liabilities decreased by \$2.3 million mainly due to decrease in pension and OPEB liabilities.

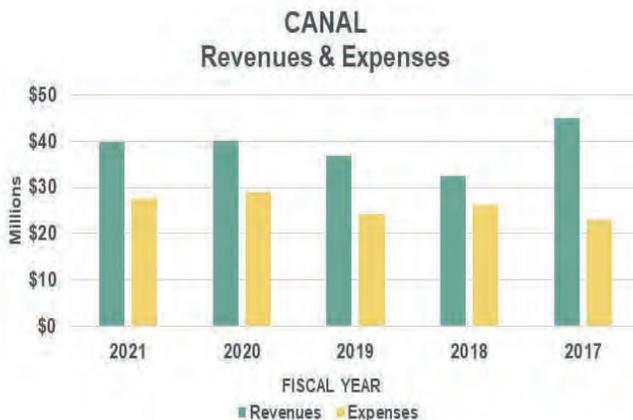
Deferred pension outflows decreased by \$1.4 million, while deferred inflows increased by \$157 thousand.

Operating loss increased by \$552 thousand primarily resulting from decrease of \$407 thousand in operating revenues and \$145 thousand increase in operating expenses.

Total net non-operating income decreased by \$4.8 million, mostly due decrease in investment income of \$4.1 million and \$613 thousand in other income.



**Canal Water Fund.** Activity associated with providing irrigation water to agricultural farmers and certain golf courses of the Coachella Valley and farm drainage. In fiscal year 2021, the total net position for the canal water fund increased by \$16.4 million.



Total assets increased by \$15.2 million resulting from an increase in Cash and Investment by \$1.5 million, an increase in Net Capital Assets by \$14.2 million and decrease in other assets of \$492 thousand.

Total liabilities decreased by \$20.3 million due to a \$19.1 million in net pension and OPEB liability and decrease in current liabilities of \$1.2 million.

Deferred pension outflows decreased by \$822 thousand, while deferred inflows increased by \$9 thousand.

Net operating loss decreased by \$1.9 million resulting from an overall increase in operating revenue of \$1.1 million due from increased water sales, while operating expenses decreased by \$776 thousand due to lower water purchase and other charges.

**Stormwater Fund.** Activity associated with providing stormwater protection in the Coachella Valley. In fiscal year 2021, the total net position for the Stormwater Fund increased by \$12.5 million compared to the restated fiscal year 2020.

Total assets increased by \$20.6 million primarily resulting from the following increase: cash and investment by \$5.4 million and capital assets net of depreciation by \$15.3 million.

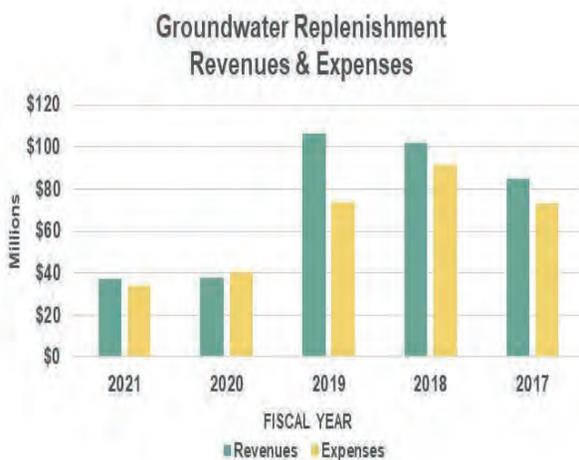
Total liabilities increased by \$7.5 million primarily due to a \$7.0 million draw from the Bank of the West (BotW) Letter of Credit for the Stormwater Channel Projects. The total liability with BotW is now \$9.7 million due to be repaid beginning of fiscal year 2023. Repayment to BotW will be paid from the Water Infrastructure Finance and Innovation Act

(WIFIA) loan with Environmental Protection Agency, with the first reimbursement scheduled to begin June 1, 2022.



Total net operating loss in fiscal year 2021 is \$11.2 million, which is a \$1.8 million decrease as compared to the prior fiscal year. The change is primarily attributed to decrease in professional services charge of almost \$3.0 million due to the large expenditure in fiscal year 2020 resulting from expensing a previously capitalized cost. No reclass of charges occurred in fiscal year 2021. Non-Operating revenues went down by \$854 thousand mainly due to decrease in investment income of \$4.4 million, while property tax revenues increased by \$2.7 million.

**Groundwater Replenishment Fund Group.** Activity associated with replacing the groundwater or replenishing the aquifer. In fiscal year 2021, the total net position increased by \$3.9 million.

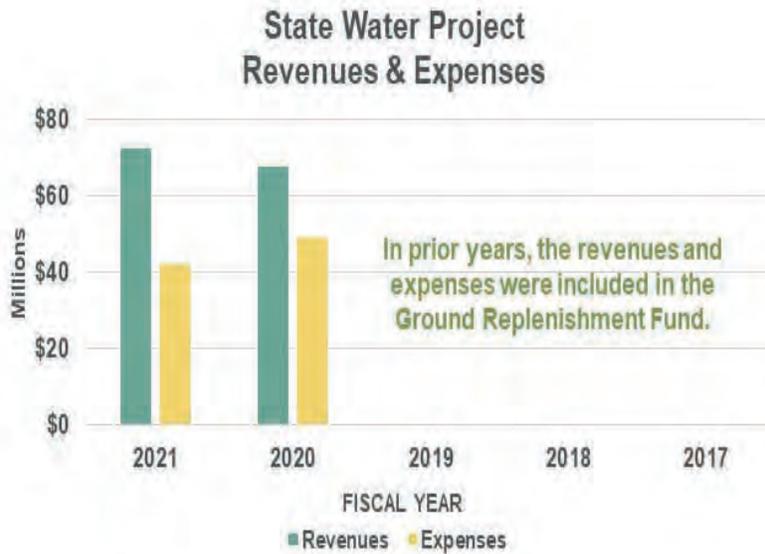


Total assets increased by \$36.4 million resulting from increase in cash and investments, which include restricted cash, by \$24.1 million primarily attributed to the bond proceeds from the issuance of a Certificate of Participation (COP) Series 2021 A and B. The bond proceeds are to be spent during construction of the Oasis Recharge Phase 2 project. Capital assets net of depreciation increased by \$12.6 million as projects are completed and capitalized.

Total liabilities increased by \$32.1 million primarily due to \$54.4 million increase resulting from the issuance of the COP debt, offset by decrease of \$9.4 million in advances from other funds and \$12.7 million in accounts payable.

Net operating loss decreased by \$6.8 million attributed to decrease in overall operating expenses by \$4.9 million due to significant suspension of professional and other services, since most of those businesses had temporary closures in response to the Covid 19 pandemic. This decrease in operating expenses is offset by increase in operating revenues of \$1.9 million primarily from increase in replenishment charges. Nonoperating revenue decreased by \$1.7 million mostly due to decrease in investment income of \$2.2 million offset by \$437 thousand in other revenue and expenses.

**State Water Project Fund.** Activities associated with this group are designed to track the revenues and expenses related to the State Water Project. The primary purpose of SWP is water supply, flood control, power generation, recreation, fish and wildlife enhancement, and water quality improvement in the Sacramento-San Joaquin Delta. In fiscal 2014, this SWP was combined with the Ground Replenishment Fund. However, the District reinstated this fund in fiscal 2020 to better account for the revenue and expense activities.

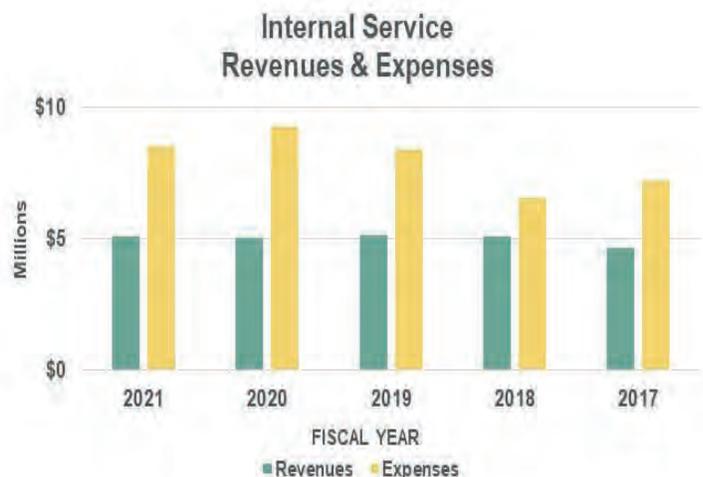


In fiscal year 2021, total assets increased by \$30.3 million resulting from an increase in cash and investments of \$14.7 million, net capital assets of \$15.7, offset by decrease in other assets of \$72 thousand. Total liabilities remained stable and had a slight increase of \$54 thousand. Net operating loss decreased by \$7.0 million due to decrease of \$8.3 million in water purchases, while other operating expense increased by \$1.3 million. Nonoperating revenues increased by \$4.3 million consisting of an increase of \$4.7 million in property tax, reduced by a decrease in investment income of \$445 thousand.

**Internal Service Fund.** Activities associated with this group are designed to function as cost-reimbursement funds. The District operates one fund within this group: Motorpool Fund.

In fiscal year 2021, the total net position is \$12.0 million, which is a decrease of \$1.3 million from the restated fiscal year 2020 net position. Fiscal year 2020 net position was restated due to a reclass of previously expensed purchases that should have been capitalized. The net impact to the motorpool fund is \$1.8 million.

Net operating loss increased by \$998 thousand primarily resulting from an increase of \$535 thousand in materials and supplies due to a reduction in the prior year operating expenditures for purchases that should have been capitalized and increase of \$423 thousand in other expenses.



## **Financial Analysis of the District**

### ***Financial position summary***

The Statement of Net position (Table 1) shows an overall net increase of \$68.2 million for the fiscal year ending June 30, 2021 as compared to the restated prior fiscal year net position.

Total assets increased by \$113.1 million or 5.4% as compared to the prior fiscal year. The total increase comprised of an increase in current assets by \$3.1 million, increase of \$110.0 million in noncurrent assets comprising of an increase of \$43.6 million in restricted cash and investments; net capital asset of \$75.4 million, reduced by decrease in other noncurrent assets by \$9.0 million.

Current assets increased by \$3.1 million primarily due to increases in cash and investments of \$2.4 million; due from other governments of \$2.3 million, and \$71 thousand in supplies inventory, which is then offset by decrease in overall receivables of \$1.2 million and \$458 thousand in prepaid expenses.

Noncurrent assets increased by \$110.0 million, primarily due to an increase in restricted cash of \$43.6 million related to the bond proceeds for the COP Series 2021, net capital assets of \$75.4 million, and \$454 thousand in net OPEB assets. This increase is then reduced by decrease of \$9.4 million in advances to other funds resulting from repayment of the loan between the Domestic Water Fund and East Replenishment Fund in the Groundwater Replenishment Fund Group related to the facilities at Martinez Canyon and Thomas E., Levy. A corresponding change in advances from other funds for the same amount will be reflected under total liabilities.

The total increase of \$75.2 million in capital assets is mainly due to the completion of several major capital projects such as the Highway 86 Transmission Main Phase 2; Highway 86 Booster Pump Station; L4 Pump Station and Check Structure at Mile Post 120.8 Replacement; Coachella Valley Stormwater Channel Bank Protection; and Lift Station 81-03 Capacity Upgrade in Burr Street.

Total liabilities increased by \$38.7 million, mostly due to the increase of \$54.4 million in certificate of participation payable, \$10.1 million in loans payable, and \$4.9 million in customer advances and deposits. The increase is reduced by decreases of \$15.4 million in current payables, \$6.2 million in net pension and OPEB liability, and the corresponding decrease in advances from other funds of \$9.4 million.

Deferred Outflow of Resources decreased by \$5.8 million, due to the following reasons: 1) the difference in pension liability from the expected versus actual actuarial experience; 2) pension contributions subsequent to measurement date; 3) changes in assumption; and 4) difference in projected and actual earnings on pension plan investments. While the Deferred Inflow of Resources increased by \$414 thousand primarily due to the difference between expected versus actual actuarial experience, and changes in pension actuarial assumptions.

As of June 30, 2021, investment in capital assets net of related debt is \$1.6 billion, which is an increase of \$53.5 million or 3.5% as compared to fiscal year 2020. Investments in capital assets (i.e., land improvements, buildings, and equipment) less any related outstanding debt used to acquire these assets represents almost 82.5% of the District's net position. Restricted net position increased by \$58.2 million and represent 6.5% of net position. Unrestricted net position accounts decreased by \$43.5 million and amounts to 10.9% of the total net position.

**Table 1**  
**COACHELLA VALLEY WATER DISTRICT**  
**Condensed Statement of Net Position**  
**As of June 30, 2021**  
(in millions)

	2021	Restated 2020	Dollar Change	Percentage Change
Current Assets	\$ 406.5	\$ 403.4	\$ 3.1	0.8%
Noncurrent Assets	163.5	128.8	34.6	26.9%
Capital Asset, Net of Depreciation	1,634.3	1,558.9	75.4	4.8%
<b>Total Assets</b>	<b>2,204.3</b>	<b>2,091.2</b>	<b>113.1</b>	<b>5.4%</b>
Deferred Outflow of Resources	31.2	37.1	(5.8)	-15.8%
<b>Total Deferred Outflow of Resource</b>	<b>31.2</b>	<b>37.1</b>	<b>(5.8)</b>	<b>-15.8%</b>
Long-term Liabilities	259.5	220.7	38.8	17.6%
Other Liabilities	51.4	51.5	(0.1)	(0.2%)
<b>Total Liabilities</b>	<b>310.9</b>	<b>272.2</b>	<b>38.7</b>	<b>14.2%</b>
Deferred Inflow of Resources	15.9	15.5	0.4	2.7%
<b>Total Deferred Inflow of Resource</b>	<b>15.9</b>	<b>15.5</b>	<b>0.4</b>	<b>2.7%</b>
Net Investment in Capital Assets	1,576.1	1,522.6	53.5	3.5%
Restricted Net Position	124.9	66.8	58.2	87.1%
Unrestricted Net Position	207.7	251.2	(43.5)	(17.3%)
<b>Total Net Position</b>	<b>\$ 1,908.7</b>	<b>\$ 1,840.6</b>	<b>\$ 68.2</b>	<b>3.7%</b>

*Note: Allow for rounding differences.*

### ***Activities and changes in Net Position***

The Statement of Revenues, Expenses, and Changes in Fund Net Position (Table 2) identifies the various revenue, expense, and other significant items that contributed to the change in net position.

Total net position increased by \$68.2 million, or 3.7% in fiscal year ending June 30, 2021.

Total revenues increased by \$1.5 million, or 0.5% as compared to prior fiscal year comprising of \$11.8 million increase in operating revenues and decrease of \$10.3 million in non-operating revenues.

Increase in total operating revenues of \$11.8 million is primarily from increases in water sales of \$9.5 million, \$1.7 million in groundwater replenishment charges, and \$624 thousand in other charges.

Non-operating revenues decreased by \$10.3 million attributed to decline in investment income of \$17.3 million in investment income, \$3.9 million in intergovernmental revenue, which is then reduced by an increase in property tax of \$10.5 million and \$353 thousand in other revenue.

Total expenses decreased by \$9.2 million, or 3.3% in fiscal year 2021, which consisted of a \$12.9 million decrease in operating expenses, \$3.6 million increase in non-operating expenses.

Operating expenses decreased by \$12.9 million due to significant decline in water purchases of about \$8.8 million and \$12.6 million in professional and other services. Water purchases can be volatile as it is heavily reliant on weather conditions, water availability, pricing from Metropolitan Water District. The decrease in professional and other services are mostly from the temporary closures of businesses who provided those services due to the effects of the Covid 19 pandemic. The decrease is then offset by increase in power cost of \$3.4 million resulting from an electric rate adjustment, increase in depreciation of \$3.5 million, \$2.4 in personnel costs, and increase in material and supplies of \$3.6 million. Materials and supplies in fiscal year 2020 was reduced by \$5.3 million to reclass an expenditure that should have been capitalized, thus resulting to an increase in expenses.

Non-operating expenses slightly increased by \$109 thousand mainly due to interest expense and the gain and loss from disposal of assets.

Capital contributions and development fees slightly increased by \$332 thousand or 1.85%. The fluctuations in capital contributions is attributed to the varying stages of the projects from design, construction, and completion from year-to-year. Some years the capital contributions can significantly vary from an increase to a decrease and vice versa.

**Table 2**  
**COACHELLA VALLEY WATER DISTRICT**  
**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**As of June 30, 2021**  
**(in millions)**

	2021	Restated 2020	Dollar Change	Percentage Change
<b>Operating Revenues</b>				
Water Sales	\$ 90.3	\$ 80.8	\$ 9.5	11.8%
Water and sewer availability	2.7	2.9	(0.1)	(5.0%)
Meter and service fees	18.0	18.2	(0.2)	(1.2%)
Sanitation service fees	39.6	39.9	(0.3)	(0.8%)
Groundwater replenishment	26.5	24.8	1.7	6.7%
Other charges	8.1	6.8	1.2	18.0%
<b>Total Operating Revenues</b>	<b>185.2</b>	<b>173.4</b>	<b>11.8</b>	<b>6.8%</b>
Non-Operating Revenue	136.5	146.8	(10.3)	(7.0%)
<b>Total Revenues</b>	<b>321.7</b>	<b>320.2</b>	<b>1.5</b>	<b>0.5%</b>
<b>Operating Expenses</b>				
General operations	133.4	141.1	(7.7)	(5.4%)
Water purchases	70.0	78.8	(8.8)	(11.1%)
Utilities	19.2	15.7	3.5	22.6%
<b>Total Operating Expenses</b>	<b>222.7</b>	<b>235.5</b>	<b>(12.9)</b>	<b>(5.5%)</b>
Depreciation expense	47.1	43.6	3.5	8.1%
Non-Operating Expense	2.1	2.0	0.1	5.5%
<b>Total Expenses</b>	<b>271.9</b>	<b>281.1</b>	<b>(9.2)</b>	<b>(3.3%)</b>
Income before capital contributions	49.9	39.1	10.8	27.5%
Capital contributions	4.6	4.8	(0.2)	(3.4%)
Development fees	13.7	13.2	0.5	3.7%
Change in net position	68.2	57.1	11.1	19.4%
Beginning net position, as Restated	1,840.6	1,783.5	57.1	3.2%
<b>Ending Net Position</b>	<b>\$ 1,908.7</b>	<b>\$ 1,840.6</b>	<b>\$ 68.2</b>	<b>3.7%</b>

*Note: Allow for rounding differences.*

## Capital Assets

As of June 30, 2021, the District's Net Capital Assets totaled \$1.6 billion, an increase of \$75.4 million, or 5.5%. Capital assets include all of the District's major infrastructure including: water treatment facilities, water mains, pipes, storage reservoirs, well, water reclamation facilities, storm water improvements, irrigation and drainage facilities, land, water rights, District headquarters and other structures, as well as vehicles and other equipment. Per District's capitalization policy, assets with a value of \$10,000 or greater are capitalized; assets acquired with federal grant funds with a value of \$5,000 or greater are capitalized.

A comparison of the changes in the District's capital assets over the past two fiscal years is presented in Table 3.

**Table 3**  
**COACHELLA VALLEY WATER DISTRICT**  
**Capital Assets**  
**As of June 30, 2021**  
**(in millions)**

	2021	Restated 2020	Dollar Change	Percentage Change
<b>Infrastructures, Plant, Land Improvements, &amp; Intangibles</b>				
Domestic Water	713.6	667.6	46.0	6.9%
Sanitation	596.9	582.4	14.5	2.5%
Canal	84.4	64.0	20.4	31.9%
Stormwater	178.1	154.4	23.7	15.3%
Groundwater Replenishment	117.4	117.2	0.2	0.2%
Motorpool	3.9	3.8	0.0	0.7%
<b>Equipment</b>	102.0	90.7	11.2	12.4%
<b>Construction in progress</b>	144.6	168.1	(23.5)	(14.0%)
<b>Land and Land Rights</b>	67.7	61.5	6.1	10.0%
<b>Water rights</b>	73.6	74.0	(0.4)	(0.6%)
<b>Interest in jointly owned facilities</b>	386.5	365.5	21.0	5.7%
<b>Total capital assets</b>	<b>2,468.5</b>	<b>2,349.3</b>	<b>119.2</b>	<b>5.1%</b>
Less depreciation	834.2	790.4	43.9	5.5%
<b>Net capital assets</b>	<b>\$ 1,634.3</b>	<b>\$ 1,558.9</b>	<b>\$ 75.4</b>	<b>4.8%</b>

*Note: Allow for rounding differences.*

For more detailed information on capital asset activity, refer to Note 3: Capital Assets.

## **Economic Factors and Next Year's Budget**

A majority of the District is located in Riverside County. The District's economy relies largely on tourism (hotels and resorts), construction, and agriculture. The District produces, stores, treats, and distributes potable water for a population of more than 400,000, which can increase up to 600,000 during winter and parts of spring season. The District also provides nonpotable water, regional sanitation services, water reclamation, groundwater management, agricultural irrigation and drainage, and stormwater protection for the Coachella Valley.

The impact of Covid 19 pandemic remains in the forefront in the entire world. The economic market had created some volatility, especially in pricing of materials, food, especially the real estate market in the United States. Despite the economic volatility, CVWD continues to have a strong financial position by maintaining a conservative approach and looking at various avenues to finance large capital projects, which include aggressively pursuing grants and loans. In fiscal year 2021, the District revised the Reserve Policy to ensure that sufficient reserves are available, while also supporting replacement of infrastructure needs.

The District's total budget for fiscal year 2022 is \$451.8 million.

In fiscal year 2021, the District completed a comprehensive five-year Cost of Service Studies for the Canal, Replenishment, and Domestic Water funds to determine the appropriate rate structure and financial plan to meet District needs. A miscellaneous fees study for other fees were also completed in early fiscal year 2022.

In fiscal year 2022, the District will begin a comprehensive five-year Cost of Service Study for the Sanitation fund and a Cost of Service Study for the Water Developer and Sanitation Developer Fees to determine appropriate rates and fees to accommodate District needs and continued growth.

## **ADDITIONAL FINANCIAL INFORMATION**

This financial report provides the District's customers, investors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Finance Department at 75515 Hovley Lane East, Palm Desert, CA 92211.

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 53,443,916	\$ 76,196,679	\$ 50,989,636	\$ 128,809,122
Receivables:				
Accounts	10,724,500	2,187,117	6,020,537	625,595
Property Taxes	241,410	1,004,748	407,466	380,927
Interest	325,704	311,962	169,143	428,010
Deposits	-	185,000	-	-
Loan	2,133,846	-	-	-
Allowance for Uncollectible Accounts	-	-	-	(513,763)
Supplies Inventory	3,482,042	-	-	-
Prepaid Expenses	296,007	-	-	-
Due from Other Governments	3,148,580	321,180	-	56,403
Total Current Assets	<u>73,796,005</u>	<u>80,206,686</u>	<u>57,586,782</u>	<u>129,786,294</u>
<b>NONCURRENT ASSETS</b>				
Advances to Other Funds	55,427,549	-	-	-
Restricted Cash and Investments	49,144,889	18,185,957	-	-
Net OPEB Asset	321,708	-	-	3,070
Capital Assets:				
Land and Land Rights	12,892,483	3,702,115	3,329,579	17,686,679
Water Rights	73,595,304	-	-	-
Construction in Progress	38,888,081	57,028,293	13,266,594	20,453,181
Land Improvements	890,452	1,084,315	128,249	64,124
Building and Plant	712,406,656	595,654,926	84,166,340	177,926,519
Interest in Shared Facilities	-	-	35,479,522	-
Equipment	22,095,856	30,721,238	8,252,661	2,593,227
Intangibles	290,178	144,992	80,227	111,593
Less: Accumulated Depreciation	(304,142,655)	(257,472,102)	(46,010,675)	(78,220,542)
Total Capital Assets, Net	<u>556,916,355</u>	<u>430,863,777</u>	<u>98,692,497</u>	<u>140,614,781</u>
Total Noncurrent Assets	<u>661,810,501</u>	<u>449,049,734</u>	<u>98,692,497</u>	<u>140,617,851</u>
 Total Assets	 <u>735,606,506</u>	 <u>529,256,420</u>	 <u>156,279,279</u>	 <u>270,404,145</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	14,543,956	7,980,731	4,372,630	1,527,314
Total Deferred Outflows of Resources	<u>14,543,956</u>	<u>7,980,731</u>	<u>4,372,630</u>	<u>1,527,314</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2021**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 43,309,077	\$ 15,309,403	\$ 368,057,833	\$ 1,555,436
Receivables:				
Accounts	1,739,407	-	21,297,156	-
Property Taxes	121,788	2,114,344	4,270,683	-
Interest	142,419	52,154	1,429,392	5,896
Deposits	100,000	-	285,000	-
Loan	-	-	2,133,846	-
Allowance for Uncollectible Accounts	-	-	(513,763)	-
Supplies Inventory	-	-	3,482,042	204,476
Prepaid Expenses	-	-	296,007	-
Due from Other Governments	482,714	-	4,008,877	-
Total Current Assets	<u>45,895,405</u>	<u>17,475,901</u>	<u>404,747,073</u>	<u>1,765,808</u>
<b>NONCURRENT ASSETS</b>				
Advances to Other Funds	-	-	55,427,549	-
Restricted Cash and Investments	40,258,252	-	107,589,098	-
Net OPEB Asset	129,178	-	453,956	-
Capital Assets:				
Land and Land Rights	30,064,808	-	67,675,664	-
Water Rights	-	-	73,595,304	-
Construction in Progress	14,196,136	-	143,832,285	736,808
Land Improvements	44,887	-	2,212,027	-
Building and Plant	117,252,666	-	1,687,407,107	3,827,501
Interest in Shared Facilities	-	351,039,095	386,518,617	-
Equipment	679,356	-	64,342,338	37,629,466
Intangibles	80,040	-	707,030	25,019
Less: Accumulated Depreciation	(29,547,983)	(91,054,937)	(806,448,894)	(27,764,612)
Total Capital Assets, Net	<u>132,769,910</u>	<u>259,984,158</u>	<u>1,619,841,478</u>	<u>14,454,182</u>
Total Noncurrent Assets	<u>173,157,340</u>	<u>259,984,158</u>	<u>1,783,312,081</u>	<u>14,454,182</u>
 Total Assets	 <u>219,052,745</u>	 <u>277,460,059</u>	 <u>2,188,059,154</u>	 <u>16,219,990</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Pension Related Items	1,725,599	-	30,150,230	1,083,972
Total Deferred Outflows of Resources	<u>1,725,599</u>	<u>-</u>	<u>30,150,230</u>	<u>1,083,972</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2021**

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 8,600,051	\$ 5,847,946	\$ 1,298,879	\$ 3,123,724
Accrued Liabilities	1,767,785	800,030	450,701	198,853
Unearned Revenues	300,000	211,781	-	-
Retentions Payable	433,403	88,967	107,052	9,057
Customer Advances and Deposits	7,741,360	358,595	941,942	962,024
Current Portion of Long-Term Liabilities	2,231,541	763,397	442,869	9,984,428
Total Current Liabilities	<u>21,074,140</u>	<u>8,070,716</u>	<u>3,241,443</u>	<u>14,278,086</u>
<b>LONG-TERM LIABILITIES</b>				
Compensated Absences Payable	2,464,873	1,417,737	822,471	446,509
Claims Liability	1,371,300	-	-	-
Revolving Loans	-	-	-	-
Loan Payable	18,720,529	-	-	-
Certificates of Participation	-	-	-	-
Net OPEB Liability	-	184,084	99,502	-
Net Pension Liability	54,983,365	32,604,800	18,286,041	6,370,679
Advances from Other Funds	-	-	-	-
Total Long-Term Liabilities	<u>77,540,067</u>	<u>34,206,621</u>	<u>19,208,014</u>	<u>6,817,188</u>
Total Liabilities	<u>98,614,207</u>	<u>42,277,337</u>	<u>22,449,457</u>	<u>21,095,274</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred OPEB Related Items	7,112,652	4,198,764	1,873,720	1,035,091
Deferred Pension Related Items	268,133	472,114	275,484	18,380
Total Deferred Inflows of Resources	<u>7,380,785</u>	<u>4,670,878</u>	<u>2,149,204</u>	<u>1,053,471</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	534,473,430	426,540,558	97,616,972	128,878,202
Restricted:				
Construction, Capital, and Replacement Funds	49,144,889	18,185,957	-	-
State Water Project	-	-	-	-
Unrestricted	60,537,151	45,562,421	38,436,276	120,904,512
Total Net Position	<u>\$ 644,155,470</u>	<u>\$ 490,288,936</u>	<u>\$ 136,053,248</u>	<u>\$ 249,782,714</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2021**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund  Motorpool
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 3,755,087	\$ 56,322	\$ 22,682,009	\$ 225,715
Accrued Liabilities	221,200	-	3,438,569	120,745
Unearned Revenues	-	-	511,781	-
Retentions Payable	-	-	638,479	-
Customer Advances and Deposits	-	-	10,003,921	-
Current Portion of Long-Term Liabilities	230,370	21,279	13,673,884	120,704
Total Current Liabilities	<u>4,206,657</u>	<u>77,601</u>	<u>50,948,643</u>	<u>467,164</u>
<b>LONG-TERM LIABILITIES</b>				
Compensated Absences Payable	427,831	39,518	5,618,939	224,165
Claims Liability	-	-	1,371,300	-
Revolving Loans	-	-	-	-
Loan Payable	-	-	18,720,529	-
Certificates of Participation	54,387,433	-	54,387,433	-
Net OPEB Liability	-	-	283,586	-
Net Pension Liability	6,653,364	-	118,898,249	4,536,958
Advances from Other Funds	55,427,549	-	55,427,549	-
Total Long-Term Liabilities	<u>116,896,177</u>	<u>39,518</u>	<u>254,707,585</u>	<u>4,761,123</u>
Total Liabilities	<u>121,102,834</u>	<u>117,119</u>	<u>305,656,228</u>	<u>5,228,287</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred OPEB Related Items	638,813	-	14,859,040	-
Deferred Pension Related Items	(16,116)	-	1,017,995	42,310
Total Deferred Inflows of Resources	<u>622,697</u>	<u>-</u>	<u>15,877,035</u>	<u>42,310</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	114,138,380	259,984,158	1,561,631,700	14,441,948
Restricted:				
Construction, Capital, and Replacement Funds	40,258,252	-	107,589,098	-
State Water Project	-	17,358,782	17,358,782	-
Unrestricted	(55,343,819)	-	210,096,541	(2,408,583)
Total Net Position	<u>\$ 99,052,813</u>	<u>\$ 277,342,940</u>	<u>\$ 1,896,676,121</u>	<u>\$ 12,033,365</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2021**

	Domestic Water	Sanitation	Canal Water	Stormwater
<b>OPERATING REVENUES</b>				
Sales	\$ 67,998,272	\$ -	\$ 18,622,208	\$ -
Availability Charges	643,365	62,018	2,017,748	-
Meter and Service Fees	16,709,390	71,670	1,058,772	174,933
Sanitation Service Fees	-	39,591,523	-	-
Replenishment Charges	-	-	-	-
Other Charges	3,039,597	24,441	123,674	85,809
Total Operating Revenues	<u>88,390,624</u>	<u>39,749,652</u>	<u>21,822,402</u>	<u>260,742</u>
<b>OPERATING EXPENSES</b>				
Wages and Salaries	22,830,053	12,268,153	7,103,245	3,098,173
Benefits	13,896,659	7,484,356	4,334,560	1,710,865
Materials and Supplies	7,265,933	2,338,976	2,258,555	268,155
Water Purchases	12,719,362	-	5,114,223	-
Power	11,709,657	4,761,748	605,034	38,803
Contract Services	3,706,482	3,597,717	1,384,033	1,179,894
Depreciation	15,250,707	15,478,150	2,088,696	3,370,438
Other	10,490,660	3,441,650	4,689,573	1,808,906
Total Operating Expenses	<u>97,869,513</u>	<u>49,370,750</u>	<u>27,577,919</u>	<u>11,475,234</u>
<b>OPERATING LOSS</b>	<u>(9,478,889)</u>	<u>(9,621,098)</u>	<u>(5,755,517)</u>	<u>(11,214,492)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	2,340,102	2,180,725	13,004,250	21,474,426
Intergovernmental	5,040,372	335,075	38,442	-
Investment Income	1,312,835	269,466	338,871	563,753
Interest Expense	(276,216)	-	-	-
Other	2,879,009	812,051	4,642,563	1,638,262
Gain (Loss) on Disposal of Capital Assets	-	(826,547)	-	-
Total Nonoperating Revenues (Expenses)	<u>11,296,102</u>	<u>2,770,770</u>	<u>18,024,126</u>	<u>23,676,441</u>
Income (Loss) Before Transfers and Capital Contributions	1,817,213	(6,850,328)	12,268,609	12,461,949
Transfers In	-	2,481,921	4,173,387	212,941
Transfers Out	(8,336,287)	(636,796)	(304,488)	(188,139)
Capital Contributions:				
Contributed Plant	2,628,548	1,515,430	287,699	-
Development Fees	8,157,731	5,543,341	-	-
<b>CHANGES IN NET POSITION</b>	<u>4,267,205</u>	<u>2,053,568</u>	<u>16,425,207</u>	<u>12,486,751</u>
Net Position - Beginning of Year, as Restated	<u>639,888,265</u>	<u>488,235,368</u>	<u>119,628,041</u>	<u>237,295,963</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 644,155,470</u>	<u>\$ 490,288,936</u>	<u>\$ 136,053,248</u>	<u>\$ 249,782,714</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
<b>OPERATING REVENUES</b>				
Sales	\$ 3,680,416	\$ -	\$ 90,300,896	\$ -
Availability Charges	-	-	2,723,131	-
Meter and Service Fees	-	-	18,014,765	-
Sanitation Service Fees	-	-	39,591,523	-
Replenishment Charges	26,492,015	-	26,492,015	-
Other Charges	-	-	3,273,521	4,826,840
Total Operating Revenues	<u>30,172,431</u>	<u>-</u>	<u>180,395,851</u>	<u>4,826,840</u>
<b>OPERATING EXPENSES</b>				
Wages and Salaries	3,450,257	60,797	48,810,678	1,901,459
Benefits	1,946,697	-	29,373,137	1,273,700
Materials and Supplies	265,290	-	12,396,909	852,134
Water Purchases	16,748,683	35,458,759	70,041,027	-
Power	2,098,237	-	19,213,479	-
Contract Services	1,482,098	-	11,350,224	400,842
Depreciation	2,277,183	5,310,554	43,775,728	3,340,269
Other	4,915,762	982,895	26,329,446	718,896
Total Operating Expenses	<u>33,184,207</u>	<u>41,813,005</u>	<u>261,290,628</u>	<u>8,487,300</u>
<b>OPERATING LOSS</b>	<u>(3,011,776)</u>	<u>(41,813,005)</u>	<u>(80,894,777)</u>	<u>(3,660,460)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property Taxes	6,406,577	72,529,475	117,935,555	-
Intergovernmental	322,303	-	5,736,192	-
Investment Income	37,010	(430,902)	2,091,033	(13,567)
Interest Expense	(973,906)	-	(1,250,122)	-
Other	477,804	-	10,449,689	288,124
Gain (Loss) on Disposal of Capital Assets	-	-	(826,547)	4,148
Total Nonoperating Revenues (Expenses)	<u>6,269,788</u>	<u>72,098,573</u>	<u>134,135,800</u>	<u>278,705</u>
Income (Loss) Before Transfers and Capital Contributions	3,258,012	30,285,568	53,241,023	(3,381,755)
Transfers In	536,942	-	7,405,191	2,275,844
Transfers Out	(30,591)	-	(9,496,301)	(184,734)
Capital Contributions:				
Contributed Plant	164,000	-	4,595,677	-
Development Fees	-	-	13,701,072	-
<b>CHANGES IN NET POSITION</b>	<u>3,928,363</u>	<u>30,285,568</u>	<u>69,446,662</u>	<u>(1,290,645)</u>
Net Position - Beginning of Year, as Restated	<u>95,124,450</u>	<u>247,057,372</u>	<u>1,827,229,459</u>	<u>13,324,010</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 99,052,813</u>	<u>\$ 277,342,940</u>	<u>\$ 1,896,676,121</u>	<u>\$ 12,033,365</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021**

	Domestic Water	Sanitation	Canal Water	Stormwater
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers and Users	\$ 73,767,959	\$ 39,842,159	\$ 21,993,879	\$ 70,105
Cash Received from Interfund Service Provided	-	-	-	-
Cash Paid to Employees for Services	(36,168,944)	(19,648,531)	(11,368,116)	(4,684,304)
Cash Paid to Suppliers of Goods and Services	(30,788,779)	(11,644,186)	(11,339,652)	(414,872)
Cash Paid to Others	-	(3,369,980)	(3,630,801)	(1,633,973)
Net Cash Provided (Used) by Operating Activities	6,810,236	5,179,462	(4,344,690)	(6,663,044)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash Transfers In	-	-	-	-
Cash Transfers Out	(1,115,830)	(636,796)	(304,488)	(188,139)
Payments Received from (Provided to) Other Governments	2,471,609	487,650	38,442	(53,454)
Cash Received from Property Taxes	2,358,801	2,049,495	12,908,417	21,423,083
Net Cash Provided by Noncapital Financing Activities	3,714,580	1,900,349	12,642,371	21,181,490
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(26,891,820)	(24,252,626)	(11,781,380)	(18,419,689)
Cash Received from Development Fees	8,157,731	5,543,341	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Payment Received from (Provided to) Other Funds	9,422,397	-	-	-
Interest Received (Paid) on Interfund Debt	973,906	-	-	-
Proceeds from Line of Credit	-	-	-	7,000,000
Proceeds from Loan Payable	5,431,927	-	-	-
Proceeds from Certificates of Participation	-	-	-	-
Principal Paid on Long-Term Debt	(227,231)	-	-	-
Interest Paid on Long-Term Debt	(276,216)	-	-	-
Other Items	2,879,009	812,051	4,642,563	1,638,262
Net Cash Used by Capital and Related Financing Activities	(530,297)	(17,897,234)	(7,138,817)	(9,781,427)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Purchases	(32,552,604)	(29,948,693)	(16,179,596)	(40,872,612)
Proceeds from Maturity of Investments	34,164,564	50,216,423	20,459,680	50,282,885
Interest Received on Investments	490,217	635,071	380,174	630,767
Net Cash Provided by Investing Activities	2,102,177	20,902,801	4,660,258	10,041,040
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>				
	12,096,696	10,085,378	5,819,122	14,778,059
Cash and Cash Equivalents - Beginning of Year	4,848,012	5,503,908	2,602,893	6,497,488
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>				
	<u>\$ 16,944,708</u>	<u>\$ 15,589,286</u>	<u>\$ 8,422,015</u>	<u>\$ 21,275,547</u>
<b>RECONCILIATION TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION</b>				
Cash and Investments	\$ 53,443,916	\$ 76,196,679	\$ 50,989,636	\$ 128,809,122
Restricted Cash and Investments	49,144,889	18,185,957	-	-
Less: Investments with Maturities Greater than Three Months	(85,644,097)	(78,793,350)	(42,567,621)	(107,533,575)
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>				
	<u>\$ 16,944,708</u>	<u>\$ 15,589,286</u>	<u>\$ 8,422,015</u>	<u>\$ 21,275,547</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers and Users	\$ 30,198,843	\$ -	\$ 165,872,945	\$ -
Cash Received from Interfund Service Provided	-	-	-	4,826,840
Cash Paid to Employees for Services	(5,294,031)	-	(77,163,926)	(2,980,479)
Cash Paid to Suppliers of Goods and Services	(33,346,557)	(35,178,123)	(122,712,169)	(1,509,328)
Cash Paid to Others	(4,915,762)	(982,895)	(14,533,411)	(718,896)
Net Cash Used by Operating Activities	(13,357,507)	(36,161,018)	(48,536,561)	(381,863)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash Transfers In	184,734	-	184,734	2,275,844
Cash Transfers Out	(30,591)	-	(2,275,844)	(184,734)
Payments Received from (Provided to) Other Governments	520,671	-	3,464,918	-
Cash Received from Property Taxes	6,405,325	72,366,457	117,511,578	-
Net Cash Provided by Noncapital Financing Activities	7,080,139	72,366,457	118,885,386	2,091,110
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(14,363,945)	(21,009,222)	(116,718,682)	(2,277,088)
Cash Received from Development Fees	-	-	13,701,072	-
Proceeds from Sale of Capital Assets	-	-	-	258,399
Payment Received from (Provided to) Other Funds	(9,422,397)	-	-	-
Interest Received (Paid) on Interfund Debt	(973,906)	-	-	-
Proceeds from Line of Credit	-	-	7,000,000	-
Proceeds from Loan Payable	-	-	5,431,927	-
Proceeds from Certificates of Participation	54,387,433	-	54,387,433	-
Principal Paid on Long-Term Debt	-	-	(227,231)	-
Interest Paid on Long-Term Debt	-	-	(276,216)	-
Other Items	477,804	-	10,449,689	288,124
Net Cash Provided (Used) by Capital and Related Financing Activities	30,104,989	(21,009,222)	(26,252,008)	(1,730,565)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Purchases	(24,279,828)	(12,215,877)	(156,049,210)	(493,558)
Proceeds from Maturity of Investments	16,744,621	-	171,868,173	679,290
Interest Received on Investments	265,538	(483,053)	1,918,714	10,033
Net Cash Provided (Used) by Investing Activities	(7,269,669)	(12,698,930)	17,737,677	195,765
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	16,557,952	2,497,287	61,834,494	174,447
Cash and Cash Equivalents - Beginning of Year	3,130,497	31,384	22,614,182	82,466
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 19,688,449</u>	<u>\$ 2,528,671</u>	<u>\$ 84,448,676</u>	<u>\$ 256,913</u>
<b>RECONCILIATION TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION</b>				
Cash and Investments	\$ 43,309,077	\$ 15,309,403	\$ 368,057,833	\$ 1,555,436
Restricted Cash and Investments	40,258,252	-	107,589,098	-
Less: Investments with Maturities Greater than Three Months	(63,878,880)	(12,780,732)	(391,198,255)	(1,298,523)
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 19,688,449</u>	<u>\$ 2,528,671</u>	<u>\$ 84,448,676</u>	<u>\$ 256,913</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	Domestic Water	Sanitation	Canal Water	Stormwater
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>				
Operating Loss	\$ (9,478,889)	\$ (9,621,098)	\$ (5,755,517)	\$ (11,214,492)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Depreciation	15,250,707	15,478,150	2,088,696	3,370,438
(Increase) Decrease in Accounts Receivable	(2,288,083)	(20,593)	546,915	(40,345)
(Increase) Decrease in Allowance for Uncollectible Accounts	-	-	-	77,204
(Increase) Decrease in Deposits Receivable	-	-	-	-
(Increase) Decrease in Supplies Inventory	(15,058)	-	-	-
(Increase) Decrease in Prepaid Expenses	457,900	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Pension Related Items	2,613,849	1,443,240	822,309	354,802
Increase (Decrease) in Accounts Payable	(1,227,707)	(734,826)	(1,785,473)	1,690,355
Increase (Decrease) in Accrued Liabilities	886,139	193,390	63,824	45,814
Increase (Decrease) in Unearned Revenues	300,000	-	-	-
Increase (Decrease) in Retentions Payable	(916,087)	(210,919)	(192,334)	(618,375)
Increase (Decrease) in Customer Advances and Deposits	4,074,808	184,770	683,334	(52,563)
Increase (Decrease) in Compensated Absences Payable	7,961	94,211	(16,819)	137,700
Increase (Decrease) in Claims Liability	94,877	-	-	-
Increase (Decrease) in Net OPEB Liability (Asset)	(3,012,459)	(1,659,927)	(737,745)	(430,357)
Increase (Decrease) in Net Pension Liability	(225,310)	(124,406)	(70,883)	(30,584)
Increase (Decrease) in Deferred Inflows of Resources - OPEB Related Items	1,168,906	644,091	286,263	166,988
Increase (Decrease) in Deferred Inflows of Resources - Pension Related Items	(881,318)	(486,621)	(277,260)	(119,629)
Total Adjustments	<u>16,289,125</u>	<u>14,800,560</u>	<u>1,410,827</u>	<u>4,551,448</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,810,236</u>	<u>\$ 5,179,462</u>	<u>\$ (4,344,690)</u>	<u>\$ (6,663,044)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Capital Assets Contributed by Other Parties	<u>\$ 2,628,548</u>	<u>\$ 1,515,430</u>	<u>\$ 287,699</u>	<u>\$ -</u>
General District Capital Assets Transferred from Domestic Water	<u>\$ (7,220,457)</u>	<u>\$ 2,481,921</u>	<u>\$ 4,173,387</u>	<u>\$ 212,941</u>
Gain (Loss) on Disposal of Assets	<u>\$ -</u>	<u>\$ (826,547)</u>	<u>\$ -</u>	<u>\$ -</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>				
Operating Loss	\$ (3,011,776)	\$ (41,813,005)	\$ (80,894,777)	\$ (3,660,460)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>				
Depreciation	2,277,183	5,310,554	43,775,728	3,340,269
(Increase) Decrease in Accounts Receivable	26,412	287,175	(1,488,519)	-
(Increase) Decrease in Allowance for Uncollectible Accounts	-	-	77,204	-
(Increase) Decrease in Deposits Receivable	-	-	-	-
(Increase) Decrease in Supplies Inventory	-	-	(15,058)	(56,327)
(Increase) Decrease in Prepaid Expenses	-	-	457,900	-
(Increase) Decrease in Deferred Outflows of Resources - Pension Related Items	396,389	-	5,630,589	217,209
Increase (Decrease) in Accounts Payable	(12,727,688)	(6,539)	(14,791,878)	(200,025)
Increase (Decrease) in Accrued Liabilities	59,183	-	1,248,350	20,574
Increase (Decrease) in Unearned Revenues	-	-	300,000	-
Increase (Decrease) in Retentions Payable	(24,561)	-	(1,962,276)	-
Increase (Decrease) in Customer Advances and Deposits	-	-	4,890,349	-
Increase (Decrease) in Compensated Absences Payable	3,289	60,797	287,139	48,856
Increase (Decrease) in Claims Liability	-	-	94,877	-
Increase (Decrease) in Net OPEB Liability	(307,393)	-	(6,147,881)	-
Increase (Decrease) in Net Pension Liability	(34,169)	-	(485,352)	(18,722)
Increase (Decrease) in Deferred Inflows of Resources - OPEB Related Items	119,276	-	2,385,524	-
Increase (Decrease) in Deferred Inflows of Resources - Pension Related Items	(133,652)	-	(1,898,480)	(73,237)
Total Adjustments	<u>(10,345,731)</u>	<u>5,651,987</u>	<u>32,358,216</u>	<u>3,278,597</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (13,357,507)</u>	<u>\$ (36,161,018)</u>	<u>\$ (48,536,561)</u>	<u>\$ (381,863)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Capital Assets Contributed by Other Parties	<u>\$ 164,000</u>	<u>\$ -</u>	<u>\$ 4,595,677</u>	<u>\$ -</u>
General District Capital Assets Transferred from Domestic Water	<u>\$ 352,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Gain (Loss) on Disposal of Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (826,547)</u>	<u>\$ (254,251)</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2021**

	<u>Custodial Funds</u>	<u>OPEB Trust Fund</u>
<b>ASSETS</b>		
Cash and Investments:		
Cash and Cash Equivalents	\$ 10,081,875	\$ 35,013,305
Receivables:		
Accounts	87,668	-
Property Taxes	88,123	-
Interest	33,614	-
Total Assets	<u>10,291,280</u>	<u>35,013,305</u>
<b>LIABILITIES</b>		
Accounts Payable	5,266	-
Total Liabilities	<u>5,266</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for OPEB	-	35,013,305
Held for Bondholders	10,286,014	-
Total Net Position	<u>\$ 10,286,014</u>	<u>\$ 35,013,305</u>

**COACHELLA VALLEY WATER DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2021**

	<u>Custodial Funds</u>	<u>OPEB Trust Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Employers	\$ -	\$ 2,353,855
Investment Earnings:		
Net Increase in Fair Value of Investments	-	7,254,255
Interest, Dividends, and Other	58,652	23
Total Investment Earnings	<u>58,652</u>	<u>7,254,278</u>
Less Investment Costs	-	(104,628)
Net Investment Earnings	<u>58,652</u>	<u>7,149,650</u>
Special Assessments or Special Taxes Collected from Property Owners	1,660,342	-
Miscellaneous	1,699	-
Total Additions	<u>1,720,693</u>	<u>9,503,505</u>
<b>DEDUCTIONS</b>		
Benefits Paid to Participants or Beneficiaries	-	2,353,855
Administrative Expense	71,178	8,000
Payments for Special Assessment or Special Tax Debt	804,600	-
Property Insurance	147,611	-
Repairs and Maintenance	22,040	-
Total Deductions	<u>1,045,429</u>	<u>2,361,855</u>
<b>NET INCREASE IN FIDUCIARY NET POSITION</b>	675,264	7,141,650
Net Position - Beginning of Year, as Restated	<u>9,610,750</u>	<u>27,871,655</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 10,286,014</u>	<u>\$ 35,013,305</u>

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**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Coachella Valley Water District (the District) was organized in 1918 under the County Water District Act provisions of the state water codes. The District provides domestic and irrigation water, stormwater protection, agricultural drainage, sanitation, groundwater replenishment and water conservation services to users within its boundaries. The District's service area covers approximately 1,000 square miles, mostly within the Coachella Valley in Riverside County, California. The boundaries also extend into small portions of Imperial and San Diego counties. The Coachella Valley is a fascinating place in which to live, work and play because what once was a barren wasteland, has been transformed into a vibrant collection of diverse communities with thriving agricultural and recreation/hospitality industries.

Domestic water is delivered to more than 109,000 customers. The valley's drinking water comes from a vast underground aquifer. This water is nearly pristine and requires little treatment to meet all state and federal water quality standards.

The District's board of directors has formed various improvement districts, which are geographical segments within the service area of the District. Special assessment debt without government commitment is issued for certain improvement districts, and interest and principal thereon are payable from ad valorem assessments on land within such districts, from service charges and proceeds from the sale of property.

As required by generally accepted accounting principles, these financial statements present the District and its component units, entities for which the District is considered to be financially accountable. The District is considered to be financially accountable for an organization if the District appoints a voting majority of that organization's governing body, and the organization is able to provide specific financial benefits to or impose specific financial burdens on the District. The District is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the District). In certain cases, other organizations are included as component units, if the nature and significance of their relationship with the District are such that, their exclusion would cause the District's financial statements to be misleading or incomplete. The District has one component unit, the Coachella Valley Water District Public Facilities Corporation.

The Coachella Valley Water District Public Facilities Corporation (Corporation) is a component unit as no person other than a director of the District is eligible to serve as a director of the Corporation, except a person approved by a resolution of the board of directors of the District. The Corporation is a nonprofit public benefit Corporation organized to provide financial assistance to the District by acquiring and constructing various public improvements, and the acquisition of land and related facilities for the use, benefit, and enjoyment of the public. There is also a financial benefit/burden relationship between the District and the Corporation.

**COACHELLA VALLEY WATER DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**A. Basis of Accounting and Measurement Focus**

A proprietary fund accounts for operations in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges.

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. The proprietary fund financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*. Under the *economic resources measurement focus*, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues related to water sales, sanitation, and other user charges are recognized when earned. Unbilled service receivables, if material, have been reflected in the financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District’s principal ongoing operations. The principal operating revenues consist of charges to customers for sales and use of water and sanitation. Nonoperating revenues primarily consist of property taxes, intergovernmental revenues, penalties and interest, backflow charges, and interest earned on investments. The principal operating expenses consist of wages and salaries, benefits, materials and supplies, water purchases, power, contract services, and depreciation on capital assets. Nonoperating expenses primarily consist of interest expense on interfund advances.

The fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The District follows all applicable Government Accounting Standards Board (GASB) pronouncements.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**B. Major Fund Groups**

For financial statement purposes, the operations of the District are reported in the following major funds:

*Domestic Water* – Activity associated with providing domestic water to the residents of the Coachella Valley. More than 2,004 miles of distribution pipelines serve those customers from water stored in 62 reservoirs.

*Sanitation* – Activity associated with the District’s wastewater reclamation plants. The plants allow the District to provide sanitation service to most of the Coachella Valley that it serves with domestic water.

*Canal Water* – Activity associated with providing irrigation water to agricultural farmers and certain golf courses of the Coachella Valley and farm drainage.

*Stormwater* – Activity associated with providing stormwater protection in the Coachella Valley.

*Groundwater Replenishment* – Activities associated with replacing groundwater, or replenishing the aquifer, including activities associated with delivering nonpotable water to fourteen (14) golf courses, four (4) Homeowners’ Associations, and one (1) public high school and District facilities.

*State Water Project* – Activities associated with the state water project. The primary purpose is to provide sufficient water supply, flood control, power generation, recreation, fish and wildlife enhancement, and water quality improvement in the Sacramento-San Joaquin Delta.

Additionally, the District reports the following fund types:

*Internal Service Funds* are used to account for the fleet management services that are provided to other departments of the District.

*OPEB Trust Fund* accounts for the activities of the Districts Section 115 OPEB Trust, which accumulates resources for retiree’s health care costs in an irrevocable trust account.

*Custodial Funds* account for assets received and held by the District, while acting in the capacity as agents or custodians. Included in the Custodial Funds are cash and deposits that are maintained for certain assessment districts and community facilities districts.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**C. Property Taxes**

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the local governments based on complex formulas.

Tax liens attach annually, on the first day of March preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash, and cash equivalents represent each funds' share in the District's pool of cash and investments purchased with an original maturity of three months or less.

**E. Restricted Cash and Investments**

Restricted cash and investments include development fees that are restricted by state law for the construction of capital facilities. As required by GASB Statement No. 34, restricted assets are only reported in funds for which the related restriction is for a purpose more restricted, than that for which the fund was established.

**F. Investments**

Investments are reported in the accompanying Statement of Net Position at fair value, which represents the quoted or stated market value, except for certain nonnegotiable certificates of deposit that are reported at cost because they are not transferable and have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The District pools cash and investments of all funds. Investment income earned by the pooled investments is allocated to the various funds, based on each fund's average cash and investment balance.

**G. Supplies Inventory**

Supplies inventory consists of materials used in the construction and maintenance of the District's capital assets and is valued at weighted-average cost.

**H. Prepaid Expenses**

Prepaid expenses consist of certain payments to vendors that reflect costs applicable to future accounting periods and are expensed during the periods benefited.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**I. Capital Assets**

Capital assets, consisting of property, plant, equipment, and water rights, are recorded at cost. Property, plant, and equipment donated to these proprietary fund type operations, are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital Assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of more than one year. Assets acquired with federal grant funds are capitalized when the cost is greater than or equal to \$5,000 and have an estimated useful life of more than one year. Depreciation is charged to operations using a straight-line method, based on average useful life of the asset.

The estimated useful lives of the capital assets are as follows:

Assets	Years
Domestic Water Plan	25 to 50
Sanitation Plant	25 to 50
Irrigation Plant and Drainage Works	40 to 49
Common Plant and Equipment	3 to 45
Stormwater	5 to 50

Interests in jointly-owned facilities are depreciated, using the straight-line method, with an estimated life of 100 years. On occasion, the District will construct assets on behalf of other agencies, where the other agencies will be responsible for managing and owning the assets. These assets are not capitalized.

**J. Contributed Plant**

Contributed plant represents utility plant donated or paid for by developers within the District. Water, sanitation, stormwater, and other plant facilities contributed to the District are recorded at acquisition value at the date of donation. The District received capital contributions totaling \$4,595,677 for the year ended June 30, 2021.

**K. Deferred Outflows/Inflows of Resources**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**K. Deferred Outflows/Inflows of Resources (Continued)**

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 position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has the following items on the statement of net position that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between changes in assumptions and expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions for net differences between projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.

More information on these deferred outflows of resources are provided in Note 6.

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 position that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions for changes of assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to OPEB for differences between expected and actual experiences and changes of assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the plans.
- Deferred inflows related to OPEB resulting from the net differences between projected and actual earnings on investments of the OPEB Plan's fiduciary net position. These amounts are amortized over five years.

More information on these deferred inflows are provided in Notes 6 and 8.

**L. Claims Payable**

The District records a liability for claims, judgments, and litigation when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**M. Long-Term Obligations**

Interest on the debt is recorded when incurred. Principal that is due within one year is shown as a current liability. Bond discounts and premiums, if material, are recorded as a reduction or increase, respectively, of outstanding debt and are deferred and amortized over the term of the debt.

**N. Pension**

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

**O. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and the OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary on the same basis as they are reported by the OPEB Plan. For this purpose, the District's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**P. Compensated Absences**

It is the District's policy to permit employees to accumulate earned, but unused vacation benefits up to certain limits. Vacation hours are earned based upon the number of years of employment. Employees earn 10 working days for each full year of service for the first five years of continuous employment. Employees earn 15 working days during the second five years (6-10) of continuous employment. After the 10<sup>th</sup> year of service, vacation leave shall accrue at the rate of 20 working days for each year of service. Employees in the Coachella Valley Water District Employee Association bargaining unit cease to accrue vacation leave at six hundred hours (600), employees in the ASSET bargaining unit, cease to accrue vacation leave at four hundred and eighty hours (480), employees in the Management bargaining unit, cease to accrue vacation leave at five hundred hours (500), and the General Manager has no maximum vacation accrual. Earned vacation pay is paid upon separation from employment.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**P. Compensated Absences (Continued)**

Sick leave credits are earned at the rate of one working day, for each full month of service. Sick leave shall not accrue during any 30 calendar day absence without pay. Unused sick leave credits shall be accumulated from year to year, to a maximum of three hundred and sixty (360) hours in sick leave fund, to be used by the employee as needed for approved sick leave. Sick leave credits over three hundred and sixty hours (360), shall accrue to an emergency health fund. Only employees who had 300 or more hours accumulated in the emergency health fund at June 29, 1991, can accumulate to a maximum of six hundred hours (600).

Upon retirement from the District, an employee's unused sick leave and emergency health fund of record shall be covered as follows: Up to four hundred and eighty (480) hours of accrued sick leave and emergency health fund combined, shall be paid to the employee at the rate of 100%. All accrued sick leave and emergency health fund beyond the four hundred and eighty (480) hours, will be paid at 50% of cash value.

**Q. Net Position**

Net position of the District is categorized as investment in capital assets, restricted and unrestricted.

Net investment in capital assets represent the capitalized cost of capital assets, net of accumulated depreciation, reduced by capital-related borrowings and payables.

Restricted net position represents net position that is constrained by externally imposed requirements of creditors (such as through debt covenants), laws or regulations of other governments or imposed by law, through constitutional provisions or enabling legislation.

All net position not categorized as net investment in capital assets or restricted, are included in unrestricted net position, including amounts reserved in accordance with designations by the board of directors.

**R. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted grant or developer proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the District's 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 use consider restricted – net position to have been depleted before unrestricted – net position is applied.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**S. New Accounting Pronouncements**

For the year ended June 30, 2021, the District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement resulted in changing the presentation of the financial statements by reclassifying Contractor Deposit Fund and Canal Lining Project Fund, as they no longer qualify as fiduciary activity, to Domestic Water Fund and Canal Water Fund, respectively, and including net position to Custodial Funds that was not previously required. Beginning net position of Custodial Funds has been increased by \$9,610,750 to reflect this change. See Note 15.

**T. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Current Assets:	
Cash and Investments	\$ 369,613,269
Noncurrent Assets:	
Restricted Cash and Investments:	
Construction, Capital, and Replacement Funds	107,589,098
Fiduciary Funds:	
Cash and Investments	45,095,180
Total Cash and Investments	<u>\$ 522,297,547</u>

Cash and investments as of June 30, 2021, consist of the following:

Petty Cash on Hand	\$ 4,333
Deposits with Financial Institutions	67,284,170
Investments	455,009,044
Total Cash and Investments	<u>\$ 522,297,547</u>

**Investments Authorized for the District's OPEB Trust Fund**

The OPEB Trust Fund is administered by a third-party whose main objective is to achieve long-term growth of Trust assets by maximizing long-term rate of return on investments and minimizing risk of loss. Assets are invested in accordance with the below targets for each asset class to achieve an average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate:

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Growth Assets:		
Domestic Equity	29 - 49%	39%
International Equity	1 - 41%	21%
Other	0 - 20%	0%
Income Assets:		
Fixed Income	20 - 60%	40%
Other	0 - 20%	0%
Real Return Assets	0 - 20%	0%
Cash Equivalents	0 - 20%	0%

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

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

The following table identifies the investment types that are authorized for the District by the California Government Code and the District's investment policy. The table also identifies certain provisions of the California Government Code (or the District's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address the funds within the OPEB Trust Fund that are governed by the agreement between the District and the trustee, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Minimum Rating</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	A	5 years	None	5%
U.S. Treasury Obligations	None	5 years	None	None
U.S. Federal Agency Securities	None	5 years	None	None
Banker's Acceptances	Highest**	180 days	40%	5%
Commercial Paper	A-1	270 days	25%	5%
Negotiable Certificates of Deposit	A	5 years	30%	5%
Asset-Backed Securities (ABS)	AA	5 years	20%	5%
Medium-Term Notes	A	5 years	30%	5%
Money Market Mutual Funds	Highest**	5 years	20%	5%
Supranationals Obligations	AA	5 years	30%	5%
Local Agency Investment Fund (LAIF)	None	N/A	None	None
Riverside County Treasurer's Pooled Investment Fund (TPIF)	None	None	100%	N/A
JPA Pools (other investment pools)	None	N/A	None	None
Certificates of Deposit	None	5 years	30%	5%
Registered State Notes or Bonds	A	5 years	None	None
District's Own Bonds	None	5 years	100%	N/A

\*Based on state law requirements, or investment policy requirements, whichever is more restrictive

\*\*Shall have the highest ranking or the highest letter and number rating as provided for by a nationally recognized statistical-rating organization

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is a risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District 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. This way, a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary, to provide the cash flow and liquidity needed for operations.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Interest Rate Risk (Continued)**

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2021:

Investment Type:	Remaining Investment Maturities			
	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months
Riverside County Treasurers				
Investment Fund	\$ 45,140,298	\$ 45,140,298	\$ -	\$ -
First American Government Obligation	643,619	643,619	-	-
U.S. Treasury Notes	114,267,402	16,069,784	45,690,849	52,506,769
Fannie Mae/Freddie Mac	72,479,977	-	21,148,507	51,331,470
Federal Agency Collateralized				
Mortgage Obligation	20,471,520	10,884,459	9,422,534	164,527
Federal Home Loan Bank	32,821,229	-	-	32,821,229
Federal Farm Credit Bank	15,440,330	4,229,829	5,103,025	6,107,476
Supra-National Agency Bond	10,755,469	4,381,768	-	6,373,701
Asset-Backed Securities	34,019,688	378,706	4,671,038	28,969,944
Medium-Term Notes	59,554,972	14,762,671	17,409,514	27,382,787
Negotiable Certificates of Deposit	12,316,891	4,664,684	7,652,207	-
OPEB Trust Mutual Funds	35,013,305	35,013,305	-	-
Held by COP Trustee:				
First American Government Obligation	2,084,344	2,084,344	-	-
Total Investments	<u>\$ 455,009,044</u>	<u>\$ 138,253,467</u>	<u>\$ 111,097,674</u>	<u>\$ 205,657,903</u>

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below, is the minimum rating as required by (where applicable) the California Government Code, the District's investment policy, or trust agreements, and the actual rating, as reported by Standards & Poor's and Moody's, as of year-end for each investment type as of June 30, 2021:

<u>Investment Type</u>	Total as of June 30, 2021	Minimum		AAA-A	Aaa*	Not Rated
		Legal Rating	Exempt From Disclosure			
Riverside County Treasurers						
Investment Fund	\$ 45,140,298	N/A	\$ -	\$ -	\$ -	\$ 45,140,298
First American Government Obligation	643,619	N/A	-	643,619	-	-
U.S. Treasury Notes	114,267,402	N/A	114,267,402	-	-	-
Fannie Mae/Freddie Mac	72,479,977	N/A	-	72,479,977	-	-
Federal Agency Collateralized						
Mortgage Obligation	20,471,520	N/A	-	20,471,520	-	-
Federal Home Loan Bank	32,821,229	N/A	-	32,821,229	-	-
Federal Farm Credit Bank	15,440,330	N/A	-	15,440,330	-	-
Supra-National Agency Bonds	10,755,469	AA	-	10,755,469	-	-
Asset Backed Securities	34,019,688	AA	-	23,345,518	10,674,170	-
Medium-Term Notes	59,554,972	A	-	59,554,972	-	-
Negotiable Certificates of Deposit	12,316,891	A	-	12,316,891	-	-
OPEB Trust Mutual Funds	35,013,305	N/A	-	-	-	35,013,305
Held by COP Trustee:						
First American Government Obligation	2,084,344	N/A	-	2,084,344	-	-
Total Investments	<u>\$ 455,009,044</u>		<u>\$ 114,267,402</u>	<u>\$ 249,913,869</u>	<u>\$ 10,674,170</u>	<u>\$ 80,153,603</u>

\* Ratings for these securities are based on Moody's credit ratings.

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mortgage Association	Fannie Mae	\$ 27,745,102
Federal Home Loan Mortgage Corporation	Freddie Mac	44,734,875
Federal Home Loan Bank	Federal Home Loan Bank	32,821,229

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code 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 fair 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 Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

As of June 30, 2021, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

**Investment in County Investment Pool**

The District is a voluntary participant in the County of Riverside Treasurer's Pooled Investment Fund (TPIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County of Riverside. 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 TPIF for the entire TPIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawals is based on the accounting records maintained by TPIF, which are recorded on an amortized cost basis.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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. The District has the following recurring fair value measurements as of June 30, 2021:

<u>Investment Type</u>	<u>Totals</u>	<u>Level</u>		
		<u>1</u>	<u>2</u>	<u>3</u>
U.S. Treasury Notes	\$ 114,267,402	\$ 114,267,402	\$ -	\$ -
Fannie Mae/Freddie Mac	72,479,977	-	72,479,977	-
Federal Agency Collateralized Mortgage Obligation	20,471,520	-	20,471,520	-
Federal Home Loan Bank	32,821,229	-	32,821,229	-
Federal Farm Credit Bank	15,440,330	-	15,440,330	-
Supra-National Agency Bond	10,755,469	-	10,755,469	-
Asset-Backed Securities	34,019,688	-	34,019,688	-
Medium-Term Notes	59,554,972	-	59,554,972	-
Negotiable Certificates of Deposit	12,316,891	-	12,316,891	-
OPEB Trust Mutual Funds	35,013,305	-	35,013,305	-
<b>Total Investments</b>	<b>407,140,783</b>	<b>\$ 114,267,402</b>	<b>\$ 292,873,381</b>	<b>\$ -</b>
Riverside County Treasurers Investment Fund*	45,140,298			
First American Government Obligation*	643,619			
Held by COP Trustee: First American Government Obligation	2,084,344			
<b>Total Investments</b>	<b>\$ 455,009,044</b>			

\*Not subject to fair value measurement hierarchy.

U.S. Treasury Notes classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. All investments classified in Level 2 of the fair value hierarchy are value using specified fair market value factors or institutional bond quotes.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 CAPITAL ASSETS**

	Balance at July 1, 2020 as Restated	Transfers	Increases	Decreases	Balance at June 30, 2021
<b>Capital Assets, not being Depreciated:</b>					
<b>Land and Land Rights</b>					
Domestic Water	\$ 12,706,497	\$ 185,986	\$ -	\$ -	\$ 12,892,483
Sanitation	3,461,285	240,830	-	-	3,702,115
Canal Water	3,299,923	29,656	-	-	3,329,579
Storm Water	12,797,320	4,889,359	-	-	17,686,679
Groundwater Replenishment	29,261,080	639,728	164,000	-	30,064,808
<b>Total Land and Land Rights</b>	<b>61,526,105</b>	<b>5,985,559</b>	<b>164,000</b>	<b>-</b>	<b>67,675,664</b>
<b>Construction in Progress:</b>					
Domestic Water	66,014,359	(54,018,098)	26,950,694	(58,874) *	38,888,081
Sanitation	50,851,408	(18,180,458)	24,357,393	(50) *	57,028,293
Canal Water	18,130,901	(16,645,685)	11,781,378	-	13,266,594
Storm Water	30,543,533	(28,510,043)	18,419,691	-	20,453,181
Groundwater Replenishment	785,232	(953,040)	14,363,944	-	14,196,136
Other Services/Internal Services	1,767,178	(3,307,458)	2,277,088	-	736,808
<b>Total Construction in Progress</b>	<b>168,092,611</b>	<b>(121,614,782)</b>	<b>98,150,188</b>	<b>(58,924)</b>	<b>144,569,093</b>
<b>Water Rights:</b>					
Domestic Water	73,781,290	(185,986)	-	-	73,595,304
Sanitation	240,830	(240,830)	-	-	-
<b>Total Water Rights</b>	<b>74,022,120</b>	<b>(426,816)</b>	<b>-</b>	<b>-</b>	<b>73,595,304</b>
<b>Total Capital Assets not being Depreciated</b>	<b>303,640,836</b>	<b>(116,056,039)</b>	<b>98,314,188</b>	<b>(58,924)</b>	<b>285,840,061</b>
<b>Capital Assets, being Depreciated:</b>					
<b>Land Improvements:</b>					
Domestic Water	450,295	440,157	-	-	890,452
Sanitation	-	1,084,315	-	-	1,084,315
Canal Water	-	128,249	-	-	128,249
Storm Water	-	64,124	-	-	64,124
Groundwater Replenishment	-	44,887	-	-	44,887
<b>Total Land Improvements</b>	<b>450,295</b>	<b>1,761,732</b>	<b>-</b>	<b>-</b>	<b>2,212,027</b>
<b>Intangibles:</b>					
Domestic Water	-	290,178	-	-	290,178
Sanitation	-	144,992	-	-	144,992
Canal Water	-	80,227	-	-	80,227
Storm Water	-	111,593	-	-	111,593
Groundwater Replenishment	-	80,040	-	-	80,040
Other Services/Internal Services	-	25,019	-	-	25,019
<b>Total Intangibles</b>	<b>-</b>	<b>732,049</b>	<b>-</b>	<b>-</b>	<b>732,049</b>
<b>Buildings and Plant:</b>					
Domestic Water	667,165,899	42,612,209	2,628,548	-	712,406,656
Sanitation	582,358,909	14,106,794	1,410,715	(2,221,492)	595,654,926
Canal Water	63,968,113	19,910,527	287,700	-	84,166,340
Storm Water	154,449,291	23,477,228	-	-	177,926,519
Groundwater Replenishment	117,167,654	85,012	-	-	117,252,666
Other Services/Internal Services	3,827,501	-	-	-	3,827,501
<b>Total Building and Plant</b>	<b>1,588,937,367</b>	<b>100,191,770</b>	<b>4,326,963</b>	<b>(2,221,492)</b>	<b>1,691,234,608</b>
<b>Interest in Shared Facilities:</b>					
Canal Water	35,479,522	-	-	-	35,479,522
State Water Project	330,029,873	-	21,009,222	-	351,039,095
<b>Total Interest in Shared Facilities</b>	<b>365,509,395</b>	<b>-</b>	<b>21,009,222</b>	<b>-</b>	<b>386,518,617</b>

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

	Balance at July 1, 2020 as Restated	Transfers	Increases	Decreases	Balance at June 30, 2021
<b>Capital Assets, being Depreciated:</b>					
<b>Equipment:</b>					
Domestic Water	\$ 18,648,649	\$ 3,455,097	\$ -	\$ (7,890)	\$ 22,095,856
Sanitation	25,455,726	5,326,277	-	(60,765)	30,721,238
Canal Water	7,586,192	670,414	-	(3,945)	8,252,661
Storm Water	2,414,126	180,679	-	(1,578)	2,593,227
Groundwater Replenishment	223,774	455,582	-	-	679,356
Other Services/Internal Services	36,396,549	3,282,439	-	(2,049,522)	37,629,466
Total Equipment	<u>90,725,016</u>	<u>13,370,488</u>	<u>-</u>	<u>(2,123,700)</u>	<u>101,971,804</u>
Total Depreciated Assets	<u>2,045,622,073</u>	<u>116,056,039</u>	<u>25,336,185</u>	<u>(4,345,192)</u>	<u>2,182,669,105</u>
<b>Less Accumulated Depreciation for:</b>					
<b>Land Improvements:</b>					
Domestic Water	(55,624)	-	(27,621)	-	(83,245)
Sanitation	-	-	(36,141)	-	(36,141)
Canal Water	-	-	(4,271)	-	(4,271)
Storm Water	-	-	(2,136)	-	(2,136)
Groundwater Replenishment	-	-	(1,495)	-	(1,495)
Total Land Improvements	<u>(55,624)</u>	<u>-</u>	<u>(71,664)</u>	<u>-</u>	<u>(127,288)</u>
<b>Intangibles</b>					
Domestic Water	-	-	(12,884)	-	(12,884)
Sanitation	-	-	(6,441)	-	(6,441)
Canal Water	-	-	(3,579)	-	(3,579)
Storm Water	-	-	(4,945)	-	(4,945)
Groundwater Replenishment	-	-	(3,546)	-	(3,546)
Other Services/Internal Services	-	-	(1,139)	-	(1,139)
Total Intangibles	<u>-</u>	<u>-</u>	<u>(32,534)</u>	<u>-</u>	<u>(32,534)</u>
<b>Buildings and Plant:</b>					
Domestic Water	(276,763,398)	-	(14,365,760)	-	(291,129,158)
Sanitation	(236,293,770)	-	(14,041,891)	1,417,006	(248,918,655)
Canal Water	(16,880,336)	-	(1,462,852)	-	(18,343,188)
Storm Water	(72,620,574)	-	(3,287,574)	-	(75,908,148)
Groundwater Replenishment	(27,140,878)	-	(2,233,017)	-	(29,373,895)
Other Services/Internal Services	(1,382,947)	-	(76,882)	-	(1,459,829)
Total Buildings and Plant	<u>(631,081,903)</u>	<u>-</u>	<u>(35,467,976)</u>	<u>1,417,006</u>	<u>(665,132,873)</u>
<b>Interest in Shared Facilities:</b>					
Canal Water	(21,277,530)	-	(354,808)	-	(21,632,338)
State Water Project	(85,744,383)	-	(5,310,554)	-	(91,054,937)
Total Interest in Shared Facilities	<u>(107,021,913)</u>	<u>-</u>	<u>(5,665,362)</u>	<u>-</u>	<u>(112,687,275)</u>
<b>Equipment:</b>					
Domestic Water	(12,080,816)	-	(844,442)	7,890	(12,917,368)
Sanitation	(7,155,891)	-	(1,393,677)	38,703	(8,510,865)
Canal Water	(5,768,058)	-	(263,186)	3,945	(6,027,299)
Storm Water	(2,231,107)	-	(75,783)	1,577	(2,305,313)
Groundwater Replenishment	(129,922)	-	(39,125)	-	(169,047)
Other Services/Internal Services	(24,836,667)	-	(3,262,248)	1,795,271	(26,303,644)
Total Equipment	<u>(52,202,461)</u>	<u>-</u>	<u>(5,878,461)</u>	<u>1,847,386</u>	<u>(56,233,536)</u>
Total Accumulated Depreciation	<u>(790,361,901)</u>	<u>-</u>	<u>(47,115,997)</u>	<u>3,264,392</u>	<u>(834,213,506)</u>
Net Depreciable Assets	<u>1,255,260,172</u>	<u>116,056,039</u>	<u>(21,779,812)</u>	<u>(1,080,800)</u>	<u>1,348,455,599</u>
Capital Assets, Net	<u>\$ 1,558,901,008</u>	<u>\$ -</u>	<u>\$ 76,534,376</u>	<u>\$ (1,139,724)</u>	<u>\$ 1,634,295,660</u>

\* Deletion includes abandoned projects and projects determined not to be capitalizable.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

The District's interest in shared facilities is as follows:

	<u>2021</u>	<u>2020</u>
All-American Canal	\$ 21,213,582	\$ 21,213,582
Distribution System for All-American Canal	14,265,940	14,265,940
California State Water Project	<u>351,039,095</u>	<u>330,029,873</u>
Totals	386,518,617	365,509,395
Less: Accumulated Depreciation	<u>(112,687,275)</u>	<u>(107,021,913)</u>
Interest in Shared Facilities, Net	<u><u>\$ 273,831,342</u></u>	<u><u>\$ 258,487,482</u></u>

The interest in jointly-owned facilities for the All-American Canal (the Canal) and the related Distribution System (the System) represent the District's allocated share of the cost of these facilities, as determined by the United States Department of the Interior. Depreciation is provided on the straight-line method based on a 100-year life for the Canal and the System. The interest in jointly-owned facilities in the California State Water Project results from the District's participation under a 1963 contract with the state of California, Department of Water Resources. Under the terms of this contract, the District secured rights to receive certain amounts of acre-feet of water each year through 2035, an amount up to a total of 4,782,511 acre-feet of water. Under certain conditions, the District may carry-over a portion of its annual entitlement from one year so that delivery may be taken in the first three months of the next calendar year. As of June 30, 2021, 1,874,972 acre-feet had been received and utilized by the District. Certain amounts billed for capital costs are capitalized, as interest in jointly owned facilities and are amortized over the remaining life of the contract. All other changes under this contract are expensed as incurred.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

The following material construction commitments existed at June 30, 2021:

Project Name	Contract Amount	Expenditures to Date as of June 30, 2021	Remaining Commitments
Oasis In-Lieu Recharge, Phase 2	\$ 46,088,354	\$ 11,532,997	\$ 34,555,357
L-4 Pump Station Relocation Project, Phase 2	5,578,000	3,450,378	2,127,622
Check Structure at MP 88.6 Replacement Project	2,357,732	2,141,444	216,288
Sun City Palm Desert Water Main Replacement, Phase I	9,150,129	8,649,668	500,461
Well No. 4529-1	3,316,704	831,031	2,485,673
Purchase and Installation of Emergency Standby Generator for Well No. 6808-1	463,840	-	463,840
Nonpotable Water (NPW) Pipeline Connections	35,356,690	1,754,954	33,601,736
Reservoir 4602-2 Design and Construction	2,465,142	1,700,951	764,191
Reservoir 4605-2 Design and Construction	9,524,412	1,911,840	7,612,572
Reservoir 4606-2 Design and Construction	3,729,499	2,364,000	1,365,499
First Tee Junction Box and Sewer Manhole Rehabilitation	557,601	236,136	321,465
Sewer Manhole Rehabilitation Project - Rancho Mirage, Palm Desert, and La Quinta	424,635	243,945	180,690
North Indio Demolition Project	605,148	181,137	424,011
Coachella Valley Stormwater Channel Improvements - Avenue 54 to the Thermal Drop Structure	49,977,777	1,490,000	48,487,777
WRP 10-Secondary Effluent Pump Station and Storage Ponds	27,541,173	26,852,547	688,626
WRP 4,7 & 10 Chemical System Safety Upgrades	11,669,735	11,341,997	327,738
WRP 4 Process Optimizations	748,881	717,526	31,355
Total	<u>\$ 209,555,452</u>	<u>\$ 75,400,551</u>	<u>\$ 134,154,901</u>

**NOTE 4 LONG-TERM DEBT**

Long-term liability for the year ended June 30, 2021, is as follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021	Due Within One Year	Due After One Year
Direct Borrowings:						
Revolving Loans	\$ 2,744,000	\$ 7,000,000	\$ -	\$ 9,744,000	\$ 9,744,000	\$ -
Loan Payable	16,203,491	3,188,033	227,231	19,164,293	443,764	18,720,529
Other Debt:						
Certificates of Participation Series 2021A		42,080,000		42,080,000	-	42,080,000
Certificates of Participation Series 2021B	-	810,000	-	810,000	-	810,000
	18,947,491	53,078,033	227,231	71,798,293	10,187,764	61,610,529
Add: COP Premium	-	11,497,433	-	11,497,433	-	11,497,433
Compensated						
Absences Payable	8,653,396	1,551,047	1,215,052	8,989,391	3,146,287	5,843,104
Claims Payable	1,736,960	356,892	262,015	1,831,837	460,537	1,371,300
Totals	<u>\$ 29,337,847</u>	<u>\$ 66,483,405</u>	<u>\$ 1,704,298</u>	<u>\$ 94,116,954</u>	<u>\$ 13,794,588</u>	<u>\$ 80,322,366</u>

Compensated absences payable is liquidated by all funds.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

**Insured and Self-Insured Claims Liability**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported.

The District's participation in the self-insurance program is listed below:

*Property Loss* – Insured up to a replacement value of \$100 million, with a \$100,000 deductible per occurrence on scheduled buildings and contents, actual cash value on scheduled mobile equipment.

*Workers' Compensation* – Permissibly Self Insured with an excess policy with limits of \$35 million with a \$250,000 self-insured retention per claim. The claims are overseen through a third-party administrator.

*Liability (Excess Liability)* – Insures property damage and bodily injury liability losses in excess of a \$250,000 self-insured retention per claim, with limits up to \$35 million per occurrence with a policy aggregate of \$70 million.

*Auto Liability* – Self-insured up to \$2 million per occurrence with Excess Liability providing coverage once the \$2 million self-insured retention is met.

*Public Officials Liability* – Insured up to \$10 million per occurrence and in the aggregate with a \$500,000 self-insured retention per claim.

*Crime Policy* – Insured up to \$5 million per occurrence and in the aggregate with a \$100,000 deductible per claim for employee dishonesty.

*Underground Storage Tank Liability* – Insured up to \$1 million per pollution incident with an aggregate of \$2 million and a \$5,000 deductible. Covering eleven (11) underground storage tanks at 51501 Tyler Street, Coachella, CA 92236, 43-000 Cook Street, Palm Desert, CA 92260, and 75525 Hovley Lane, Palm Desert, CA 92211.

*Pollution liability and 1<sup>st</sup> party coverage* – Insured up to \$25 million per occurrence and in the aggregate with a \$250,000 self-insured retention per claim.

A number of other suits and claims arising in the course of business are pending against the District. In the opinion of the District's General Counsel, the adverse results, if any, of such legal actions on these suits and claims will not have a material effect on the District's financial position, changes in net position, or liquidity.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

**Self-Insurance Claims Liability (Continued)**

Changes in claims liability over the past three years are as follows:

Liability at June 30, 2019	\$ 2,934,700
Claims and Changes in Estimate	(644,423)
Claim Payments	<u>(553,317)</u>
Liability at June 30, 2020	1,736,960
Claims and Changes in Estimate	356,892
Claim Payments	<u>(262,015)</u>
Liability at June 30, 2021	<u><u>\$ 1,831,837</u></u>

The claims liability is typically liquidated by the Domestic Water Fund. Management estimates the District's liability under these claims will not exceed amounts provided for by the District as of June 30, 2021. During the past three fiscal years, there were no settlements or judgments that exceeded insured coverage. There were also no significant reductions in insured liability coverage in 2020-2021.

**Tax-exempt and Taxable Revolving Loans**

On June 25, 2019, the District executed a revolving credit agreement with Bank of the West for a maximum aggregate principal amount of \$75 million effective beginning July 1, 2019. Pursuant to this agreement, the District can borrow funds as needed across all operating funds through revolving loans provided that no more than five revolving loans are outstanding at any time. The purpose of the agreement is to provide low-cost and flexible financing for upcoming capital projects including the Talavera Water Main Replacements Phase I, Sun City Water Main Replacements Phase I, and Palm Desert Replenishment Facility Phase II. It could also be used to provide interim financing for the Coachella Valley Stormwater Channel Improvement Project and the North Indio Regional Flood Control Project prior to making a draw on WIFIA loans.

The District can repay or terminate the revolving loans at any time without pre-payment penalty, until the commitment expiration date of July 1, 2022. The District is obligated to pay an annual commitment fee equal to 20 basis points (0.20%) of unutilized line of credit. Any draw on the line of credit will be charged interest based on variable rate linked to one-month LIBOR index plus a credit spread of 30 basis points. At June 30, 2021, the outstanding balance totaled \$9,744,000.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

**Loan Payable**

On June 19, 2018, the District entered into an agreement with the State Water Resource Control Board (SWRCB) for a Drinking Water State Revolving Fund (SRF) Loan to finance the construction of Highway 86 Transmission Main and Booster Station, which involves the installation, operation, and maintenance of a domestic water pipeline that would supply water to the communities of Salton Sea Beach, Desert Shores, Salton City and unincorporated areas in Riverside and Imperial Counties. The District may borrow up to \$24,838,922 or the eligible costs of the projects, whichever is less. The loan has an interest rate of 1.8% with a repayment period of 30 years after project completion. At June 30, 2021, total proceeds from the loan were \$24,391,524, of which \$5 million of principal was forgiven in fiscal year 2020-2021 per the terms of the agreement, and total principal paid was \$227,231. Total amount receivable from SWRCB at June 30, 2021, was \$2,133,846. The outstanding balance of the loan at June 30, 2021, was \$19,164,293.

The SRF loan payable require the District to prescribe and collect rates, fees, and charges for Domestic Water Fund, which are reasonably expected to be sufficient to yield net revenues during such fiscal year equal to at least 110% of debt service payable in such fiscal year. The District's ratio of net revenues to debt service for the fiscal year ended June 30, 2021, was 1189%. The District is also required to have a reserve of one year's debt service. The District's reserve of \$746,535 as of June 30, 2021, is included in the Domestic Water Fund's operating reserves meets this requirement.

Debt service requirements of the SRF loan payable as of June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2022	\$ 443,764	\$ 302,771	\$ 746,535
2023	449,991	296,544	746,535
2024	458,127	288,408	746,535
2025	466,411	280,125	746,536
2026	474,844	271,692	746,536
2027 - 2031	2,506,152	1,226,526	3,732,678
2032 - 2036	2,741,063	991,614	3,732,677
2037 - 2041	2,997,994	734,684	3,732,678
2042 - 2046	3,279,007	453,670	3,732,677
2047 - 2051	3,213,094	146,316	3,359,410
Portion of Principal as of June 30, 2021*	<u>2,133,846</u>	<u>-</u>	<u>2,133,846</u>
Total	<u>\$ 19,164,293</u>	<u>\$ 4,992,350</u>	<u>\$ 24,156,643</u>

\* As of June 30, 2021, the future debt service requirements have not been determined.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 LONG-TERM DEBT (CONTINUED)**

**Certificates of Participation, Series 2021A and Series 2021B**

On June 15, 2021, the Corporation issued Certificates of Participation (COP) Series 2021A in an amount of \$42,080,000, plus premium of \$11,497,433, and Series 2021B in an amount of \$810,000, pursuant to an installment purchase agreement with the District, to finance the cost of and reimburse the District for costs previously expended on certain improvements benefiting the East Whitewater Replenishment System. The District also entered into a Depository Agreement in which the District has established the 1% Property Tax Account, into which the Depository Agent is to deposit certain 1% ad valorem property taxes transferred directly to the Depository Agent by the County of Riverside. The District expects to pay all or a portion of the installment payments from amounts on deposit in the 1% Property Tax Account.

COP Series 2021A has interest payable semi-annually on August 1 and February 1 at rates ranging from 4% to 5% and principal payable annually in amounts ranging from \$160,000 to \$2,780,000 on August 1 starting in 2027 through 2051. COP Series 2021B has interest payable semi-annually on August 1 and February 1 at 1.35% and principal payable on August 1, 2027, for \$810,000. The balance outstanding at June 30, 2021, on COP Series 2021A and Series 2021B was \$42,080,000 and \$810,000, respectively.

The COP are secured by a pledge of net revenues in the East Whitewater Replenishment System that is reported as a part of the Groundwater Replenishment Fund. The District is required to maintain the rates and charges for the East Whitewater Replenishment System to be at least 1.25 times debt service each fiscal year. As of June 30, 2021, The District's net revenue coverage was 312%.

Debt service requirements of COP Series 2021A and Series 2021B are as follows:

Year Ending June 30,	COP Series 2021A		COP Series 2021B		Total
	Principal	Interest	Principal	Interest	
2022	\$ -	\$ 1,132,710	\$ -	\$ 6,591	\$ 1,139,301
2023	-	1,879,150	-	10,935	1,890,085
2024	-	1,879,150	-	10,935	1,890,085
2025	-	1,879,150	-	10,935	1,890,085
2026	-	1,879,150	-	10,935	1,890,085
2027 - 2031	3,320,000	9,136,000	810,000	16,403	13,282,403
2032 - 2036	6,420,000	7,819,925	-	-	14,239,925
2037 - 2041	7,905,000	6,333,100	-	-	14,238,100
2042 - 2046	9,660,000	4,581,800	-	-	14,241,800
2047 - 2051	11,995,000	2,242,000	-	-	14,237,000
2052-2056	2,780,000	69,500	-	-	2,849,500
Subtotal	42,080,000	38,831,635	810,000	66,734	81,788,369
Unamortized Premium	11,497,433	-	-	-	11,497,433
Total	<u>\$ 53,577,433</u>	<u>\$ 38,831,635</u>	<u>\$ 810,000</u>	<u>\$ 66,734</u>	<u>\$ 93,285,802</u>

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5 SPECIAL ASSESSMENT DEBT WITHOUT GOVERNMENT COMMITMENT**

As of June 30, 2021, certain special assessment district limited obligation improvement bonds, were outstanding that are not recorded as liabilities by the District. The bonds are payable from the annual installments collected on regular property tax bills, sent to owners of property having unpaid assessments levied against land benefited by the projects. Neither the faith, credit nor taxing power of the District is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the District's financial statements. At June 30, 2021, The Assessment District No. 67 bond was paid off and the following limited obligation Improvement Bonds remain outstanding:

	Date of Issue	Amount of Issue	Outstanding June 30, 2021
Assessment District No. 68	2002	\$ 2,560,000	\$ 945,000
Assessment District No. 70	2006	8,239,480	3,280,000
Assessment District No. 33	2010	786,528	586,528
Total Noncommittal Debt Issues		\$ 11,586,008	\$ 4,811,528

**NOTE 6 MISCELLANEOUS PENSION PLAN**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Plan (the Plan), an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and resolution adopted by the District. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following:

- The Basic Death benefit – this is a standard benefit where an employee's beneficiary (or estate) may receive the retirement benefit if the member dies while actively employed. The benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service; up to six months.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 MISCELLANEOUS PENSION PLAN (CONTINUED)**

**Benefits Provided (Continued)**

- The 1957 Survivor benefit – this is a standard benefit where an employee’s eligible survivor may receive the members retirement benefit if the member dies while actively employed, has attained at least the age of 50, and has at least five years of credited service. The benefit is a monthly allowance equal to one-half of the unmodified service retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. The benefit is payable to the spouse until their death; and payable to dependents until reaching the age of 18.

CalPERS also offers optional death benefits, such as Optional Settlement 2W Death Benefit, and the Special Death Benefit. More information on these benefits is available on the CalPERS website. The cost of living adjustments for the plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at the June 30, 2020 measurement date, are summarized as follows:

<u>Hire Date</u>	<u>Prior to Jan. 5, 2008**</u>	<u>Prior to Jan. 1, 2013+</u>	<u>On or After Jan. 1, 2013*</u>
Benefit Formula	2.0% @ 55	2.5% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	minimum 50	minimum 50	minimum 52
Monthly Benefits, as a % of			
Eligible Compensation	1.426% to 2.418%	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	0.000%	8.000%	6.750%
Required Employer Contribution Rates:			
Normal Cost Rates	0.000%	9.225%	6.765%
Payment of Unfunded Liability	\$ -	\$ 18,523,692	\$ -

\*There were no active employees this plan during the measurement period, therefore, there were no employee contributions made during this period. In addition, the District was not required to make any contributions during this period. State Assembly Bill 340 created PEPRA that implemented new benefit formulas, a final compensation period, and new contribution requirements for new employees eligible to participate in the Plan.

+ Closed to new entrants.

**Employees Covered**

At the June 30, 2020 measurement date, the following employees were covered by the benefit terms of the Plan:

Retired Employees and Beneficiaries	501
Terminated or Transferred Employees	156
Active Employees	546
Total	1,203

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 MISCELLANEOUS PENSION PLAN (CONTINUED)**

**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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the District to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For the fiscal year ended June 30, 2021, the District made payments totaling \$18,080,196.

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increases	(1)
Mortality Rate Table*	(2)
Post Retirement Benefit Income	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 MISCELLANEOUS PENSION PLAN (CONTINUED)**

**Long-Term Expected Rate of Return**

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations 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 short-term (first 10 years) and the long-term (11+ -60 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 follows:

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. 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.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 MISCELLANEOUS PENSION PLAN (CONTINUED)**

**Subsequent Events**

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

**Changes in the Net Pension Liability**

The changes in Plan's Net Pension Liability recognized over the measurement period are as follows:

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance at 6/30/2019 (Measurement Date)	\$ 425,233,541	\$ 301,294,260	\$ 123,939,281
Changes Recognized for the Measurement Period:			
Service Cost	7,728,980	-	7,728,980
Interest on Total Pension Liability	30,139,385	-	30,139,385
Differences Between Expected and Actual Experience	3,003,163	-	3,003,163
Changes in Assumptions	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contributions from the Employer	-	22,901,638	(22,901,638)
Contributions from the Employee	-	3,595,610	(3,595,610)
Net Investment Income	-	15,303,105	(15,303,105)
Benefit Payments, Including Refunds of Employee Contributions	(21,142,650)	(21,142,650)	-
Administrative Expense	-	(424,751)	424,751
Net Changes	19,728,878	20,232,952	(504,074)
Balance at 6/30/20 (Measurement Date)	<u>\$ 444,962,419</u>	<u>\$ 321,527,212</u>	<u>\$ 123,435,207</u>

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

The following table presents the net pension liability of the District for the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15%) or 1% point higher (8.15%) than the current rate:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability	<u>\$ 183,811,143</u>	<u>\$ 123,435,207</u>	<u>\$ 73,582,544</u>

**Pension Plan Fiduciary Net Position**

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

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6 MISCELLANEOUS PENSION PLAN (CONTINUED)**

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2021, the District recognized pension expense of \$21,452,203. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 18,080,196	\$ -
Changes in Assumptions	4,142,305	(1,060,305)
Difference Between Expected and Actual Experiences	6,300,603	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,711,098	-
Total	<u>\$ 31,234,202</u>	<u>\$ (1,060,305)</u>

The \$18,080,196 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 4,526,216
2023	2,153,458
2024	3,091,523
2024	2,152,518
2025	169,986
Total	<u>\$ 12,093,701</u>

**Payable to the Pension Plan**

At June 30, 2021, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 DEFERRED COMPENSATION PLAN**

The District offers its employees three different deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. No contributions are required by the District. The assets of the plans are held for the exclusive benefit of the plan participants and their beneficiaries and the assets shall not be diverted for any other purpose. The third-party administrators have the managing and reporting responsibilities. Each participant retains title to all accumulated funds and directs the investment in their respective accounts by selecting various investment options and the District has no liability for any losses that may be incurred. Pursuant to federal legislation, the Section 457 plan assets were placed in trust for exclusive benefit of all employees and their beneficiaries and are not available to the creditors of the District. For this reason, the assets and related liabilities of the plan are excluded from the financial records of the District and are not included in the accompanying financial statements.

**NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description and Benefits Provided**

The District provides health care benefits to all employees who retire from the District, under retirement criteria established by the District, up to the age of 65, through a single-employer defined benefit plan. The District, on September 10, 2013, entered into an agreement with PFM, by resolution approved by the board of directors, to establish a pre-funded Section 115, irrevocable OPEB (Other Postemployment Benefit) Trust, in which PFM would act as the Trust administrator and Trustee. The plan itself does not issue a separate financial report.

**Elected Officials and Association of Coachella Valley Water District Managers (ACVWDM)**

Elected Officials and ACVWDM employees hired prior to July 1, 2011, with 10 or more years of service, who retired between July 1, 2011 and December 28, 2013, are eligible to participate in the District medical plan on a cost-sharing basis. Elected Officials and ACVWDM employees hired on, or after July 1, 2011, with 15 or more years of service, are eligible to participate in the District medical plan on a cost-sharing basis. The cost-sharing ratio is dependent on the coverage and the years of service.

For Elected Officials and ACVWDM employees eligible for Medicare, with 12 or more years of service, the District pays the cost of a Medicare supplement (Medigap) policy selected at the time of retirement, retiree must stay in same medical plan elected before retirement and cannot upgrade medical plan during retirement. District pays cost of Medigap for retiree, spouse/domestic partner, or surviving spouse/domestic partner for any coverage elected, up to a cap.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Plan Description and Benefits Provided (Continued)**

Association of Supervisory Support Evaluation Team (ASSET)

ASSET employees hired prior to July 1, 2011, with 10 or more years of service, who retired between July 1, 2011 and April 18, 2014, are eligible to participate in the District medical plan on a cost-sharing basis. ASSET employees hired on, or after July 1, 2011, with 15 or more years of service, are eligible to participate in the District medical plan on a cost-sharing basis. The cost-sharing ratio is dependent on the coverage and the years of service.

Coachella Valley Water District Employee Association (CVWDEA)

CVWDEA employees hired prior to August 9, 2011, with ten or more years of service, who retired between July 1, 2011 and August 8, 2011, are eligible to participate in the District medical plan on a cost-sharing basis. Employees hired on, or after August 9, 2011, with fifteen or more years of service, are eligible to participate in the District medical plan on a cost-sharing basis. The cost-sharing ratio is dependent on the coverage and the years of service.

All Employees

The District covers 100% of costs of retiree medical for all employees who retired prior to July 1, 2011. Coverage will continue for the retiree and spouse or registered domestic partner and eligible dependents, until they become entitled to Medicare Benefits at age 65. Coverage for retirees' eligible spouse or registered domestic partner and eligible dependents will continue until they are eligible for coverage under any other health care plan, public health care program, or are no longer eligible for coverage under the District's group health plans, according to the terms and conditions of the agreement between the group health plan and the District.

Current District employees are eligible OPEB participants upon reaching age 50 with a minimum of fifteen years of eligible service with the District. Board members are also eligible to participate. Eligible retirees and board members may enroll in the Anthem Blue Cross PPO Fully Insured Plan, Anthem Blue Cross HMO Plan or the Kaiser Permanente HMO plan provided by the District.

As of January 1, 2015: The Anthem Blue Cross PPO Fully Insured Plan replaced the AETNA Health of California PPO Plan and the Anthem Blue Cross HMO Plan replaced the AETNA Health of California HMO Plan. The District's Resolution No. 2008-200 establishes the authority for the plan. The activity and liability from the OPEB plan are included in these financial statements.

**Employees Covered**

The following current and former employees were covered by the benefit terms under the plan as of the year ended June 30, 2021:

Retired Employees and Beneficiaries	110
Terminated or Transferred Employees	-
Active Employees	566
Total	676

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Accounting for the Plan**

The OPEB trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the Plan.

**Method Used to Value Investments**

Investments are reported at fair value, which is determined by the means of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued their fair value as determined by the custodian with the assistance of a valuation service.

**Investment Policy and Rate of Return**

The District's policy in regard to the allocation of invested assets is established and may be amended by the District's board of directors by a majority vote of its members. It is the policy of the board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rates of return are Bartel Associates estimates and are presented as geometric means developed over a 20-year period.

The board's adopted asset allocation policy and the long-term expected real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>PFM Target Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	60%	4.82%
Fixed income	40%	1.47%
Total	<u>100%</u>	

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 26.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Contributions**

The contribution requirements of plan members and the District are established and may be amended by the District, District's board of directors, and/or the employee associations. Currently, contributions are not required from plan members. Administrative costs of the OPEB plan are financed through investment earnings. The District is currently funding the OPEB liability on a pay-as-you-go basis, making contributions to the trust as approved by the board of directors. For the fiscal year ended June 30, 2021, the District made \$1,753,249 in payments to retirees, and the estimated implied subsidy was \$600,606, resulting in total benefit payments of \$2,353,855.

**Actuarial Assumptions**

The District's net OPEB liability for the Plan is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2021 using an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2021 using standard update procedures. The District's total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement period, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age normal, level percent of Pay
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Projected Salary Increase	3.00%
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality Improvement Scale MP-2019
Healthcare Trend	7.25% non-Medicare; 6.30% Medicare; decreasing to an ultimate rate of 4.0% on 2076

The actuarial assumptions used in the June 30, 2019, valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified, as appropriate, for the District.

**Discount Rate**

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Discount Rate (Continued)**

The discount rate utilized to measure the total OPEB liability was 6.25%. The current OPEB plan's fiduciary net position and future pay-as-you-go contributions are 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 the OPEB Trust investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

The changes in the Net OPEB liability for the Plan are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Balance at June 30, 2020 (Measurement Date)	\$ 33,849,165	\$ 27,871,654	\$ 5,977,511
Changes Recognized for the Measurement Period:			
Service Cost	1,228,809	-	1,228,809
Interest	2,118,816	-	2,118,816
Contribution - Employer*	-	2,353,855	(2,353,855)
Net Investment Income	-	7,149,651	(7,149,651)
Benefit Payments	(2,353,855)	(2,353,855)	-
Administrative Expense	-	(8,000)	8,000
Net Changes	<u>993,770</u>	<u>7,141,651</u>	<u>(6,147,881)</u>
Balance at June 30, 2021 (Measurement Date)	<u>\$ 34,842,935</u>	<u>\$ 35,013,305</u>	<u>\$ (170,370)</u>

\* Includes implied subsidy of \$600,606

At June 30, 2021, the net OPEB asset is recorded as follows:

	<u>Net OPEB Liability (Asset)</u>
Domestic Water Fund	(321,708)
Sanitation Fund	184,084
Canal Water Fund	99,502
Stormwater Fund	(3,070)
Groundwater Replenishment Fund	(129,178)
Total Net OPEB (Asset)	<u>\$ (170,370)</u>

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.25%) or one-percentage-point higher (7.25%) than the current discount rate:

	<u>Discount Rate - 1% (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>Discount Rate +1% (7.25%)</u>
Net OPEB Liability (Asset)	<u>\$ 2,908,773</u>	<u>\$ (170,370)</u>	<u>\$ (2,940,016)</u>

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend 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 health care cost trend rates:

	<i>1% Decrease</i>	<i>Current Healthcare Cost Trend Rates</i>	<i>1% Increase</i>
	(6.25% Non-Medicare; 5.30% Medicare; Decreasing to 3.0% in 2076)	(7.25% Non-Medicare; 6.30% Medicare; Decreasing to 4.0% in 2076)	(8.25% Non-Medicare; 7.30% Medicare; Decreasing to 5.0% in 2076)
Net OPEB Liability (Asset)	<u>\$ (4,226,251)</u>	<u>\$ (170,370)</u>	<u>\$ 4,629,168</u>

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

For the fiscal year ended June 30, 2021, the District recognized OPEB income of \$1,408,502. As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes of Assumptions	\$ -	\$ (6,325,410)
Differences Between Expected and Actual Experiences	-	(4,149,761)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(4,383,869)
Total	<u>\$ -</u>	<u>\$ (14,859,040)</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	<u>Amount</u>
2022	\$ (3,021,399)
2023	(2,963,401)
2024	(2,964,416)
2025	(2,963,893)
2026	(1,757,310)
Thereafter	(1,188,621)
Total	<u>\$ (14,859,040)</u>

**Payable to the OPEB Plan**

At June 30, 2021, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 QUANTIFICATION SETTLEMENT AGREEMENT**

CVWD entered into a Quantification Settlement Agreement (QSA) with the Imperial Irrigation District (IID) and Metropolitan Water District of Southern California (MWD) on October 10, 2003. The QSA and all related agreements are intended to mutually settle longstanding disputes regarding the priority, use, and transfer of Colorado River Water and to establish the terms for further distribution of Colorado River water among the parties for up to 75 years. Other parties involved in the QSA include the US Department of the Interior, state of California, and San Diego County Water Authority (SDCWA).

**QSA Water Transfer**

The QSA quantified the annual Colorado River water deliveries to CVWD, IID, and MWD, and secures long-term Colorado River water supplies by setting the transfer period effective for up to 75 years. The QSA protects the Valley’s groundwater supply by providing water for irrigation and aquifer replenishments, which sustains the region’s economy and quality of life.

Before the QSA, CVWD received an annual average of 330,000 acre-feet (330 thousands of acre-feet or 330 TAF) of Colorado River water; this quantity was subjected to an annual application process through the Department of the Interior. The QSA allowed CVWD to receive a guaranteed annual base entitlement to Colorado River water of 330 TAF. Of this quantity, 29 TAF is transferred to SDCWA and various Indian tribes. The adjusted base allotment of 301 TAF is provided to CVWD at no cost.

The QSA also allowed CVWD to obtain conserved Colorado River water from IID (up to 78 TAF for calendar year 2021), under the IID-CVWD Acquisition Agreement. This additional water is transferred in two separate installments (up to 50 TAF, and up to 28 TAF for calendar year 2021), and is partially used to replenish the aquifer at the Thomas E. Levy Groundwater Replenishment Facility (TEL). IID water costs are estimated and payment is made annually regardless of the volume transferred to CVWD (“take or pay” contract).

Another water supply obtained in connection with the QSA is the 2003 MWD-CVWD 35 TAF Exchange Water; this agreement allows CVWD to receive up to 35 TAF of MWD’s State Water Project (SWP) water, delivered in the form of Colorado River water and used to replenish the West Whitewater River Subbasin. MWD water costs are paid annually; invoice is based on 35 TAF.

CVWD’s estimated QSA water transfers and payments are shown below.

Calendar Year	50 TAF IID		28 TAF IID		35 TAF MWD		Total IID/MWD	
	Vol (af)	Cost	Vol (af)	Cost	Vol (af)	Cost	Vol (af)	Cost
2021	50,000	\$ 4,343,500	28,000	\$ 6,080,760	35,000	\$ 10,430,000	113,000	\$ 20,854,260
2022	50,000	4,473,805	33,000	7,381,608	35,000	10,745,000	118,000	22,600,413
2023	50,000	4,608,019	38,000	8,755,035	35,000	11,060,000	123,000	24,423,054
2024	50,000	4,746,260	43,000	10,204,223	35,000	11,410,000	128,000	26,360,483
2025	50,000	4,888,648	48,000	11,732,484	35,000	11,760,000	133,000	28,381,132
2026	50,000	5,035,307	53,000	13,343,256	35,000	12,110,000	138,000	30,488,563
2027 to 2077	2,550,000	607,742,396	2,613,000	1,541,629,510	1,785,000	1,460,072,435	6,948,000	3,609,444,341

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 QUANTIFICATION SETTLEMENT AGREEMENT (CONTINUED)**

**QSA Water Transfer Mitigation**

Under the terms of the QSA, CVWD entered into a separate agreement on October 10, 2003 (effective date of January 1, 2004), with the state of California Department of Fish and Game (State), IID and SDCWA; these agencies make up the QSA Joint Powers Authority (JPA). The JPA pays for environmental mitigation requirements and environmental mitigation costs associated with the water transfers through the collection, holding, investing, and disbursing of funds.

The agreement terminates on the latter of (1) the mutual termination date of the 1998 IID/SDCWA Transfer Agreement and the IID/CVWD Acquisition Agreement, or (2) when all environmental mitigation requirements have been satisfied and the associated costs fully paid. The JPA governing body is composed of one commissioner appointed by each of the four parties to the agreement. All secretarial, clerical, accounting and administrative duties of the JPA are performed by personnel of SDCWA.

The original value of this commitment was \$133,000,000 in 2003 and calculated using a six percent discount factor (as allowed under the QSA JPA agreement). The cost-share by each JPA member is as follows: \$36,717,791 (CVWD); \$44,061,350 (IID); \$52,220,859 (SDCWA). The State is solely responsible for the payment of the costs of and liability for environmental mitigation requirements in excess of the \$133 million (m) contributed by the other members.

The total obligation for CVWD was approximately \$36.7 million in 2003, which has an approximate future value of \$73.6 million in 2025, escalated at a 6% discount rate provided in the QSA. However, in fiscal years 2008 and 2009, through Resolution 2007-93, CVWD contributed a payment advance of \$4.4 million, which reduced the value of future payments from \$73.6 million to \$69.6 million in 2025, and represents a savings of approximately \$4 million.

In January 2015, the QSA requested and CVWD's board of directors approved prepayment funding to the original QSA Mitigation Payment Schedule, which provided for an advance up to \$5 million, starting in 2015, and spread over a maximum of six years. The \$5 million prepayment will reduce CVWD's share by approximately \$2.5 million in future payments.

Original scheduled payments are due December 31, and advance payments are due July 1; these payments are budgeted in the District's annual operating expenses. A summary of CVWD's mitigation payments is tabulated below.

<u>Calendar Year</u>	<u>Original Funding Schedule</u>	<u>Adjustment for Advances</u>	<u>Total Calendar Year Payments</u>
2021	\$ 738,869	\$ -	\$ 738,869
2022	2,697,555	-	2,697,555
2023	2,706,745	-	2,706,745
2024	6,953,711	(4,220,705)	2,733,006
2025	2,748,523	(2,596,647)	151,876
2026	1,446,565	(881,435)	565,130

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 9 QUANTIFICATION SETTLEMENT AGREEMENT (CONTINUED)**

**Recent QSA-Related Developments**

In August 2016, the U.S. Department of the Interior and the California Department of Natural Resources signed a memorandum of understanding (MOU) regarding coordination of activities to manage the Salton Sea; the MOU also provided the State with a lead role in the cooperative effort of restoring the sea.

In December 2016, Congress enacted and the President signed the Water Infrastructure Improvements for the Nation Act, which includes a provision that would allow the U.S. Army Corps of Engineers to work with nonfederal partners in addition to the Salton Sea Authority on a variety of restoration projects. The provision also makes permanent a current pilot program at the Salton Sea that allowed the Corps to work in the area.

The State Water Resources Control Board adopted Order on Long-Term Management of the Salton Sea on November 7, 2017, to ensure the goals of the Salton Sea Management Plan are met. This action revises a 2002 order approving long-term water transfer from the Imperial Irrigation District to the San Diego County Water Authority, the Metropolitan Water District of Southern California, and CVWD. The immediate result of this order is to terminate the need for water deliveries for Salton Sea mitigation purposes in 2017, with the longer-term goal to ensure that the range of measures to address the impacts of reduced water flows are met.

A key element of the state's 10-year plan is for the construction of 29,800 acres of pond, wetlands and dust-suppression projects on exposed portions of the Salton Sea. The plan provides a schedule of targeted completion dates for the 10-year plan, starting with 500 acres in 2018 and finishing with 4,200 acres in 2028. A plan to address the needs beyond 2028 will be developed by the state at a future date.

Since the November 2017 adoption, the State Board has held two informational meetings in 2018 and two meetings in 2019 regarding the status updates of the program. Although CVWD is not a direct party to the Draft Stipulated Order, we are actively watching and participating in the discussions as necessary to ensure that the conditions in the QSA are not negatively impacted. CVWD also monitors the Salton Sea activities through its active participation on the Salton Sea Authority Board.

**NOTE 10 DEPARTMENT OF WATER RESOURCES (DWR) WATER SUPPLY CONTRACT COMMITMENT**

Recognizing a need for additional imported water to supplement its Colorado River supply for groundwater recharge purpose, CVWD entered into a State Water Project (SWP) Water Supply Contract (Contract) with the Department of Water Resources (acting on behalf of the state of California) on March 29, 1963. This contract complies with the provisions of the California Water Resources Development Bond Act and other applicable laws of the state of California.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 DEPARTMENT OF WATER RESOURCES (DWR) WATER SUPPLY CONTRACT  
COMMITMENT (CONTINUED)**

The current Contract and its amendments provide CVWD with a maximum annual water amount of up to 138,350 acre-feet (AF). The original contracted amount was 23,100 AF, and the additional 115,250 AF was acquired through a series of subsequent transfers, including 9,900 AF from Tulare Lake Basin Water Storage District (Tulare Lake) (2004), 5,250 AF from Tulare Lake (2007), 88,100 AF from the Metropolitan Water District of Southern California (MWD) (2003), and 12,000 AF from Berrenda Mesa Water District (2007).

Because the Coachella Valley does not have a physical connection to SWP facilities (which terminates at Lake Perris in Southern California) and MWD and CVWD have access to both SWP water and Colorado River water, an agreement was negotiated to allow CVWD to exchange its SWP water for an equivalent amount of Colorado River water with MWD. This Colorado River water, also known as "Exchange Water" is delivered through MWD's Colorado River Aqueduct to the turnout on the Whitewater River. The Exchange Water is then delivered to both the Mission Creek Groundwater Replenishment Facility and the Whitewater Groundwater Replenishment Facility for direct groundwater recharge, helping to eliminate groundwater overdraft in the Coachella Valley Groundwater Basin. The agreements with MWD were updated in November 2019, and will terminate in 2035.

Actual availability of SWP water varies from year to year, based on precipitation and snowpack runoff in Northern California where the SWP reservoirs are located. Although the long-term average SWP allocation is about 60% of each contractor's maximum contracted amount, a wet or dry hydrologic year can increase or decrease the actual SWP allocated to the contractors. It is recognized that annual average SWP allocation is expected to decrease unless additional SWP conservation facilities are constructed.

The term of the Contract terminates in 2035, or for a project repayment period of 75 years, and provides for a pledge of certain CVWD revenues to the bondholders of the state under the Bond Act. A Contract Extension is pending that would extend the Contract an additional 50 years, from 2035 to 2085, which will relieve pressure on the contractor's shrinking repayment period once it's executed.

Provision is made in the Contract for two general charges: (1) Delta Water Charge and (2) Transportation Charge, which are divided into components. The Delta Water Charge is intended to cover all costs of project conservation facilities (storage) including capital, maintenance, operation, and replacement components, and is charged to CVWD on the basis of water entitlement and/or delivery. The Transportation Charge is for facilities necessary to deliver water to the contractors and also includes a capital, maintenance, operation, and replacement component. These charges are collected by DWR through the contractors' annual Statement of Charges.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 10 DEPARTMENT OF WATER RESOURCES (DWR) WATER SUPPLY CONTRACT  
COMMITMENT (CONTINUED)**

As of calendar year 2021, CVWD's estimated commitment through the Statement of Charges is as follows:

Calendar Year	Amount due
2021	\$ 53,755,278
2022	52,788,453
2023	65,208,682
2024	66,330,337
2025	67,525,473
2026	64,382,292
2027	64,949,751
2028	64,489,255
2029	64,787,434
2030	63,249,333
2031	65,050,994
2032	62,762,744
2033	65,027,966
2034	63,515,466
2035	67,411,195
Total	\$ 951,234,653

**NOTE 11 COMMITMENT TO PARTICIPATE IN LOWER COLORADO RIVER MULTI-SPECIES  
CONSERVATION PROGRAM**

The implementation of the 50-year Program is estimated at a cost of \$626 million as of 2003. The Department of the Interior has pledged to pay for half of the estimated program costs and for any rise in costs (other than inflation). The District pays its share of Program expenses on a quarterly basis as costs are incurred, which is estimated to be approximately \$15 million over the 50-year period. The District recognized \$682,485 in Program expenses for fiscal year ending on June 30, 2021.

**NOTE 12 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Long-term interfund receivables and payables consisted of the following as of June 30, 2021:

Receivable Fund	Payable Fund	Amount
Domestic Water Fund	Groundwater Replenishment Fund (East Whitewater RAC)	\$ 4,091,072
Domestic Water Fund	Groundwater Replenishment Fund (West RAC)	51,336,477
	Total	\$ 55,427,549

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)**

On June 25, 2013, the board of directors approved an interfund loan from the Domestic Water Fund to the East Whitewater Replenishment Fund in the amount of \$60,285,179, to reimburse the Domestic Water Fund for project costs incurred related to the Martinez Canyon Spreading Area and the Thomas E. Levy Recharge (TEL) facilities. The term of the interfund loan is fifteen years, with interest to accrue at a rate commensurate with the District's average monthly return on investments, plus a ten percent premium on the calculated interest rate. The outstanding balance on the loan as of June 30, 2021, was \$4,091,072.

The annual scheduled repayments on the Domestic Water Fund and Groundwater Replenishment Fund (East Whitewater RAC) interfund advance as of June 30, 2021, are as follows:

Martinez Canyon Spreading Area and the (TEL) Facilities Loan			
Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,028,264	\$ 39,201	\$ 2,067,465
2023	2,062,808	13,882	2,076,690
Total	\$ 4,091,072	\$ 53,083	\$ 4,144,155

On May 14, 2019, the board of directors approved an interfund loan from the Domestic Water Fund to the West Replenishment Fund in the amount of \$52,340,180, to reimburse the Domestic Water Fund for project costs incurred related to the Mid-Valley Pipeline. The annual payments are interest only. Principal will be paid in the instance that the West Replenishment Fund has reserves in excess of the target at June 30 each year; in which case the amount of reserves in excess of the target will be the principal payment for that year. At June 30, 2021, there was a principal payment of \$372,366. The term is 30 years with interest to accrue at a rate commensurate with the District's average monthly return on investments, plus a 10% premium on the calculated interest rate. The outstanding balance on the loan as of June 30, 2021, was \$51,336,477.

Transfers in and out for the year ended June 30, 2021, are summarized as follows:

From	To	Amount
Domestic Water Fund	Motorpool Fund	\$ 1,115,830
Sanitation Fund	Motorpool Fund	636,796
Canal Water Fund	Motorpool Fund	304,488
Stormwater Fund	Motorpool Fund	188,139
Groundwater Replenishment Fund	Motorpool Fund	30,591
Motorpool Fund	Groundwater Replenishment Fund	184,734
Domestic Water Fund	Sanitation Fund	2,481,921
Domestic Water Fund	Canal Water Fund	4,173,387
Domestic Water Fund	Stormwater Fund	212,940
Domestic Water Fund	Groundwater Replenishment Fund	352,209
	Total	\$ 9,681,035

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 12 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)**

The Domestic Water Fund, Sanitation Fund, Canal Water Fund, Stormwater and Groundwater Replenishment Fund transferred \$2,275,844 to the Motorpool Fund to fund capital asset acquisitions.

The Motorpool Fund transferred \$184,734 to Groundwater Replenishment Fund for capital asset acquisitions.

The Domestic Water Fund transferred a total of \$7,220,457 general district capital assets to Sanitation Fund, Canal Water Fund, Stormwater and Groundwater Replenishment Fund.

**NOTE 13 RESTRICTED AND UNRESTRICTED NET POSITION**

Net Investment in Capital Assets	\$ 1,576,073,648
Restricted Net Position:	
Construction, Capital, and Replacement Funds	107,589,098
State Water Project	17,358,782
Unrestricted	207,687,958
Total Net Position	<u><u>\$ 1,908,709,486</u></u>

Although not legally restricted, unrestricted net position has been designated for various purposes to establish and maintain sound financial management and a stable rate structure.

Operating	\$ 50,280,000
Rate Stabilization	19,685,000
Capital Improvement	53,000,000
Debt Service	3,168,000
Emergency Repair	47,299,000
Motorpool Replacement	3,129,000
Other Undesignated Net Position	31,126,958
Unrestricted Net Position	<u><u>\$ 207,687,958</u></u>

**NOTE 14 JOINT POWERS AUTHORITY**

The California WaterFix (WaterFix) was a project designed to restore reliability to the State Water Project, protect and maintain ecosystem health, and maintain water quality; the benefits were also envisioned to potentially extend to the Central Valley Project. The Delta Conveyance Design and Construction Joint Powers Authority (DCA) was created to design, develop, and construct the twin-tunnel conveyance system as described by the Department of Water Resources (DWR). Coachella Valley Water District's (CVWD's) Board of Directors authorized CVWD's participation through the execution of DCA Agreement on June 26, 2018.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 14 JOINT POWERS AUTHORITY (CONTINUED)**

After Governor Newsom declared his support for a single-tunnel option, the project was subsequently modified to reflect this change and renamed the Delta Conveyance Project (Project). Although the goals of the Project are similar to WaterFix, these changes required participating utilities, including CVWD, to revise their participation documents. Amendments to the DCA Agreement were approved by CVWD's Board during their November 10, 2020 meeting.

Currently, the DCA is governed by a Board of Directors (the Board) who represent participating Public Water Agencies that form the DCA. The DCA Board consists of up to seven Directors and seven Alternative Directors with each pair appointed by and representing the members. A representative from CVWD was elected to serve on the DCA Board Director.

Funding for the DCA is derived exclusively from DWR who owns and operates the State Water Project (SWP) facilities. In the event that DWR does not have the authority to fund, construct or own the Project as part of the SWP, funding for the DCA may be derived from other sources. The members of the DCA are not responsible for any costs incurred by the DCA in fulfillment of its purposes. The debt, liabilities and obligations of the DCA is the debts, liabilities, and obligations of the DCA and not the individual members. The Construction Authority does not issue separate financial statements.

**NOTE 15 RESTATEMENT OF NET POSITIONS**

	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>
Net position at July 1, 2020, as originally reported	\$ 638,296,341	\$ 487,327,703	\$ 119,180,494
To capitalize costs incurred in prior years			
as capital assets, which were previously expensed	1,591,924	907,665	447,547
Net position at July 1, 2020, as restated	<u>\$ 639,888,265</u>	<u>\$ 488,235,368</u>	<u>\$ 119,628,041</u>
		<u>Groundwater</u>	<u>Internal</u>
	<u>Stormwater</u>	<u>Replenishment</u>	<u>Service Fund</u>
			<u>Motorpool</u>
Net position at July 1, 2020, as originally reported	\$ 237,016,318	\$ 94,818,984	\$ 11,556,832
To capitalize costs incurred in prior years			
as capital assets, which were previously expensed	279,645	305,466	1,767,178
Net position at July 1, 2020, as restated	<u>\$ 237,295,963</u>	<u>\$ 95,124,450</u>	<u>\$ 13,324,010</u>
		<u>Custodial Funds</u>	
Net position at July 1, 2020, as originally reported		\$ -	
Implementation of GASB 84		9,610,750	
Net position at July 1, 2020, as restated		<u>\$ 9,610,750</u>	

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 16 CONTINGENCIES**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of an outbreak of a new strain of coronavirus (the COVID-19 outbreak) and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the District's financial condition, liquidity, operations and workforce. The District cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the District's results of future operations and financial position in fiscal year 2022.

**NOTE 17 SUBSEQUENT EVENT**

The District received a Clean Water State Revolving Fund (CWSRF) loan for the Wastewater Reclamation Plant No. 10 (WRP) Customers Non-Potable Water Connection Project in the amount of \$33,000,000. The funding agreement also includes a grant-funded portion in the amount of \$5,000,000. The District signed the funding agreement on September 2, 2021.

Other events occurring after June 30, 2021, have been evaluated for possible adjustments to the financial statements or disclosure as of November 22, 2021, which is the date these financial statements were available to be issued.

REQUIRED  
SUPPLEMENTARY



**COACHELLA VALLEY WATER DISTRICT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS – MISCELLANEOUS PLAN  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

	2015	2016	2017	2018	2019
Fiscal Year Ended	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Period	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 5,485,267	\$ 5,436,814	\$ 5,783,089	\$ 6,802,190	\$ 7,124,963
Interest on Total Pension Liability	23,199,726	24,080,603	25,225,601	26,342,072	27,295,591
Changes in Assumptions	-	(6,023,990)	-	22,552,553	(2,443,307)
Differences Between Expected and Actual Experience	-	(2,042,873)	944,339	1,244,724	470,080
Benefit Payments, Including Refunds of Employee Contributions	(14,862,689)	(15,426,247)	(15,908,979)	(17,373,710)	(18,619,271)
<b>Net Change in Total Pension Liability</b>	<b>13,822,304</b>	<b>6,024,307</b>	<b>16,044,050</b>	<b>39,567,829</b>	<b>13,828,056</b>
Total Pension Liability - Beginning of Year	314,018,404	327,840,708	333,865,015	349,909,065	389,476,894
<b>Total Pension Liability - End of Year (a)</b>	<b>327,840,708</b>	<b>333,865,015</b>	<b>349,909,065</b>	<b>389,476,894</b>	<b>403,304,950</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Plan to Plan Resource Movement	-	47	-	(518)	(616)
Contributions - Employer	7,407,594	8,196,637	8,819,906	10,688,138	12,547,765
Contributions - Employee	2,917,459	2,956,640	3,196,965	3,129,689	3,240,219
Net Investment Income	34,250,928	5,096,743	1,200,323	26,008,057	20,992,758
Benefit Payments	(14,862,689)	(15,426,247)	(15,908,979)	(17,373,710)	(18,619,271)
Administrative Expense	-	(258,450)	(139,921)	(334,788)	(387,811)
Other Miscellaneous Income (Expense)	-	-	-	-	(736,459)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>29,713,292</b>	<b>565,370</b>	<b>(2,831,706)</b>	<b>22,116,868</b>	<b>17,036,585</b>
Plan Fiduciary Net Position - Beginning of Year	199,307,780	229,021,072	229,586,442	226,754,736	248,871,604
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<b>229,021,072</b>	<b>229,586,442</b>	<b>226,754,736</b>	<b>248,871,604</b>	<b>265,908,189</b>
<b>Net Pension Liability - Ending (a)-(b)</b>	<b>\$ 98,819,636</b>	<b>\$ 104,278,573</b>	<b>\$ 123,154,329</b>	<b>\$ 140,605,290</b>	<b>\$ 137,396,761</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.86%	68.77%	64.80%	63.90%	65.93%
Covered Payroll	<b>\$ 34,880,240</b>	<b>\$ 36,151,428</b>	<b>\$ 38,917,148</b>	<b>\$ 40,954,846</b>	<b>\$ 42,572,677</b>
Net Pension Liability as a Percentage of Covered Payroll	283.31%	288.45%	316.45%	343.32%	322.73%

**Notes to Schedule**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

\*Fiscal year 2015 was the 1st year of implementation; therefore only seven years are shown.

**COACHELLA VALLEY WATER DISTRICT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND  
RELATED RATIOS – MISCELLANEOUS PLAN (CONTINUED)  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

	<u>2020</u>	<u>2021</u>
Fiscal Year Ended	June 30, 2020	June 30, 2021
Measurement Period	June 30, 2019	June 30, 2020
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 7,421,549	\$ 7,728,980
Interest on Total Pension Liability	28,788,099	30,139,385
Changes in Assumptions	-	-
Differences Between Expected and Actual Experience	5,511,121	3,003,163
Benefit Payments, Including Refunds of Employee Contributions	<u>(19,792,178)</u>	<u>(21,142,650)</u>
<b>Net Change in Total Pension Liability</b>	<u>21,928,591</u>	<u>19,728,878</u>
Total Pension Liability - Beginning of Year	<u>403,304,950</u>	<u>425,233,541</u>
<b>Total Pension Liability - End of Year (a)</b>	<u><u>425,233,541</u></u>	<u><u>444,962,419</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Plan to Plan Resource Movement	-	-
Contributions - Employer	33,850,043	22,901,638
Contributions - Employee	3,543,253	3,595,610
Net Investment Income	17,974,095	15,303,105
Benefit Payments	(19,792,178)	(21,142,650)
Administrative Expense	(189,758)	(424,751)
Other Miscellaneous Income (Expense)	616	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>35,386,071</u>	<u>20,232,952</u>
Plan Fiduciary Net Position - Beginning of Year	<u>265,908,189</u>	<u>301,294,260</u>
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<u><u>301,294,260</u></u>	<u><u>321,527,212</u></u>
<b>Net Pension Liability - Ending (a)-(b)</b>	<u><u>\$ 123,939,281</u></u>	<u><u>\$ 123,435,207</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	72.26%
Covered Payroll	<u>\$ 45,067,739</u>	<u>\$ 46,938,578</u>
Net Pension Liability as a Percentage of Covered Payroll	275.01%	262.97%

**Notes to Schedule**

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

\*Fiscal year 2015 was the 1st year of implementation; therefore only seven years are shown.

**COACHELLA VALLEY WATER DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS – MISCELLANEOUS PLAN  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

	2015	2016	2017	2018	2019
Fiscal Year Ended	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Contractually Required Contribution (Actuarially Determined)	\$ 8,217,475	\$ 9,940,264	\$ 10,976,030	\$ 11,747,022	\$ 12,650,422
Contributions in Relation to the Actuarially Determined Contributions	<u>(8,217,475)</u>	<u>(9,940,264)</u>	<u>(10,976,030)</u>	<u>(11,747,022)</u>	<u>(33,850,422)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,200,000)</u>
Covered Payroll	<u>\$ 36,151,428</u>	<u>\$ 38,917,148</u>	<u>\$ 40,954,846</u>	<u>\$ 42,572,677</u>	<u>\$ 45,067,739</u>
Contributions as a Percentage of Covered Payroll	22.73%	25.54%	26.80%	27.59%	75.11%

**Notes to Schedule**

Valuation Date	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
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**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	15 Year Smoothed Market Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.375% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 years (2.7% @55), 52 years (2.0% @62)

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\*Fiscal year 2015 was the 1st year of implementation; therefore only seven years are shown.

**COACHELLA VALLEY WATER DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS – MISCELLANEOUS PLAN (CONTINUED)  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

	<u>2020</u>	<u>2021</u>
Fiscal Year Ended	June 30, 2020	June 30, 2021
Contractually Required Contribution (Actuarially Determined)	\$ 18,401,638	\$ 17,480,196
Contributions in Relation to the Actuarially Determined Contributions	<u>(22,901,638)</u>	<u>(18,080,196)</u>
Contribution Deficiency (Excess)	<u>\$ (4,500,000)</u>	<u>\$ (600,000)</u>
Covered Payroll	<u>\$ 46,938,578</u>	<u>\$ 48,621,446</u>
Contributions as a Percentage of Covered Payroll	48.79%	37.19%

**Notes to Schedule**

	6/30/2017	6/30/2018
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>		
Actuarial Cost Method	Entry age	Entry age
Amortization Method	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value
Inflation	2.625%	2.50%
Salary Increases	(2)	(2)
Investment Rate of Return	7.25% (3)	7.00% (3)
Retirement Age	(4)	(4)
Mortality	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 years (2.7% @55), 52 years (2.0%@62)

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\*Fiscal year 2015 was the 1st year of implementation; therefore only seven years are shown.

**COACHELLA VALLEY WATER DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – OPEB PLAN  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Fiscal Year End	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Measurement Date	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
<b>TOTAL OPEB LIABILITY</b>					
Service Cost	\$ 1,621,000	\$ 1,715,000	\$ 1,256,225	\$ 1,293,912	\$ 1,228,809
Interest on Total OPEB Liability	1,606,000	1,649,000	2,282,978	2,371,301	2,118,816
Difference Between Expected and Actual Experience	(194,000)	(1,063,000)	-	(4,580,693)	-
Changes in Assumptions	-	(10,404,000)	-	(768,098)	-
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	<u>(1,821,000)</u>	<u>(1,957,000)</u>	<u>(2,099,162)</u>	<u>(2,228,298)</u>	<u>(2,353,855)</u>
<b>Net Change in Total OPEB Liability</b>	<u>1,212,000</u>	<u>(10,060,000)</u>	<u>1,440,041</u>	<u>(3,911,876)</u>	<u>993,770</u>
Total OPEB Liability - Beginning of Year	<u>45,169,000</u>	<u>46,381,000</u>	<u>36,321,000</u>	<u>37,761,041</u>	<u>33,849,165</u>
<b>Total OPEB Liability - End of Year (a)</b>	<u>46,381,000</u>	<u>36,321,000</u>	<u>37,761,041</u>	<u>33,849,165</u>	<u>34,842,935</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	1,821,000	1,957,000	2,099,162	2,728,298	2,353,855
Net Investment Income	2,159,000	1,758,000	1,511,175	1,613,083	7,149,651
Administrative Expenses	(1,821,000)	(10,000)	(9,604)	(8,000)	(8,000)
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	<u>(16,000)</u>	<u>(1,957,000)</u>	<u>(2,099,162)</u>	<u>(2,228,298)</u>	<u>(2,353,855)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<u>2,143,000</u>	<u>1,748,000</u>	<u>1,501,571</u>	<u>2,105,083</u>	<u>7,141,651</u>
Plan Fiduciary Net Position - Beginning of Year	<u>20,374,000</u>	<u>22,517,000</u>	<u>24,265,000</u>	<u>25,766,571</u>	<u>27,871,654</u>
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<u>22,517,000</u>	<u>24,265,000</u>	<u>25,766,571</u>	<u>27,871,654</u>	<u>35,013,305</u>
<b>Net OPEB Liability - Ending (a)-(b)</b>	<u>\$ 23,864,000</u>	<u>\$ 12,056,000</u>	<u>\$ 11,994,470</u>	<u>\$ 5,977,511</u>	<u>\$ (170,370)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	48.55%	66.81%	68.24%	82.34%	100.49%
Covered-Employee Payroll	<u>\$ 40,954,846</u>	<u>\$ 42,572,677</u>	<u>\$ 45,067,739</u>	<u>\$ 46,938,578</u>	<u>\$ 48,621,446</u>
Net OPEB Liability as Percentage of Covered-Employee Payroll	58.27%	28.32%	26.61%	12.73%	-0.35%

**Notes to Schedule**

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2019 to June 30, 2020:

The mortality improvement scale was updated to Scale MP-2019 from MP-2017. The healthcare trend changed from 7.50% non-Medicare and 6.50% Medicare to 7.25% non-Medicare and 6.30% Medicare.

**COACHELLA VALLEY WATER DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS – OPEB PLAN  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

	2021
Fiscal Year End	June 30, 2021
Actuarially Determined Contribution	1,762,000
Contributions in Relation to the Actuarially Determined Contributions	(2,353,855)
Contribution Deficiency (Excess)	\$ (591,855)
Covered-Employee Payroll	\$ 48,621,446
Contributions as a Percentage of Covered-Employee Payroll	4.84%

**Notes to Schedule**

Valuation Date	6/30/2019
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**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.25%
Inflation	2.75%
Medical Trend	7.5% Non-Medicare/6.5% Medicare, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

\*Fiscal year 2021 was the first year the actuarially determined contribution was calculated; therefore, only one year is shown.

**COACHELLA VALLEY WATER DISTRICT  
ANNUAL MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS – OPEB PLAN  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS\***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual Money-weighted Rate of Return, Net of Investment Expense	7.75%	7.77%	6.57%	6.60%	26.01%

(1) Historical information is required only for year for which GASB 74 is applicable. Fiscal year 2017 was the first year of implementation; therefore, only five years are shown.

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**COACHELLA VALLEY WATER DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION – ALL CUSTODIAL FUNDS  
 JUNE 30, 2021**

	<u>Assessment District No. 33</u>	<u>Assessment District No. 67</u>	<u>Assessment District No. 68</u>
<b>ASSETS</b>			
Cash and Investments	\$ 207,095	\$ 77,389	\$ 458,079
Receivables:			
Accounts	-	-	-
Property Taxes	-	1,643	6,146
Interest	696	327	1,523
Total Assets	<u>207,791</u>	<u>79,359</u>	<u>465,748</u>
<b>LIABILITIES</b>			
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Held for Bondholders	<u>207,791</u>	<u>79,359</u>	<u>465,748</u>
Total Net Position	<u>\$ 207,791</u>	<u>\$ 79,359</u>	<u>\$ 465,748</u>

**COACHELLA VALLEY WATER DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION –  
 ALL CUSTODIAL FUNDS (CONTINUED)  
 JUNE 30, 2021**

	Assessment District No. 70	Community Facilities District No. 102	Facilities District - 2015-01	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 1,277,735	\$ 8,051,606	\$ 9,971	\$ 10,081,875
Receivables:				
Accounts	87,668	-	-	87,668
Property Taxes	40,226	40,108	-	88,123
Interest	4,242	26,792	34	33,614
Total Assets	<u>1,409,871</u>	<u>8,118,506</u>	<u>10,005</u>	<u>10,291,280</u>
<b>LIABILITIES</b>				
Accounts Payable	<u>5,266</u>	<u>-</u>	<u>-</u>	<u>5,266</u>
Total Liabilities	<u>5,266</u>	<u>-</u>	<u>-</u>	<u>5,266</u>
<b>NET POSITION</b>				
Held for Bondholders	<u>1,404,605</u>	<u>8,118,506</u>	<u>10,005</u>	<u>10,286,014</u>
Total Net Position	<u>\$ 1,404,605</u>	<u>\$ 8,118,506</u>	<u>\$ 10,005</u>	<u>\$ 10,286,014</u>

**COACHELLA VALLEY WATER DISTRICT  
COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION – ALL CUSTODIAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	<u>Assessment District No. 33</u>	<u>Assessment District No. 67</u>	<u>Assessment District No. 68</u>
<b>ADDITIONS</b>			
Investment Earnings:			
Interest and Dividends	\$ 625	\$ 78	\$ 435
Special Assessments or Special Taxes Collected from Property Owners	64,647	1,643	220,485
Miscellaneous	-	-	-
Total Additions	<u>65,272</u>	<u>1,721</u>	<u>220,920</u>
<b>DEDUCTIONS</b>			
Administrative Expense	3,106	34	21,832
Payments for Special Assessment or Special Tax Debt	56,582	-	193,125
Property Insurance	-	-	-
Repairs and Maintenance	-	-	-
Total Deductions	<u>59,688</u>	<u>34</u>	<u>214,957</u>
<b>NET INCREASE IN FIDUCIARY NET POSITION</b>	5,584	1,687	5,963
Net Position - Beginning of Year	<u>202,207</u>	<u>77,672</u>	<u>459,785</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 207,791</u>	<u>\$ 79,359</u>	<u>\$ 465,748</u>

**COACHELLA VALLEY WATER DISTRICT  
COMBINING STATEMENT OF CHANGE IN FIDUCIARY  
NET POSITION – ALL CUSTODIAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	Assessment District No. 70	Community Facilities District No. 102	Facilities District - 2015-01	Totals
<b>ADDITIONS</b>				
Investment Earnings:				
Interest and Dividends	\$ 2,361	\$ 55,045	\$ 108	\$ 58,652
Special Assessments or Special Taxes Collected from Property Owners	617,429	756,138	-	1,660,342
Miscellaneous	1,699	-	-	1,699
Total Additions	<u>621,489</u>	<u>811,183</u>	<u>108</u>	<u>1,720,693</u>
<b>DEDUCTIONS</b>				
Administrative Expense	36,202	10,000	4	71,178
Payments for Special Assessment or Special Tax Debt	554,893	-	-	804,600
Property Insurance	-	147,611	-	147,611
Repairs and Maintenance	-	22,040	-	22,040
Total Deductions	<u>591,095</u>	<u>179,651</u>	<u>4</u>	<u>1,045,429</u>
<b>NET INCREASE IN FIDUCIARY NET POSITION</b>	30,394	631,532	104	675,264
Net Position - Beginning of Year	<u>1,374,211</u>	<u>7,486,974</u>	<u>9,901</u>	<u>9,610,750</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,404,605</u>	<u>\$ 8,118,506</u>	<u>\$ 10,005</u>	<u>\$ 10,286,014</u>

SUPPLEMENTARY



## SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE

June 30, 2021

Payment Date	Interest Rate	Principal Payments <sup>1</sup>	Interest Payments <sup>1</sup>	Total Debt Service <sup>1</sup>	Principal Balance <sup>1</sup>
Coachella Valley Water District, 2021A-Original Issue \$42,080,000					
8/1/2021	5.00	\$ -	\$ 193,135	\$ 193,135	\$ 42,080,000
2/1/2022	5.00	-	939,575	939,575	42,080,000
8/1/2022	5.00	-	939,575	939,575	42,080,000
2/1/2023	5.00	-	939,575	939,575	42,080,000
8/1/2023	5.00	-	939,575	939,575	42,080,000
2/1/2024	5.00	-	939,575	939,575	42,080,000
8/1/2024	5.00	-	939,575	939,575	42,080,000
2/1/2025	5.00	-	939,575	939,575	42,080,000
8/1/2025	5.00	-	939,575	939,575	42,080,000
2/1/2026	5.00	-	939,575	939,575	42,080,000
8/1/2026	5.00	-	939,575	939,575	42,080,000
2/1/2027	5.00	-	939,575	939,575	42,080,000
8/1/2027	5.00	160,000	939,575	1,099,575	41,920,000
2/1/2028	5.00	-	935,575	935,575	41,920,000
8/1/2028	5.00	1,000,000	935,575	1,935,575	40,920,000
2/1/2029	5.00	-	910,575	910,575	40,920,000
8/1/2029	5.00	1,055,000	910,575	1,965,575	39,865,000
2/1/2030	5.00	-	884,200	884,200	39,865,000
8/1/2030	5.00	1,105,000	884,200	1,989,200	38,760,000
2/1/2031	5.00	-	856,575	856,575	38,760,000
8/1/2031	5.00	1,165,000	856,575	2,021,575	37,595,000
2/1/2032	5.00	-	827,450	827,450	37,595,000
8/1/2032	5.00	1,225,000	827,450	2,052,450	36,370,000
2/1/2033	5.00	-	796,825	796,825	36,370,000
8/1/2033	5.00	1,285,000	796,825	2,081,825	35,085,000
2/1/2034	5.00	-	764,700	764,700	35,085,000
8/1/2034	4.00	1,345,000	764,700	2,109,700	33,740,000
2/1/2035	4.00	-	737,800	737,800	33,740,000
8/1/2035	4.00	1,400,000	737,800	2,137,800	32,340,000
2/1/2036	4.00	-	709,800	709,800	32,340,000
8/1/2036	4.00	1,455,000	709,800	2,164,800	30,885,000
2/1/2037	4.00	-	680,700	680,700	30,885,000
8/1/2037	4.00	1,515,000	680,700	2,195,700	29,370,000
2/1/2038	4.00	-	650,400	650,400	29,370,000
8/1/2038	4.00	\$ 1,580,000	\$ 650,400	\$ 2,230,400	\$ 27,790,000

Note 1: Dollar amounts are rounded to nearest dollar.

## SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE

June 30, 2021

Payment Date	Interest Rate	Principal Payments <sup>1</sup>	Interest Payments <sup>1</sup>	Total Debt Service <sup>1</sup>	Principal Balance <sup>1</sup>
Coachella Valley Water District, 2021A-Original Issue \$42,080,000					
2/1/2039	4.00	\$ -	\$ 618,800	\$ 618,800	\$ 27,790,000
8/1/2039	4.00	1,645,000	618,800	2,263,800	26,145,000
2/1/2040	4.00	-	585,900	585,900	26,145,000
8/1/2040	4.00	1,710,000	585,900	2,295,900	24,435,000
2/1/2041	4.00	-	551,700	551,700	24,435,000
8/1/2041	4.00	1,780,000	551,700	2,331,700	22,655,000
2/1/2042	4.00	-	516,100	516,100	22,655,000
8/1/2042	4.00	1,855,000	516,100	2,371,100	20,800,000
2/1/2043	4.00	-	479,000	479,000	20,800,000
8/1/2043	4.00	1,930,000	479,000	2,409,000	18,870,000
2/1/2044	4.00	-	440,400	440,400	18,870,000
8/1/2044	4.00	2,005,000	440,400	2,445,400	16,865,000
2/1/2045	4.00	-	400,300	400,300	16,865,000
8/1/2045	4.00	2,090,000	400,300	2,490,300	14,775,000
2/1/2046	4.00	-	358,500	358,500	14,775,000
8/1/2046	4.00	2,175,000	358,500	2,533,500	12,600,000
2/1/2047	4.00	-	315,000	315,000	12,600,000
8/1/2047	4.00	2,275,000	315,000	2,590,000	10,325,000
2/1/2048	4.00	-	258,125	258,125	10,325,000
8/1/2048	4.00	2,390,000	258,125	2,648,125	7,935,000
2/1/2049	4.00	-	198,375	198,375	7,935,000
8/1/2049	4.00	2,515,000	198,375	2,713,375	5,420,000
2/1/2050	4.00	-	135,500	135,500	5,420,000
8/1/2050	4.00	2,640,000	135,500	2,775,500	2,780,000
2/1/2051	4.00	-	69,500	69,500	2,780,000
8/1/2051	5.00	\$ 2,780,000	\$ 69,500	\$ 2,849,500	-

Note 1: Dollar amounts are rounded to nearest dollar.

**SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE**

June 30, 2021

Payment Date	Interest Rate	Principal Payments <sup>1</sup>	Interest Payments <sup>1</sup>	Total Debt Service <sup>1</sup>	Principal Balance <sup>1</sup>
Coachella Valley Water District, 2021B Original Issue \$810,000					
8/1/2021	1.35	\$ -	\$ 1,124	\$ 1,124	\$ 810,000
2/1/2022	1.35	-	5,468	5,468	810,000
8/1/2022	1.35	-	5,468	5,468	810,000
2/1/2023	1.35	-	5,468	5,468	810,000
8/1/2023	1.35	-	5,468	5,468	810,000
2/1/2024	1.35	-	5,468	5,468	810,000
8/1/2024	1.35	-	5,468	5,468	810,000
2/1/2025	1.35	-	5,468	5,468	810,000
8/1/2025	1.35	-	5,468	5,468	810,000
2/1/2026	1.35	-	5,468	5,468	810,000
8/1/2026	1.35	-	5,468	5,468	810,000
2/1/2027	1.35	-	5,468	5,468	810,000
8/1/2027	1.35	\$ 810,000	\$ 5,468	\$ 815,468	\$ -

Note 1: Dollar amounts are rounded to nearest dollar.

## SCHEDULE OF MATURITIES OF LOANS PAYABLE

June 30, 2021

Payment Date	Interest Rate	Loan Draws <sup>1</sup>	Principal Forgiveness <sup>1</sup>	Principal Payments <sup>1</sup>	Interest Payments <sup>1</sup>	Total Debt Service <sup>1</sup>	Principal Balance <sup>1,2</sup>
State of California Water Resource Control Board - Original Loan \$19,164,293							
11/6/2019	1.8	\$ 10,338,267	\$ -	\$ -	\$ -	\$ -	\$ 10,338,267
1/1/2020	1.8	-	-	-	28,551	28,551	10,338,267
2/7/2020	1.8	2,756,882	-	-	-	-	13,095,149
5/7/2020	1.8	-	-	-	-	-	13,095,149
6/30/2020	1.8	3,108,342	-	-	-	-	16,203,491
7/1/2020	1.8	-	3,730,602	-	\$ 112,503	112,503	\$ 12,472,889
8/17/2020	1.8	3,377,844	1,269,398	-	-	-	14,581,335
9/15/2020	1.8	1,622,165	-	-	-	-	16,203,500
11/30/2020	1.8	690,795	-	-	-	-	16,894,295
1/1/2021	1.8	-	-	227,231	138,110	365,341	16,667,064
4/9/2021	1.8	363,383	-	-	-	-	17,030,447
6/30/2021	1.8	2,133,846	-	-	-	-	19,164,293
7/1/2021	1.8	-	-	221,774	151,493	373,268	18,942,518
1/1/2022	1.8	-	-	252,151	172,244	419,426	18,690,367
7/1/2022	1.8	-	-	252,396	171,999	419,426	18,437,971
1/1/2023	1.8	-	-	254,667	169,727	419,426	18,183,304
7/1/2023	1.8	-	-	256,959	167,435	419,426	17,926,345
1/1/2024	1.8	-	-	259,272	165,123	419,426	17,667,072
7/1/2024	1.8	-	-	261,606	162,789	419,426	17,405,467
1/1/2025	1.8	-	-	263,960	160,435	419,426	17,141,507
7/1/2025	1.8	-	-	266,336	158,059	419,426	16,875,171
1/1/2026	1.8	-	-	268,733	155,662	419,426	16,606,439
7/1/2026	1.8	-	-	271,151	153,243	419,426	16,335,287
1/1/2027	1.8	-	-	273,592	150,803	419,426	16,061,696
7/1/2027	1.8	-	-	276,054	148,341	419,426	15,785,642
1/1/2028	1.8	-	-	278,538	145,856	419,426	15,507,103
7/1/2028	1.8	-	-	281,045	143,349	419,426	15,226,058
1/1/2029	1.8	-	-	283,575	140,820	419,426	14,942,483
7/1/2029	1.8	-	-	286,127	138,268	419,426	14,656,356
1/1/2030	1.8	-	-	288,702	135,693	419,426	14,367,654
7/1/2030	1.8	-	-	291,300	133,094	419,426	14,076,354
1/1/2031	1.8	-	-	293,922	130,473	419,426	13,782,432
7/1/2031	1.8	-	-	296,567	127,827	419,426	13,485,865
1/1/2032	1.8	-	-	299,236	125,158	419,426	13,186,628
7/1/2032	1.8	-	-	301,930	122,465	419,426	12,884,699
1/1/2033	1.8	-	-	304,647	119,748	419,426	12,580,052
7/1/2033	1.8	-	-	307,389	117,006	419,426	12,272,663
1/1/2034	1.8	-	-	310,155	114,239	419,426	11,962,508
7/1/2034	1.8	-	-	312,947	111,448	419,426	11,649,561
1/1/2035	1.8	-	-	315,763	108,632	419,426	11,333,798
7/1/2035	1.8	-	-	318,605	105,790	419,426	11,015,193
1/1/2036	1.8	-	-	321,472	102,922	419,426	10,693,721
7/1/2036	1.8	-	-	324,366	100,029	419,426	10,369,355
1/1/2037	1.8	-	-	327,285	97,110	419,426	10,042,070
7/1/2037	1.8	-	-	330,231	94,164	419,426	9,711,839
1/1/2038	1.8	\$ -	\$ -	\$ 333,203	\$ 91,192	\$ 419,426	\$ 9,378,637

Note 1: Dollar amounts are rounded to nearest dollar.

Note 2: Preliminary Debt Schedule. Figures subject to change. Current Balance equal to amount billed to date.

## SCHEDULE OF MATURITIES OF LOANS PAYABLE

June 30, 2021

Payment Date	Interest Rate	Loan Draws <sup>1</sup>	Principal Forgiveness <sup>1</sup>	Principal Payments <sup>1</sup>	Interest Payments <sup>1</sup>	Total Debt Service <sup>1</sup>	Principal Balance <sup>1,2</sup>
State of California Water Resource Control Board - Original Loan \$19,164,293							
7/1/2038	1.8	\$ -	\$ -	\$ 336,201	\$ 88,193	\$ 419,426	\$ 9,042,435
1/1/2039	1.8	-	-	339,227	85,167	419,426	8,703,208
7/1/2039	1.8	-	-	342,280	82,114	419,426	8,360,928
1/1/2040	1.8	-	-	345,361	79,034	419,426	8,015,567
7/1/2040	1.8	-	-	348,469	75,926	419,426	7,667,098
1/1/2041	1.8	-	-	351,605	72,789	419,426	7,315,492
7/1/2041	1.8	-	-	354,770	69,625	419,426	6,960,723
1/1/2042	1.8	-	-	357,963	66,432	419,426	6,602,760
7/1/2042	1.8	-	-	361,184	63,210	419,426	6,241,576
1/1/2043	1.8	-	-	364,435	59,960	419,426	5,877,140
7/1/2043	1.8	-	-	367,715	56,680	419,426	5,509,426
1/1/2044	1.8	-	-	371,024	53,370	419,426	5,138,401
7/1/2044	1.8	-	-	374,364	50,031	419,426	4,764,038
1/1/2045	1.8	-	-	377,733	46,662	419,426	4,386,305
7/1/2045	1.8	-	-	381,132	43,262	419,426	4,005,172
1/1/2046	1.8	-	-	384,563	39,832	419,426	3,620,610
7/1/2046	1.8	-	-	388,024	36,371	419,426	3,232,586
1/1/2047	1.8	-	-	391,516	32,879	419,426	2,841,070
7/1/2047	1.8	-	-	395,040	29,355	419,426	2,446,030
1/1/2048	1.8	-	-	398,595	25,800	419,426	2,047,435
7/1/2048	1.8	-	-	402,182	22,212	419,426	1,645,253
1/1/2049	1.8	-	-	405,802	18,593	419,426	1,239,451
7/1/2049	1.8	-	-	409,454	14,941	419,426	829,997
1/1/2050	1.8	-	-	413,139	11,255	419,426	416,858
7/1/2050	1.8	\$ -	\$ -	\$ 416,857	\$ 7,537	\$ 419,426	\$ 0

Note 1: Dollar amounts are rounded to nearest dollar.

Note 2: Preliminary Debt Schedule. Figures subject to change. Current Balance equal to amount billed to date.

## SCHEDULE OF MATURITIES OF LOANS PAYABLE

June 30, 2021

Payment Date	Interest Rate	Principal Payments <sup>1</sup>	Interest Payments <sup>1</sup>	Total Debt Service <sup>1</sup>	Principal Balance <sup>1,2</sup>
Bank of the West Letter of Credit - Original loan \$9,744,000					
07/01/2021	2.25	\$ -	\$ 3,045	\$ 3,045	\$ 9,744,000
08/01/2021	2.25	-	3,045	3,045	9,744,000
09/01/2021	2.25	-	3,045	3,045	9,744,000
10/01/2021	2.25	-	3,045	3,045	9,744,000
11/01/2021	2.25	-	3,045	3,045	9,744,000
12/01/2021	2.25	-	3,045	3,045	9,744,000
01/01/2022	2.25	-	3,045	3,045	9,744,000
02/01/2022	2.25	-	3,045	3,045	9,744,000
03/01/2022	2.25	-	3,045	3,045	9,744,000
04/01/2022	2.25	-	3,045	3,045	9,744,000
05/01/2022	2.25	-	3,045	3,045	9,744,000
06/01/2022	2.25	-	3,045	3,045	9,744,000
07/01/2022	2.25	\$ 9,744,000	\$ -	\$ 9,744,000	\$ -

*Note 1: Dollar amounts are rounded to nearest dollar.*

*Note 2: Preliminary Debt Schedule. Figures subject to change. Current Balance equal to amount disbursed to date.*

STATISTICAL



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STATISTICAL SECTION

TABLE OF CONTENTS

This section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

**Financial Trends** .....

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

**Revenue Capacity** .....

These schedules contain information to help the reader assess the factors that affect the government's ability to generate its most significant local source of revenues.

**Debt Capacity** .....

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

**Demographic and Economic Information** .....

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

**Operating Information** .....

These schedules contain information about the government's operations and resources to help the reader understand how the government's financial information relates to the services the government provides and the activities it performs.

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**Net Position by Component  
Last Ten Fiscal Years  
(\$000's)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Investment in Capital Assets	\$ 1,101.1	\$ 1,126.7	\$ 1,198.2	\$ 1,237.2	\$ 1,266.6	\$ 1,315.4	\$ 1,357.2	\$ 1,459.5	\$ 1,522.6	\$ 1,576.1
Restricted for construction, capital and replacement	69.8	64.2	50.4	53.8	61.5	56.5	55.6	61.6	64.0	107.6
Restricted for State Water Project	78.7	62.0	62.0	26.4	26.4	26.4	26.4	26.4	2.8	17.4
Unrestricted	306.8	352.0	358.8	314.0	320.3	341.5	281.2	236.0	251.2	207.7
<b>Total Net Position</b>	<b>\$1,556.5</b>	<b>\$1,605.0</b>	<b>\$1,669.4</b>	<b>\$1,631.5</b>	<b>\$1,674.8</b>	<b>\$1,739.7</b>	<b>\$1,720.4</b>	<b>\$1,783.5</b>	<b>\$1,840.6</b>	<b>\$1,908.7</b>
<i>Percent Change</i>	2.95%	3.11%	4.01%	(2.27%)	2.65%	3.88%	(1.11%)	3.67%	3.10%	3.57%

Note:  
Allow for rounding differences

**Changes in Net Position  
Last Ten Fiscal Years  
(\$000's)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Operating Revenues:</b>										
Sales	\$ 69.7	\$ 69.6	\$ 70.5	\$ 65.4	\$ 54.1	\$ 72.8	\$ 81.9	\$ 77.6	\$ 80.8	\$ 90.3
Water & sewer availability charges	2.5	2.0	2.5	2.2	2.3	2.6	2.6	3.3	2.9	2.7
Meter & service fees <sup>1</sup>	15.5	15.1	15.5	15.4	16.5	14.9	16.1	15.2	18.2	18.0
Sanitation service fees	37.3	37.5	38.1	38.3	38.5	39.1	39.4	39.9	39.9	39.6
Replenishment charges	19.2	20.9	21.4	21.3	19.3	22.9	25.6	24.5	24.8	26.5
Other charges	10.5	12.0	13.4	7.6	8.0	7.0	8.0	7.3	11.2	8.1
<b>Total Operating Revenues</b>	<b>\$ 154.7</b>	<b>\$ 157.1</b>	<b>\$ 161.4</b>	<b>\$ 150.2</b>	<b>\$ 138.6</b>	<b>\$ 159.3</b>	<b>\$ 173.7</b>	<b>\$ 167.8</b>	<b>\$ 177.9</b>	<b>\$ 185.2</b>
<b>Operating Expenses:<sup>2</sup></b>										
Transmission & distribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pumping	-	-	-	-	-	-	-	-	-	-
Source of supply	-	-	-	-	-	-	-	-	-	-
Operations & maintenance	-	-	-	-	-	-	-	-	-	-
General & administrative	-	-	-	-	-	-	-	-	-	-
Wages & salaries	35.8	37.2	38.0	38.8	42.2	43.2	45.2	48.2	49.9	50.7
Benefits	19.4	19.2	19.2	20.3	17.3	22.8	27.2	26.9	29.0	30.6
Materials & supplies	11.4	11.6	12.3	12.7	11.7	12.0	12.5	15.0	15.0	13.2
Water purchases	67.3	53.3	53.7	42.1	63.8	59.5	80.4	60.8	78.8	70.0
Utilities	14.2	14.8	15.9	15.6	14.7	14.3	15.2	14.9	15.7	19.2
Contract services	14.0	31.4	13.0	9.9	9.9	11.4	13.3	11.2	12.8	11.8
Depreciation	34.6	35.1	36.2	35.8	36.6	46.9	38.7	40.4	43.6	47.1
Other	24.1	2.7	20.3	24.7	34.5	32.9	37.1	40.2	39.7	27.0
<b>Total Operating Expenses</b>	<b>\$ 220.6</b>	<b>\$ 205.4</b>	<b>\$ 208.6</b>	<b>\$ 200.0</b>	<b>\$ 230.6</b>	<b>\$ 242.9</b>	<b>\$ 269.6</b>	<b>\$ 257.5</b>	<b>\$ 284.4</b>	<b>\$ 269.8</b>
<b>Non-operating revenues:</b>										
Property taxes	\$ 81.4	\$ 74.7	\$ 85.8	\$ 89.0	\$ 93.6	\$ 96.8	\$ 100.7	\$ 105.0	\$ 103.0	\$ 117.9
Intergovernmental	-	-	-	0.03	0.04	0.01	0.9	3.7	9.6	5.7
Investment income	5.2	0.5	7.6	5.3	8.6	3.4	3.4	20.2	19.3	2.1
Other	11.7	6.5	4.5	9.9	20.4	30.2	9.8	9.0	10.4	10.7
Gain (loss) on disposal of capital assets	0.0	0.0	0.9	(4.1)	0.3	0.5	(16.7)	0.2	0.0	(0.8)
<b>Total Non-operating Revenues</b>	<b>\$ 98.3</b>	<b>\$ 81.7</b>	<b>\$ 98.8</b>	<b>\$ 100.1</b>	<b>\$ 122.9</b>	<b>\$ 130.9</b>	<b>\$ 98.1</b>	<b>\$ 138.0</b>	<b>\$ 142.3</b>	<b>\$ 135.7</b>
<b>Non-operating Expenses:</b>										
Interest expense	\$ 0.1	\$ 0.2	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 1.0	\$ 2.0	\$ 1.3
<b>Total Non-operating Expenses</b>	<b>\$ 0.1</b>	<b>\$ 0.2</b>	<b>\$ 0.6</b>	<b>\$ 0.6</b>	<b>\$ 0.6</b>	<b>\$ 0.7</b>	<b>\$ 0.7</b>	<b>\$ 1.0</b>	<b>\$ 2.0</b>	<b>\$ 1.3</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>\$ 32.2</b>	<b>\$ 33.3</b>	<b>\$ 51.0</b>	<b>\$ 49.8</b>	<b>\$ 30.3</b>	<b>\$ 46.6</b>	<b>\$ 1.5</b>	<b>\$ 47.3</b>	<b>\$ 33.8</b>	<b>\$ 49.9</b>
Capital contributions	\$ 12.4	\$ 6.2	\$ 11.0	\$ 19.6	\$ 13.0	\$ 18.4	\$ 12.6	\$ 15.7	\$ 18.0	\$ 18.3
Change in net position	\$ 44.6	\$ 39.5	\$ 62.0	\$ 69.4	\$ 43.3	\$ 65.0	\$ 14.1	\$ 63.0	\$ 51.8	\$ 68.2
Total net position beginning of year	1,511.8	1,556.5	1,605.0	1,669.4	1,631.5	1,674.8	1,739.7	1,720.5	1,783.5	1,840.6
Restatements	-	9.0	2.4	(107.3)	-	-	(33.3)	-	5.30	-
<b>Total Net Position End of Year</b>	<b>\$1,556.5</b>	<b>\$1,605.0</b>	<b>\$1,669.4</b>	<b>\$1,631.5</b>	<b>\$1,674.8</b>	<b>\$1,739.7</b>	<b>\$1,720.5</b>	<b>\$1,783.5</b>	<b>\$1,840.6</b>	<b>\$1,908.7</b>
Percent Change	2.95%	3.11%	4.01%	(2.27%)	2.65%	3.88%	(1.11%)	3.67%	3.10%	3.57%

**Notes:**

<sup>1</sup> Prior to 2012 Meter and service fees were reported in Sales

<sup>2</sup> Prior to 2012 expenses were reported by function; beginning in 2012 expenses are reported by category; Pumping is included in Source of Supply  
Allow for rounding differences

**Summary of Changes in Net Position**  
**Last Ten Fiscal Years**  
**(\$000's)**

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating Revenue Less Expenses	Income Before Capital Contributions	Capital Contributions	Restatements	Changes in Net Position
2011	\$164.8	\$195.9	-\$31.1	\$85.1	\$54.0	\$28.8	\$0.0	\$82.7
2012	154.7	220.6	(65.9)	98.2	32.2	12.4	-	44.6
2013	157.1	205.4	(48.3)	81.5	33.3	6.2	9.0	48.5
2014	161.4	208.6	(47.1)	98.2	51.0	11.0	(2.4)	59.7
2015	150.2	200.0	(49.7)	99.5	49.8	19.6	(107.3) <sup>1</sup>	(37.9)
2016	138.6	230.6	(92.0)	122.3	30.3	13.0	0.0	43.3
2017	159.3	242.9	(83.6)	130.2	46.6	18.4	0.0	65.0
2018	173.7	269.6	(95.9)	97.3	1.4	12.6	(33.3) <sup>2</sup>	(19.4)
2019	167.8	257.5	(89.7)	137.0	47.3	15.7	-	63.0
2020	177.9	284.4	(106.6)	140.4	33.8	18.0	5.3	57.1
2021	185.22	269.78	(84.56)	134.41	49.86	18.30	-	68.16

**Notes:**

<sup>1</sup> Pursuant to GASB Statement No. 68, the District retrospectively applied the net pension liability as of June 30, 2014, in the amount of

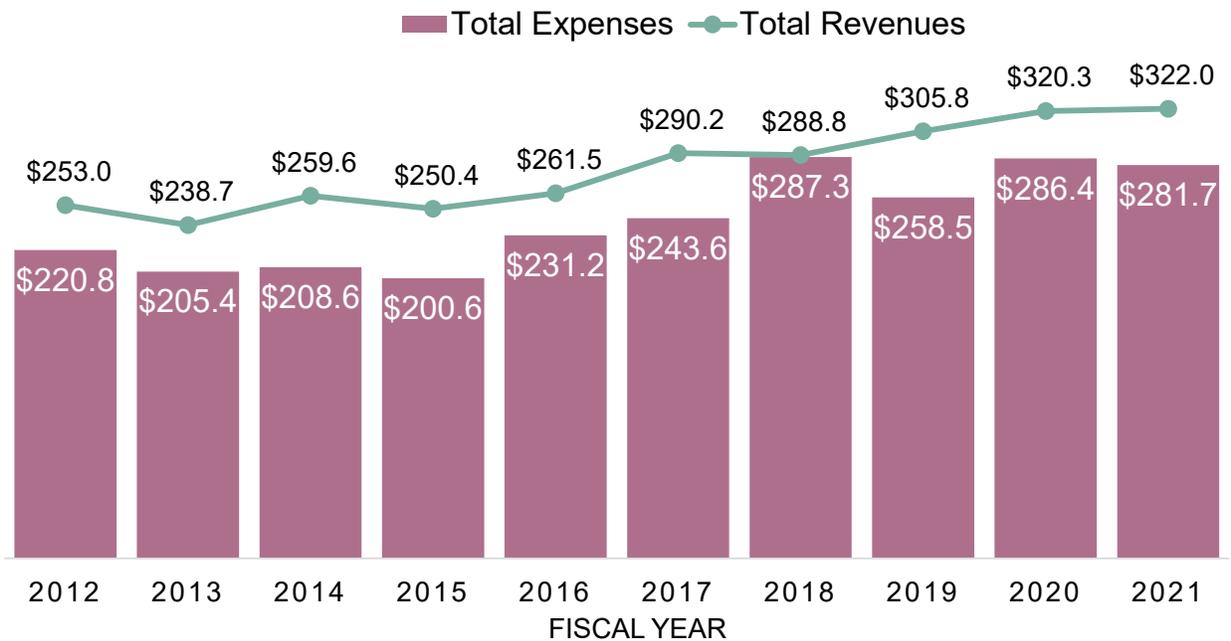
<sup>2</sup> Pursuant to GASB Statement No. 75, the District applied the net postemployment benefits other than pension liability as of June 30, 2017, in the amount of \$33,344,000.

Allow for rounding differences

**Total Revenues vs. Total Expenses  
Last Ten Fiscal Years  
(\$000's)**

Fiscal Year	Total Revenues	Total Expenses	Excess of Revenues Over Expenses
2012	\$ 253.0	\$ 220.8	\$ 32.2
2013	238.7	205.4	33.3
2014	259.6	208.6	51.0
2015	250.4	200.6	49.8
2016	261.5	231.2	30.3
2017	290.2	243.6	46.6
2018	288.8	287.3	1.4
2019	305.8	258.5	47.3
2020	320.3	286.4	33.9
2021	322.0	281.7	40.2

*Note: Allow for rounding differences*

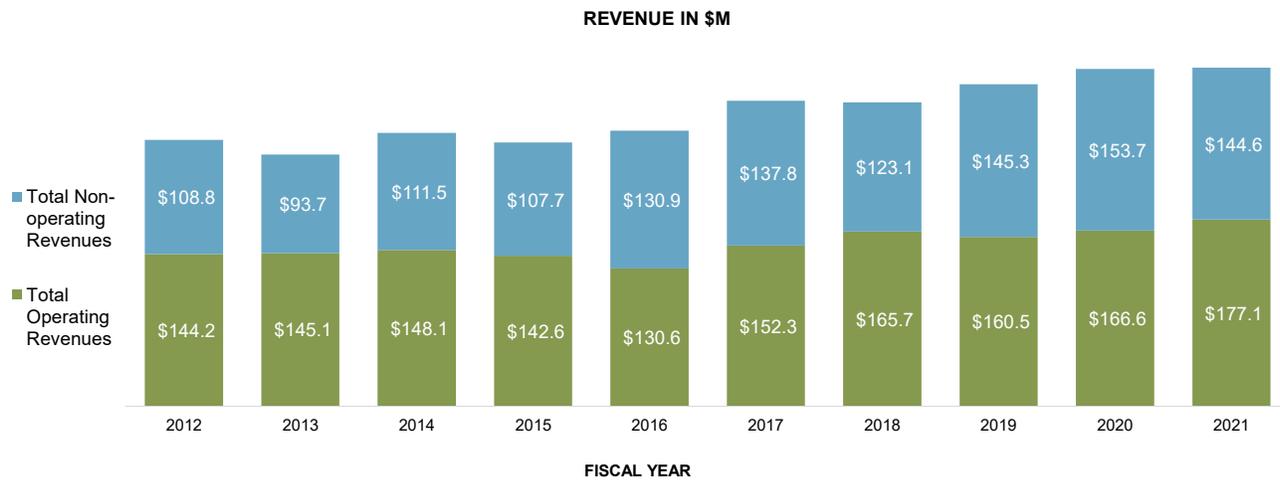


**Revenues by Source  
Last Ten Fiscal Years  
(\$000's)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Operating Revenues:</b>										
Sales	\$ 69.7	\$ 69.6	\$ 70.5	\$ 65.4	\$ 54.1	\$ 72.8	\$ 81.9	\$ 77.6	\$ 80.8	\$ 90.3
Water & Sewer Availability	2.5	2.0	2.5	2.2	2.3	2.6	2.6	3.3	2.9	2.7
Meter & Service Fees	15.5	15.1	15.5	15.4	16.5	14.9	16.1	15.2	18.2	18.0
Sanitation Service Fees	37.3	37.5	38.1	38.3	38.5	39.1	39.4	39.9	39.9	39.6
Replenishment Charges	19.2	20.9	21.4	21.3	19.3	22.9	25.6	24.5	24.8	26.5
<b>Total Operating Revenues</b>	<b>\$ 144.21</b>	<b>\$ 145.09</b>	<b>\$ 148.08</b>	<b>\$ 142.63</b>	<b>\$ 130.63</b>	<b>\$ 152.35</b>	<b>\$ 165.70</b>	<b>\$ 160.50</b>	<b>\$ 166.63</b>	<b>\$ 177.12</b>
<b>Non-operating Revenues:</b>										
Property Taxes	\$ 81.4	\$ 74.7	\$ 85.8	\$ 89.0	\$ 93.6	\$ 96.8	\$ 100.7	\$ 105.0	\$ 103.0	\$ 117.9
Investment Income	5.2	0.5	7.6	5.3	8.6	3.4	3.4	20.2	19.3	2.1
Other Charges	22.2	18.6	18.1	13.4	28.7	37.7	18.9	20.2	31.4	24.6
<b>Total Non-operating</b>	<b>\$ 108.80</b>	<b>\$ 93.74</b>	<b>\$ 111.53</b>	<b>\$ 107.73</b>	<b>\$ 130.90</b>	<b>\$ 137.84</b>	<b>\$ 123.05</b>	<b>\$ 145.33</b>	<b>\$ 153.71</b>	<b>\$ 144.58</b>
<b>Total Revenues</b>	<b>\$ 253.0</b>	<b>\$ 238.8</b>	<b>\$ 259.6</b>	<b>\$ 250.4</b>	<b>\$ 261.5</b>	<b>\$ 290.2</b>	<b>\$ 288.8</b>	<b>\$ 305.8</b>	<b>\$ 320.3</b>	<b>\$ 321.7</b>

Notes:

Fiscal year 2011 and 2017 include payments from Imperial Irrigation Water District and insurance claims.  
Allow for rounding differences



**Expenses by Function  
Last Ten Fiscal Years  
(\$000's)**

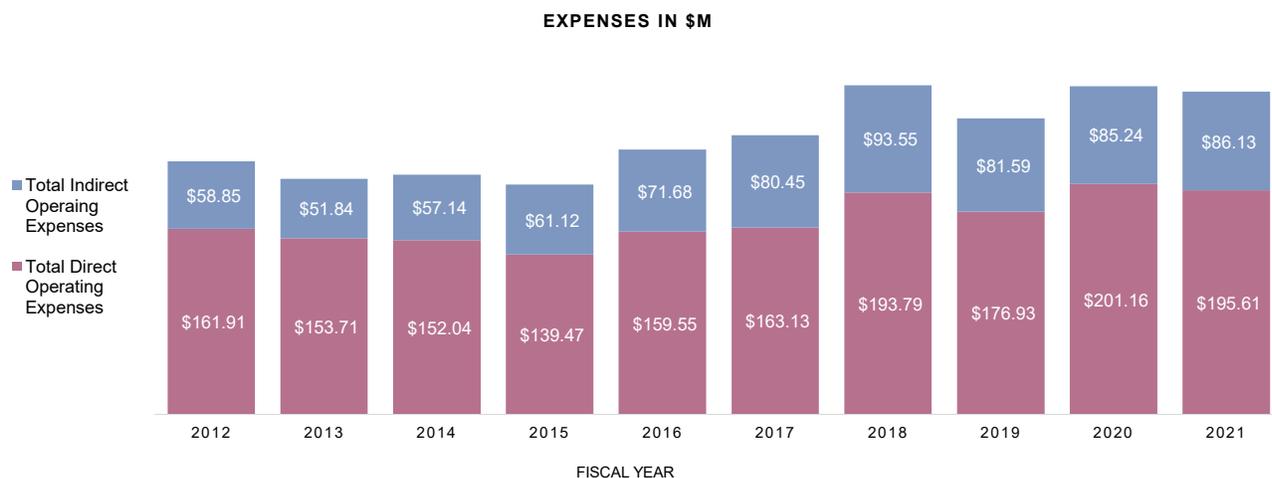
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Direct Operating Expenses:</b>										
Transmission & distribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Source of supply	-	-	-	-	-	-	-	-	-	-
Operations & maintenance	-	-	-	-	-	-	-	-	-	-
Wages & salaries	35.8	37.2	38.0	38.8	42.2	43.2	45.2	48.2	49.9	50.7
Benefits	19.4	19.2	19.2	20.3	17.3	22.8	27.2	26.9	29.0	30.6
Materials & supplies	11.4	11.6	12.3	12.7	11.7	12.0	12.5	15.0	15.0	13.2
Water purchases	67.3	53.3	53.7	42.1	63.8	59.5	80.4	60.8	78.8	70.0
Utilities	14.2	14.8	15.9	15.6	14.7	14.3	15.2	14.9	15.7	19.2
Contract services	14.0	17.6	13.0	9.9	9.9	11.4	13.3	11.2	12.8	11.8
<b>Total Direct Operating Expenses</b>	<b>\$ 161.91</b>	<b>\$ 153.71</b>	<b>\$ 152.04</b>	<b>\$ 139.47</b>	<b>\$ 159.55</b>	<b>\$ 163.13</b>	<b>\$ 193.79</b>	<b>\$ 176.93</b>	<b>\$ 201.16</b>	<b>\$ 195.61</b>
<b>Indirect Operating Expenses:</b>										
General & administrative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	34.6	35.1	36.2	35.8	36.6	46.9	38.7	40.4	43.6	47.1
Interest expense	0.1	0.2	0.6	0.6	0.6	0.7	0.7	1.0	2.0	1.3
Other	24.1	16.6	20.3	24.7	34.5	32.9	54.1	40.2	39.7	37.8
<b>Total Indirect Operating Expenses</b>	<b>\$ 58.85</b>	<b>\$ 51.84</b>	<b>\$ 57.14</b>	<b>\$ 61.12</b>	<b>\$ 71.68</b>	<b>\$ 80.45</b>	<b>\$ 93.55</b>	<b>\$ 81.59</b>	<b>\$ 85.24</b>	<b>\$ 86.13</b>
<b>Total Expenses</b>	<b>\$ 220.8</b>	<b>\$ 205.6</b>	<b>\$ 209.2</b>	<b>\$ 200.6</b>	<b>\$ 231.2</b>	<b>\$ 243.6</b>	<b>\$ 287.3</b>	<b>\$ 258.5</b>	<b>\$ 286.4</b>	<b>\$ 281.7</b>

Notes:

Beginning in 2009, pumping included with Source of supply

Beginning in 2012, reporting changed from function to expense category

Allow for rounding differences



**Principal Property Taxpayers  
Current Year and Ten Years Ago**

Taxpayer	FY 2012		FY 2021	
	Taxable Assessed Value	Total District Taxable Assessed Value (%)	Taxable Assessed Value	Total District Taxable Assessed Value (%)
Garden of Champions LLC	\$ 125,185,956.00	0.25%	\$ 282,329,153	0.39%
Newage Desert Springs LLC	-	-	183,058,361	0.25
WEA Palm Desert	141,940,644	0.29	164,246,466	0.23
BRE Iconic LQR Owner LLC			145,436,246	0.20
Garden on El Paseo	-	-	143,883,860	0.20
WVC Rancho Mirage INC	94,035,130	0.19	143,029,361	0.20
Walmart/Sams	94,518,151	0.19	142,397,060	0.20
H E Indian Wells	-	-	126,581,511	0.18
Spectrum Pacific West LLC	112,097,669	0.23	108,831,391	0.15
PRU Desert Crossing	90,540,504	0.18	105,325,793	0.15
KSL Desert Resorts INC	151,877,857	0.31	-	-
DS Hotel LLC	138,255,385	0.28	-	-
T D Desert Development LP	102,072,845	0.21	-	-
River Retail	87,233,456	0.18	-	-
<b>Total Top Ten Property Taxpayers</b>	<b>\$ 1,137,757,597</b>	<b>2.31%</b>	<b>\$ 1,545,119,202</b>	<b>2.15%</b>

Source:

HDL Coren & Cone (Riverside County Assessor)

**Direct and Overlapping Property Tax Rates'  
Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
CVWD - State Water Project	0.08000	0.08000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000
Desert Community College District	0.01995	0.01995	0.01995	0.02325	0.02087	0.02036	0.04030	0.03978	0.03983	0.39470
Coachella Valley Unified School District	0.07487	0.07968	0.14919	0.14919	0.13218	0.16601	0.17609	0.14954	0.14876	0.14549
Desert Sands Unified School District	0.11467	0.11156	0.10954	0.10984	0.10915	0.08599	0.07251	0.07418	0.07381	0.73900
Palm Springs Unified School District	0.10451	0.09351	0.12961	0.10160	0.08978	0.11802	0.11146	0.10603	0.10542	0.10334
San Geronimo Memorial Healthcare District	0.10365	0.11572	0.11896	0.11296	0.08143	0.08357	0.09052	0.08692	0.06990	0.06716
Desert Water Agency	0.08000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000

**Note:**

<sup>1</sup> Riverside County Portion only

**Source:**

California Municipal Statistics, Inc.

**Direct and Overlapping Debt**

**2020-2021 Assessed Valuation: \$69,115,067,919**

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2021	% Applicable <sup>1</sup>	District's Share of Debt 6/30/21
Desert Community College District	\$ 392,435,000	78.229%	\$ 306,997,976
Imperial Community College District	122,502,769	0.247	302,582
Coachella Valley Unified School District	235,623,166	99.733	234,994,052
Desert Sands Unified School District	410,450,000	99.994	410,425,373
Palm Springs Unified School District	470,645,982	43.052	202,622,508
Other School Districts	22,946,154	Various	391,629
Healthcare Districts	106,715,000	Various	391,974
<b>Coachella Valley Water District</b>	<b>-</b>	<b>100</b>	<b>-</b>
Coachella Valley Water District, Assessment District No. 33	586,528	100	586,528
Coachella Valley Water District, Assessment District No. 68	945,000	100	945,000
Coachella Valley Water District, Assessment District No. 70	3,280,000	100	3,280,000
Other 1915 Act Bonds (Estimate)	58,760,367	100	58,760,367
Community Facilities Districts	85,368,000	100	85,368,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 1,305,065,989</b>
<b>OVERLAPPING GENERAL FUND DEBT:</b>			
Riverside County General Fund Obligations	\$ 717,525,698	21.943%	\$ 157,446,664
Riverside County Pension Obligation Bonds	881,575,000	21.943	193,444,002
Imperial County Certificates of Participation	5,655,000	2.759	156,021
Imperial County Pension Obligation Bonds	21,325,000	2.759	588,357
Imperial County Office of Education	7,122,176	2.759	196,501
Coachella Valley Unified School District Certificates of Participation	34,505,000	99.733	34,412,872
Desert Sands Unified School District Certificates of Participation	24,960,000	99.994	24,958,502
Brawley Union High School District Certificates of Participation	4,500,000	0.137	6,165
City of Cathedral City General Fund Obligations	2,284,000	81.642	1,864,703
City of Coachella General Fund and Pension Obligation Bonds	28,315,000	100.000	28,315,000
City of Desert Hot Springs General Fund Obligations	20,415,000	2.265	462,400
City of Indio General Fund and Judgment Obligations	48,125,000	100.000	48,125,000
City of Palm Springs General Fund Obligations and Pension Obligation Bonds	127,210,604	0.841	1,069,841
<b>TOTAL GROSS GENERAL FUND DEBT</b>			<b>\$ 491,046,028</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</b>	\$1,085,329,433	Various	\$906,221,759
<b>TOTAL DIRECT DEBT</b>			<b>\$ 83,295,726</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$2,702,333,776</b>
<b>COMBINED TOTAL DEBT <sup>2</sup></b>			<b>\$ 2,785,629,502</b>

Ratios to 2018-19 Assessed Valuation:

<b>Direct Debt</b>	<b>13.08%</b>
Total Direct and Overlapping Tax and Assessment Debt	2.05%
Combined Total Debt	4.37%

Ratios to Redevelopment Incremental Valuation (\$38,796,969,592)

Total Overlapping Tax Increment Debt	2.34%
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Notes:

<sup>1</sup> The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the district divided by the overlapping district's total taxable assessed value.

<sup>2</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source:

California Municipal Statistics, Inc.

**Total Assessed Value and Property Taxes Collected  
Last Ten Fiscal Years  
(\$000s)**

Fiscal Year	Assessed Value	Percent Increase/ Decrease	Tax Collected	Total Direct Tax Rate <sup>1</sup>	Percent Increase/ Decrease
2012	\$ 50,152,868	(1.93)	\$ 81,404	0.002	11.10 <sup>3</sup>
2013	48,714,783	(2.87)	74,709	0.002	(8.23) <sup>4</sup>
2014	51,446,095	5.61	85,780	0.002	14.82
2015	54,254,424	5.46	89,017	0.002	3.77
2016	56,982,193	5.03	93,601	0.002	5.15
2017	59,083,482	3.69	96,755	0.002	3.37
2018	61,017,806	3.27	100,746	0.002	4.12
2019	63,700,378	4.40	104,852	0.002	4.08
2020	66,403,221	4.24	102,953	0.002	(1.81)
2021	68,717,124	3.48	117,936	0.002	12.48

**Note:**

*In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" of no more than 2%. With few exceptions, property is only re-assessed at the time that it is sold to a new owner. The assessed valuation data shown above, represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.*

<sup>1</sup> Tax rates are per \$1,000 of assessed value.

<sup>2</sup> Property tax revenue increased due to an increase in the levy for State Water Project.

<sup>3</sup> Property tax revenue increased due to the dissolution and distribution of the Redevelopment Agencies.

<sup>4</sup> Property tax revenue decreased due to overpayment by the Riverside County Treasurer in the prior year.

**Source:**

*County of Riverside, secured values only; HdL Coren & Cone*

**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years**  
**(\$000s)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total assessed value	\$ 50,152,868	\$ 48,714,783	\$ 51,446,095	\$ 54,254,424	\$ 56,982,193	\$ 59,083,482	\$ 61,017,806	\$ 63,700,378	\$ 66,403,221	\$ 68,717,124
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 12,538,217	\$ 12,178,696	\$ 12,861,524	\$ 13,563,606	\$ 14,245,548	\$ 14,770,871	\$ 15,254,452	\$ 15,925,095	\$ 16,600,805	\$ 17,179,281
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Legal debt limit	\$ 1,880,733	\$ 1,826,804	\$ 1,929,229	\$ 2,034,541	\$ 2,136,832	\$ 2,215,631	\$ 2,288,168	\$ 2,388,764	\$ 2,490,121	\$ 2,576,892
Outstanding bonds chargeable to the limit	-	-	-	-	-	-	-	-	-	\$ 42,890
Less: Amount reserved for debt	-	-	-	-	-	-	-	-	-	-
Net applicable to limit:	-	-	-	-	-	-	-	-	-	42,890
Legal Debt Margin	\$ 1,880,733	\$ 1,826,804	\$ 1,929,229	\$ 2,034,541	\$ 2,136,832	\$ 2,215,631	\$ 2,288,168	\$ 2,388,764	\$ 2,490,121	\$ 2,619,782

Total debt applicable to the limit as a percentage of debt limit      0.0000%      0.0000%      0.0000%      0.0000%      0.0000%      0.0000%      0.0000%      0.0000%      0.0000%      1.6644%

**Note:**  
*The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above, reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.*

Source:  
HdL Coren & Cone

**Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years  
(\$000s)**

Fiscal Year	Certificates of Participation	Contracts Payable	General Obligation Bonds	Other Long Term Debt	Total	Personal Income (%) <sup>1</sup>	Debt per Capita <sup>2</sup>
2012	\$1,410	\$288	\$0	\$0	\$1,698	0.002	\$4.83
2013	-	168	-	-	168	0.000	0.47
2014	-	96	-	-	96	0.000	0.26
2015	-	58	-	-	58	0.000	0.16
2016	-	34	-	-	34	0.000	0.09
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
2020	-	-	-	18,947	18,947	0.019	48.72
2021	42,890	-	-	28,908	71,798	0.069	182.69

**Notes:**

*Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.*

<sup>1</sup> *Riverside County total personal income for prior calendar year*

<sup>2</sup> *Riverside County total population for prior calendar year*

**Top Ten Domestic Water Customers  
Current Year and Ten Years Ago**

Fiscal Year 2021					
Ranking	Customer Type	Annual Consumption (AF)	% of Total All Domestic Customers	Annual Revenues	% of Total All Domestic Customers
1	Community Association	\$ 289,243	0.71%	\$ 457,052	0.67%
2	Community Association	216,348	0.53	353,703	0.52
3	Community Association	188,403	0.46	292,181	0.43
4	Community Association	176,716	0.43	266,411	0.39
5	Community Association	62,731	0.15	261,293	0.38
6	Community Association	149,153	0.37	241,972	0.36
7	Community Association	69,651	0.17	207,457	0.31
8	Community Association	118,910	0.29	205,733	0.30
9	Community Association	119,496	0.29	203,795	0.30
10	Community Association	91,723	0.23	192,378	0.28
<b>Total Top Ten Domestic Customers</b>		<b>\$ 1,482,374</b>	<b>2.93%</b>	<b>\$ 2,681,975</b>	<b>3.28%</b>
<b>Total All Domestic Customers</b>		<b>40,698,808</b>		<b>\$ 67,998,271</b>	

Fiscal Year 2012					
Ranking	Customer Type	Annual Consumption (AF)	% of Total All Domestic Customers	Annual Revenues	% of Total All Domestic Customers
1	Community Association	\$ 356,993	0.77%	\$ 434,190	0.76%
2	Community Association	314,233	0.68	360,212	0.63
3	Community Association	258,792	0.56	303,135	0.53
4	<i>Community Association</i>	<i>254,341</i>	<i>0.55</i>	<i>289,972</i>	<i>0.51</i>
5	Community Association	204,327	0.44	277,173	0.48
6	Community Association	210,760	0.46	239,994	0.42
7	Community Association	203,529	0.44	227,954	0.40
8	Community Association	193,180	0.42	224,248	0.39
9	Community Association	170,269	0.37	190,702	0.33
10	Community Association	145,297	0.31	186,749	0.33
<b>Total Top Ten Domestic Customers</b>		<b>\$ 2,311,721</b>	<b>4.24%</b>	<b>\$ 2,734,329</b>	<b>4.03%</b>
<b>Total All Domestic Customers</b>		<b>46,286,072</b>		<b>\$ 57,163,919</b>	

**Top Ten Sanitation Customers  
Current Year and Ten Years Ago**

Fiscal Year 2021				
Ranking	Customer Type	Annual Revenues	% of Total All Sanitation Customers	
1	Resort	\$ 191,166	0.48%	
2	Resort	113,511	0.29	
3	Mobile Homes	103,119	0.26	
4	Resort	98,034	0.25	
5	Mobile Homes	93,273	0.24	
6	Resort	92,837	0.23	
7	Resort	85,346	0.22	
8	Resort	82,745	0.21	
9	Resort	76,369	0.19	
10	Mobile Homes	74,335	0.19	
<b>Total Top Ten Sanitation Customers</b>		<b>\$ 1,010,735</b>	<b>2.08%</b>	
<b>Total All Sanitation Customers</b>		<b>\$ 39,591,523</b>		

Fiscal Year 2012				
Ranking	Customer Type	Annual Revenues	% of Total All Sanitation Customers	
1	Resort	\$ 177,190	0.47%	
2	Resort	131,418	0.35	
3	Resort	124,685	0.33	
4	<i>Resort</i>	122,842	0.33	
5	Resort	117,246	0.31	
6	Resort	96,247	0.26	
7	Mobile Homes	89,670	0.24	
8	Resort	88,873	0.24	
9	Mobile Homes	85,260	0.23	
10	Mobile Homes	75,558	0.20	
<b>Total Top Ten Sanitation Customers</b>		<b>\$ 1,108,989</b>	<b>2.49%</b>	
<b>Total All Sanitation Customers</b>		<b>\$ 37,310,504</b>		

**Top Ten Replenishment Customers  
Current Year <sup>1</sup>**

Calendar Year 2020			
Ranking	East Whitewater Replenishment Customer Type	Annual Revenues	% of Total All Replenishment Customers
1	Coachella Valley Water District	\$ 1,808,829	23.27%
2	City of Indio/Indio Water Authority	1,312,133	16.88%
3	Agricultural Customer	854,621	10.99%
4	City of Coachella	476,223	6.13%
5	Agricultural Customer	423,548	5.45%
6	Myoma Dunes Water Company	263,182	3.39%
7	Agricultural Customer	196,106	2.52%
8	Agricultural Customer	114,418	1.47%
9	Agricultural Customer	95,865	1.23%
10	Agricultural Customer	95,773	1.23%
<b>Total Top Ten E. Replenishment Customers</b>		<b>\$ 5,640,697</b>	<b>72.57%</b>
<b>Total All E. Replenishment Customers</b>		<b>\$ 7,772,820</b>	

Calendar Year 2020			
Ranking	West Whitewater Replenishment Customer Type	Annual Revenues	% of Total All Replenishment Customers
1	Coachella Valley Water District	\$ 9,958,811	58.73%
2	Resort/Country Club	716,412	4.22%
3	Resort/Country Club	350,685	2.07%
4	Resort/Country Club	345,192	2.04%
5	Resort/Country Club	320,286	1.89%
6	Resort/Country Club	244,805	1.44%
7	Resort/Country Club	231,993	1.37%
8	Resort/Country Club	229,893	1.36%
9	Resort/Country Club	201,139	1.19%
10	Resort/Country Club	196,460	1.16%
<b>Total Top Ten W. Replenishment Customers</b>		<b>\$ 12,795,675</b>	<b>75.46%</b>
<b>Total All W. Replenishment Customers</b>		<b>\$ 16,957,615</b>	

Calendar Year 2020			
Ranking	Mission Creek Replenishment Customer Type	Annual Revenues	% of Total All Replenishment Customers
1	Coachella Valley Water District	\$ 431,198	68.35%
2	All Others	199,648	31.65%
<b>Total Top Ten Mission Creek Customers</b>		<b>\$ 630,846</b>	<b>100.00%</b>
<b>Total All Mission Creek Customers</b>		<b>\$ 630,846</b>	
<b>Total All Replenishment Customers</b>		<b>\$ 25,361,281</b>	

Note:

<sup>1</sup> Fiscal Year 2021 is the first year this data has been provided.

**Top Ten Canal Customers  
Current Year and Ten Years Ago**

Fiscal Year 2021						
Ranking	Customer Type	Annual Consumption (AF)	Percentage of Total All Canal Customers	Annual Revenues	% of Total All Canal Customers	
1	CVWD Recharge	\$ 38,123	10.85%	\$ 1,308,381	7.03%	
2	CVWD Recharge	24,434	6.95	838,578	4.50	
3	Agriculture	4,015	1.14	137,778	0.74	
4	Agriculture	2,212	0.63	75,916	0.41	
5	Agriculture	1,853	0.53	63,585	0.34	
6	Agriculture	1,585	0.45	54,390	0.29	
7	Agriculture	1,547	0.44	53,096	0.29	
8	Agriculture	1,527	0.43	52,390	0.28	
9	Agriculture	1,466	0.42	50,317	0.27	
10	Agriculture	1,446	0.41	49,623	0.27	
<b>Total Top Ten Canal Customers</b>		<b>\$ 78,208</b>	<b>11.51%</b>	<b>\$ 2,684,055</b>	<b>7.46%</b>	
<b>Total All Canal Customers</b>		<b>351,453</b>		<b>\$ 18,622,208</b>		

Fiscal Year 2012						
Ranking	Customer Type	Annual Consumption (AF)	Percentage of Total All Canal Customers	Annual Revenues	% of Total All Canal Customers	
1	CVWD Recharge	\$ 32,295	10.26%	\$ 2,389,830	20.53%	
2	CVWD Recharge	1,701	0.54	125,896	1.08	
3	CVWD Recharge	1,493	0.47	110,482	0.95	
4	Agriculture	3,059	0.97	83,966	0.72	
5	Agriculture	1,924	0.61	71,468	0.61	
6	Agriculture	1,705	0.54	63,341	0.54	
7	Agriculture	432	0.14	60,438	0.52	
8	Agriculture	414	0.13	57,918	0.50	
9	Agriculture	1,916	0.61	52,580	0.45	
10	Agriculture	1,781	0.57	48,888	0.42	
<b>Total Top Ten Canal Customers</b>		<b>\$ 46,720</b>	<b>4.68%</b>	<b>\$ 3,064,807</b>	<b>6.00%</b>	
<b>Total All Canal Customers</b>		<b>314,756</b>		<b>\$ 11,638,702</b>		

**Principal Employers in the Coachella Valley  
Current Year <sup>1</sup> and Ten Years Ago**

Employer	CY 2012			CY 2021		
	Number of Employees	Rank	% of Total County Employment	Number of Employees	Rank	% of Total County Employment
Eisenhower Medical Center	2,517	1	0.003	3,965	1	0.39
Desert Sands Unified School District	2,403	2	0.003	3,225	2	0.32
Palm Springs Unified School District	2,000	4	0.003	3,152	3	0.31
Coachella Valley Unified School District	1,724	7	0.002	2,660	4	0.26
Aqua Caliente Band of Cahuilla Indians	2,403	3	0.003	2,312	5	0.23
JW Marriot Desert Springs Resort	1,100	10	0.001	2,304	6	0.23
Desert Regional Medical Center	1,750	6	0.002	2,221	7	0.22
La Quinta Resort and Club	1,235	8	0.002	1,500	8	0.15
Universal Protection Services	-	11		1,500	9	0.15
Fantasy Springs Casino	1,200	9	0.002	1202	10	0.12
Morongo Casino Resort & Spa	1,915	5	0.002	-	11	
<b>Total</b>	<b>16,332</b>		<b>0.021</b>	<b>24,041</b>		<b>2.380</b>

Note:

<sup>1</sup> Data for most current year available

Source:

County of Riverside Economic Development Agency; Riverside County Business and Community Services

**Demographic and Economic Statistics  
Riverside County  
Last Ten Calendar Years**

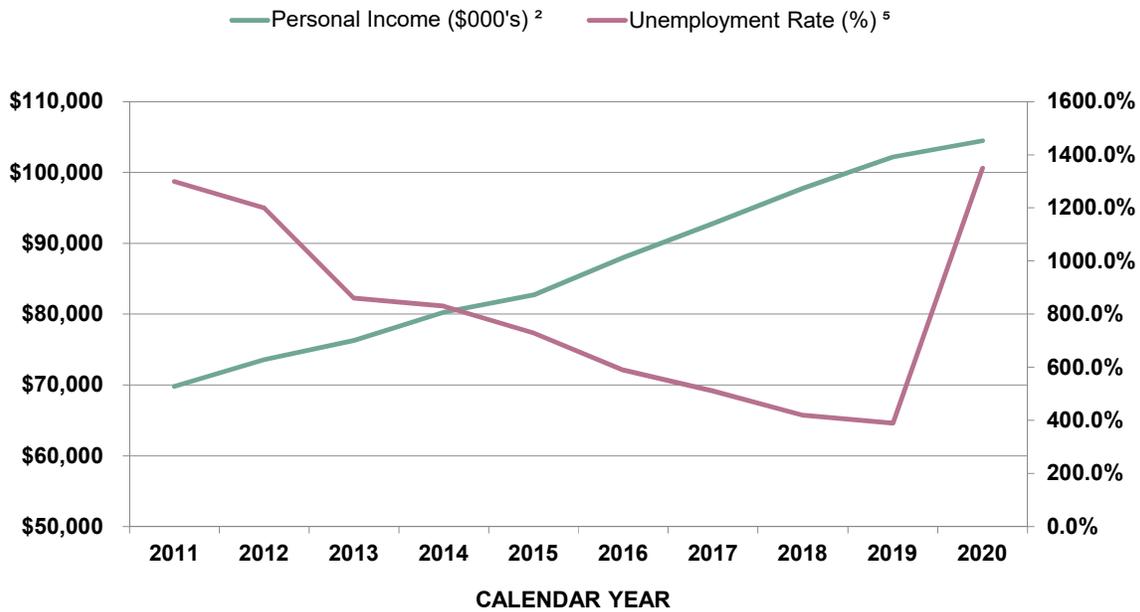
Calendar Year	Population <sup>1</sup>	Personal Income (\$000's) <sup>2</sup>	Per Capita Personal Income <sup>3</sup>	Median House Value <sup>4</sup>	Unemployment Rate (%) <sup>5</sup>
2011	2,239,620	\$69,800	\$32,841	\$178,744	13.0
2012	2,255,059	73,600	33,534	190,000	12.0
2013	2,279,967	76,300	34,142	237,457	8.6
2014	2,308,441	80,300	34,989	297,000	8.3
2015	2,317,924	82,700	35,495	312,700	7.3
2016	2,348,213	88,000	37,260	329,600	5.9
2017	2,423,266	92,800	37,888	276,300	5.1
2018	2,450,758	97,800	38,494	304,500	4.2
2019	2,470,546	102,200	39,019	330,600	3.9
2020	2,418,185	104,500	42,147	350,100	13.5

Source:

1 & 4 - U.S. Census Bureau

2 & 3 - Riverside County Economic Forecast 2010-2019 History, 2017-2050 Forecast

5 - U.S. Department of Labor, Bureau of Labor Statistics



**Demographic Statistics**  
**Population of Major Cities in the Coachella Valley**  
**Last Ten Calendar Years**

Calendar Year	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage	Total
2011 <sup>2</sup>	51,604	41,517	27,393	5,012	77,168	37,784	48,957	44,943	17,454	351,832
2012 <sup>2</sup>	52,485	42,426	27,973	5,103	79,185	38,100	48,924	45,326	17,583	357,105
2013 <sup>2</sup>	53,163	43,676	28,385	5,199	83,450	38,156	48,282	45,465	17,685	363,461
2014 <sup>2</sup>	53,480	44,614	28,605	5,265	84,655	38,720	48,494	45,818	17,783	367,434
2015 <sup>2</sup>	53,859	45,001	28,794	5,336	86,683	39,311	48,835	46,204	17,920	371,943
2016 <sup>2</sup>	54,040	45,135	28,885	5,375	87,382	40,176	50,154	46,866	18,093	376,106
2017 <sup>2</sup>	54,296	45,273	29,347	5,549	86,632	40,605	52,058	47,157	18,579	379,496
2018 <sup>3</sup>	54,902	45,839	28,885	5,440	91,240	41,535	53,185	48,375	18,336	387,737
2019 <sup>3</sup>	55,007	45,713	28,878	5,470	91,765	41,748	53,275	48,518	18,528	388,902
2020 <sup>1</sup>	55,678	46,564	29,611	5,544	91,919	42,271	53,524	48,929	18,954	392,994
Annual Growth Percent	1.2%	1.9%	2.5%	1.4%	0.2%	1.3%	0.5%	0.8%	2.3%	1.1%

Source:

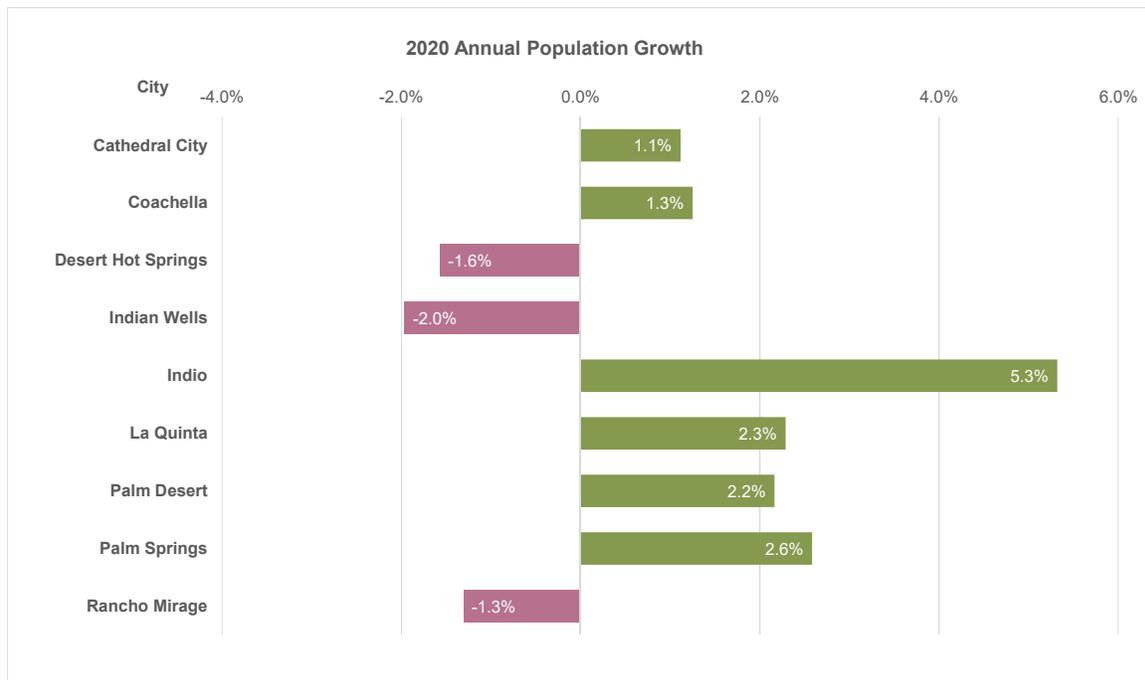
<sup>1</sup> State of California, Department of Finance, Demographic Research Unit

E-1 Population Estimates for Cities, Counties and the State, 2001-2010 with Census counts, Sacramento, CA

<sup>2</sup> State of California, Department of Finance, Demographic Research Unit

E-4 Population Estimates for Cities, Counties and the State, 2011-2018 with Census counts, Sacramento, CA

<sup>3</sup> US Census Bureau Population Estimates 2019



**Operating Indicators by Function  
Last Ten Calendar Years**

Fund	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Domestic water</b>										
Population served	286,240	303,846	304,701	318,217	318,217	290,000	290,000	290,000	300,000	300,000
Total well capacity (MGD)	249	245	240	240	231	234	232	236	244	244
Active meters	107,349	107,544	108,050	108,599	109,167	107,861	106,717	109,714	110,138	110,899
Average daily demand (MGD)	92	92	92	90	75	72	77	79	76	80
Total water delivered (AF)	102,805	103,429	103,552	101,302	83,869	80,835	86,303	87,959	84,974	88,911
<b>Irrigation water</b>										
Total irrigable acres	78,530	66,227	75,144	76,354	76,456	76,411	76,428	77,101	76,364	77,103
Active accounts	1,145	1,145	1,224	1,224	1,190	1,263	1,267	1,263	1,277	1,305
Total water delivered (AF)	265,270	278,398	274,399	334,638	327,010	342,507	333,160	338,094	335,760	343,941
Average daily demand (AF)	727	777	760	917	903	903	913	913	914	942
<b>Wastewater collection</b>										
Population served	260,700	264,316	270,686	272,357	272,982	248,404	256,173	252,803	254,420	262,217
Active accounts	91,673	90,344	92,774	93,797	93,969	94,532	94,269	96,206	94,937	96,932
Average daily flow (MGD)	18	18	17	17	17	16	17	17	17	17
<b>Nonpotable water</b>										
Active accounts	16	17	18	19	21	19	24	24	24	24
Recycled Water Delivered (AF)	7,848	8,170	9,092	9,624	9,505	9,120	8,157	10,129	9,049	9,141

**Notes:**

AF - Acre Feet

MGD - Million Gallons Per Day

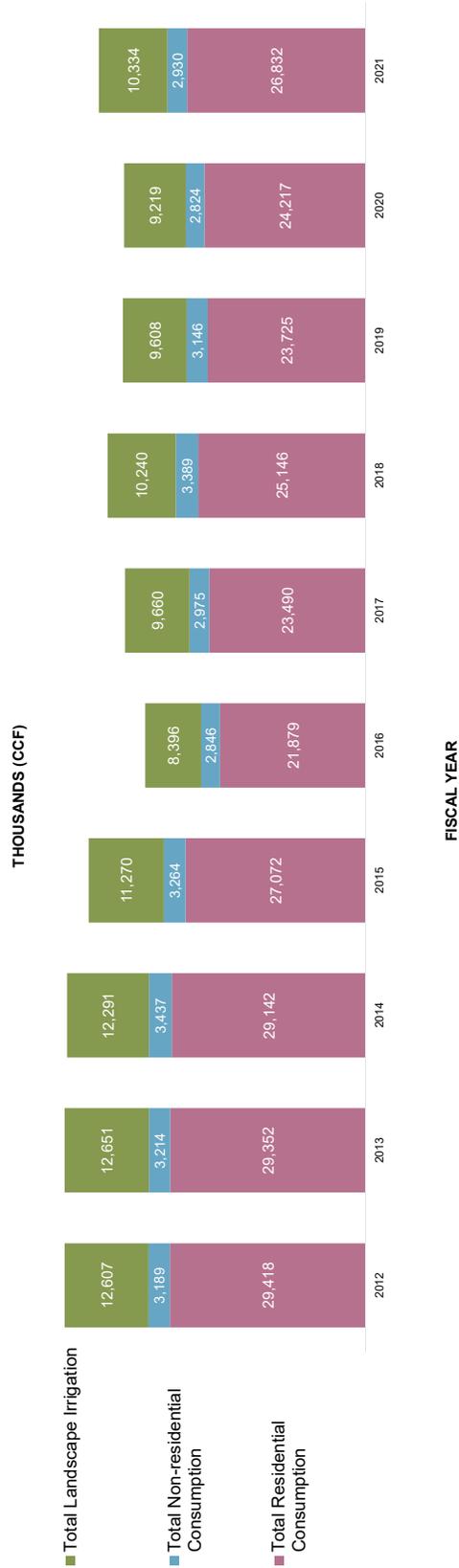
N/A - Not Applicable

Source: Coachella Valley Water District Annual Review

**Total Domestic Consumption by Customer Class**  
Last Ten Fiscal Years  
(CCF 000s)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single family residential	26,191	26,139	25,939	24,014	19,221	20,788	22,321	21,001	21,451	23,854
Duplex - triplex	549	534	530	497	401	404	421	406	403	436
Multi-dwelling	499	495	505	476	413	425	425	445	421	435
Apartments	931	944	940	905	805	831	848	830	844	914
Mobile home/trailer parks	1,247	1,239	1,229	1,181	1,039	1,072	1,132	1,042	1,099	1,193
<b>Total Residential Consumption</b>	<b>29,418</b>	<b>29,352</b>	<b>29,142</b>	<b>27,072</b>	<b>21,879</b>	<b>23,489</b>	<b>25,146</b>	<b>23,725</b>	<b>24,217</b>	<b>26,832</b>
Hotels/motels	399	437	420	420	376	397	440	422	352	303
Commercial	823	1,256	1,256	1,199	1,079	1,113	1,131	1,101	986	940
Business	1,230	800	810	779	687	666	648	631	598	700
Temporary construction meters	297	271	489	432	355	339	626	494	420	509
Public agency	440	450	461	435	348	460	544	499	469	478
<b>Total Non-Residential Consumption</b>	<b>3,189</b>	<b>3,214</b>	<b>3,437</b>	<b>3,264</b>	<b>2,846</b>	<b>2,975</b>	<b>3,389</b>	<b>3,146</b>	<b>2,824</b>	<b>2,930</b>
Landscape irrigation	12,607	12,651	12,291	11,270	8,396	9,660	10,240	9,608	9,219	10,334
<b>Total Consumption</b>	<b>45,213</b>	<b>45,216</b>	<b>44,870</b>	<b>41,606</b>	<b>33,121</b>	<b>36,124</b>	<b>38,775</b>	<b>36,478</b>	<b>36,260</b>	<b>40,096</b>

*Note: Consumption is listed by class per CCF (hundred cubic feet) of water*



**Rate Summary**  
**Last Ten Fiscal Years**

Fund	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Domestic Water <sup>1</sup>	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.32	\$ 1.32	\$ 1.32	\$ 1.37	\$ 1.37
Sanitation <sup>2</sup>	24.50	24.50	24.50	24.50	24.50	24.50	24.62	24.62	24.62	24.62
Canal <sup>3</sup>	27.45	28.95	28.95	28.95	28.95	33.48	34.32	34.32	34.32	34.32
West Whitewater Replenishment	107.57	107.57	110.26	110.26	112.00	128.80	143.80	143.80	143.80	143.80
East Whitewater Replenishment <sup>4</sup>	31.00	38.00	45.00	52.00	59.00	66.00	66.00	66.00	66.00	66.00
Mission Creek Replenishment <sup>4</sup>	98.73	98.73	98.73	98.73	112.00	123.20	135.52	135.52	135.52	135.52

Notes: These rates represent the rates for the largest enterprise revenue sources of the District

<sup>1</sup> Domestic water rates are the consumption charge for tier 2 per hundred cubic feet (CCF)

<sup>2</sup> Sanitation rates are the monthly ESU charge and account service fee for homeowners

<sup>3</sup> Canal rates are the consumption charges per acre-foot which is equal to 325,850 gallons

<sup>4</sup> Recharge rates are charged on a per acre-foot basis to all well owners who produce greater than 25 acre-feet per year

**Capital Asset Statistics by Function  
Last Ten Calendar Years**

	Unit of Measure	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Domestic water</b>											
Active wells		102	100	96	96	92	94	93	95	97	97
Distribution reservoirs		59	59	60	61	61	61	62	63	64	64
Storage capacity	MG	134	134	135	135	135	135	142	143	153	153
Distribution piping systems	Miles	1,986	1,986	1,993	1,996	1,993	1,993	2,004	2,015	2,024	2,025
<b>Canal water</b>											
Reservoirs		2	2	2	2	2	2	2	2	1	2
Storage capacity	AF	1,301	1,301	1,301	1,301	1,301	1,301	1,301	1,301	1,301	1,361
Distribution system	Miles	485	485	485	485	485	435	485	485	485	485
Pumping plants		17	16	16	16	16	16	16	16	16	16
Length of canal	Miles	123	123	123	123	123	123	123	123	123	123
<b>Agriculture drainage</b>											
District open drains	Miles	21	21	21	21	21	21	21	21	21	21
District pipe drains	Miles	166	166	166	166	166	166	166	166	166	166
On farm drains	Miles	2,298	2,298	2,298	2,298	2,298	2,298	2,298	2,298	2,298	2,298
<b>Stormwater protection</b>											
Number of channels		16	16	16	16	16	16	16	16	17	17
Length of Whitewater River ch	Miles	49	49	49	49	49	49	49	49	50	50
Length of all channels	Miles	134	134	134	134	134	134	134	134	169	169
<b>Wastewater collection</b>											
Reclamation plants		6	6	6	6	6	5	5	5	5	5
Total daily plant capacity	MGD	34	34	34	34	34	33	33	33	33	33
Collection piping system	Miles	1,086	1,088	1,095	1,129	1,129	1,129	1,129	1,243	1,160	1,159
<b>Recycled water</b>											
Plants producing recycled water		3	3	3	3	3	2	2	2	2	2
Total daily capacity	MGD	18	18	18	18	18	18	18	18	18	18
Distribution piping systems	Miles	16	27	27	30	30	30	31	31	31	31
<b>Groundwater management</b>											
Recharge facilities		4	4	4	3	3	3	3	4	4	4
Recharge from imported water	AF	290,869	313,389	64,190	43,912	38,298	73,194	429,856	165,100	282,998	175,491

MGD - Million gallons per day

MG - Million gallons

AF - Acre-feet

Source: Coachella Valley Water District Annual Review

**Farm Production by Crop  
Last Ten Calendar Years**

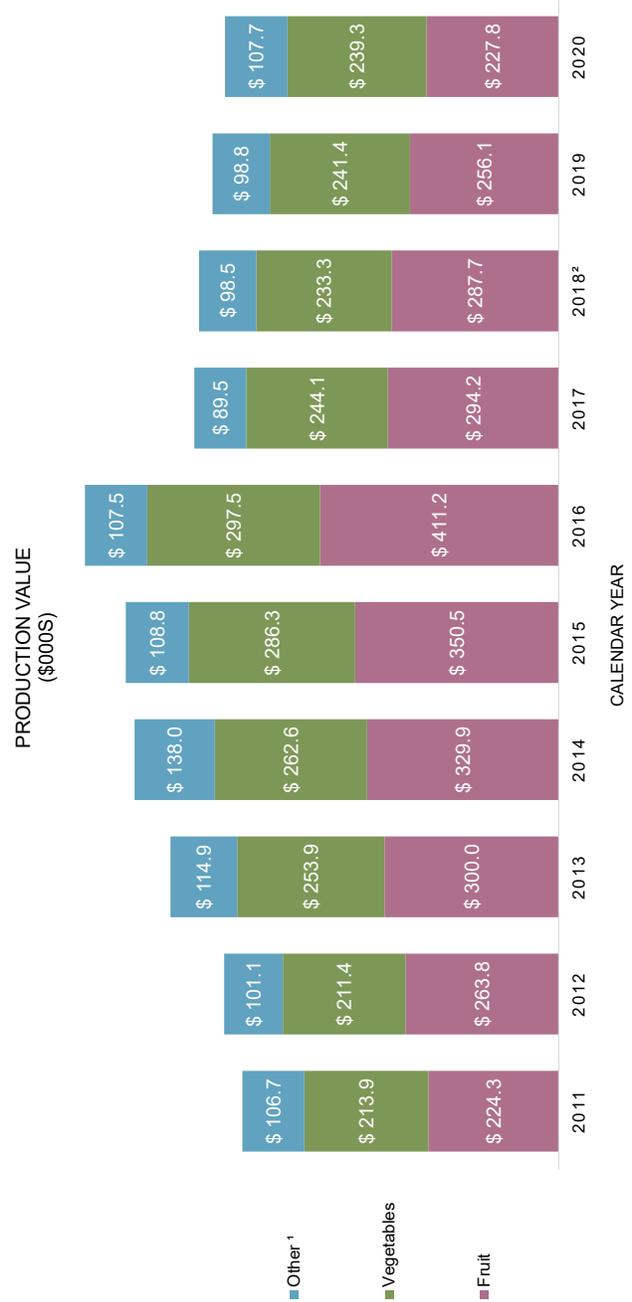
Calendar Year	Fruit			Vegetables			Other <sup>1</sup>			Total	
	Production Value (\$000s)	Acreage	Yield (Tons)	Production Value (\$000s)	Acreage	Yield (Tons)	Production Value (\$000s)	Acreage	Yield (Tons)	Total Value (\$000s)	Total Acreage
2011	\$224,342	25,926	182,684	\$213,904	25,906	394,841	\$106,735	11,077	827,422	\$544,981	62,909
2012	263,806	23,657	199,417	211,400	27,165	412,258	101,071	12,615	1,128,039	576,277	63,437
2013	299,959	24,477	230,630	253,905	26,764	547,706	114,881	12,004	750,857	668,745	63,245
2014	329,914	24,367	214,602	262,618	26,510	659,768	137,955	12,104	789,976	730,487	62,981
2015	350,538	23,417	207,588	286,348	26,332	554,724	108,769	12,218	797,316	745,655	61,967
2016	411,173	27,735	401,712	297,473	27,145	522,248	107,537	12,601	790,993	816,183	67,481
2017	294,177	22,069	52,431	244,101	27,929	212,723	89,505	12,135	799,002	627,783	62,133
2018 <sup>2</sup>	287,747	21,702	108,436	233,342	24,466	805,164	98,499	11,983	802,366	619,588	58,151
2019	256,059	21,754	1,369,750	241,394	25,993	939,593	98,824	12,284	566,259	596,277	60,031
2020	227,795	22,211	931,032	239,340	24,846	1,229,456	107,736	12,044	571,233	574,871	59,101

**Notes:**

<sup>1</sup> Includes forage crops, cereal crops, nurseries, fish farms, golf courses, and turf farms.

<sup>2</sup> 2018 Total Value and Total Acreage updated

Source: Coachella Valley Water District 2020-2021 Crop Report



**Full-time Equivalent Employees  
by Department  
Last Ten Fiscal Years (Actual)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration <sup>1</sup>	35	36	36	37	41	41	41.5	42.5	43	42
Engineering	66	69	44	44	42	45	47	47	52	49
Environmental <sup>2</sup>	-	-	24	25	27	25	29	28.5	26.5	27.5
Finance	27	25	26.5	26.5	28	27	26	28	27	29
Human Resources & Risk Management	11	8	9	9	9	10	10	10.5	9.5	9.5
Information Systems <sup>3,4</sup>	-	-	13	13	14	15	15	15	16	17
Operations <sup>6,8</sup>	142	146	150	150	153	158	174	177	179	181
Service <sup>1,7</sup>	91	94	79	82	84	83	84	84	52	54
Facilities and Maintenance <sup>5,7,8</sup>	121	121	123	124	121	127	120	121	138	136
<b>Total</b>	<b>493</b>	<b>499</b>	<b>504.5</b>	<b>510.5</b>	<b>519</b>	<b>531</b>	<b>546.5</b>	<b>553.5</b>	<b>543</b>	<b>545</b>

Notes:

<sup>1</sup> Conservation was established as a part of the Communication Department during FY 2014 - Previously included in Service - Now included in General Manager / Administration.

<sup>2</sup> Environmental Services established as a separate department in FY 2014 - Previously included in Engineering.

<sup>3</sup> Information Systems established as a separate department in FY 2014 - Previously included in General Manager / Administration.

<sup>4</sup> Geographic Information Systems established as a part of Information Systems during FY 2014 - Previously included in Engineering.

<sup>5</sup> Trades and Support was renamed the Facilities & Maintenance Department in FY 2017

<sup>6</sup> Mechanical Division established as part of Operations FY 2018, previously in Facilities & Maintenance

<sup>7</sup> Zanjero Division established as part of Facilities & Maintenance FY 2019, previously in Service

<sup>8</sup> Control Operator Division established as part of Operations FY 2019, previously in Service