

COACHELLA VALLEY WATER DISTRICT, CALIFORNIA

**SINGLE AUDIT OF FEDERALLY ASSISTED
GRANT PROGRAMS**

YEAR ENDED JUNE 30, 2022



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Coachella Valley Water District
Palm Desert, California

We have audited, in accordance with the 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, the financial statements of each major fund and the aggregate remaining fund information of Coachella Valley Water District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Coachella Valley Water District's basic financial statements, and have issued our report thereon dated December 19, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coachella Valley Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coachella Valley Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Coachella Valley Water District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coachella Valley Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Coachella Valley Water District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Coachella Valley Water District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Coachella Valley Water District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Irvine, California
December 19, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Coachella Valley Water District
Palm Desert, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coachella Valley Water District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District 's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement

of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon, dated December 19, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Irvine, California
March 8, 2023

**COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor / Pass-Through Grantor / Program / Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed- Through to Subrecipients
<u>U.S. Department of Agriculture</u>				
Direct Assistance:				
Water and Waste Disposal Systems for Rural Communities - Tank 7101-2	10.760	N/A	\$ 260,627	\$ -
Water and Waste Disposal Systems for Rural Communities - NSDK Water Main & Booster	10.760	N/A	794,924	-
Total U.S. Department of Agriculture			<u>1,055,551</u>	<u>-</u>
<u>U.S. Department of Interior</u>				
Direct Assistance:				
Water Conservation Field Services - AMI	15.530	N/A	5,660	-
Total U.S. Department of Interior			<u>5,660</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed-Through State Water Resource Control Board:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	None	219,567	-
Total U.S. Department of Treasury			<u>219,567</u>	<u>-</u>
<u>Environmental Protection Agency</u>				
Direct Assistance:				
Water Infrastructure Finance and Innovation	66.958	N/A	40,083,045	-
Total Environmental Protection Agency			<u>40,083,045</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed-Through State of California Office of Emergency Services:				
Hazard Mitigation Grant	97.039	DR-4308-39	1,938,718	-
Total U.S. Department of Homeland Security			<u>1,938,718</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 43,302,541</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Coachella Valley Water District (District) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial statements of the District. The District's reporting entity is defined in Note 1 of the notes to the District's financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the full accrual basis of accounting, which is described in Note 1 of the notes to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The District has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance but did not charge any indirect costs to federal grants during fiscal year ended June 30, 2022.

**COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
66.958	Water Infrastructure Finance and Innovation
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,299,076

Auditee qualified as low-risk auditee? yes x no

**COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022-001 – Joint Capital Projects

Type of Finding: Material Weakness in Internal Control over Financial Reporting.

Condition: In fiscal year 20-21, the District incurred and capitalized costs in a joint capital project for assets that belong to another entity; these costs were reimbursable by this other entity and, as such, the District had recorded a receivable and recognized the reimbursement revenue.

Criteria or specific requirement: Assets that do not belong to the District should not be recorded as part of the District's capital assets. The expenses incurred on behalf of the other entity for the joint project should be recorded in the same period as the reimbursement revenue.

Effect: Expenses in the prior year were understated by \$1,749,678, which resulted in a restatement of the Canal Water Fund's beginning net position in fiscal year 21-22.

Cause: The reimbursement information was not captured in the system tracking the capital expenditure costs. When the project was completed in fiscal year 20-21, all costs incurred for the project were capitalized.

Repeat finding: This is not a repeat finding.

Recommendation: We recommend the District implement procedures and controls to ensure that only assets that belong to the District are capitalized in joint capital projects.

Views of responsible officials and planned corrective actions: Management agrees with the audit finding and will implement the following measures by January 31, 2023.

1. Management will undertake a review of current controls around capitalization and the capitalization policy currently in place.
2. Management will ensure that there is a fully documented process and procedure for recording of capital assets at cost, including review of funding sources and costs incurred on ventures with other entities, prior to capitalization.
3. Management will implement the newly identified controls, policies and procedures and review on regular intervals to ensure that the controls are performing as expected.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**COACHELLA VALLEY WATER DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

There were no findings in fiscal year 2020-2021.



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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

CORRECTIVE ACTION PLAN

Coachella Valley Water District respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 1, 2021, to June 30, 2022

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2022-001 Joint Capital Projects

Recommendation: We recommend the District implement procedures and controls to ensure that only assets that belong to the District are capitalized in joint capital projects.
Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Management agrees with the audit finding and will implement the following measures by January 31, 2023.

1. Management will undertake a review of current controls around capitalization and the capitalization policy currently in place.
2. Management will ensure that there is a fully documented process and procedure for recording of capital assets at cost, including review of funding sources and costs incurred on ventures with other entities, prior to capitalization.
3. Management will implement the newly identified controls, policies and procedures and review on regular intervals to ensure that the controls are performing as expected.

Name(s) of the contact person(s) responsible for corrective action: Rick Aragon & Sara Hypes

Planned completion date for corrective action plan: 01/31/2023.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

There are no federal award program findings.

If there are any questions regarding this plan, please call Rick Aragon at (760)398-2661 Ext. 2240



COACHELLA VALLEY WATER DISTRICT

ANNUAL
COMPREHENSIVE
Financial Report

Fiscal Year Ended June 30, 2022



Coachella Valley Water District

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2022



John P. Powell, Jr. President, Division 3

Cástulo R. Estrada, Vice President, Division 5

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

75-515 Hovley Lane East, Palm Desert, CALIFORNIA 92211

www.cvwd.org

COACHELLA VALLEY WATER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Established in 1918 as a public agency

GENERAL MANAGER
Jim Barrett

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CLERK OF THE BOARD
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ASSISTANT GENERAL MANAGER
Dan Charlton

December 21, 2022

To the Board of Directors:

We are pleased to present the Coachella Valley Water District's (CVWD, District) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. 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, 2022, 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, 2022, 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

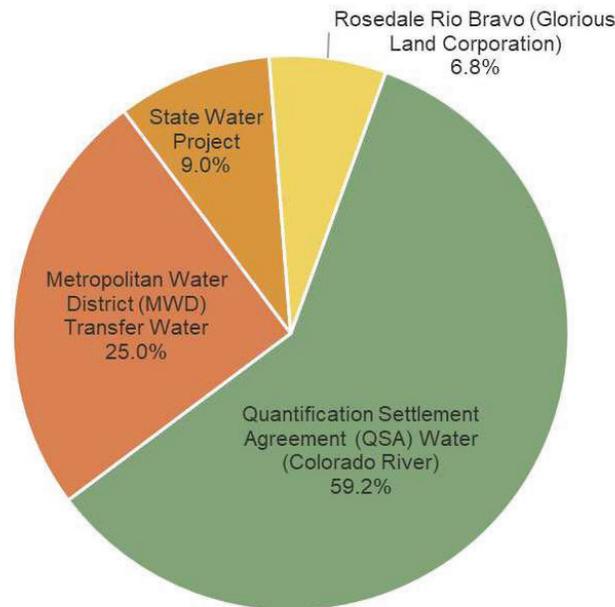
CVWD is governed by a five-member Board of Directors elected to four-year terms by District voters. Each Director lives in and represents one of five directorial divisions of the District, and is elected by voters who also live in that division. Terms of office are staggered, and elections are held every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

Imported Water Sources



Although the Coachella Valley has 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 10 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. Every July, CVWD publishes operational information for the preceding year. The following table details the Domestic water system information as of calendar year 2021:

Domestic Water Fund System Information

Population Served	270,000
Active Accounts	112,180
Average Daily Demand	83.5 MGD
Total Water Delivered	93,548 AF
Active Wells	96
Total Daily Well Pumping Capacity	242 MGD
Distribution Reservoirs	65
Storage Capacity	155.2 MG
Distribution Piping System	2,032 Miles

In fiscal year 2022, the actual water consumption increased from 92,041 AF to 92,501 AF as compared to fiscal year 2021, a 0.5% increase, as the region experienced another year of warmer



than normal temperatures and lower than normal precipitation. In March 2022, the State Water Resources Control Board adopted a new emergency water conservation regulation requiring urban water agencies to move to Level 2 of their Water Shortage Contingency Plan (WSCP). Measures contained in the plan will actively encourage conservation for the next fiscal year.

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 in 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 infrastructure. In June 2022, the Board of Directors elected to hold rates at the current level for fiscal year 2023. The domestic five-year rate history is shown on the table below:

Domestic Five-Year Rate History					
Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Monthly Fixed Charge - Residential 3/4 Inch Meter	\$ 6.92	\$ 7.92	\$ 7.92	\$ 12.65	\$ 12.65
Consumption Tier 1 – Excellent	0.95	0.98	0.98	0.94	0.94
Consumption Tier 2 – Efficient	1.32	1.37	1.37	1.17	1.17
Consumption Tier 3 – Inefficient	2.46	2.55	2.55	3.59	3.59
Consumption Tier 4 – Excessive	4.67	4.83	4.83	4.21	4.21
Consumption Tier 5 – Wasteful	6.13	6.34	6.34	6.44	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 2021:

Canal Water Fund System Information

Irrigable Acres for Service	76,970
Active Accounts	1,311
Total Water Delivered	338,147 AF
Average Daily Demand	920 AF
Maximum Daily Demand	1,513 AF
Reservoirs	2
Storage Capacity	1,361 AF
Distribution System	485 Miles
Pumping Plants	16
Length of Canal	123 Miles

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.

SANITATION FUND

In 1968, CVWD began wastewater collection and treatment 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 subject 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 (WRP), 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. The table below shows CVWD's current service and system:

Sanitation Fund System Information

Population Served	240,000
Active Accounts	98,351
Average Daily Flow	16.66 MGD
Wastewater Reclamation Plants	5
Total Daily Plant Capacity	33.1 MGD
Collection Piping System	1,162 Miles



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 the indoor water budget of 200 gallons per dwelling unit per day, multiplied by 365 days per year, which 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 R.V./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 completed a cost of service study for the Sanitation Fund in fiscal year 2022. The purpose of the study was to create a financial plan and determine the appropriate monthly rates that support the Sanitation Fund’s fiscal needs. The following table details the prior rates, and adopted rates for fiscal year 2023:

Monthly Sewer Rates				
Customer Class	FY 2022 Account Charge	FY 2022 Service Charge per ESU	FY 2023 Account Charge	FY 2023 Service Charge per ESU
Residential	\$1.58	\$23.04	\$1.55	\$24.98
RV/Trailer Parks	\$3.98	\$23.04	\$4.53	\$24.98
Nonresidential	\$3.98	\$23.04	\$4.53	\$24.98

GROUNDWATER REPLENISHMENT FUND GROUP

CVWD has three replenishment funds: the West Whitewater Replenishment Fund, the Mission Creek Replenishment Fund, and the East Whitewater Replenishment Fund. Replenishment assessment charges are used to fund a portion of the costs of importing supplemental water for the replenishment of the subbasins located within the District's boundaries.

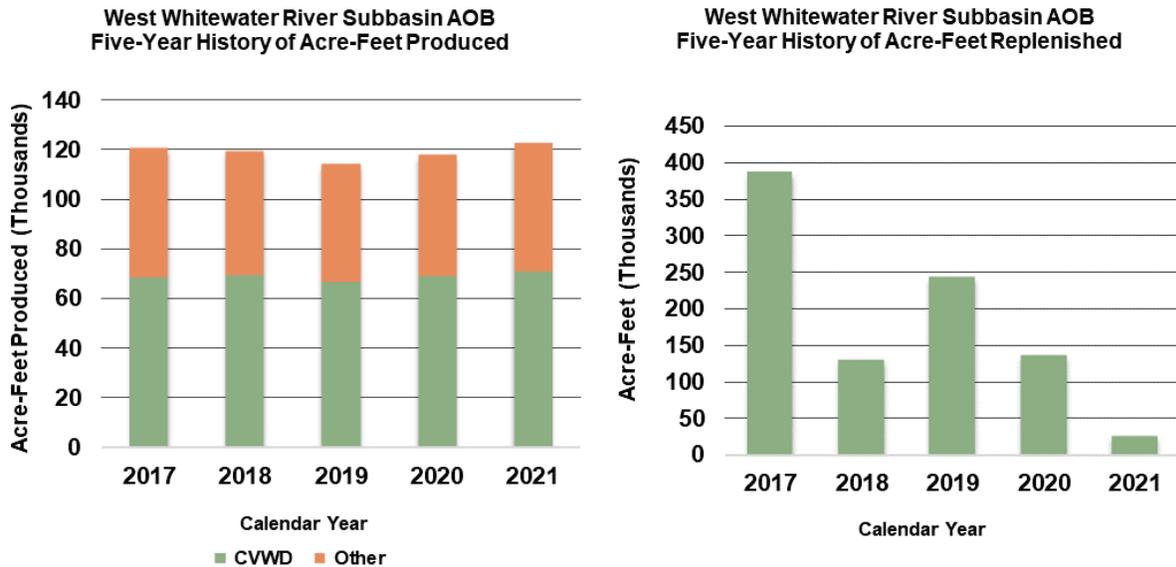


During fiscal year 2021, the District completed five-year cost of service studies for all three replenishment funds covering fiscal years 2022 to 2026. Based on the study, new rates were adopted in fiscal year 2022 for the West Whitewater Replenishment Fund and the East Whitewater Replenishment Fund, but no new rates for the Mission Creek Fund. The Board elected to hold rates at the fiscal year 2022 level for fiscal year 2023.

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 2021, there were 70 producers that pumped water from the West Whitewater River Subbasin. In addition, CVWD has replenished approximately 3.8 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. The agreement allows MWD to store Colorado River water in the Whitewater River Basin in wet years on the Colorado River.

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



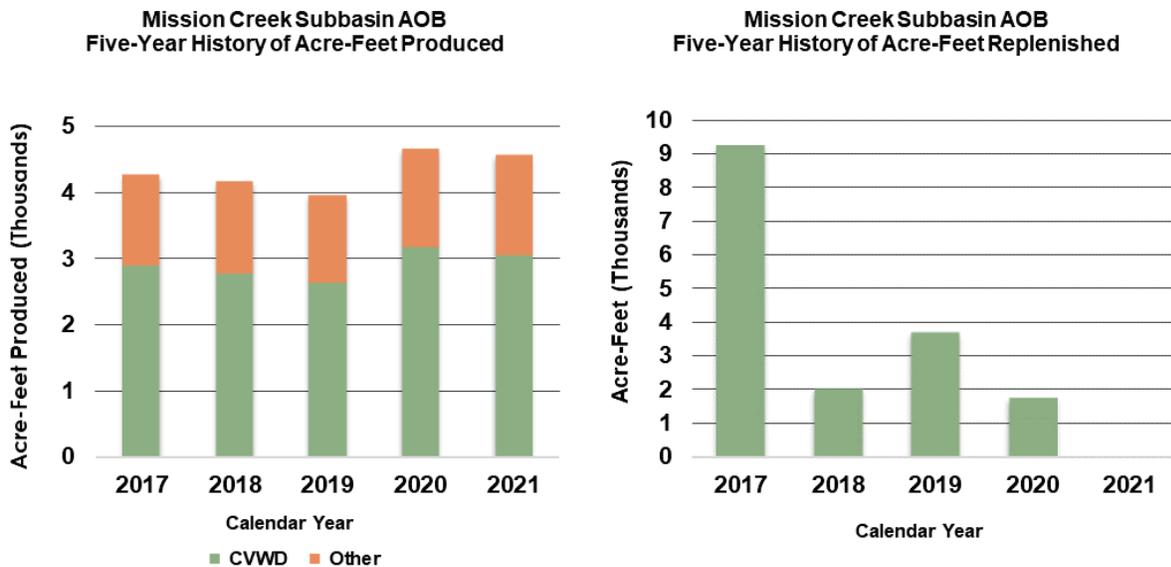
The table below shows the five-year history of the replenishment assessment charges (RAC) in the West Whitewater Replenishment Fund.

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
West Whitewater Replenishment Rate (AF)	\$ 143.80	\$ 143.80	\$ 143.80	\$ 165.37	\$ 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 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. In total, by the end of 2021, CVWD and DWA have jointly replenished 167,044 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.

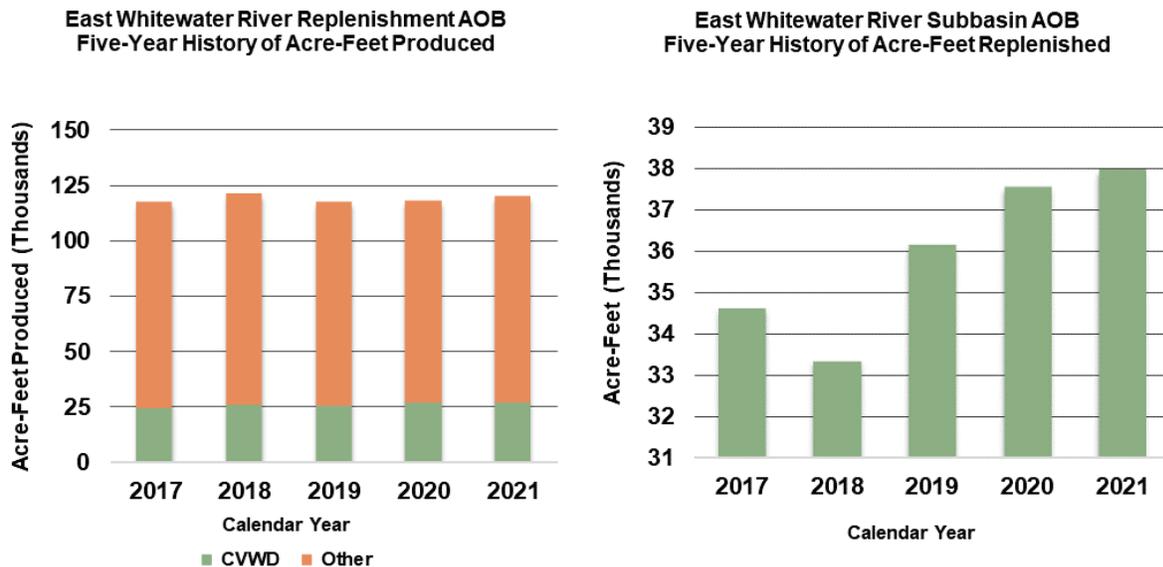
Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Mission Creek Replenishment Rate (AF)	\$ 135.52	\$ 135.52	\$ 135.52	\$ 135.52	\$ 135.52

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 2021, CVWD has replenished 488,396 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.

Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
East Whitewater Replenishment Rate (AF)	\$ 66.00	\$ 66.00	\$ 66.00	\$ 72.27	\$ 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 square 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, several levees have been built to collect rapidly flowing floodwater as it pours from the adjacent mountains onto the valley floor. The CVWD flood protection system is a 50-mile storm channel that runs from the Whitewater area north of Palm Springs to the Salton Sea. The following table provides information on the system:

Stormwater Fund System Information

Service Area	381,479 Acres
Stormwater Channels	18
Length of Whitewater River/Coachella Stormwater Channel	50 Miles
Length of all Regional Flood Protection Facilities	169 Miles

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 is currently working on 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. Phase 1 is complete, and construction will continue for the next few years.



2) Economic Indicators

The District's total net position increased by \$78.1 million in fiscal year 2022 as compared to the restated prior year. Total revenues increased by \$16.9 million mostly due to an increase in charges for meter and service fees as well as growth in development and property taxes, offset by a decline in investment revenue. Total expenses increased by \$15.1 million mostly from an increase in water purchases, offset by a decrease in benefits and general operating expenses.

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 a critical component of the Valley's economy. Organizations and Cities in the Coachella Valley host 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.

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

Employment

The Unemployment rate in Riverside County hit a low of 3.8% in December 2019, to a peak of 16% in April 2020. The rate as of July 2022 is 4.0%, which is a dramatic improvement since the height of the pandemic.

Housing

The Riverside County single family median home price is \$639,000 as of July 2022, a 17% increase from the prior year. Housing inventory remains low, and the market continues to see steady growth.

Crop Production

The District irrigates about 76,970 acres of cropland in the Coachella Valley. As of calendar year 2021, the District delivered 338,147 acre-feet to 1,311 customers. Crop production for calendar year 2021 is valued at almost \$575 million with an average gross value of \$9,727 per 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 2022 Highlights

- Total net position increased by \$78.1 million.
- Total capital assets increased by \$170.0 million mainly due to the completion of several major capital projects such as the Avenue 66 Transmission Main Phase 1B, Reservoirs 4602-2 & 4606-2, Coachella Campus Fire & Irrigation System Improvement, Phase 2, East Side Dike Improvement, Phase 1, Palm Desert Campus Solar/Parking Lot Structure, and the WRP 10 Secondary Effluent Pump Station and Storage Ponds.
- The capital improvement program reached an execution rate of 91.7%, which exceeded the target rate of 80%.
- Completed two debt issuances totaling \$88.6 million to provide funding for needed Domestic Water and Stormwater improvements.
- Completed a Cost-of-Service Study for the Sanitation Fund.

4) Fiscal Year 2023 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 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 2023 operating budget increased to \$293.8 million from \$276.7 million, which is a 6.2% increase as compared to fiscal year 2022. The primary drivers for the increase include supplies and services, salaries and benefits, and utilities.

The Board also approves an annual capital improvement budget (CIB) based on infrastructure needs of the District. The fiscal year 2023 CIB is \$180.1 million, an increase of \$37 million, or 25.9% compared to fiscal year 2022. 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. There is no increase in budgeted personnel for the fiscal year 2023 budget.

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.

In addition, the District implemented a Comprehensive Asset Management Plan approximately five years ago to catalog and prioritize the replacement of aging infrastructure. The purpose of the plan is to provide the District with a comprehensive view of the state of all 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).

Potential Drought Impacts

On March 28, 2022, Governor Newsom issued an executive order asking water agencies to consider adopting Level 2 measures contained in their Water Shortage Contingency Plans. The Board has been proactive by enacting the Level 2 measures and increasing turf rebate amounts from \$2 per square foot to \$3 per square foot to encourage customers to conserve.

The District will continue to participate in discussions with the U.S. Bureau of Reclamation (USBR) regarding conditions on the Colorado River. Discussions with USBR and the Upper and Lower Basin States are ongoing, and CVWD will evaluate the benefit of participating in any programs that may be offered.

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 concerned about the rising level of the retirement benefit unfunded liability, caused mostly by the lower than anticipated investment returns by CalPERS investment portfolio managers, thus increasing 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 CalPERS to calculate appropriate contributions to reduce unfunded liability. As of the CalPERS Actuarial Valuation for measurement date ending June 30, 2021, the District's funded ratio is at 80.6% with an unfunded liability ratio of 19.4%.

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. The District established a pre-funded Section 115 irrevocable OPEB Trust in 2013, and monitors the OPEB plan and its funding status. As of June 30, 2022, the OPEB plan is 93% funded.

Pending Litigation

Replenishment Assessment Charge Litigation

Plaintiff Randall C. Roberts alleges that the District's West Whitewater River Subbasin Area of Benefit and East Whitewater Subbasin AOB replenishment assessment charge rates (RAC Rates) violate Propositions 13, 26 and 218. A trial on the merits in the consolidated RAC Rates validation matters took place on April 15 and 18, 2022, and the court took the matter under submission.

On April 21, 2022, the trial court granted the petition, finding the District had not met its burden to show the RAC Rates met the requirements under Proposition 26. The District intends to appeal the trial court's decision. The District continues to believe that it has meritorious defenses to the claims raised by plaintiffs in the RAC Writ Action, the RAC Reverse Validation Action and the 2022 RAC Reverse Validation Action and will raise such defenses on appeal.

Canal Rates Litigation

Plaintiff Randall C. Roberts against the District, members of the District Board and consultants of the District who prepared the District's Canal Rates rate study asserting, among other claims, claims for writ of mandate, violation of the California Constitution and declaratory relief (the "Canal Rates Writ of Mandate Action"). Plaintiff Roberts brought the action as a representative of a class consisting of all of the District's current and former non-agricultural property owners and water customers who directly and indirectly paid "Class 2" Canal Water rates.

A merits hearing occurred on November 4, 2021 on the basis of a tentative ruling adverse to the District. On November 29, 2021, the court entered a final order adverse to the District. The matter is now in the remedies phase, which will likely last until late 2022. The District intends to appeal the court's order when a final judgment enters following the remedies phase. The District cannot predict when the Canal Rates Writ of Mandate Action will be resolved or the ultimate outcome of the litigation.

Agua Caliente Litigation

The Agua Caliente Band of Cahuilla Indians ("Agua Caliente Tribe") filed a lawsuit on May 14, 2013, against the District and DWA claiming senior water rights above all users in the Coachella Valley. On October 6, 2020, pursuant to the parties' stipulation, the court entered an order staying all proceedings in both cases to allow the parties to pursue settlement discussions before a private mediator and the district court administratively closed both cases. The parties are actively participating in the mediation sessions.

Financial Stability

Overall, the financial stability of the District remains stable and strong for the fiscal year ending June 30, 2022. The ongoing impact of the pandemic continues to cause numerous delays in completion of planned capital improvement projects, including considerable increase in project costs. CVWD continues to monitor and proactively responds to anticipated changes that may have a 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 2022, CVWD completed a five-year Cost of Service Study for Stormwater Fund resulting in proposed rate increases. Proposition 218 allows for approval of five-year rate increases; however, CVWD adopts rate increases on an annual basis.

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, 2021. 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,



Rick Aragon
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Coachella Valley Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

COACHELLA VALLEY WATER DISTRICT SERVICE BOUNDARY MAP



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

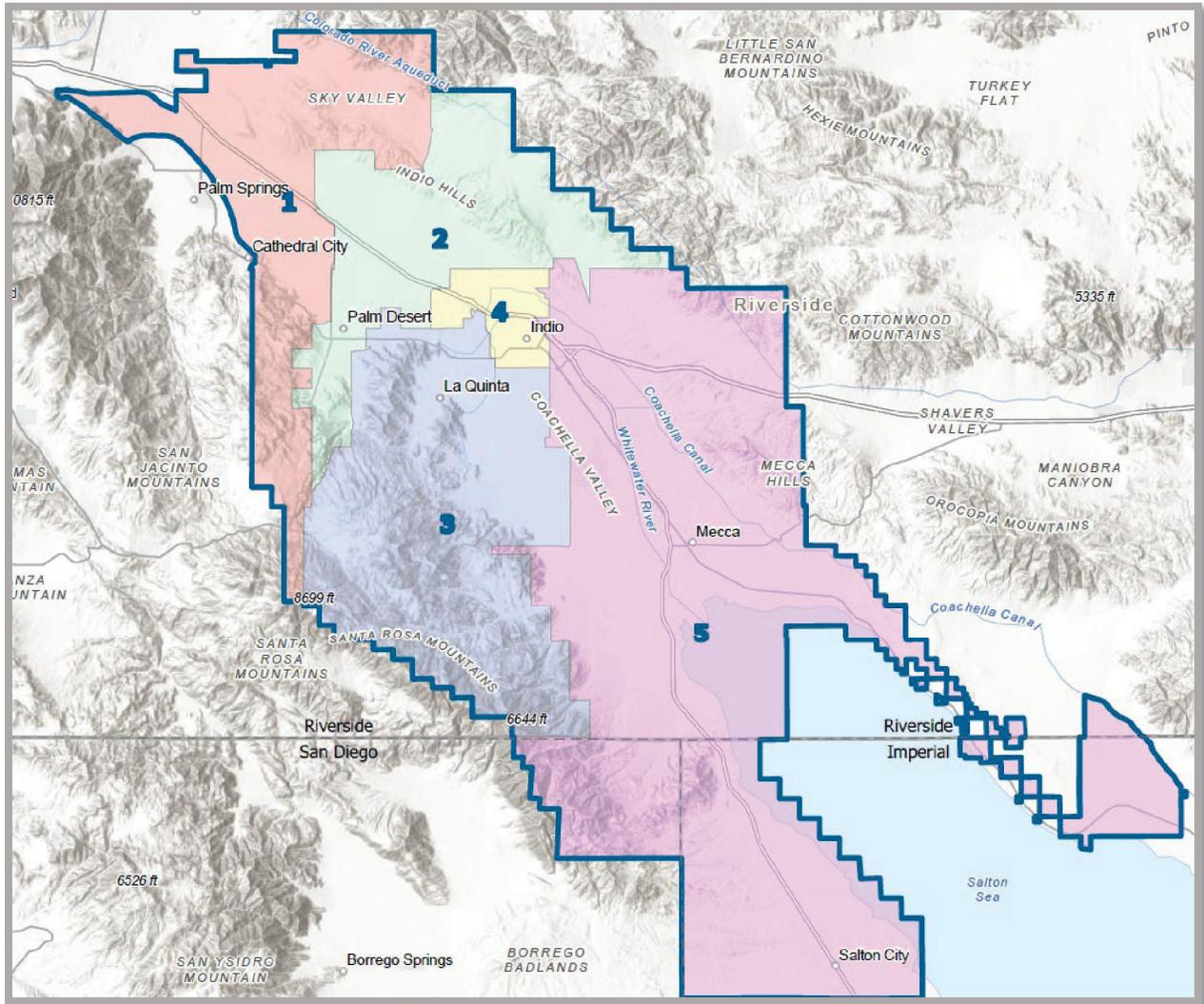


Cástulo R. Estrada
Board Vice President
Division Five

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



CVWD Boundary

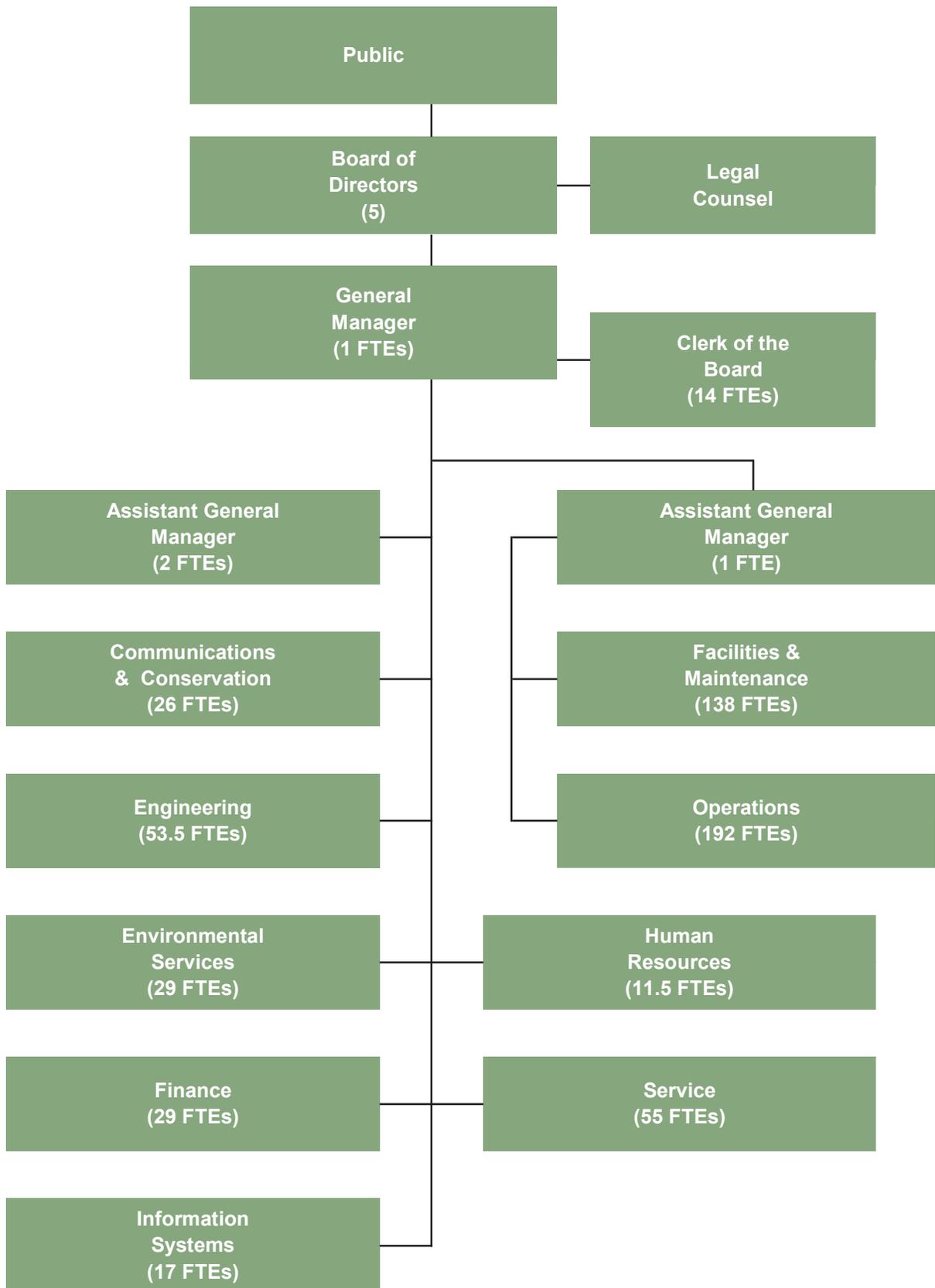


CVWD Directorial Divisions

-  1 - John Aguilar
-  2 - Anthony Bianco
-  3 - John Powell Jr.
-  4 - Peter Nelson
-  5 - Cástulo R. Estrada

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
Scott Burritt
Carrie Oliphant
Steve Bigley
Rick Aragon
Scott Hunter
Luis Maciel
Scott Burritt*

Acknowledgements

Finance Staff

Controller
Finance Manager (Budget)
Senior Accountant (Financial Analysis, Fixed Assets & Reporting)
Accountant (Cash and Account Reconciliations)
Revenue Manager
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
David Lacy
Sara Hypes
Doug Kneuer
Irene Martinez
Tina Casarrubias
Vincent Naranjo
John Norton
Ana Fisher
Karla Kezis
Jose Villalobos
Nancy Clark
Laura Kleeman*

Special Acknowledgement

Communications Specialist
Administrative Assistant I

*Andrea Shek
Lena Luna*

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



INDEPENDENT AUDITORS' REPORT

Board of Directors
Coachella Valley Water District
Coachella, California

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Coachella Valley Water District's basic financial statements as listed in the table of contents.

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 Coachella Valley Water District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, effective July 1, 2021, the District adopted new accounting guidance, GASB No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As described in Note 16 to the financial statements, the net position as of July 1, 2021, was restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coachella Valley Water District's basic financial statements. The combining fiduciary fund financial statements and schedules of maturities are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fiduciary fund financial statements and schedules of maturities is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the Coachella Valley Water 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 Coachella Valley Water 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 Coachella Valley Water District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
December 19, 2022

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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, 2022. 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 heavy equipment 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, 2022. 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, 2022. 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 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.

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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 includes detailed debt service and maturity schedules for all current debt issuances and loans payable. In addition, this section includes the 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 included in the basic financial statements.

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, 2022, the District's assets and deferred outflows exceeds liabilities and deferred inflows by approximately \$1.96 billion, broken down as \$1.75 billion invested in capital assets, \$111.5 million in restricted funds, and unrestricted funds of \$243.6 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 \$54.7 million, or an increase of 2.9% from the restated prior fiscal year, primarily due to an increase in net investment in capital assets of \$32.3 million, combined with an unrestricted net position increase of \$35.9 million, offset by a decrease in restricted net position of \$13.4 million.
- The increase in net investment in capital assets is mainly attributable to the completion of several major projects, particularly in the sanitation (\$13.7 million), stormwater (\$49.5 million), and groundwater replenishment funds (\$32.7 million) offset by corresponding debt. The decrease to restricted net position of \$13.4 million was primarily driven by the net reduction in construction capital, attributable mainly to expenditure of COP 2021 A Bond proceeds on construction, offset by a \$20 million increase in State Water Project funds related to excess of revenue over expenses for FY 22.
- Annually, the District sets an objective of completing budgeted capital projects at a minimum of 80%. In fiscal year 2022, the District reached an execution rate of 91.7%.
- Operating revenues increased by approximately \$12 million, or 6.5% from the prior fiscal year. This is mainly due to an increase in meter and service fees of \$5.8 million, sanitation fees of \$1.6 million, and groundwater replenishment charges of \$3.5 million, and other charges of \$1.1 million.
- Operating expenses increased by approximately \$37.7 million, or 14% as compared to the prior fiscal year mainly due to water purchases and legal claims. Water purchases can vary depending on availability of water and project timing each year. In FY 2022, water purchases increased by \$14.3 million. Accrued legal claims payables increased by \$23.4 million due to legal cases pending against the District.
- Other General operations expense increases in wages and salaries, materials and supplies, and depreciation of approximately \$2.0 million each, as well as \$1.6 million in utilities, and \$3.9 million in other expenses, were offset by an \$11.8 million decrease in benefits expense due to delays in replacement of vacant positions and a reduction in actuarial liability for the pension costs.

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

- Non-operating revenues increased by \$4.9 million, or 3.6% as compared to the prior fiscal year. The change is mainly due to an increase of \$13.7 million in property taxes, and \$7.7 million in intergovernmental revenue, which are offset by a decrease of \$2.8 million in other charges and a significant decrease in investment income of \$14.0 million. The decrease in value of the investment portfolio as of June 30, 2022, was mainly caused by the current environment of increasing interest rates on fixed income investments.
- Non-operating expenses increased by \$1.6 million, or 130%, as compared to the prior fiscal year, attributed to increased interest expense.

Overview of Fund Group Activity

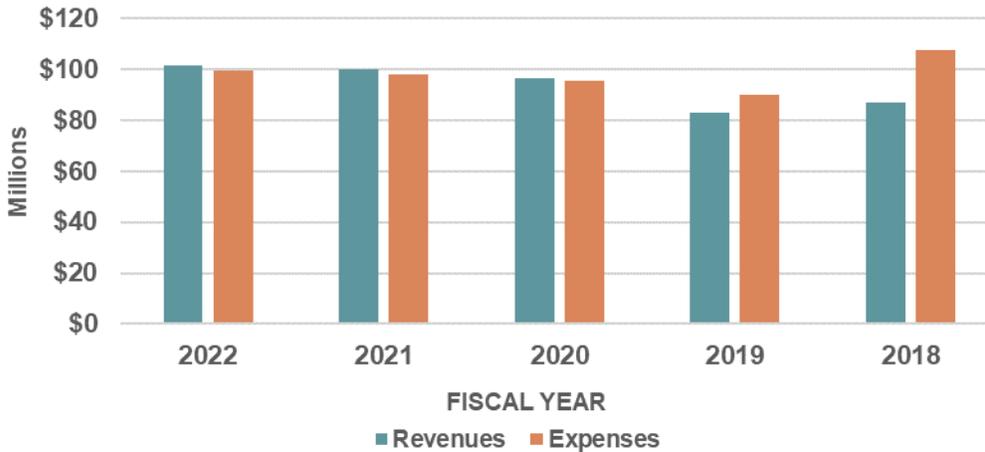
Domestic Water Fund. Activity associated with providing domestic water to the residents of the Coachella Valley. In fiscal year 2022, the Domestic Water Fund net position increased by \$12.7 million as compared to the fiscal year 2021 net position.

Total assets increased by \$39.2 million. Cash and investments (including restricted cash) increased by \$37.9 million, while capital assets net of depreciation increased by \$15.8 million due to continued effort by the District to complete capital projects. Projects in the Domestic fund achieved an execution rate of 81.4% in FY 2022. Due from other governments decreased by \$2.0 million, and Advances to Other funds decreased by \$2.7 million, along with a net decrease of \$891 thousand in other assets.

Deferred pension related items resulted in an increase in outflows of \$664 thousand, with an increase in inflows of \$16.2 million.

Total liabilities increased by \$12.8 million, mainly due to an increase of \$35.3 million for the Domestic Note for various projects, that is offset by a decrease of \$21.9 million in net pension liability and \$4.5 million in accounts payable.

**DOMESTIC WATER
Revenues & Expenses**



Operating revenues increased by \$6.3 million, primarily due to an increase of \$5.8 million in meter and service fees from an increase in fixed cost rates.

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

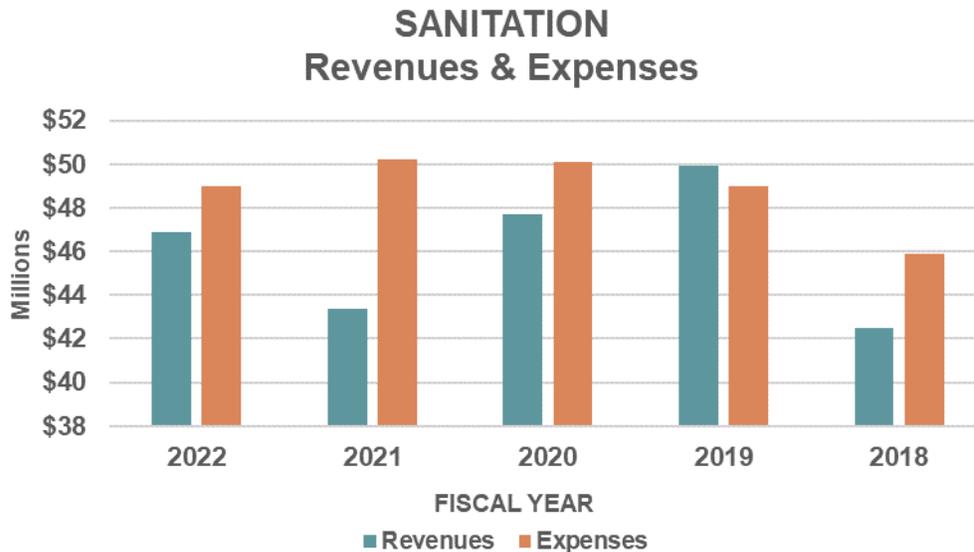
Operating expenses increased by 1.4 million, driven by increased costs for materials and supplies of \$1.2 million, water purchases of \$1.6 million, power costs of \$1 million, wages and salaries of approximately \$1.3 million, and other charges of \$1.5 million. These were offset by a reduced benefit cost of \$5.1 million.

Total net non-operating revenues decreased by \$5.1 million, primarily due to significant decreases in investment income of \$ 2.5 million, and intergovernmental revenue of \$2.9 million. Non-operating expenditures decreased by \$223 thousand.

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 \$9.5 million from the fiscal year 2021 net position.

Cash and investments (including restricted cash) decreased \$14.9 million. Net capital assets increased by \$13.7 million. Projects in the sanitation fund achieved a completion rate of 80.2%. Total liabilities decreased by \$12.6 million mainly due to a decrease in net pension liabilities.

Deferred pension outflows increased by \$364 thousand, while deferred inflows increased by \$9.5 million.



The sanitation fund incurred a net operating loss of \$7.5 million, a reduction of \$2.2 million, or 22%, from the prior year, primarily resulting from an increase of \$1.6 million in service charges due to new development, as well as a reduction in benefit costs of \$2.9 million. These were offset by an increase of \$2.6 million in other operating expenses.

Total net non-operating income increased by \$2.6 million, mostly due to an increase of \$4.9 million in intergovernmental revenue and offset by a decrease in investment income of \$2.9 million.

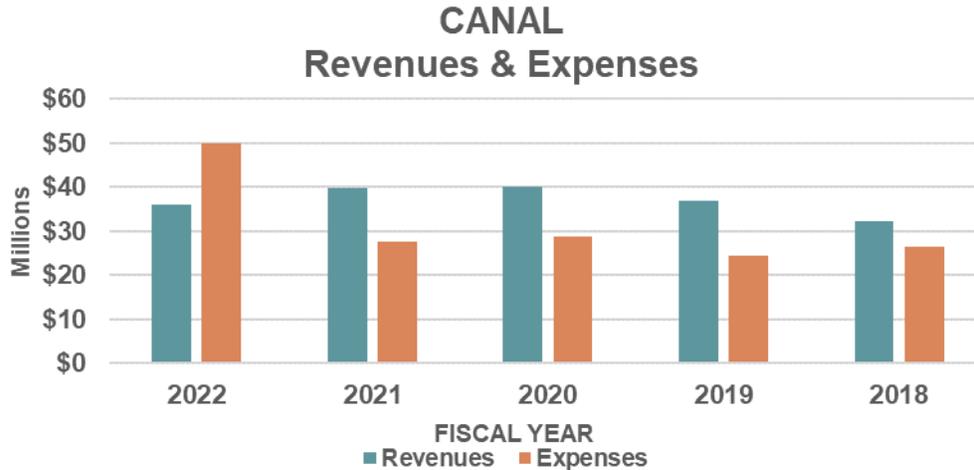
**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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 2022, the total net position for the canal water fund decreased by \$14.0 million, net of a \$1.8 million restatement in net position due to an accounting oversight for a shared cost project with another agency.

Total assets increased by \$2.9 million resulting from an increase in Cash and Investments by \$1.9 million, and an increase in Net Capital Assets of \$2.6 million, offset by a decrease in accounts receivable of \$1.8 million. Projects in the canal fund achieved a completion rate of 93.3%.

Total liabilities increased by \$13.4 million, mainly due to a \$17.8 million increase in estimated claims liability due to pending litigation over canal rates, and \$858 thousand in leases payable, offset by a \$6.2 million reduction in net pension & OPEB liability.

Deferred pension outflows increased by \$126 thousand, and deferred inflows increased by \$4.4 million.



Net operating loss increased by \$22.7 million, to \$28.4 million, resulting mainly from an increase in claims liability of \$17.8 million due to pending litigation regarding canal rates, as well as an increase in water purchase costs of \$4.1 million related to a step increase in the QSA of 5,000 AF. In addition to an overall increase in expenses for the canal fund.

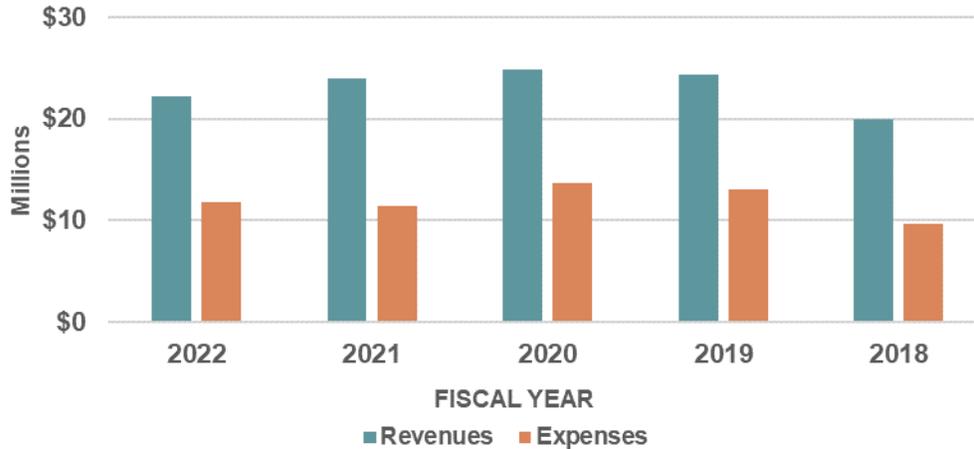
Stormwater Fund. Activity associated with providing stormwater protection in the Coachella Valley. In fiscal year 2022, the total net position for the Stormwater Fund increased by \$14.0 million compared to fiscal year 2021.

Total assets increased by \$111.1 million, primarily resulting from the increases to cash and investments, including restricted cash, of \$52 million from the Stormwater COP (Certificate of Participation) Series 2022 A debt issuance. In addition, net capital assets increased by \$49.5 million. Projects in the stormwater fund achieved a completion rate of 99.3%.

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Total liabilities increased by \$86 million, primarily due to the 2022 COP issuance of \$60.3 million and the first draw of the Water Infrastructure Finance and Innovation Act (WIFIA) loan with the Environmental Protection Agency, on June 1, 2022, for \$33.4 million. These were offset by a \$9.7 million reduction in the current portion of long-term liabilities due to the payoff of the Bank of the West Letter of Credit.

**STORMWATER
Revenues & Expenses**



Total net operating loss in fiscal year 2022 is \$11.4 million, which is a \$165 thousand increase as compared to the prior fiscal year. Net Nonoperating revenues decreased by \$1.5 million, mainly due to an increase of \$1.6 million in property taxes and \$1.7 million in intergovernmental revenue, offset by a decrease in investment income of \$5.1 million.

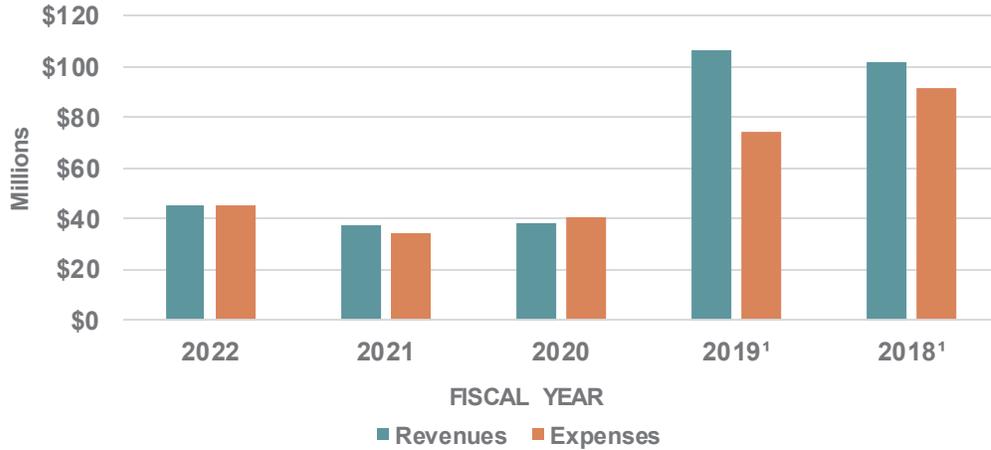
Groundwater Replenishment Fund Group. Activity associated with replenishing the underground aquifer in the Coachella Valley. In fiscal year 2022, the total net position decreased by \$207 thousand.

Total assets increased by \$2.5 million, largely driven by an increase in Construction in Progress (CIP) of \$34.8 million and a reduction in cash and investments, which include restricted cash, of \$30.1 million, from the expenditure of debt proceeds on the Certificate of Participation (COP) Series 2021 A and B. The bond was issued for construction of the Oasis Recharge Phase 2 project. Projects in the groundwater funds achieved a completion rate of 99.2%.

Total liabilities decreased by \$550 thousand, primarily due to a \$3.2 reduction in net pension liability and \$2.7 million reduction in an advance from other funds. These were offset by a \$5.3 million increase in estimated claims payable due to pending litigation regarding rates, and a \$1.7 million increase in accounts payable.

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

**Groundwater Replenishment
Revenues & Expenses**



¹ Previously included State Water Project Revenues & Expenses

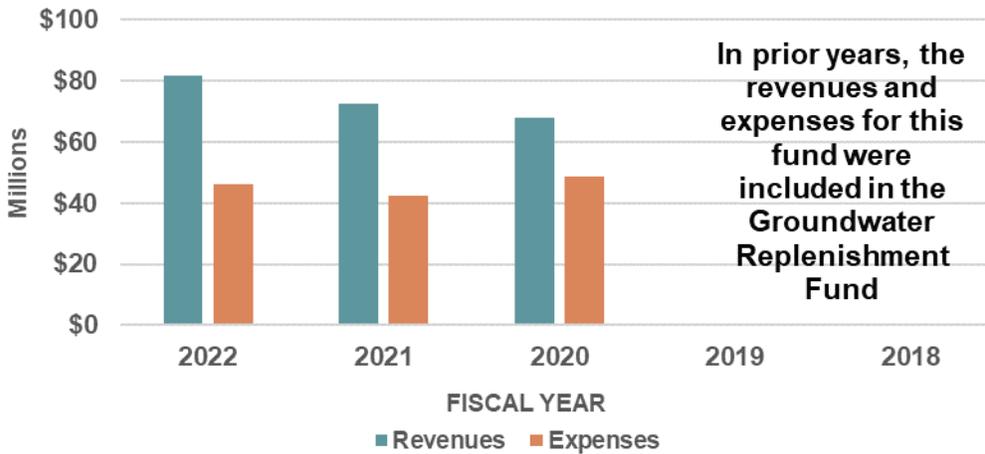
Net operating loss increased by \$6.0 million due to a \$4.8 million increase in water purchase costs, as well as \$5.3 million increase to claims payable, offset by an increase of \$3.5 million in replenishment charges and a \$350 thousand increase in sales. Nonoperating revenue increased by \$3.6 million, mostly due to an increase in property tax of \$5.2 million offset by a \$1 million increase in interest cost from outstanding debt and \$1.4 million decrease in investment earnings.

State Water Project Fund. Activities associated with this group are designed to track the revenues and expenses related to the State Water Project (SWP). The primary purpose of the 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 year 2014, the SWP fund 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 2022, total assets increased by \$35.2 million, resulting from increases in cash and investments of \$19.7 million, and net capital assets of \$15.1 million. Total liabilities remained stable and had a slight decrease of \$109 thousand.

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

**State Water Project
Revenues & Expenses**

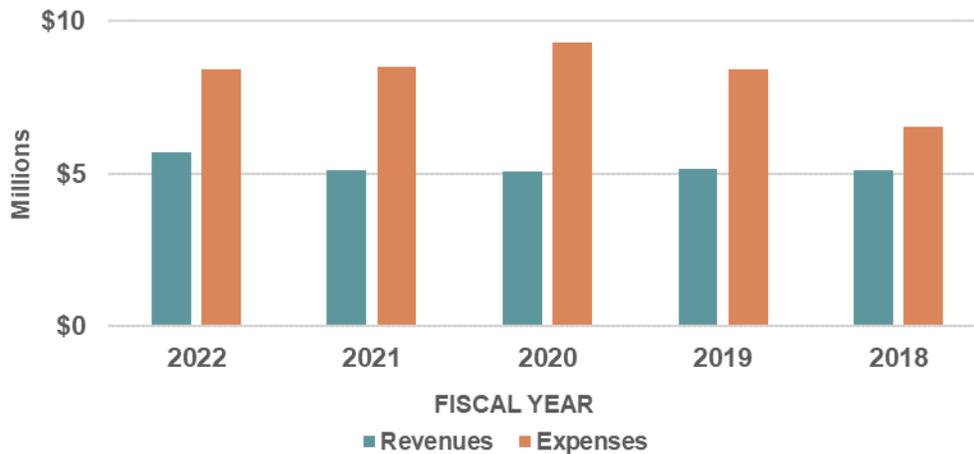


Net operating loss increased by \$4.6 million, or 10.9%, mostly due to an increase of \$3.8 million in water purchases, while other operating expense increased by \$800 thousand. Nonoperating revenues increased by \$9.5 million, consisting of an increase of \$9.7 million in property tax, reduced by a decrease in investment income of \$221 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 2022, Motorpool's total net position is \$9.5 million, which is a decrease of \$2.5 million from fiscal year 2021 net position, driven by a reduction of net capital assets as fewer capital projects are in progress, as well as a reduction in cash and investments.

**Internal Service
Revenues & Expenses**



**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Net operating loss decreased by \$700 thousand primarily resulting from a decrease in benefits cost of \$420 thousand as well as lower depreciation costs of \$357 thousand.

Financial Analysis of the District

Financial position summary

The Statement of Net position (Table 1) shows an overall net increase of \$54.7 million for the fiscal year ending June 30, 2022, as compared to the restated prior fiscal year net position.

Total assets increased by \$197.4 million or 9.0% as compared to the prior fiscal year. The total increase is comprised of an increase in current assets of \$27.1 million, as well as an increase of \$49.2 million in noncurrent assets. Of note, net capital assets increased by \$121.2 million.

Of those categorized as current assets, the growth was primarily driven by an increase in cash and investments of \$26.9 million as well as increases to inventory of \$2.6 million and funds due from other governments of \$2.5 million. These increases were offset by a decrease in receivables of \$2.5 million and a decrease \$2.1 million in an interfund loan 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. Lease receivables resulted in an increase of \$500 thousand as well.

Noncurrent assets increased by \$49.2 million, primarily due to an increase in restricted cash of \$39.1 million related to the bond proceeds for the COP Series 2022 as well as the Domestic Note Series 2022, offset by capital expenditures for their respective capital projects. \$12.9 million in lease receivables also increased noncurrent assets due to the District's implementation of the GASB 87 pronouncement regarding long-term leases. These increases were offset by a reduction in the long-term portion of an interfund loan of \$2.7 million and \$455 thousand in net OPEB assets.

The total net increase of \$121.2 million in capital assets is mainly due to the completion of several major capital projects including the Avenue 66 Transmission Main Phase 1B, Reservoirs 4602-2 & 4606-2, Coachella Campus Fire & Irrigation System Improvement, Phase 2, East Side Dike Improvement, Phase 1, Palm Desert Campus Solar/Parking Lot Structure, and the WRP 10 Secondary Effluent Pump Station and Storage Ponds.

Total liabilities increased by \$98.5 million, mostly due to the following increases: \$60.0 million in the certificates of participation payable, \$23.1 million in estimated claims payable, \$32.9 million in loans payable, \$35.3 million in notes payable, and \$4.2 million in leases payable due to the implementation of the GASB 87 pronouncement. These increases were offset by a \$44.4 million reduction in net pension liability as well \$2.5 million reduction in net OPEB liability and a \$2.7 million reduction in advances from other funds.

Deferred Outflow of Resources increased by \$1.2 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; Deferred Inflow of Resources increased by \$45.1 million, primarily due changes in assumption and net differences between projected and actual earnings on pension plan investments.

As of June 30, 2022, investment in capital assets net of related debt is \$1.61 billion, which is an increase of \$32.3 million or 2.1% as compared to the restated fiscal year 2021. Investments in capital assets (i.e., land improvements, buildings, and equipment) less any related outstanding debt used to acquire these assets represents approximately 81.9% of the District's net position. Restricted net position decreased by \$13.4 million, or 10.8%, and represents 5.7% of net position. Unrestricted net position increased by \$35.9 million, or 17.3% and amounts to 12.4% of total net position.

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

**Table 1
COACHELLA VALLEY WATER DISTRICT
Condensed Statement of Net Position
As of June 30, 2022
(in millions)**

	2022	Restated 2021	Dollar Change	Percentage Change
Current Assets	\$ 433.6	\$ 406.5	\$ 27.1	6.7%
Noncurrent Assets	212.6	163.5	49.2	30.1%
Capital Assets, Net of Depreciation & Amortization	1,753.7	1,632.5	121.2	7.4%
Total Assets	2,399.9	2,202.5	197.4	9.0%
Deferred Outflow of Resources	32.5	31.2	1.2	3.9%
Total Deferred Outflow of Resource	32.5	31.2	1.2	3.9%
Long-term Liabilities	365.3	259.5	105.8	40.8%
Other Liabilities	44.4	51.4	(7.0)	(13.6%)
Total Liabilities	409.7	310.9	98.8	31.8%
Deferred Inflow of Resources	61.0	15.9	45.1	283.2%
Total Deferred Inflow of Resource	61.0	15.9	45.1	283.2%
Net Investment in Capital Assets	1,606.6	1,574.3	32.3	2.1%
Restricted Net Position	111.5	124.9	(13.4)	(10.8%)
Unrestricted Net Position	243.6	207.7	35.9	17.3%
Total Net Position	\$ 1,961.6	\$ 1,906.9	\$ 54.7	2.9%

Note: Please allow for rounding differences.

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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 \$54.7 million, or 2.9% in the fiscal year ending June 30, 2022.

Total revenues increased by \$16.9 million, or 5.2% as compared to the restated prior fiscal year, comprised of a \$12.0 million increase in operating revenues and an increase of \$4.9 million in non-operating revenues.

The increase in total operating revenues of \$12.0 million is primarily driven by increases in meter, service and sanitation fees of \$7.4 million, \$3.5 million in groundwater replenishment charges, and \$1.0 million in other charges. The increased revenue in meter and service fees was driven by a \$4.73 fixed cost charge rate increase whereas the increase in sanitation fees was driven primarily by increased development.

Non-operating revenues increased by \$4.9 million attributed to \$7.7 million increase in intergovernmental revenue, and \$13.7 million increase in property tax, driven by assessed property value growth. These increases are offset by a decline in investment income of \$14.0 million, reflecting poor market performance, and \$2.8 million in other income.

Total expenses increased by \$38.5 million, or 14.2% in fiscal year 2022, which consisted of a \$37.7 million increase in operating expenses, and an \$800 thousand increase in non-operating expenses.

The increase to Operating expenses is largely driven by a \$14.3 million increase for water purchases as well as \$23.4 million in claims payable. Water purchases can be volatile, as it is heavily reliant on weather conditions, and water availability. There was a decrease in benefits costs of \$11.8 million which is offset by increased costs of \$2.1 million for wages and salaries, \$2.0 million for materials and supplies, \$1.6 million in utilities cost and \$3.9 million in depreciation.

Non-operating expenses increased by \$800 thousand mainly due to increased interest expense of \$1.6 million and the change from net loss to net gain from disposal of assets.

Capital contributions increased significantly by \$5.9 million or 128.9%, mostly due to \$3.8 million in land contributed to the North Indio Flood Control project as well as continued development in the Domestic and Sanitation funds. Development fees increased by \$2.3 million or 16.8%. The fluctuations in capital contributions are 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.

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

**Table 2
COACHELLA VALLEY WATER DISTRICT
Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
As of June 30, 2022
(in millions)**

	2022	Restated 2021	Dollar Change	Percentage Change
Operating Revenues				
Water Sales	\$ 90.3	\$ 90.3	\$ (0.0)	(0.0%)
Water and sewer availability	2.9	2.7	0.1	5.0%
Meter and service fees	23.8	18.0	5.8	32.4%
Sanitation service fees	41.2	39.6	1.6	4.0%
Groundwater replenishment	30.0	26.5	3.5	13.3%
Other charges	9.1	8.1	0.9	10.7%
Total Operating Revenues	197.2	185.2	12.0	6.5%
Non-Operating Revenue	141.4	136.5	4.9	3.6%
Total Revenues	338.6	321.7	16.9	5.2%
Operating Expenses				
General operations	153.2	133.4	19.8	14.8%
Water purchases	84.3	70.0	14.3	20.4%
Utilities	20.9	19.2	1.6	8.6%
Depreciation & Amortization expense	49.2	47.1	2.0	4.3%
Total Operating Expenses	307.5	269.8	37.7	14.0%
Non-Operating Expense	2.9	2.1	0.8	38.6%
Total Expenses	310.4	271.9	38.5	14.2%
Income before capital contributions	28.2	49.9	(21.7)	(43.4%)
Capital contributions	10.5	4.6	5.9	128.9%
Development fees	16.0	13.7	2.3	16.8%
Change in net position	54.7	68.2	(13.4)	(19.7%)
Beginning net position, as Restated	1,906.9	1,840.6	66.4	3.6%
Restatements of FY 2021	-	(1.8)	1.8	-
Ending Net Position	\$ 1,961.6	\$ 1,906.9	\$ 54.7	2.9%

Note: Please allow for rounding differences.

Capital Assets

As of June 30, 2022, the District's Net Capital Assets totaled \$1.75 billion, an increase of \$120 million, or 7.4%. Capital assets include all of the District's major infrastructure consisting of: water treatment facilities, water mains, pipes, storage reservoirs, wells, water reclamation facilities, storm water improvements, irrigation and drainage facilities, land, water rights, intangibles, leased assets, District headquarters and other structures, as well as vehicles and other equipment. Per the District's capitalization policy, assets with a value of \$10,000 or greater are capitalized; additionally, assets acquired with federal grant funds with a value of \$5,000 or greater are capitalized. In accordance with implementation of GASB 87, leased assets are now included in this table as of FY 2021-2022.

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

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

**Table 3
COACHELLA VALLEY WATER DISTRICT
Capital Assets
As of June 30, 2022
(in millions)**

	2022	Restated 2021	Dollar Change	Percentage Change
Infrastructures, Plant, Land Improvements, & Intangibles				
Domestic Water	721.8	713.4	8.4	1.2%
Sanitation	632.6	596.9	35.8	6.0%
Canal	82.9	82.5	0.3	0.4%
Stormwater	178.3	178.1	0.1	0.1%
Groundwater Replenishment	117.6	117.4	0.2	0.2%
Motorpool	3.9	3.9	-	0.0%
Equipment	103.9	102.0	1.9	1.9%
Construction in progress	236.5	144.3	92.2	63.9%
Land and Land Rights	73.3	67.7	5.6	8.3%
Water rights	73.6	73.6	-	0.0%
Interest in jointly owned facilities	407.4	386.5	20.9	5.4%
Leased Assets	4.8	-	4.8	100.0%
Total capital assets	2,636.4	2,466.2	170.2	6.9%
Less depreciation & Amortization	882.7	834.1	48.6	5.8%
Net capital assets	\$ 1,753.7	\$ 1,632.1	\$ 121.6	7.4%

Note: Please allow for rounding differences.

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

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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 non potable water, regional sanitation services, water reclamation, groundwater management, agricultural irrigation and drainage, and stormwater protection for the Coachella Valley.

The impact of the COVID-19 pandemic and the corresponding disruption to supply chains, as well as high inflation, remains a concern globally. The economic market has experienced continued volatility, especially in pricing of materials, food, and 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 includes aggressively pursuing grants and loans

The District's total budget for fiscal year 2023 is \$481.1 million.

In fiscal year 2022, the District completed a comprehensive five-year Cost of Service Study for the Sanitation fund to determine the appropriate rate structure and financial plan to meet District needs. In addition,

the District began a comprehensive five-year 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, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
CURRENT ASSETS				
Cash and Investments	\$ 58,647,549	\$ 52,941,014	\$ 52,899,985	\$ 142,654,341
Receivables:				
Accounts	9,506,299	2,213,796	4,232,270	666,366
Property Taxes	223,623	996,224	308,184	396,482
Interest	187,651	154,862	111,436	349,179
Deposits	-	185,000	-	-
Loan	-	-	-	-
Allowance for Uncollectible Accounts	-	-	-	(590,266)
Leases	112,306	84,951	18,417	292,870
Supplies Inventory	5,987,477	-	-	-
Prepaid Expenses	294,894	-	200,000	-
Due from Other Governments	1,146,870	5,129,421	-	177,949
Total Current Assets	<u>76,106,669</u>	<u>61,705,268</u>	<u>57,770,292</u>	<u>143,946,921</u>
NONCURRENT ASSETS				
Advances to Other Funds	52,758,124	-	-	-
Restricted Cash and Investments	81,832,398	26,541,655	-	38,192,399
Leases Receivable	1,732,005	1,417,504	57,971	9,161,523
Capital Assets:				
Land and Land Rights	12,941,982	3,702,115	3,329,579	23,228,015
Water Rights	73,595,304	-	-	-
Construction in Progress	51,485,286	50,207,887	17,798,584	67,850,266
Land Improvements	1,122,848	1,220,437	193,789	94,374
Building and Plant	720,380,207	631,278,380	82,597,244	178,044,673
Interest in Shared Facilities	-	-	35,479,522	-
Equipment	22,570,523	31,726,642	8,281,056	2,602,049
Intangibles	290,178	144,992	80,227	111,593
Less: Accumulated Depreciation	(319,946,175)	(273,742,437)	(48,210,679)	(81,775,307)
Leased Assets, Net of Accumulated Amortization	1,814,675	1,134,157	861,967	408,299
Total Capital Assets, Net	<u>564,254,828</u>	<u>445,672,173</u>	<u>100,411,289</u>	<u>190,563,962</u>
Total Noncurrent Assets	<u>700,577,355</u>	<u>473,631,332</u>	<u>100,469,260</u>	<u>237,917,884</u>
Total Assets	<u>776,684,024</u>	<u>535,336,600</u>	<u>158,239,552</u>	<u>381,864,805</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB Related Items	1,362,974	751,027	333,790	194,712
Deferred Pension Related Items	13,845,312	7,593,208	4,165,206	1,423,535
Total Deferred Outflows of Resources	<u>15,208,286</u>	<u>8,344,235</u>	<u>4,498,996</u>	<u>1,618,247</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Investments	\$ 52,477,318	\$ 34,988,710	\$ 394,608,917	\$ 1,109,435
Receivables:				
Accounts	2,142,757	-	18,761,488	277
Property Taxes	179,286	2,513,263	4,617,062	-
Interest	95,668	67,526	966,322	2,152
Deposits	100,000	-	285,000	-
Loan	-	-	-	-
Allowance for Uncollectible Accounts	-	-	(590,266)	-
Leases	-	-	508,544	-
Supplies Inventory	-	-	5,987,477	295,836
Prepaid Expenses	-	-	494,894	30,000
Due from Other Governments	91,762	-	6,546,002	-
Total Current Assets	<u>55,086,791</u>	<u>37,569,499</u>	<u>432,185,440</u>	<u>1,437,700</u>
NONCURRENT ASSETS				
Advances to Other Funds	-	-	52,758,124	-
Restricted Cash and Investments	945,260	-	147,511,712	-
Leases Receivable	-	-	12,369,003	-
Capital Assets:				
Land and Land Rights	30,064,808	-	73,266,499	-
Water Rights	-	-	73,595,304	-
Construction in Progress	49,036,109	-	236,378,132	84,691
Land Improvements	85,220	-	2,716,668	-
Building and Plant	117,410,205	-	1,729,710,709	3,827,501
Interest in Shared Facilities	-	371,931,141	407,410,663	-
Equipment	686,580	-	65,866,850	38,015,723
Intangibles	80,040	-	707,030	25,019
Less: Accumulated Depreciation	(31,838,314)	(96,832,363)	(852,345,275)	(30,134,260)
Leased Assets, Net of Accumulated Amortization	317,568	-	4,536,666	-
Total Capital Assets, Net	<u>165,842,216</u>	<u>275,098,778</u>	<u>1,741,843,246</u>	<u>11,818,674</u>
Total Noncurrent Assets	<u>166,787,476</u>	<u>275,098,778</u>	<u>1,954,482,085</u>	<u>11,818,674</u>
 Total Assets	 <u>221,874,267</u>	 <u>312,668,277</u>	 <u>2,386,667,525</u>	 <u>13,256,374</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB Related Items	139,078	-	2,781,581	-
Deferred Pension Related Items	1,622,917	(5,232)	28,644,946	1,026,223
Total Deferred Outflows of Resources	<u>1,761,995</u>	<u>(5,232)</u>	<u>31,426,527</u>	<u>1,026,223</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
CURRENT LIABILITIES				
Accounts Payable	\$ 4,050,850	\$ 2,962,007	\$ 2,038,813	\$ 7,326,548
Accrued Liabilities	3,178,596	890,695	498,408	250,413
Unearned Revenues	-	211,781	-	-
Retentions Payable	114,947	475,817	160,248	121,975
Customer Advances and Deposits	8,398,178	544,091	1,080,413	1,386,414
Current Portion of Long-Term Liabilities	2,554,278	859,561	492,702	307,560
Total Current Liabilities	<u>18,296,849</u>	<u>5,943,952</u>	<u>4,270,584</u>	<u>9,392,910</u>
LONG-TERM LIABILITIES				
Compensated Absences Payable	2,453,164	1,335,405	781,381	498,711
Claims Liability	1,422,756	-	17,775,602	-
Loans Payable	18,177,965	-	-	33,420,512
Notes Payable	35,304,071	-	-	-
Certificates of Participation	-	-	-	60,274,810
Leases Payable	1,807,699	1,129,796	858,652	406,730
Net OPEB Liability	892,677	853,236	396,902	170,417
Net Pension Liability	33,103,157	20,468,305	11,789,900	3,120,504
Advances from Other Funds	-	-	-	-
Total Long-Term Liabilities	<u>93,161,489</u>	<u>23,786,742</u>	<u>31,602,437</u>	<u>97,891,684</u>
Total Liabilities	<u>111,458,338</u>	<u>29,730,694</u>	<u>35,873,021</u>	<u>107,284,594</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB Related Items	5,303,061	3,201,642	1,430,555	776,576
Deferred Pension Related Items	16,482,293	9,465,771	5,089,400	2,426,897
Deferred Leases Related Items	1,790,458	1,470,000	75,496	9,171,469
Total Deferred Inflows of Resources	<u>23,575,812</u>	<u>14,137,413</u>	<u>6,595,451</u>	<u>12,374,942</u>
NET POSITION				
Net Investment in Capital Assets	542,651,773	442,091,249	97,924,136	128,863,429
Restricted:				
Construction, Capital, and Replacement Funds	46,695,277	26,541,655	-	-
Debt Service	841,000	-	-	-
State Water Project	-	-	-	-
Unrestricted	66,670,110	31,179,824	22,345,940	134,960,087
Total Net Position	<u>\$ 656,858,160</u>	<u>\$ 499,812,728</u>	<u>\$ 120,270,076</u>	<u>\$ 263,823,516</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
CURRENT LIABILITIES				
Accounts Payable	\$ 5,450,715	\$ 98,490	\$ 21,927,423	\$ 176,531
Accrued Liabilities	251,609	9,745	5,079,466	131,879
Unearned Revenues	-	-	211,781	-
Retentions Payable	-	-	872,987	-
Customer Advances and Deposits	-	-	11,409,096	-
Current Portion of Long-Term Liabilities	258,852	22,471	4,495,424	125,699
Total Current Liabilities	5,961,176	130,706	43,996,177	434,109
LONG-TERM LIABILITIES				
Compensated Absences Payable	420,488	41,733	5,530,882	233,440
Claims Liability	5,252,789	-	24,451,147	-
Loans Payable	-	-	51,598,477	-
Notes Payable	-	-	35,304,071	-
Certificates of Participation	53,827,973	-	114,102,783	-
Leases Payable	316,347	-	4,519,224	-
Net OPEB Liability	(5,262)	-	2,307,970	-
Net Pension Liability	3,437,530	(163,859)	71,755,537	2,728,358
Advances from Other Funds	52,758,124	-	52,758,124	-
Total Long-Term Liabilities	116,007,989	(122,126)	362,328,215	2,961,798
Total Liabilities	121,969,165	8,580	406,324,392	3,395,907
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB Related Items	454,161	-	11,165,995	-
Deferred Pension Related Items	2,366,954	121,427	35,952,742	1,382,559
Deferred Leases Related Items	-	-	12,507,423	-
Total Deferred Inflows of Resources	2,821,115	121,427	59,626,160	1,382,559
NET POSITION				
Net Investment in Capital Assets	108,108,355	275,098,778	1,594,737,720	11,818,351
Restricted:				
Construction, Capital, and Replacement Funds	-	-	73,236,932	-
Debt Service	-	-	841,000	-
State Water Project	-	37,434,260	37,434,260	-
Unrestricted	(9,262,373)	-	245,893,588	(2,314,220)
Total Net Position	\$ 98,845,982	\$ 312,533,038	\$ 1,952,143,500	\$ 9,504,131

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2022**

	Domestic Water	Sanitation	Canal Water	Stormwater
OPERATING REVENUES				
Sales	\$ 68,237,693	\$ -	\$ 18,013,827	\$ -
Availability Charges	745,676	61,014	2,052,726	-
Meter and Service Fees	22,476,308	109,356	1,249,129	13,899
Sanitation Service Fees	-	41,158,402	-	-
Replenishment Charges	-	-	-	-
Other Charges	3,255,353	167,623	143,827	44,819
Total Operating Revenues	<u>94,715,030</u>	<u>41,496,395</u>	<u>21,459,509</u>	<u>58,718</u>
OPERATING EXPENSES				
Wages and Salaries	24,135,605	12,816,771	7,100,811	3,208,078
Benefits	8,770,655	4,539,230	2,645,079	994,080
Materials and Supplies	8,509,398	2,418,488	2,940,894	192,242
Water Purchases	14,274,750	751	9,224,410	-
Power	12,794,401	4,970,262	713,692	46,267
Contract Services	3,482,821	3,425,554	1,545,377	1,258,941
Depreciation and Amortization	15,905,051	16,334,653	2,277,192	3,571,145
Legal Claims	176,352	105,061	17,820,628	26,265
Other	11,203,119	4,384,788	5,619,914	2,141,151
Total Operating Expenses	<u>99,252,152</u>	<u>48,995,558</u>	<u>49,887,997</u>	<u>11,438,169</u>
OPERATING LOSS	<u>(4,537,122)</u>	<u>(7,499,163)</u>	<u>(28,428,488)</u>	<u>(11,379,451)</u>
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	2,517,394	2,349,837	9,920,657	23,035,381
Intergovernmental	2,127,598	5,236,907	4,221,973	1,723,086
Investment Income	(1,216,310)	(2,673,498)	(1,462,443)	(4,545,879)
Interest Expense	(509,822)	-	-	(398,557)
Other	3,261,194	465,500	1,789,172	1,918,557
Gain (Loss) on Disposal of Capital Assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>6,180,054</u>	<u>5,378,746</u>	<u>14,469,359</u>	<u>21,732,588</u>
Income (Loss) Before Transfers and Capital Contributions	1,642,932	(2,120,417)	(13,959,129)	10,353,137
Transfers In	-	-	-	-
Transfers Out	(14,957)	(5,244)	(29,365)	(112,335)
Capital Contributions:				
Contributed Plant	4,268,238	2,450,603	-	3,800,000
Development Fees	6,806,477	9,198,850	-	-
INCREASE (DECREASE) IN NET POSITION	<u>12,702,690</u>	<u>9,523,792</u>	<u>(13,988,494)</u>	<u>14,040,802</u>
Net Position - Beginning of Year, as Restated	<u>644,155,470</u>	<u>490,288,936</u>	<u>134,258,570</u>	<u>249,782,714</u>
NET POSITION - END OF YEAR	<u>\$ 656,858,160</u>	<u>\$ 499,812,728</u>	<u>\$ 120,270,076</u>	<u>\$ 263,823,516</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
OPERATING REVENUES				
Sales	\$ 4,031,269	\$ -	\$ 90,282,789	\$ -
Availability Charges	-	-	2,859,416	-
Meter and Service Fees	-	-	23,848,692	-
Sanitation Service Fees	-	-	41,158,402	-
Replenishment Charges	30,006,056	-	30,006,056	-
Other Charges	23,399	-	3,635,021	5,433,587
Total Operating Revenues	<u>34,060,724</u>	<u>-</u>	<u>191,790,376</u>	<u>5,433,587</u>
OPERATING EXPENSES				
Wages and Salaries	3,348,693	179,831	50,789,789	2,040,100
Benefits	995,493	63,850	18,008,387	853,309
Materials and Supplies	293,221	-	14,354,243	964,700
Water Purchases	21,577,064	39,239,836	84,316,811	-
Power	2,332,316	-	20,856,938	-
Contract Services	1,465,539	-	11,178,232	626,732
Depreciation and Amortization	2,307,566	5,777,426	46,173,033	2,984,191
Legal Claims	5,275,303	-	23,403,609	-
Other	5,549,403	1,124,538	30,022,913	928,906
Total Operating Expenses	<u>43,144,598</u>	<u>46,385,481</u>	<u>299,103,955</u>	<u>8,397,938</u>
OPERATING LOSS	<u>(9,083,874)</u>	<u>(46,385,481)</u>	<u>(107,313,579)</u>	<u>(2,964,351)</u>
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	11,647,595	82,227,037	131,697,901	-
Intergovernmental	86,897	-	13,396,461	-
Investment Income	(1,392,953)	(651,458)	(11,942,541)	31,587
Interest Expense	(1,963,854)	-	(2,872,233)	-
Other	516,858	-	7,951,281	36,144
Gain (Loss) on Disposal of Capital Assets	-	-	-	187,985
Total Nonoperating Revenues (Expenses)	<u>8,894,543</u>	<u>81,575,579</u>	<u>138,230,869</u>	<u>255,716</u>
Income (Loss) Before Transfers and Capital Contributions	(189,331)	35,190,098	30,917,290	(2,708,635)
Transfers In	-	-	-	179,401
Transfers Out	(17,500)	-	(179,401)	-
Capital Contributions:				
Contributed Plant	-	-	10,518,841	-
Development Fees	-	-	16,005,327	-
INCREASE (DECREASE) IN NET POSITION	<u>(206,831)</u>	<u>35,190,098</u>	<u>57,262,057</u>	<u>(2,529,234)</u>
Net Position - Beginning of Year, as Restated	<u>99,052,813</u>	<u>277,342,940</u>	<u>1,894,881,443</u>	<u>12,033,365</u>
NET POSITION - END OF YEAR	<u>\$ 98,845,982</u>	<u>\$ 312,533,038</u>	<u>\$ 1,952,143,500</u>	<u>\$ 9,504,131</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	Domestic Water	Sanitation	Canal Water	Stormwater
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 76,866,713	\$ 41,859,969	\$ 23,905,132	\$ 967,716
Cash Received from Interfund Service Provided	-	-	-	-
Cash Paid to Employees for Services	(36,200,147)	(21,226,313)	(11,715,754)	(5,087,907)
Cash Paid to Suppliers of Goods and Services	(38,439,047)	(19,529,451)	(19,643,346)	(6,484,096)
Net Cash Provided (Used) by Operating Activities	<u>2,227,519</u>	<u>1,104,205</u>	<u>(7,453,968)</u>	<u>(10,604,287)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Transfers In	-	-	-	-
Cash Transfers Out	(14,957)	(5,244)	(29,365)	(112,335)
Payments Received from (Provided to) Other Governments	4,129,308	428,666	4,221,973	1,601,540
Cash Received from Property Taxes	2,535,181	2,358,361	10,019,939	23,019,826
Net Cash Provided by Noncapital Financing Activities	<u>6,649,532</u>	<u>2,781,783</u>	<u>14,212,547</u>	<u>24,509,031</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(16,123,285)	(25,556,855)	(3,440,590)	(42,465,884)
Cash Received from Development Fees	6,806,477	9,198,850	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Cash Received from Leases and Rent	154,369	118,932	20,266	1,172,858
Payment Received from (Provided to) Other Funds	2,669,425	-	-	-
Interest Received (Paid) on Interfund Debt	596,478	-	-	-
Proceeds from Long-Term Debt	37,444,577	-	-	93,705,183
Principal Paid on Long-Term Debt	(528,187)	(30,484)	(23,167)	(9,754,972)
Interest Paid on Long-Term Debt	(331,029)	-	-	(57,263)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>30,688,825</u>	<u>(16,269,557)</u>	<u>(3,443,491)</u>	<u>42,599,922</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Purchases	(40,532,060)	(22,932,784)	(15,263,000)	(52,178,913)
Proceeds from Maturity of Investments	29,523,658	45,200,601	20,455,829	33,032,003
Interest Received on Investments	1,258,321	983,284	678,488	1,563,791
Net Cash Provided (Used) by Investing Activities	<u>(9,750,081)</u>	<u>23,251,101</u>	<u>5,871,317</u>	<u>(17,583,119)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,815,795	10,867,532	9,186,405	38,921,547
Cash and Cash Equivalents - Beginning of Year	<u>16,944,708</u>	<u>15,589,266</u>	<u>8,422,015</u>	<u>21,275,547</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 46,760,503</u>	<u>\$ 26,456,798</u>	<u>\$ 17,608,420</u>	<u>\$ 60,197,094</u>
RECONCILIATION TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION				
Cash and Investments	\$ 58,647,549	\$ 52,941,014	\$ 52,899,985	\$ 142,654,341
Restricted Cash and Investments	81,832,398	26,541,655	-	38,192,399
Less: Investments with Maturities Greater than Three Months	<u>(93,719,444)</u>	<u>(53,025,871)</u>	<u>(35,291,565)</u>	<u>(120,649,646)</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 46,760,503</u>	<u>\$ 26,456,798</u>	<u>\$ 17,608,420</u>	<u>\$ 60,197,094</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 34,174,232	\$ -	\$ 34,174,232	\$ -
Cash Received from Interfund Service Provided	-	-	-	5,469,454
Cash Paid to Employees for Services	(5,254,970)	(267,729)	(5,522,700)	(3,278,607)
Cash Paid to Suppliers of Goods and Services	(33,889,069)	(40,322,206)	(74,211,275)	(2,691,205)
Net Cash Provided (Used) by Operating Activities	(4,969,807)	(40,589,935)	(45,559,742)	(500,358)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Transfers In	-	-	-	179,401
Cash Transfers Out	(17,500)	-	(17,500)	-
Payments Received from (Provided to) Other Governments	477,849	-	477,849	-
Cash Received from Property Taxes	11,590,097	81,828,118	93,418,215	-
Net Cash Provided by Noncapital Financing Activities	12,050,446	81,828,118	93,878,564	179,401
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(31,465,449)	(20,892,046)	(52,357,495)	(348,360)
Cash Received from Development Fees	-	-	16,005,327	-
Proceeds from Sale of Capital Assets	-	-	-	187,982
Cash Received from Leases and Rent	-	-	1,466,425	-
Payment Received from (Provided to) Other Funds	(2,669,425)	-	(2,669,425)	-
Interest Received (Paid) on Interfund Debt	(596,478)	-	(596,478)	-
Proceeds from Long-Term Debt	-	-	131,149,760	-
Principal Paid on Long-Term Debt	(8,535)	-	(8,535)	-
Interest Paid on Long-Term Debt	(1,139,301)	-	(1,139,301)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(35,879,188)	(20,892,046)	(56,771,234)	(160,378)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Purchases	(15,413,781)	(11,359,417)	(26,773,198)	(320,101)
Proceeds from Maturity of Investments	41,453,131	-	41,453,131	890,594
Interest Received on Investments	853,122	131,038	984,160	23,218
Net Cash Provided (Used) by Investing Activities	26,892,472	(11,228,379)	15,664,093	593,711
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(1,906,077)	9,117,758	96,002,960	112,376
Cash and Cash Equivalents - Beginning of Year	19,688,449	2,528,671	84,448,656	256,913
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,782,372	\$ 11,646,429	\$ 180,451,616	\$ 369,289
RECONCILIATION TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION				
Cash and Investments	\$ 52,477,318	\$ 34,988,710	\$ 394,608,917	\$ 1,109,435
Restricted Cash and Investments	945,260	-	147,511,712	-
Less: Investments with Maturities Greater than Three Months	(35,640,206)	(23,342,281)	(361,669,013)	(740,146)
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,782,372	\$ 11,646,429	\$ 180,451,616	\$ 369,289

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Domestic Water	Sanitation	Canal Water	Stormwater
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	\$ (4,537,122)	\$ (7,499,163)	\$ (28,428,488)	\$ (11,379,451)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Depreciation and Amortization	15,905,051	16,334,653	2,277,192	3,571,145
Other Nonoperating Revenue	3,052,972	314,113	1,768,014	462,775
(Increase) Decrease in Accounts Receivable	1,218,201	(26,679)	1,788,267	(40,771)
(Increase) Decrease in Deposits Receivable	-	-	-	-
(Increase) Decrease in Allowance for Uncollectible Accounts	-	-	-	76,503
(Increase) Decrease in Supplies Inventory	(2,505,435)	-	-	-
(Increase) Decrease in Prepaid Expenses	1,113	-	(200,000)	-
(Increase) Decrease in Deferred Outflows of Resources - OPEB Related Items	(1,362,974)	(751,027)	(333,790)	(194,712)
(Increase) Decrease in Deferred Outflows of Resources - Pension Related Items	698,644	387,523	207,424	103,779
Increase (Decrease) in Accounts Payable	(5,673,486)	(4,825,814)	(701,384)	(2,972,312)
Increase (Decrease) in Accrued Liabilities	1,410,811	90,665	47,707	51,560
Increase (Decrease) in Unearned Revenues	(300,000)	-	-	-
Increase (Decrease) in Retentions Payable	(318,456)	386,850	53,196	112,918
Increase (Decrease) in Customer Advances and Deposits	656,818	185,496	138,471	424,390
Increase (Decrease) in Compensated Absences Payable	(18,014)	(126,665)	(63,215)	80,310
Increase (Decrease) in Claims Liability	260,650	105,061	17,820,628	26,265
Increase (Decrease) in Net OPEB Liability (Asset)	1,214,385	669,152	297,400	173,487
Increase (Decrease) in Net Pension Liability	(21,880,208)	(12,136,495)	(6,496,141)	(3,250,175)
Increase (Decrease) in Deferred Inflows of Resources - OPEB Related Items	(1,809,591)	(997,122)	(443,165)	(258,515)
Increase (Decrease) in Deferred Inflows of Resources - Pension Related Items	16,214,160	8,993,657	4,813,916	2,408,517
Total Adjustments	6,764,641	8,603,368	20,974,520	775,164
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,227,519</u>	<u>\$ 1,104,205</u>	<u>\$ (7,453,968)</u>	<u>\$ (10,604,287)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Assets Contributed by Other Parties	<u>\$ 4,268,238</u>	<u>\$ 2,450,603</u>	<u>\$ -</u>	<u>\$ 3,800,000</u>
Capital Assets in Accounts Payable	<u>\$ 938,832</u>	<u>\$ 1,939,875</u>	<u>\$ 1,441,321</u>	<u>\$ 6,823,981</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	\$ (9,083,874)	\$ (46,385,481)	\$ (107,313,579)	\$ (2,964,351)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Depreciation	2,307,566	5,777,426	46,173,033	2,984,191
Other Nonoperating Revenue	516,858	-	6,114,732	36,144
(Increase) Decrease in Accounts Receivable	(403,350)	-	2,535,668	(277)
(Increase) Decrease in Deposits Receivable	-	-	-	-
(Increase) Decrease in Allowance for Uncollectible Accounts	-	-	76,503	-
(Increase) Decrease in Supplies Inventory	-	-	(2,505,435)	(91,360)
(Increase) Decrease in Prepaid Expenses	-	-	(198,887)	(30,000)
(Increase) Decrease in Deferred Outflows of Resources - OPEB Related Items	(139,078)	-	(2,781,581)	-
(Increase) Decrease in Deferred Outflows of Resources - Pension Related Items	102,682	5,232	1,505,284	57,749
Increase (Decrease) in Accounts Payable	(2,671,526)	42,168	(16,802,354)	(49,507)
Increase (Decrease) in Accrued Liabilities	30,409	9,745	1,640,897	11,134
Increase (Decrease) in Unearned Revenues	-	-	(300,000)	-
Increase (Decrease) in Retentions Payable	-	-	234,508	-
Increase (Decrease) in Customer Advances and Deposits	-	-	1,405,175	-
Increase (Decrease) in Compensated Absences Payable	(11,297)	3,407	(135,474)	14,270
Increase (Decrease) in Claims Liability	5,275,303	-	23,487,907	-
Increase (Decrease) in Net OPEB Liability	123,916	-	2,478,340	-
Increase (Decrease) in Net Pension Liability	(3,215,834)	(163,859)	(47,142,712)	(1,808,600)
Increase (Decrease) in Deferred Inflows of Resources - OPEB Related Items	(184,652)	-	(3,693,045)	-
Increase (Decrease) in Deferred Inflows of Resources - Pension Related Items	2,383,070	121,427	34,934,747	1,340,249
Total Adjustments	4,114,067	5,795,546	47,027,306	2,463,993
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,969,807)</u>	<u>\$ (40,589,935)</u>	<u>\$ (60,286,273)</u>	<u>\$ (500,358)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Assets Contributed by Other Parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,518,841</u>	<u>\$ -</u>
Capital Assets in Accounts Payable	<u>\$ 3,579,619</u>	<u>\$ -</u>	<u>\$ 14,723,628</u>	<u>\$ 323</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Custodial Funds	OPEB Trust Fund
ASSETS		
Cash and Investments	\$ 10,484,576	\$ 30,616,691
Receivables:		
Accounts	105,416	-
Property Taxes	65,457	-
Interest	20,321	2,041
Total Assets	10,675,770	30,618,732
LIABILITIES		
Accounts Payable	27,745	-
Total Liabilities	27,745	-
NET POSITION		
Restricted for OPEB	-	30,618,732
Held for Bondholders	10,648,025	-
Total Net Position	\$ 10,648,025	\$ 30,618,732

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Custodial Funds	OPEB Trust Fund
ADDITIONS		
Contributions:		
Employers	\$ -	\$ 3,379,533
Investment Earnings:		
Net Decrease in Fair Value of Investments	(368,449)	(5,554,446)
Interest, Dividends, and Other	110,398	785,071
Total Investment Earnings	(258,051)	(4,769,375)
Less Investment Costs	-	(117,198)
Net Investment Earnings	(258,051)	(4,886,573)
Special Assessments or Special Taxes Collected from Property Owners	1,746,741	-
Miscellaneous	-	-
Total Additions	1,488,690	(1,507,040)
DEDUCTIONS		
Benefits Paid to Participants or Beneficiaries	-	2,879,533
Administrative Expense	109,124	8,000
Payments for Special Assessment or Special Tax Debt	880,035	-
Property Insurance	134,540	-
Repairs and Maintenance	2,980	-
Total Deductions	1,126,679	2,887,533
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	362,011	(4,394,573)
Net Position - Beginning of Year	10,286,014	35,013,305
NET POSITION - END OF YEAR	\$ 10,648,025	\$ 30,618,732

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 blended 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 blended 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, 2022**

**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.

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.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

B. Major Fund Groups (Continued)

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.

Fiduciary Funds

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.

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.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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, debt proceeds and amounts held by fiscal agent for debt service. 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. 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.

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.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

I. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
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.

See Note 1U for discussion on right-to-use (ROU) lease assets.

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 \$10,518,841 for the year ended June 30, 2022.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions, and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 6 and 8, respectively.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 6 and 8, respectively. The statement of net position also reports deferred inflow of resources related to leases, which are more fully discussed in Note 1U and Note 3.

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, 2022**

**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. See Note 1U for discussion on lease liabilities.

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 10th 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, 2022**

**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, is 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, 2022**

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

S. 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.

T. New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating or capital leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and a right-to-use (ROU) lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of the guidance effective July 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption. There was no change to beginning net position as a result of the implementation of this standard as lease liabilities equaled ROU lease assets and lease receivables equaled deferred inflow of resources at the beginning of the period of adoption. The District is reporting lease receivables and deferred inflow of resources disclosed in Note 3, right-to-use lease assets disclosed in Note 4, and lease liabilities disclosed in Note 5.

U. Leases

Lessor

The District is a lessor for noncancellable leases of land. The District recognizes lease receivables and deferred inflow of resources in the statement of net position.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

U. Leases (Continued)

Lessor (Continued)

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

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

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

Lessee

The District is a lessee for noncancellable leases of equipment, infrastructure, and easements. The District recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the statement of net position. The District recognizes lease liabilities with an initial, individual value of \$25,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise.

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Current Assets:	
Cash and Investments	\$ 395,718,352
Noncurrent Assets:	
Restricted Cash and Investments	147,511,712
Fiduciary Funds:	
Cash and Investments	41,101,267
Total Cash and Investments	<u>\$ 584,331,331</u>

Cash and investments as of June 30, 2022, consist of the following:

Petty Cash on Hand	\$ 4,131
Deposits with Financial Institutions	76,944,256
Investments	507,382,944
Total Cash and Investments	<u>\$ 584,331,331</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, 2022**

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	None	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	None	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

Investments Authorized by Debt Agreements

Investments of debt proceeds held by the fiscal agent are governed by provisions of the debt agreements and Master Resolution, rather than the general provisions of the California Government Code or the District's investment policy. Permitted investments include (a) cash, money market or mutual funds, insured at all times by the Federal Deposit Insurance Corporation; and (b) obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality, thereof, when such obligations are backed by the full faith and credit of the U.S. including: U.S. Treasury obligations, and U.S. Federal Agency Securities.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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.

Information about the sensitivity of the fair values of the District's investments (including investments held by fiscal agent) 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, 2022:

Investment Type:	Remaining Investment Maturities			
	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months
Riverside County Treasurers				
Investment Fund	\$ 14,885,867	\$ 14,885,867	\$ -	\$ -
Money Market	52,836,503	52,836,503	-	-
U.S. Treasury Notes	109,255,954	-	25,205,751	84,050,203
Fannie Mae/Freddie Mac	62,375,611	12,876,817	49,498,794	-
Federal Agency Collateralized				
Mortgage Obligation	10,382,508	5,331,625	2,055,176	2,995,707
Federal Farm Credit Bank	13,537,266	-	5,924,976	7,612,290
Federal Home Loan Bank	34,766,956	-	30,013,711	4,753,245
Supra-National Agency Bond	11,618,001	-	6,066,389	5,551,612
Asset-Backed Securities	41,468,711	-	4,632,943	36,835,768
Medium-Term Notes	78,034,286	14,836,635	28,624,801	34,572,850
Negotiable Certificates of Deposit	11,454,442	11,454,442	-	-
OPEB Trust Mutual Funds	30,616,691	30,616,691	-	-
Held by Fiscal Agent:				
Money Market	36,150,148	36,150,148	-	-
Total Investments	<u>\$ 507,382,944</u>	<u>\$ 178,988,728</u>	<u>\$ 152,022,541</u>	<u>\$ 176,371,675</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022:

<u>Investment Type</u>	Total as of June 30, 2022	Minimum		AAA-A	Aaa*	Not Rated
		Legal Rating	Exempt From Disclosure			
Riverside County Treasurers						
Investment Fund	\$ 14,885,867	N/A	\$ -	\$ -	\$ -	\$ 14,885,867
Money Market	52,836,503	N/A	-	52,836,503	-	-
U.S. Treasury Notes	109,255,954	N/A	109,255,954	-	-	-
Fannie Mae/Freddie Mac	62,375,611	N/A	-	62,375,611	-	-
Federal Agency Collateralized						
Mortgage Obligation	10,382,508	N/A	-	10,382,508	-	-
Federal Home Loan Bank	34,766,956	N/A	-	34,766,956	-	-
Federal Farm Credit Bank	13,537,266	N/A	-	13,537,266	-	-
Supra-National Agency Bonds	11,618,001	AA	-	11,618,001	-	-
Asset Backed Securities	41,468,711	AA	-	30,544,945	10,923,766	-
Medium-Term Notes	78,034,286	A	-	78,034,286	-	-
Negotiable Certificates of Deposit	11,454,442	A	-	11,454,442	-	-
OPEB Trust Mutual Funds	30,616,691	N/A				30,616,691
Held by COP Trustee:						
Money Market	36,150,148	N/A	-	36,150,148	-	-
Total Investments	<u>\$ 507,382,944</u>		<u>\$ 109,255,954</u>	<u>\$ 341,700,666</u>	<u>\$ 10,923,766</u>	<u>\$ 45,502,558</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	\$ 26,733,012
Federal Home Loan Mortgage Corporation	Freddie Mac	35,642,599
Federal Home Loan Bank	Federal Home Loan Bank	34,766,956

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, 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.

Any withdrawal by the District for the purpose of investing or depositing those funds outside the TPIF shall have the prior written approval of the County of Riverside Treasurer-Tax Collector (TTC). The TTC's approval of the withdrawal request is based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022:

<u>Investment Type</u>	<u>Totals</u>	<u>Level</u>		
		<u>1</u>	<u>2</u>	<u>3</u>
U.S. Treasury Notes	\$ 109,255,954	\$ 109,255,954	\$ -	\$ -
Fannie Mae/Freddie Mac	62,375,611	-	62,375,611	-
Federal Agency Collateralized				
Mortgage Obligation	10,382,508	-	10,382,508	-
Federal Home Loan Bank	34,766,956	-	34,766,956	-
Federal Farm Credit Bank	13,537,266	-	13,537,266	-
Supra-National Agency Bond	11,618,001	-	11,618,001	-
Asset-Backed Securities	41,468,711	-	41,468,711	-
Medium-Term Notes	78,034,286	-	78,034,286	-
Negotiable Certificates of Deposit	11,454,442	-	11,454,442	-
OPEB Trust Mutual Funds	30,616,691	-	30,616,691	-
Total Investments	403,510,426	\$ 109,255,954	\$ 294,254,472	\$ -
Riverside County Treasurers				
Investment Fund*	14,885,867			
Money Market*	52,836,503			
Held by Fiscal Agent:				
Money Market	36,150,148			
Total Investments	\$ 507,382,944			

*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 valued using specified fair market value factors or institutional bond quotes.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 LEASE RECEIVABLES

The District, acting as lessor, leases land under long-term, non-cancelable lease agreements. The leases expire at various dates through 2049 and provide for renewal options ranging from 5 year to 10 years. During the year ended June 30, 2022, the District recognized \$789,485 and \$319,713 in lease revenue and interest revenue, respectively, pursuant to these contracts. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

At June 30, 2022, the District reported \$12,877,548 in lease receivables and \$12,507,425 in deferred inflows of resources for these contracts.

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year
Lease Receivables	\$ 13,296,909	\$ -	\$ (419,362)	\$ 12,877,547	\$ 508,544

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 508,545	\$ 309,116	\$ 817,661
2024	559,595	296,341	855,936
2025	575,463	282,700	858,163
2026	574,769	269,116	843,885
2027	531,453	255,087	786,540
2028-2032	2,725,945	1,073,712	3,799,657
2033-2037	2,430,411	762,438	3,192,849
2038-2042	1,838,995	509,505	2,348,500
2043-2047	2,221,864	275,569	2,497,433
2048-2052	910,507	32,428	942,935
Total	<u>\$ 12,877,547</u>	<u>\$ 4,066,012</u>	<u>\$ 16,943,559</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 CAPITAL ASSETS

	Balance at July 1, 2021 as Restated (1)	Transfers	Increases	Decreases	Balance at June 30, 2022
Capital Assets, not being Depreciated:					
Land and Land Rights					
Domestic Water	\$ 12,892,483	\$ 49,499	\$ -	\$ -	\$ 12,941,982
Sanitation	3,702,115	-	-	-	3,702,115
Canal Water	3,329,579	-	-	-	3,329,579
Storm Water	17,686,679	1,741,336	3,800,000	-	23,228,015
Groundwater Replenishment	30,064,808	-	-	-	30,064,808
Total Land and Land Rights	67,675,664	1,790,835	3,800,000	-	73,266,499
ROU Lease Easement:					
Domestic Water	70,410	-	-	-	70,410
Sanitation	44,006	-	-	-	44,006
Canal Water	33,445	-	-	-	33,445
Storm Water	15,842	-	-	-	15,842
Groundwater Replenishment	12,322	-	-	-	12,322
Total ROU Leased Easement	176,025	-	-	-	176,025
Construction in Progress:					
Domestic Water	38,888,081	(4,623,041)	17,257,467	(37,221) *	51,485,286
Sanitation	57,028,293	(34,317,135)	27,682,705	(185,976) *	50,207,887
Canal Water	13,266,594	(349,936)	4,881,926	-	17,798,584
Storm Water	20,453,181	(1,892,748)	49,289,833	-	67,850,266
Groundwater Replenishment	14,196,136	(205,095)	35,045,068	-	49,036,109
Internal Services	736,808	(1,000,800)	348,683	-	84,691
Total Construction in Progress	144,569,093	(42,388,755)	134,505,682	(223,197)	236,462,823
Water Rights:					
Domestic Water	73,595,304	-	-	-	73,595,304
Total Water Rights	73,595,304	-	-	-	73,595,304
Total Capital Assets not being Depreciated	286,016,086	(40,597,920)	138,305,682	(223,197)	383,500,651
Capital Assets, being Depreciated or Amortized:					
Land Improvements:					
Domestic Water	890,452	232,396	-	-	1,122,848
Sanitation	1,084,315	136,122	-	-	1,220,437
Canal Water	128,249	65,540	-	-	193,789
Storm Water	64,124	30,250	-	-	94,374
Groundwater Replenishment	44,887	40,333	-	-	85,220
Total Land Improvements	2,212,027	504,641	-	-	2,716,668
Intangibles:					
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
Internal Services	25,019	-	-	-	25,019
Total Intangibles	732,049	-	-	-	732,049
Buildings and Plant:					
Domestic Water	712,406,656	3,863,423	4,110,128	-	720,380,207
Sanitation	595,654,926	33,172,851	2,450,603	-	631,278,380
Canal Water	82,341,244	256,000	-	-	82,597,244
Storm Water	177,926,519	118,154	-	-	178,044,673
Groundwater Replenishment	117,252,666	157,539	-	-	117,410,205
Internal Services	3,827,501	-	-	-	3,827,501
Total Building and Plant	1,689,409,512	37,567,967	6,560,731	-	1,733,538,210

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance at July 1, 2021 as Restated (1)	Transfers	Increases	Decreases	Balance at June 30, 2022
Capital Assets, being Depreciated or Amortized:					
Interest in Shared Facilities:					
Canal Water	35,479,522	-	-	-	35,479,522
State Water Project	351,039,095	-	20,892,046	-	371,931,141
Total Interest in Shared Facilities	<u>386,518,617</u>	<u>-</u>	<u>20,892,046</u>	<u>-</u>	<u>407,410,663</u>
Equipment:					
Domestic Water	\$ 22,095,856	\$ 474,667	\$ -	\$ -	\$ 22,570,523
Sanitation	30,721,238	1,005,404	-	-	31,726,642
Canal Water	8,252,661	28,395	-	-	8,281,056
Storm Water	2,593,227	8,822	-	-	2,602,049
Groundwater Replenishment	679,356	7,224	-	-	686,580
Internal Services	37,629,466	1,000,800	-	(614,543)	38,015,723
Total Equipment	<u>101,971,804</u>	<u>2,525,312</u>	<u>-</u>	<u>(614,543)</u>	<u>103,882,573</u>
ROU Lease Equipment:					
Domestic Water	126,304	-	32,079	-	158,383
Sanitation	78,940	-	20,049	-	98,989
Canal Water	59,993	-	15,238	-	75,231
Storm Water	28,418	-	7,218	-	35,636
Groundwater Replenishment	22,103	-	5,614	-	27,717
Total ROU Leased Equipment	<u>315,758</u>	<u>-</u>	<u>80,198</u>	<u>-</u>	<u>395,956</u>
ROU Lease Infrastructure:					
Domestic Water	1,684,378	-	-	-	1,684,378
Sanitation	1,052,721	-	-	-	1,052,721
Canal Water	800,075	-	-	-	800,075
Storm Water	378,982	-	-	-	378,982
Groundwater Replenishment	294,764	-	-	-	294,764
Total ROU Leased Infrastructure	<u>4,210,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,210,920</u>
Total Depreciable or Amortizable Assets	<u>2,185,370,687</u>	<u>40,597,920</u>	<u>27,532,975</u>	<u>(614,543)</u>	<u>2,252,887,039</u>
Less Accumulated Depreciation or Amortization for:					
Land Improvements:					
Domestic Water	(83,245)	-	(43,051)	-	(126,296)
Sanitation	(36,141)	-	(47,195)	-	(83,336)
Canal Water	(4,271)	-	(7,698)	-	(11,969)
Storm Water	(2,136)	-	(3,799)	-	(5,935)
Groundwater Replenishment	(1,495)	-	(3,035)	-	(4,530)
Total Land Improvements	<u>(127,288)</u>	<u>-</u>	<u>(104,778)</u>	<u>-</u>	<u>(232,066)</u>
Intangibles					
Domestic Water	(12,884)	-	(19,326)	-	(32,210)
Sanitation	(6,441)	-	(9,664)	-	(16,105)
Canal Water	(3,579)	-	(5,368)	-	(8,947)
Storm Water	(4,945)	-	(7,419)	-	(12,364)
Groundwater Replenishment	(3,546)	-	(5,320)	-	(8,866)
Internal Services	(1,139)	-	(1,708)	-	(2,847)
Total Intangibles	<u>(32,534)</u>	<u>-</u>	<u>(48,805)</u>	<u>-</u>	<u>(81,339)</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance at July 1, 2021 as Restated (1)	Transfers	Increases	Decreases	Balance at June 30, 2022
Less Accumulated Depreciation or Amortization for:					
Buildings and Plant:					
Domestic Water	(291,129,158)	-	(14,952,503)	-	(306,081,661)
Sanitation	(248,918,655)	-	(14,769,760)	-	(263,688,415)
Canal Water	(18,312,770)	-	(1,667,521)	-	(19,980,291)
Storm Water	(75,908,148)	-	(3,500,437)	-	(79,408,585)
Groundwater Replenishment	(29,373,895)	-	(2,236,337)	-	(31,610,232)
Internal Services	(1,459,829)	-	(76,383)	-	(1,536,212)
Total Buildings and Plant	<u>(665,102,455)</u>	<u>-</u>	<u>(37,202,941)</u>	<u>-</u>	<u>(702,305,396)</u>
Interest in Shared Facilities:					
Canal Water	(21,632,338)	-	(354,795)	-	(21,987,133)
State Water Project	(91,054,937)	-	(5,777,426)	-	(96,832,363)
Total Interest in Shared Facilities	<u>(112,687,275)</u>	<u>-</u>	<u>(6,132,221)</u>	<u>-</u>	<u>(118,819,496)</u>
Equipment:					
Domestic Water	(12,917,368)	-	(788,640)	-	(13,706,008)
Sanitation	(8,510,865)	-	(1,443,716)	-	(9,954,581)
Canal Water	(6,027,299)	-	(195,040)	-	(6,222,339)
Storm Water	(2,305,313)	-	(43,110)	-	(2,348,423)
Groundwater Replenishment	(169,047)	-	(45,639)	-	(214,686)
Internal Services	(26,303,644)	-	(2,906,100)	614,543	(28,595,201)
Total Equipment	<u>(56,233,536)</u>	<u>-</u>	<u>(5,422,245)</u>	<u>614,543</u>	<u>(61,041,238)</u>
ROU Lease Equipment:					
Domestic Water	-	-	(31,470)	-	(31,470)
Sanitation	-	-	(19,668)	-	(19,668)
Canal Water	-	-	(14,947)	-	(14,947)
Storm Water	-	-	(7,081)	-	(7,081)
Groundwater Replenishment	-	-	(5,507)	-	(5,507)
Total ROU Leased Equipment	<u>-</u>	<u>-</u>	<u>(78,673)</u>	<u>-</u>	<u>(78,673)</u>
ROU Lease Infrastructure:					
Domestic Water	-	-	(67,026)	-	(67,026)
Sanitation	-	-	(41,891)	-	(41,891)
Canal Water	-	-	(31,837)	-	(31,837)
Storm Water	-	-	(15,080)	-	(15,080)
Groundwater Replenishment	-	-	(11,728)	-	(11,728)
Total ROU Leased Infrastructure	<u>-</u>	<u>-</u>	<u>(167,562)</u>	<u>-</u>	<u>(167,562)</u>
Total Accumulated Depreciation or Amortization	<u>(834,183,088)</u>	<u>-</u>	<u>(49,157,225)</u>	<u>614,543</u>	<u>(882,725,770)</u>
Net Depreciable or Amortizable Assets	<u>1,351,187,599</u>	<u>40,597,920</u>	<u>(21,624,250)</u>	<u>-</u>	<u>1,370,161,269</u>
Capital Assets, Net	<u>\$ 1,637,203,685</u>	<u>\$ -</u>	<u>\$ 116,681,432</u>	<u>\$ (223,197)</u>	<u>\$ 1,753,661,920</u>

(1) The beginning balance was restated due to the implementation of GASB Statement No. 87 and the correction of a misstatement. See Note 1T and Note 16, respectively.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

	<u>2022</u>	<u>2021</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>371,931,141</u>	<u>351,039,095</u>
Totals	407,410,663	386,518,617
Less: Accumulated Depreciation	<u>(118,819,496)</u>	<u>(112,687,275)</u>
Interest in Shared Facilities, Net	<u>\$ 288,591,167</u>	<u>\$ 273,831,342</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, 2022, 1,897,024 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, 2022**

NOTE 4 CAPITAL ASSETS (CONTINUED)

The following material construction commitments existed at June 30, 2022:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to Date as of June 30, 2022</u>	<u>Remaining Commitments</u>
Bermuda Dunes Country Club NPW Connection	\$ 2,890,146	\$ 2,430,270	\$ 459,876
Oasis In-Lieu Recharge - Phase 2	45,861,194	42,984,277	2,876,917
L-4 Pump Station Relocation Project - Phase II	5,573,000	5,266,703	306,297
Madison Club - Avenue 54 Meter Connection	712,959	627,459	85,500
Sun City Palm Desert Water Main Replacement Phase I	9,179,487	8,699,870	479,617
Well No. 4529-1	3,268,204	1,278,231	1,989,973
Purchase and Installation of Emergency Standby Generator for Well No. 6808-1	463,840	448,840	15,000
Salt and Nutrient Management Plan Monitoring Wells (15)	650,900	76,400	574,500
Irrigation Lateral 119.64-7.5 Replacement Project	3,879,963	728,322	3,151,641
Palm Desert Resort Country Club	1,713,804	112,541	1,601,262
The Oasis Country Club Connection	6,612,178	4,584,698	2,027,480
Woodhaven Country Club Connection	1,552,228	1,232,535	319,693
T1 Pump Station Replacement	22,635,221	10,778,691	11,856,530
Reservoir 4605-2 Design and Construction	9,518,522	8,915,782	602,740
North Indio Regional Flood Control System	605,148	309,277	295,871
Coachella Valley Stormwater Channel Improvements - Avenue 54 to the Thermal Drop Structure	50,394,778	25,244,419	25,150,359
East Side Dike Improvement Project - Phase 1 (Dune Palms to Interstate 10)	2,519,417	2,439,500	79,918
North Indio Regional Flood Control System Phase 2	88,859,118	18,448,741	70,410,377
WRP 2 Monitoring Wells	173,850	135,250	38,600
WRP 4, 7 & 10 Chemical Safety Upgrades	11,673,073	11,602,732	70,341
Total	<u>\$ 268,737,029</u>	<u>\$ 146,344,537</u>	<u>\$ 122,392,492</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT

Long-term liabilities for the year ended June 30, 2022, is as follows:

	Balance at July 1, 2021 Restated (1)	Additions	Deletions	Balance at June 30, 2022	Due Within One Year	Due After One Year
Direct Borrowings:						
Revolving Loans	\$ 9,744,000	\$ -	\$ (9,744,000)	\$ -	\$ -	\$ -
WIFIA Loan	-	33,420,512	-	33,420,512	-	33,420,512
SRF Loan	19,164,293	-	(479,414)	18,684,879	506,914	18,177,965
Other Debt:						
Revenue Notes	-	35,225,000	-	35,225,000	-	35,225,000
Certificates of Participation:						
Series 2022A	-	53,340,000	-	53,340,000	-	53,340,000
Series 2021A	42,080,000	-	-	42,080,000	-	42,080,000
Series 2021B	810,000	-	-	810,000	-	810,000
Subtotal	71,798,293	121,985,512	(10,223,414)	183,560,391	506,914	183,053,477
Add: COP Premium	11,497,433	6,999,169	(623,819)	17,872,783	-	17,872,783
Add: Revenue Notes						
Premium	-	85,731	(6,660)	79,071	-	79,071
Leases Payable	4,702,703	80,198	(121,933)	4,660,968	141,744	4,519,224
Compensated						
Absences Payable	8,989,391	128,111	(249,317)	8,868,185	3,103,868	5,764,317
Claims Payable	1,831,837	23,931,279	(443,372)	25,319,744	868,597	24,451,147
Totals	<u>\$ 98,819,657</u>	<u>\$ 153,210,000</u>	<u>\$ (11,668,515)</u>	<u>\$ 240,361,142</u>	<u>\$ 4,621,123</u>	<u>\$ 235,740,019</u>

(1) The beginning balance was restated due to the implementation of GASB Statement No. 87. See Note 1T.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 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 each occurrence, 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 for an actual or alleged breach of duty.

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Insured and Self-Insured Claims Liability (Continued)

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

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	1,831,837
Claims and Changes in Estimate	23,931,279
Claim Payments	<u>(443,372)</u>
Liability at June 30, 2022	<u><u>\$ 25,319,744</u></u>

The District is a defendant in lawsuits (Roberts v. CVWD - PSC 1905897, and Roberts v. CVWD - PSC 190493) pertaining to claims that it has improperly set its Canal Rates and Replenishment Assessment Charges in violation of state law.

As of June 30, 2022, the District's best estimate for the most likely total loss to be \$17.8 million for the Canal Fund and \$5.3M for the East Whitewater Replenishment Fund, which is included in the Groundwater Replenishment Fund, should it not prevail in the lawsuit, or upon appeal. However, based on information available as of the issuance of this report, the District estimates the total potential range of loss may be from \$0 to \$19.4 million for the Canal Fund, and \$0 to \$14.5 million for the East Whitewater Replenishment Fund. The District intends to appeal any adverse trial court decision, and believes the basis of its appeal are well founded.

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 other suits and claims will not have a material effect on the District's financial position, changes in net position, or liquidity.

Other than the claims noted previously, 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, 2022. 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 2021-2022.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

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. The agreement was amended on June 21, 2022, which reduced the maximum aggregate principal amount to \$25 million. Pursuant to this agreement, the District can borrow funds as needed across all operating funds through revolving loans provided that no more than seven 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, 2025. The District is obligated to pay an annual commitment fee equal to 25 basis points (0.25%) of unutilized line of credit. Any draw on the line of credit will be charged interest based on variable rate linked to 80% Term Secured Overnight Financing Rate, plus a credit spread of 35 basis points.

The revolving credit agreement requires the District to prescribe and collect rates, fees and charges for the Domestic, Sanitation and Stormwater funds, which are reasonably expected to be sufficient to yield net revenues during each fiscal year at least 1.25 times debt service secured by revenues for such fiscal year.

At June 30, 2022, the revolving loans have been repaid and no balances are outstanding.

WIFIA Loan Payable

On January 27, 2020, the District entered into an agreement with the U.S. Environmental Protection Agency, pursuant to the Water Infrastructure Finance and Innovation Act (WIFIA), for a loan in a principal amount not to exceed \$59,140,612 to finance a portion of eligible project costs related to the North Indio Regional Flood Control and Stormwater Channel Improvement Projects, as defined in the agreement.

The WIFIA loan has interest payable semi-annually at 1.96% per annum beginning December 1, 2023 and principal payable annually beginning June 1, 2024 through 2058. The balance outstanding at June 30, 2022, was \$33,420,512.

The WIFIA loan is secured by a pledge and lien on the Stormwater System Revenues and the Stormwater System Revenue Fund and all amounts on deposit in the WIFIA Reserve. The District is required to maintain the WIFIA Reserve in an amount at least equal to the largest WIFIA debt service payment due in any calendar year. As of June 30, 2022, the District has designated \$1,400,000 in the Stormwater fund as debt service reserve, which meets this requirement.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

WIFIA Loan Payable (Continued)

Debt service requirements of the WIFIA loan payable as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ -	\$ -	\$ -
2024	685,625	666,855	1,352,480
2025	699,064	653,416	1,352,480
2026	712,765	639,715	1,352,480
2027	726,736	625,744	1,352,480
2028-2032	3,853,004	2,909,396	6,762,400
2033-2037	4,245,693	2,516,707	6,762,400
2038-2042	4,678,404	2,083,996	6,762,400
2043-2047	5,155,216	1,607,184	6,762,400
2048-2052	5,680,624	1,081,776	6,762,400
2053-2057	6,259,579	502,820	6,762,399
2058-2062	1,326,481	25,999	1,352,480
Future Interest Added to Principal in the Loan Amortization Schedule	(602,679)	-	(602,679)
Total	<u>\$ 33,420,512</u>	<u>\$ 13,313,608</u>	<u>\$ 46,734,120</u>

SRF 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% per annum with a repayment period of 30 years after project completion. At June 30, 2022, 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. The outstanding balance of the loan at June 30, 2022, was \$18,684,879.

The SRF loan payable requires 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, 2022, was 960%. The District is also required to have a reserve of one year's debt service. As of June 30, 2022, the District has designated \$841,000 in the Domestic Water fund as debt service reserve, which meets this requirement.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

SRF Loan Payable (Continued)

Debt service requirements of the SRF loan payable as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 506,914	\$ 334,057	\$ 840,971
2024	516,080	324,891	840,971
2025	525,411	315,560	840,971
2026	534,911	306,060	840,971
2027	544,583	296,388	840,971
2028-2032	2,874,223	1,330,634	4,204,857
2033-2037	3,143,635	1,061,222	4,204,857
2038-2042	3,438,300	766,557	4,204,857
2043-2047	3,760,586	444,272	4,204,858
2048-2052	2,840,236	103,165	2,943,401
Total	<u>\$ 18,684,879</u>	<u>\$ 5,282,806</u>	<u>\$ 23,967,685</u>

Revenue Notes, Series 2022

On February 3, 2022, the District issued Drinking Water System Revenue Notes Series 2022A (2022 Notes) in an amount of \$35,225,000, plus premium, net of purchaser's discount, of \$85,731, to provide interim funding for certain capital improvements and to pay all of the interest payments with respect to the 2022 Notes.

The 2022 Notes have interest payable semi-annually on December 1 and June 1 at 1.375% per annum, and the total principal amount is payable on June 1, 2025. The balance outstanding at June 30, 2022, is \$35,225,000.

The 2022 Notes are secured by a pledge of net revenues in the Drinking Water System (Domestic Water fund). The District is required to maintain the rates and charges for the Drinking Water Service to be at least 1.25 times debt service each fiscal year. As of June 30, 2022, the Domestic Water fund's net revenue coverage was 960%.

Debt service requirements of the 2022 Notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ -	\$ -	\$ -
2024	-	633,683	633,683
2025	-	484,344	484,344
2026	35,225,000	484,344	35,709,344
Total	<u>\$ 35,225,000</u>	<u>\$ 1,602,371</u>	<u>\$ 36,827,371</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Certificates of Participation, Series 2022A

On May 5, 2022, the Corporation issued Certificates of Participation Series 2022A (2022A COP) in an amount of \$53,340,000, plus premium of \$6,999,169, pursuant to an installment purchase agreement with the District, to finance the construction and other costs of the acquisition of certain facilities for the Stormwater system not payable from the proceeds of the WIFIA Loan and Stormwater System reserves.

The 2022A COP has interest payable semi-annually on August 1 and February 1 at 5% per annum and principal payable in annual amounts ranging from \$1,095,000 to \$2,840,000 on August 1 starting in 2023 through 2042. The balance outstanding at June 30, 2022, is \$53,340,000. The 2022A COP is secured by a pledge of Stormwater System Revenues prior to the payment of operation and maintenance costs related to the Stormwater System.

Debt service requirements of the 2022A COP are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ -	\$ 1,918,758	\$ 1,918,758
2024	1,095,000	2,639,625	3,734,625
2025	1,155,000	2,583,375	3,738,375
2026	1,215,000	2,524,125	3,739,125
2027	1,275,000	2,461,875	3,736,875
2028-2032	7,430,000	11,258,750	18,688,750
2033-2037	9,540,000	9,148,000	18,688,000
2038-2042	12,250,000	6,437,500	18,687,500
2043-2047	15,735,000	2,956,875	18,691,875
2048-2052	3,645,000	91,125	3,736,125
Subtotal	<u>53,340,000</u>	<u>42,020,008</u>	<u>95,360,008</u>
Unamortized Premium	6,934,810	-	6,934,810
Total	<u>\$ 60,274,810</u>	<u>\$ 42,020,008</u>	<u>\$ 102,294,818</u>

Certificates of Participation, Series 2021A and Series 2021B

On June 15, 2021, the Corporation issued Certificates of Participation Series 2021A (2021A COP) in an amount of \$42,080,000, plus premium of \$11,497,433, and Series 2021B (2021B COP) 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.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Certificates of Participation, Series 2021A and Series 2021B (Continued)

2021A COP 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. 2021B COP 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, 2022, 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, 2022, The District's net revenue coverage was 483%.

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

Year Ending June 30,	2021A COP		2021B COP		Total
	Principal	Interest	Principal	Interest	
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	-	1,879,150	-	10,935	1,890,085
2028-2032	4,485,000	8,940,875	810,000	5,468	14,241,343
2033-2037	6,710,000	7,526,400	-	-	14,236,400
2038-2042	8,230,000	6,010,400	-	-	14,240,400
2043-2047	10,055,000	4,187,500	-	-	14,242,500
2048-2052	12,600,000	1,638,000	-	-	14,238,000
Subtotal	42,080,000	37,698,925	810,000	60,143	80,649,068
Unamortized Premium	10,937,973	-	-	-	10,937,973
Total	<u>\$ 53,017,973</u>	<u>\$ 37,698,925</u>	<u>\$ 810,000</u>	<u>\$ 60,143</u>	<u>\$ 91,587,041</u>

Leases Payable

The District leases equipment, infrastructure, and easements for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2049 and provide for renewal options ranging from 3 months to 30 years. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Leases Payable (Continued)

Total future minimum lease payments under lease agreement are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 141,744	\$ 111,428	\$ 253,172
2024	151,106	107,906	259,012
2025	161,074	104,151	265,225
2026	112,375	100,625	213,000
2027	97,287	98,223	195,510
2028-2032	539,456	453,912	993,368
2033-2037	751,604	377,107	1,128,711
2038-2042	1,097,510	266,514	1,364,024
2043-2047	1,119,948	121,153	1,241,101
2048-2052	488,864	14,302	503,166
Total	<u>\$ 4,660,968</u>	<u>\$ 1,755,321</u>	<u>\$ 6,416,289</u>

NOTE 6 SPECIAL ASSESSMENT DEBT WITHOUT GOVERNMENT COMMITMENT

As of June 30, 2022, 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, 2022, the following limited obligation Improvement Bonds remain outstanding:

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2022</u>
Assessment District No. 68	2002	\$ 2,560,000	\$ 810,000
Assessment District No. 70	2006	8,239,480	2,800,000
Assessment District No. 33	2010	786,528	571,528
Total Noncommittal Debt Issues		<u>\$ 11,586,008</u>	<u>\$ 4,181,528</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 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.
- 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.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 MISCELLANEOUS PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

The Plan's provisions and benefits in effect at the June 30, 2022, 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	0.00%	8.00%	7.16%
Required Employer Contribution Rates: Normal Cost Rates	0.00%	9.73%	6.75%
Payment of Unfunded Liability	\$ -	\$ 15,229,790	\$ -

* There were no active employees in this plan during this 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 PEPR 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, 2021 measurement date, the following employees were covered by the benefit terms of the Plan:

Retired Employees and Beneficiaries	511
Terminated or Transferred Employees	163
Active Employees	549
Total	1,223

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, 2022, the District made payments totaling \$20,107,596.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 MISCELLANEOUS PENSION PLAN (CONTINUED)

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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, 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, 2020
Measurement Date	June 30, 2021
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.

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.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 MISCELLANEOUS PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return (Continued)

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.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-2021. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 MISCELLANEOUS PENSION PLAN (CONTINUED)

Subsequent Events (Continued)

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 6/30/2020 (Measurement Date)	\$ 444,962,419	\$ 321,527,212	\$ 123,435,207
Changes Recognized for the Measurement Period:			
Service Cost	7,942,466	-	7,942,466
Interest on Total Pension Liability	31,737,495	-	31,737,495
Differences Between Expected and Actual Experience	6,421,699	-	6,421,699
Contributions from the Employer	-	18,081,422	(18,081,422)
Contributions from the Employee	-	3,737,475	(3,737,475)
Net Investment Income	-	73,555,261	(73,555,261)
Benefit Payments, Including Refunds of Employee Contributions	(22,948,596)	(22,948,596)	-
Administrative Expense	-	(321,186)	321,186
Net Changes	23,153,064	72,104,376	(48,951,312)
Balance at 6/30/21 (Measurement Date)	<u>\$ 468,115,483</u>	<u>\$ 393,631,588</u>	<u>\$ 74,483,895</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%	Current Discount Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Net Pension Liability	<u>\$ 137,596,306</u>	<u>\$ 74,483,895</u>	<u>\$ 22,358,978</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 MISCELLANEOUS PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2022, the District recognized pension expense of \$8,995,540. At June 30, 2022, 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	\$ 20,107,596	\$ -
Changes in Assumptions	-	(599,303)
Difference Between Expected and Actual Experiences	9,563,573	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(36,735,998)
Total	<u>\$ 29,671,169</u>	<u>\$ (37,335,301)</u>

The \$20,107,596 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, 2023. 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>
2023	\$ (6,743,094)
2024	(5,805,025)
2024	(6,744,037)
2025	(8,726,561)
2026	246,989
Total	<u>\$ (27,771,728)</u>

Payable to the Pension Plan

At June 30, 2022, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 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, permit 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 9 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, 2022**

NOTE 9 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, 2022:

Retired Employees and Beneficiaries	138
Active Employees	548
Total	686

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 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 presented as geometric means.

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, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>PFM Target Allocation</u>	<u>Expected Real Rate of Return</u>
Domestic equity	39%	4.29%
International equity	21%	4.67%
Fixed income	40%	0.78%
Total	<u>100%</u>	

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -13.65%. 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, 2022**

NOTE 9 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, 2022, the District made \$2,224,533 in payments to retirees, \$500,000 in contributions to the trust, and the estimated implied subsidy was \$655,000, resulting in total benefit payments of \$3,379,533.

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, 2022, using an actuarial valuation as of June 30, 2021. The District's total OPEB liability in the June 30, 2021 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, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age normal, level percent of Pay
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.50%
Projected Salary Increase	2.75%
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality Improvement Scale MP-2021
Healthcare Trend	6.50% non-Medicare; 5.65% Medicare (non-Kaiser); 4.60% Medicare (Kaiser); decreasing to an ultimate rate of 3.75% on 2076

The actuarial assumptions used in the June 30, 2021, 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, 2022**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Discount Rate (Continued)

The discount rate utilized to measure the total OPEB liability was 5.75%. The current OPEB plan's fiduciary net position and expected District 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:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021 (Measurement Date)	\$ 34,842,935	\$ 35,013,305	\$ (170,370)
Changes Recognized for the Measurement Period:			
Service Cost	1,265,673	-	1,265,673
Interest	2,166,803	-	2,166,803
Difference Between Expected and Actual Experience	(2,879,460)	-	(2,879,460)
Changes of Assumptions	410,284	-	410,284
Contribution - Employer*	-	3,379,533	(3,379,533)
Net Investment Income	-	(4,886,573)	4,886,573
Benefit Payments	(2,879,533)	(2,879,533)	-
Administrative Expense	-	(8,000)	8,000
Net Changes	<u>(1,916,233)</u>	<u>(4,394,573)</u>	<u>2,478,340</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 32,926,702</u>	<u>\$ 30,618,732</u>	<u>\$ 2,307,970</u>

* Includes implied subsidy of \$655,000

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 (4.75%) or one-percentage-point higher (6.75%) than the current discount rate:

	Discount Rate - 1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
Net OPEB Liability (Asset)	<u>\$ 5,328,047</u>	<u>\$ 2,307,970</u>	<u>\$ (414,652)</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 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:

	1% Decrease 5.5% non-medicare; 4.65% medicare (non- Kaiser); 3.60% medicare (Kaiser)	Current Healthcare Cost Trend Rates 6.5% non-medicare; 5.65% medicare (non- Kaiser); 4.60% medicare (Kaiser)	1% Increase 7.5% non-medicare; 6.65% medicare (non- Kaiser); 5.60% medicare (Kaiser)
Net OPEB Liability (Asset)	<u>\$ (1,441,691)</u>	<u>\$ 2,307,970</u>	<u>\$ 6,750,297</u>

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

For the fiscal year ended June 30, 2022, the District recognized OPEB income of \$616,753. As of fiscal year ended June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Inflow of Resources
Changes of Assumptions	\$ 366,637	\$ (5,071,066)
Differences Between Expected and Actual Experiences	-	(6,094,929)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	2,414,944	-
Total	<u>\$ 2,781,581</u>	<u>\$ (11,165,995)</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>
2023	\$ (1,811,149)
2024	(1,812,164)
2025	(1,811,641)
2026	(605,058)
2027	(856,989)
Thereafter	(1,487,413)
Total	<u>\$ (8,384,414)</u>

Payable to the OPEB Plan

At June 30, 2022, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 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 83 TAF for calendar year 2022), under the IID-CVWD Acquisition Agreement. This additional water is transferred in two separate installments (up to 50 TAF, and up to 33 TAF for calendar year 2022), 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		33 TAF IID		35 TAF MWD		Total IID/MWD	
	Vol (af)	Cost	Vol (af)	Cost	Vol (af)	Cost	Vol (af)	Cost
2022	50,000	\$ 5,020,000	33,000	\$ 8,283,330	35,000	\$ 11,060,000	118,000	\$ 24,363,330
2023	50,000	5,170,600	38,000	9,824,531	35,000	11,391,800	123,000	26,386,931
2024	50,000	5,325,718	43,000	11,450,750	35,000	11,733,554	128,000	28,510,022
2025	50,000	5,485,490	48,000	13,165,699	35,000	12,085,561	133,000	30,736,750
2026	50,000	5,650,054	53,000	14,973,240	35,000	12,448,127	138,000	33,071,422
2027	50,000	5,819,556	53,000	15,422,437	35,000	12,821,571	138,000	34,063,565
2028 to 2077	2,500,000	676,120,499	2,650,000	1,791,790,706	1,750,000	1,489,620,064	6,900,000	3,957,531,270

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 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 (2003 dollars (\$)) 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 (2003 \$), which has an approximate future value of \$73.6 million (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 (2025 \$), and represents a savings of approximately \$4 million.

In January 2015, the QSA requested and CVWD's of board 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 the 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>
2022	\$ 2,706,745	\$ -	\$ 2,706,745
2023	6,953,711	(4,220,705)	2,733,006
2024	2,748,523	(2,596,647)	151,876
2025	1,446,565	(881,435)	565,130

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 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 the District. 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 the District is not a direct party to the Draft Stipulated Order, the District is actively participating in the discussions as necessary to ensure that the conditions in the QSA are not negatively impacted. The District also monitors the Salton Sea activities through its active participation on the Salton Sea Authority Board.

NOTE 11 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, the District 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, 2022**

**NOTE 11 DEPARTMENT OF WATER RESOURCES (DWR) WATER SUPPLY CONTRACT
COMMITMENT (CONTINUED)**

The current Contract and its amendments provide the District 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 the District have access to both SWP water and Colorado River water, an agreement was negotiated to allow the District 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 District 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 the District 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, 2022**

**NOTE 11 DEPARTMENT OF WATER RESOURCES (DWR) WATER SUPPLY CONTRACT
COMMITMENT (CONTINUED)**

As of calendar year 2022, the District's estimated commitment through the Statement of Charges is as follows:

<u>Calendar Year</u>	<u>Amount due</u>
2022	\$ 51,393,972
2023	69,572,144
2024	69,196,749
2025	68,992,778
2026	66,624,643
2027	66,687,406
2028	66,322,234
2029	67,058,534
2030	65,031,080
2031	66,835,205
2032	64,737,905
2033	67,043,907
2034	65,008,904
2035	70,180,966
Total	<u><u>\$ 924,686,427</u></u>

**NOTE 12 COMMITMENT TO PARTICIPATE IN LOWER COLORADO RIVER MULTI-SPECIES
CONSERVATION PROGRAM**

The implementation of the Program is estimated to cost approximately \$626 million (2003 dollars) over a 50-year term. The Department of the Interior has committed to pay for one-half of the estimated Program cost and any increases in the estimated cost other than increases due to inflation. This commitment protects the states from unforeseeable cost increases. The other half of the estimated total cost is paid for by the three lower basin states: California (50%), Arizona (25%), and Nevada (25%). The District's contribution is \$14,089,050 (2003 dollars), which is 9% of California's share. Quarterly payments are made in accordance with the implementation schedule developed for the Program. The District recognized \$703,616 in Program expenses for fiscal year ending on June 30, 2022.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Long-term interfund receivables and payables consisted of the following as of June 30, 2022:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Domestic Water Fund	Groundwater Replenishment Fund (East Whitewater RAC)	\$ 2,062,808
Domestic Water Fund	Groundwater Replenishment Fund (West RAC)	50,695,316
	Total	<u>\$ 52,758,124</u>

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, 2022, was \$2,062,808.

The annual scheduled repayments on the Domestic Water Fund and Groundwater Replenishment Fund (East Whitewater RAC) interfund advance as of June 30, 2022, are as follows:

<u>Martinez Canyon Spreading Area and the (TEL) Facilities Loan</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 2,062,808</u>	<u>\$ 13,882</u>	<u>\$ 2,076,690</u>

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, 2022, there was a principal payment of \$641,159. 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, 2022, was \$50,695,316.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Transfers in and out for the year ended June 30, 2022, are summarized as follows:

From	To	Amount
Domestic Water Fund	Motorpool Fund	\$ 14,957
Sanitation Fund	Motorpool Fund	5,244
Canal Water Fund	Motorpool Fund	29,365
Stormwater Fund	Motorpool Fund	112,335
Groundwater Replenishment Fund	Motorpool Fund	17,500
	Total	<u>\$ 179,401</u>

The Domestic Water Fund, Sanitation Fund, Canal Water Fund, Stormwater and Groundwater Replenishment Fund transferred \$179,401 to the Motorpool Fund to fund capital asset acquisitions.

NOTE 14 RESTRICTED AND UNRESTRICTED NET POSITION

Net Investment in Capital Assets	\$ 1,606,556,071
Restricted Net Position:	
Construction, Capital, and Replacement Funds	73,236,932
Debt Service	841,000
State Water Project	37,434,260
Unrestricted	243,579,368
Total Net Position	<u>\$ 1,961,647,631</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	\$ 29,209,000
Rate Stabilization	12,387,000
Capital Improvement	55,269,000
Debt Service	6,403,000
Emergency Repair	52,403,000
Motorpool Replacement	6,705,000
Other Undesignated Net Position	81,203,368
Unrestricted Net Position	<u>\$ 243,579,368</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 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.

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 DCA does not issue separate financial statements.

NOTE 16 RESTATEMENT OF NET POSITION

	<u>Canal Water</u>
Net Position at July 1, 2021, as Originally Reported	\$ 136,053,248
To Expense Costs Incurred in Prior Years	
Which Were Incorrectly Capitalized	(1,794,678)
Net Position at July 1, 2022, as Restated	\$ 134,258,570

In fiscal year 2020-21, the District incurred and capitalized costs in the Canal Water Fund for assets that belong to another entity. Those costs should have been recorded as an expense as they were reimbursed by the other entity.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 SUBSEQUENT EVENT

In September 2022, the District entered into a repayment contract with the Department of Interior, Bureau of Reclamation for a loan of up to \$60,931,425 for the extraordinary operation and maintenance work for replacement of the distribution system for the Coachella branch of the All American Canal. Repayment is due within 30 years, with a maximum interest rate of 3.25%, from the date of the first payment. Initial debt service payment is anticipated to begin in fiscal year 2024 from the Canal Water Fund.

**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
TOTAL PENSION LIABILITY					
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)
Net Change in Total Pension Liability	13,822,304	6,024,307	16,044,050	39,567,829	13,828,056
Total Pension Liability - Beginning of Year	314,018,404	327,840,708	333,865,015	349,909,065	389,476,894
Total Pension Liability - End of Year (a)	327,840,708	333,865,015	349,909,065	389,476,894	403,304,950
PLAN FIDUCIARY NET POSITION					
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)
Net Change in Plan Fiduciary Net Position	29,713,292	565,370	(2,831,706)	22,116,868	17,036,585
Plan Fiduciary Net Position - Beginning of Year	199,307,780	229,021,072	229,586,442	226,754,736	248,871,604
Plan Fiduciary Net Position - End of Year (b)	229,021,072	229,586,442	226,754,736	248,871,604	265,908,189
Net Pension Liability - Ending (a)-(b)	\$ 98,819,636	\$ 104,278,573	\$ 123,154,329	\$ 140,605,290	\$ 137,396,761
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.86%	68.77%	64.80%	63.90%	65.93%
Covered Payroll	\$ 34,880,240	\$ 36,151,428	\$ 38,917,148	\$ 40,954,846	\$ 42,572,677
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 eight 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***

	2020	2021	2022
Fiscal Year Ended	June 30, 2020	June 30, 2021	June 30, 2022
Measurement Period	June 30, 2019	June 30, 2020	June 30, 2021
TOTAL PENSION LIABILITY			
Service Cost	\$ 7,421,549	\$ 7,728,980	\$ 7,942,466
Interest on Total Pension Liability	28,788,099	30,139,385	31,737,495
Changes in Assumptions	-	-	-
Differences Between Expected and Actual Experience	5,511,121	3,003,163	6,421,699
Benefit Payments, Including Refunds of Employee Contributions	(19,792,178)	(21,142,650)	(22,948,596)
Net Change in Total Pension Liability	21,928,591	19,728,878	23,153,064
Total Pension Liability - Beginning of Year	403,304,950	425,233,541	444,962,419
Total Pension Liability - End of Year (a)	425,233,541	444,962,419	468,115,483
PLAN FIDUCIARY NET POSITION			
Plan to Plan Resource Movement	-	-	-
Contributions - Employer	33,850,043	22,901,638	18,081,422
Contributions - Employee	3,543,253	3,595,610	3,737,475
Net Investment Income	17,974,095	15,303,105	73,555,261
Benefit Payments	(19,792,178)	(21,142,650)	(22,948,596)
Administrative Expense	(189,758)	(424,751)	(321,186)
Other Miscellaneous Income (Expense)	616	-	-
Net Change in Plan Fiduciary Net Position	35,386,071	20,232,952	72,104,376
Plan Fiduciary Net Position - Beginning of Year	265,908,189	301,294,260	321,527,212
Plan Fiduciary Net Position - End of Year (b)	301,294,260	321,527,212	393,631,588
Net Pension Liability - Ending (a)-(b)	\$ 123,939,281	\$ 123,435,207	\$ 74,483,895
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	72.26%	84.09%
Covered Payroll	\$ 45,067,739	\$ 46,938,578	\$ 48,621,446
Net Pension Liability as a Percentage of Covered Payroll	275.01%	262.97%	153.19%

Notes to Schedule

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2019 to June 30, 2022:

There were no changes in assumptions.

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

**COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF PLAN CONTRIBUTIONS – MISCELLANEOUS PENSION 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 eight years are shown.

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

	2020	2021	2022
Fiscal Year Ended	June 30, 2020	June 30, 2021	June 30, 2022
Contractually Required Contribution (Actuarially Determined)	\$ 18,401,638	\$ 17,480,196	\$ 18,807,596
Contributions in Relation to the Actuarially Determined Contributions	<u>(22,901,638)</u>	<u>(18,080,196)</u>	<u>(20,107,596)</u>
Contribution Deficiency (Excess)	<u>\$ (4,500,000)</u>	<u>\$ (600,000)</u>	<u>\$ (1,300,000)</u>
Covered Payroll	<u>\$ 46,938,578</u>	<u>\$ 48,621,446</u>	<u>\$ 50,112,556</u>
Contributions as a Percentage of Covered Payroll	48.79%	37.19%	40.12%

Notes to Schedule

Valuation Date	6/30/2017	6/30/2018	6/30/2019
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value
Inflation	2.625%	2.50%	2.50%
Salary Increases	(2)	(2)	(2)
Investment Rate of Return	7.25% (3)	7.00% (3)	7.00% (3)
Retirement Age	(4)	(4)	(4)
Mortality	(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 eight 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***

	2017	2018	2019	2020	2021
Fiscal Year End	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
TOTAL OPEB LIABILITY					
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	(1,821,000)	(1,957,000)	(2,099,162)	(2,228,298)	(2,353,855)
Net Change in Total OPEB Liability	1,212,000	(10,060,000)	1,440,041	(3,911,876)	993,770
Total OPEB Liability - Beginning of Year	45,169,000	46,381,000	36,321,000	37,761,041	33,849,165
Total OPEB Liability - End of Year (a)	46,381,000	36,321,000	37,761,041	33,849,165	34,842,935
PLAN FIDUCIARY NET POSITION					
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	(16,000)	(10,000)	(9,604)	(8,000)	(8,000)
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	(1,821,000)	(1,957,000)	(2,099,162)	(2,228,298)	(2,353,855)
Net Change in Plan Fiduciary Net Position	2,143,000	1,748,000	1,501,571	2,105,083	7,141,651
Plan Fiduciary Net Position - Beginning of Year	20,374,000	22,517,000	24,265,000	25,766,571	27,871,654
Plan Fiduciary Net Position - End of Year (b)	22,517,000	24,265,000	25,766,571	27,871,654	35,013,305
Net OPEB Liability - Ending (a)-(b)	\$ 23,864,000	\$ 12,056,000	\$ 11,994,470	\$ 5,977,511	\$ (170,370)
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	\$ 40,954,846	\$ 42,572,677	\$ 45,067,739	\$ 46,938,578	\$ 48,621,446
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, 2017 to June 30, 2018:

The discount rate was changed from 3.50% to 6.25%

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.

*Fiscal year 2017 was the first year of implementation; therefore, only six years are shown.

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

	<u>2022</u>
Fiscal Year End	<u>June 30, 2022</u>
Measurement Date	<u>June 30, 2022</u>
TOTAL OPEB LIABILITY	
Service Cost	\$ 1,265,673
Interest on Total OPEB Liability	2,166,803
Difference Between Expected and Actual Experience	(2,879,460)
Changes in Assumptions	410,284
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	<u>(2,879,533)</u>
Net Change in Total OPEB Liability	(1,916,233)
Total OPEB Liability - Beginning of Year	<u>34,842,935</u>
Total OPEB Liability - End of Year (a)	<u>32,926,702</u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	3,379,533
Net Investment Income	(4,886,573)
Administrative Expenses	(8,000)
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	<u>(2,879,533)</u>
Net Change in Plan Fiduciary Net Position	(4,394,573)
Plan Fiduciary Net Position - Beginning of Year	<u>35,013,305</u>
Plan Fiduciary Net Position - End of Year (b)	<u>30,618,732</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 2,307,970</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	92.99%
Covered-Employee Payroll	<u>\$ 50,112,556</u>
Net OPEB Liability as Percentage of Covered-Employee Payroll	4.61%

Notes to Schedule

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2021 to June 30, 2022:

Inflation assumption decreased from 2.75% to 2.50% reducing long term rate of return, discount rate, salary scale, and trend assumption by 0.25%, discount rate was updated based on newer capital market assumptions, CalPER demographic rates updated, decreased medical trend rate for Kaiser Senior Advantage, mortality improvement scale was updated to Scale MP-2021.

*Fiscal year 2017 was the first year of implementation; therefore, only six years are shown.

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

	<u>2021</u>	<u>2022</u>
Fiscal Year End	June 30, 2021	June 30, 2022
Actuarially Determined Contribution	\$ 1,762,000	\$ 1,764,000
Contributions in Relation to the Actuarially Determined Contributions	<u>(2,353,855)</u>	<u>(3,379,533)</u>
Contribution Deficiency (Excess)	<u>\$ (591,855)</u>	<u>\$ (1,615,533)</u>
Covered-Employee Payroll	<u>\$ 48,621,446</u>	<u>\$ 50,112,556</u>
Contributions as a Percentage of Covered-Employee Payroll	4.84%	6.74%

Notes to Schedule

Valuation Date	6/30/2019	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 fixed period
Discount Rate	6.25%
Inflation	2.75%
Medical Trend	7.25% Non-Medicare/6.3% 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 two years are 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%
	<u>2022</u>				
Annual Money-weighted Rate of Return, Net of Investment Expense	-13.65%				

(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 six years are shown.

**COACHELLA VALLEY WATER DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION –
 ALL CUSTODIAL FUNDS
 JUNE 30, 2022**

	<u>Assessment District No. 33</u>	<u>Assessment District No. 67</u>	<u>Assessment District No. 68</u>
ASSETS			
Cash and Investments	\$ 207,204	\$ 75,233	\$ 454,114
Receivables:			
Accounts	-	-	-
Property Taxes	-	3,608	2,143
Interest	400	145	909
Total Assets	<u>207,604</u>	<u>78,986</u>	<u>457,166</u>
LIABILITIES			
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Held for Bondholders	<u>207,604</u>	<u>78,986</u>	<u>457,166</u>
Total Net Position	<u>\$ 207,604</u>	<u>\$ 78,986</u>	<u>\$ 457,166</u>

**COACHELLA VALLEY WATER DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION –
 ALL CUSTODIAL FUNDS (CONTINUED)
 JUNE 30, 2022**

	Assessment District No. 70	Community Facilities District No. 102	Facilities District - 2015-01	Totals
ASSETS				
Cash and Investments	\$ 1,281,210	\$ 8,456,839	\$ 9,976	\$ 10,484,576
Receivables:				
Accounts	105,416	-	-	105,416
Property Taxes	32,537	27,169	-	65,457
Interest	2,521	16,327	19	20,321
Total Assets	<u>1,421,684</u>	<u>8,500,335</u>	<u>9,995</u>	<u>10,675,770</u>
LIABILITIES				
Accounts Payable	10,734	17,011	-	27,745
Total Liabilities	<u>10,734</u>	<u>17,011</u>	<u>-</u>	<u>27,745</u>
NET POSITION				
Held for Bondholders	1,410,950	8,483,324	9,995	10,648,025
Total Net Position	<u>\$ 1,410,950</u>	<u>\$ 8,483,324</u>	<u>\$ 9,995</u>	<u>\$ 10,648,025</u>

**COACHELLA VALLEY WATER DISTRICT
COMBINING STATEMENT OF CHANGE IN FIDUCIARY
NET POSITION – ALL CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>Assessment District No. 33</u>	<u>Assessment District No. 67</u>	<u>Assessment District No. 68</u>
ADDITIONS			
Investment Earnings:			
Net Decrease in Fair Value of Investments	\$ (7,092)	\$ (4,751)	\$ (16,827)
Interest and Dividends	1,961	725	3,762
Special Assessments or Special Taxes Collected from Property Owners	65,153	3,683	217,086
Miscellaneous	-	-	-
Total Additions	<u>60,022</u>	<u>(343)</u>	<u>204,021</u>
DEDUCTIONS			
Administrative Expense	4,678	30	22,759
Payments for Special Assessment or Special Tax Debt	55,531	-	189,844
Property Insurance	-	-	-
Repairs and Maintenance	-	-	-
Total Deductions	<u>60,209</u>	<u>30</u>	<u>212,603</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(187)	(373)	(8,582)
Net Position - Beginning of Year	<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, 2022**

	Assessment District No. 70	Community Facilities District No. 102	Facilities District - 2015-01	Totals
ADDITIONS				
Investment Earnings:				
Net Decrease in Fair Value of Investments	\$ (46,853)	\$ (292,804)	\$ (122)	\$ (368,449)
Interest and Dividends	9,835	93,999	116	110,398
Special Assessments or Special Taxes Collected from Property Owners	717,905	742,914	-	1,746,741
Miscellaneous	-	-	-	-
Total Additions	<u>680,887</u>	<u>544,109</u>	<u>(6)</u>	<u>1,488,690</u>
DEDUCTIONS				
Administrative Expense	39,882	41,771	4	109,124
Payments for Special Assessment or Special Tax Debt	634,660	-	-	880,035
Property Insurance	-	134,540	-	134,540
Repairs and Maintenance	-	2,980	-	2,980
Total Deductions	<u>674,542</u>	<u>179,291</u>	<u>4</u>	<u>1,126,679</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	6,345	364,818	(10)	362,011
Net Position - Beginning of Year	<u>1,404,605</u>	<u>8,118,506</u>	<u>10,005</u>	<u>10,286,014</u>

**COACHELLA VALLEY WATER DISTRICT
SCHEDULES OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Principal Payments ¹	Interest Payments ¹	Total Debt Service ¹	Principal Balance ¹
Debt Issuance: 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

**COACHELLA VALLEY WATER DISTRICT
SCHEDULES OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Principal Payments¹	Interest Payments¹	Total Debt Service¹	Principal Balance¹
Debt Issuance: 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 whole dollar.

**COACHELLA VALLEY WATER DISTRICT
SCHEDULES OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Principal Payments¹	Interest Payments¹	Total Debt Service¹	Principal Balance¹
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 whole dollar.

**COACHELLA VALLEY WATER DISTRICT
SCHEDULES OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Principal Payments¹	Interest Payments¹	Total Debt Service¹	Principal Balance¹
Debt Issuance: Coachella Valley Water District, 2022A-Original Issue \$53,340,000					
6/30/2022	5.00	\$ -	\$ -	\$ -	\$ 53,340,000
8/1/2022	5.00	-	585,258	585,258	53,340,000
2/1/2023	5.00	-	1,333,500	\$ 1,333,500	53,340,000
8/1/2023	5.00	1,095,000	1,333,500	\$ 2,428,500	52,245,000
2/1/2024	5.00	-	1,306,125	\$ 1,306,125	52,245,000
8/1/2024	5.00	1,155,000	1,306,125	\$ 2,461,125	51,090,000
2/1/2025	5.00	-	1,277,250	\$ 1,277,250	51,090,000
8/1/2025	5.00	1,215,000	1,277,250	\$ 2,492,250	49,875,000
2/1/2026	5.00	-	1,246,875	\$ 1,246,875	49,875,000
8/1/2026	5.00	1,275,000	1,246,875	\$ 2,521,875	48,600,000
2/1/2027	5.00	-	1,215,000	\$ 1,215,000	48,600,000
8/1/2027	5.00	1,340,000	1,215,000	\$ 2,555,000	47,260,000
2/1/2028	5.00	-	1,181,500	\$ 1,181,500	47,260,000
8/1/2028	5.00	1,410,000	1,181,500	\$ 2,591,500	45,850,000
2/1/2029	5.00	-	1,146,250	\$ 1,146,250	45,850,000
8/1/2029	5.00	1,480,000	1,146,250	\$ 2,626,250	44,370,000
2/1/2030	5.00	-	1,109,250	\$ 1,109,250	44,370,000
8/1/2030	5.00	1,560,000	1,109,250	\$ 2,669,250	42,810,000
2/1/2031	5.00	-	1,070,250	\$ 1,070,250	42,810,000
8/1/2031	5.00	1,640,000	1,070,250	\$ 2,710,250	41,170,000
2/1/2032	5.00	-	1,029,250	\$ 1,029,250	41,170,000
8/1/2032	5.00	1,720,000	1,029,250	\$ 2,749,250	39,450,000
2/1/2033	5.00	-	986,250	\$ 986,250	39,450,000
8/1/2033	5.00	1,810,000	986,250	\$ 2,796,250	37,640,000
2/1/2034	5.00	-	941,000	\$ 941,000	37,640,000
8/1/2034	5.00	1,905,000	941,000	\$ 2,846,000	35,735,000
2/1/2035	5.00	-	893,375	\$ 893,375	35,735,000
8/1/2035	5.00	2,000,000	893,375	\$ 2,893,375	33,735,000
2/1/2036	5.00	-	843,375	\$ 843,375	33,735,000
8/1/2036	5.00	2,105,000	843,375	\$ 2,948,375	31,630,000
2/1/2037	5.00	-	790,750	\$ 790,750	31,630,000
8/1/2037	5.00	2,210,000	790,750	\$ 3,000,750	29,420,000
2/1/2038	5.00	-	735,500	\$ 735,500	29,420,000
8/1/2038	5.00	2,325,000	735,500	\$ 3,060,500	27,095,000

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

**COACHELLA VALLEY WATER DISTRICT
SCHEDULES OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Principal Payments¹	Interest Payments¹	Total Debt Service¹	Principal Balance¹
Debt Issuance: Coachella Valley Water District, 2022A-Original Issue \$53,340,000					
2/1/2039	5.00	-	677,375	\$ 677,375	27,095,000
8/1/2039	5.00	2,445,000	677,375	\$ 3,122,375	24,650,000
2/1/2040	5.00	-	616,250	\$ 616,250	24,650,000
8/1/2040	5.00	2,570,000	616,250	\$ 3,186,250	22,080,000
2/1/2041	5.00	-	552,000	\$ 552,000	22,080,000
8/1/2041	5.00	2,700,000	552,000	\$ 3,252,000	19,380,000
2/1/2042	5.00	-	484,500	\$ 484,500	19,380,000
8/1/2042	5.00	2,840,000	484,500	\$ 3,324,500	16,540,000
2/1/2043	5.00	-	413,500	\$ 413,500	16,540,000
8/1/2043	5.00	2,985,000	413,500	\$ 3,398,500	13,555,000
2/1/2044	5.00	-	338,875	\$ 338,875	13,555,000
8/1/2044	5.00	3,140,000	338,875	\$ 3,478,875	10,415,000
2/1/2045	5.00	-	260,375	\$ 260,375	10,415,000
8/1/2045	5.00	3,300,000	260,375	\$ 3,560,375	7,115,000
2/1/2046	5.00	-	177,875	\$ 177,875	7,115,000
8/1/2046	5.00	3,470,000	177,875	\$ 3,647,875	3,645,000
2/1/2047	5.00	-	91,125	\$ 91,125	3,645,000
8/1/2047	5.00	3,645,000	91,125	\$ 3,736,125	-

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

**COACHELLA VALLEY WATER DISTRICT
SCHEDULES OF MATURITIES OF LOANS PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Loan Draws ¹	Principal Forgiveness ¹	Principal Payments ¹	Interest Payments ¹	Total Debt Service ¹	Principal Balance ¹
State of California Water Resource Control Board - Original Loan \$19,391,505							
7/1/2021	1.8	\$ -	\$ -	\$ 221,774	\$ 151,493	\$ 373,268	\$ 18,942,499
1/1/2022	1.8	-	-	257,620	162,866	420,486	18,684,879
7/1/2022	1.8	-	-	252,322	168,164	420,486	18,432,557
1/1/2023	1.8	-	-	254,593	165,893	420,486	18,177,965
7/1/2023	1.8	-	-	256,884	163,602	420,486	17,921,081
1/1/2024	1.8	-	-	259,196	161,290	420,486	17,661,885
7/1/2024	1.8	-	-	261,529	158,957	420,486	17,400,356
1/1/2025	1.8	-	-	263,883	156,603	420,486	17,136,473
7/1/2025	1.8	-	-	266,257	154,228	420,486	16,870,216
1/1/2026	1.8	-	-	268,654	151,832	420,486	16,601,562
7/1/2026	1.8	-	-	271,072	149,414	420,486	16,330,491
1/1/2027	1.8	-	-	273,511	146,974	420,486	16,056,979
7/1/2027	1.8	-	-	275,973	144,513	420,486	15,781,006
1/1/2028	1.8	-	-	278,457	142,029	420,486	15,502,550
7/1/2028	1.8	-	-	280,963	139,523	420,486	15,221,587
1/1/2029	1.8	-	-	283,491	136,994	420,486	14,938,096
7/1/2029	1.8	-	-	286,043	134,443	420,486	14,652,053
1/1/2030	1.8	-	-	288,617	131,868	420,486	14,363,435
7/1/2030	1.8	-	-	291,215	129,271	420,486	14,072,221
1/1/2031	1.8	-	-	293,836	126,650	420,486	13,778,385
7/1/2031	1.8	-	-	296,480	124,005	420,486	13,481,905
1/1/2032	1.8	-	-	299,149	121,337	420,486	13,182,756
7/1/2032	1.8	-	-	301,841	118,645	420,486	12,880,915
1/1/2033	1.8	-	-	304,557	115,928	420,486	12,576,358
7/1/2033	1.8	-	-	307,298	113,187	420,486	12,269,059
1/1/2034	1.8	-	-	310,064	110,422	420,486	11,958,995
7/1/2034	1.8	-	-	312,855	107,631	420,486	11,646,140
1/1/2035	1.8	-	-	315,670	104,815	420,486	11,330,470
7/1/2035	1.8	-	-	318,511	101,974	420,486	11,011,958
1/1/2036	1.8	-	-	321,378	99,108	420,486	10,690,580
7/1/2036	1.8	-	-	324,270	96,215	420,486	10,366,310
1/1/2037	1.8	-	-	327,189	93,297	420,486	10,039,121
7/1/2037	1.8	-	-	330,134	90,352	420,486	9,708,987
1/1/2038	1.8	-	-	333,105	87,381	420,486	9,375,883

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

**COACHELLA VALLEY WATER DISTRICT
SCHEDULES OF MATURITIES OF LOANS PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Loan Draws ¹	Principal Forgiveness ¹	Principal Payments ¹	Interest Payments ¹	Total Debt Service ¹	Principal Balance ¹
State of California Water Resource Control Board - Original Loan \$19,391,505							
7/1/2038	1.8	-	-	336,103	84,383	420,486	9,039,780
1/1/2039	1.8	-	-	339,128	81,358	420,486	8,700,652
7/1/2039	1.8	-	-	342,180	78,306	420,486	8,358,472
1/1/2040	1.8	-	-	345,259	75,226	420,486	8,013,213
7/1/2040	1.8	-	-	348,367	72,119	420,486	7,664,846
1/1/2041	1.8	-	-	351,502	68,984	420,486	7,313,344
7/1/2041	1.8	-	-	354,666	65,820	420,486	6,958,678
1/1/2042	1.8	-	-	357,858	62,628	420,486	6,600,821
7/1/2042	1.8	-	-	361,078	59,407	420,486	6,239,742
1/1/2043	1.8	-	-	364,328	56,158	420,486	5,875,414
7/1/2043	1.8	-	-	367,607	52,879	420,486	5,507,807
1/1/2044	1.8	-	-	370,915	49,570	420,486	5,136,892
7/1/2044	1.8	-	-	374,254	46,232	420,486	4,762,638
1/1/2045	1.8	-	-	377,622	42,864	420,486	4,385,016
7/1/2045	1.8	-	-	381,021	39,465	420,486	4,003,996
1/1/2046	1.8	-	-	384,450	36,036	420,486	3,619,546
7/1/2046	1.8	-	-	387,910	32,576	420,486	3,231,636
1/1/2047	1.8	-	-	391,401	29,085	420,486	2,840,235
7/1/2047	1.8	-	-	394,924	25,562	420,486	2,445,312
1/1/2048	1.8	-	-	398,478	22,008	420,486	2,046,834
7/1/2048	1.8	-	-	402,064	18,422	420,486	1,644,769
1/1/2049	1.8	-	-	405,683	14,803	420,486	1,239,087
7/1/2049	1.8	-	-	409,334	11,152	420,486	829,753
1/1/2050	1.8	-	-	413,018	7,468	420,486	416,735
7/1/2050	1.8	-	-	416,735	3,751	420,485	-

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

**COACHELLA VALLEY WATER DISTRICT
SCHEDULES OF MATURITIES OF LOANS PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Loan Draws ^{1,2}	Capitalized Interest ¹	Principal Payments ^{1,2}	Interest Payments ^{1,2}	Total Debt Service ^{1,2}	Principal Balance ^{1,2}
U.S. Environmental Protection Agency - Original Loan \$59,140,612							
12/1/2021	1.96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6/1/2022	1.96	33,366,014	-	-	-	-	33,366,014
12/1/2022	1.96	-	326,987	-	-	-	33,693,000
6/1/2023	1.96	-	330,191	-	-	-	34,023,192
12/1/2023	1.96	-	-	-	333,427	333,427	34,023,192
6/1/2024	1.96	-	-	685,625	333,427	1,019,053	33,337,566
12/1/2024	1.96	-	-	-	326,708	326,708	33,337,566
6/1/2025	1.96	-	-	699,064	326,708	1,025,772	32,638,503
12/1/2025	1.96	-	-	-	319,857	319,857	32,638,503
6/1/2026	1.96	-	-	712,765	319,857	1,032,623	31,925,737
12/1/2026	1.96	-	-	-	312,872	312,872	31,925,737
6/1/2027	1.96	-	-	726,736	312,872	1,039,608	31,199,002
12/1/2027	1.96	-	-	-	305,750	305,750	31,199,002
6/1/2028	1.96	-	-	740,980	305,750	1,046,730	30,458,022
12/1/2028	1.96	-	-	-	298,489	298,489	30,458,022
6/1/2029	1.96	-	-	755,503	298,489	1,053,991	29,702,520
12/1/2029	1.96	-	-	-	291,085	291,085	29,702,520
6/1/2030	1.96	-	-	770,311	291,085	1,061,395	28,932,209
12/1/2030	1.96	-	-	-	283,536	283,536	28,932,209
6/1/2031	1.96	-	-	785,409	283,536	1,068,944	28,146,800
12/1/2031	1.96	-	-	-	275,839	275,839	28,146,800
6/1/2032	1.96	-	-	800,803	275,839	1,076,641	27,345,998
12/1/2032	1.96	-	-	-	267,991	267,991	27,345,998
6/1/2033	1.96	-	-	816,498	267,991	1,084,489	26,529,499
12/1/2033	1.96	-	-	-	259,989	259,989	26,529,499
6/1/2034	1.96	-	-	832,502	259,989	1,092,491	25,696,998
12/1/2034	1.96	-	-	-	251,831	251,831	25,696,998
6/1/2035	1.96	-	-	848,819	251,831	1,100,649	24,848,179
12/1/2035	1.96	-	-	-	243,512	243,512	24,848,179
6/1/2036	1.96	-	-	865,456	243,512	1,108,968	23,982,723
12/1/2036	1.96	-	-	-	235,031	235,031	23,982,723
6/1/2037	1.96	-	-	882,419	235,031	1,117,449	23,100,304
12/1/2037	1.96	-	-	-	226,383	226,383	23,100,304
6/1/2038	1.96	-	-	899,714	226,383	1,126,097	22,200,590
12/1/2038	1.96	-	-	-	217,566	217,566	22,200,590

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

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

**COACHELLA VALLEY WATER DISTRICT
SCHEDULES OF MATURITIES OF LOANS PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Loan Draws ^{1,2}	Capitalized Interest ¹	Principal Payments ^{1,2}	Interest Payments ^{1,2}	Total Debt Service ^{1,2}	Principal Balance ^{1,2}
U.S. Environmental Protection Agency - Original Loan \$59,140,612							
6/1/2039	1.96	-	-	917,348	217,566	1,134,914	21,283,242
12/1/2039	1.96	-	-	-	208,576	208,576	21,283,242
6/1/2040	1.96	-	-	935,328	208,576	1,143,904	20,347,914
12/1/2040	1.96	-	-	-	199,410	199,410	20,347,914
6/1/2041	1.96	-	-	953,661	199,410	1,153,070	19,394,253
12/1/2041	1.96	-	-	-	190,064	190,064	19,394,253
6/1/2042	1.96	-	-	972,353	190,064	1,162,416	18,421,900
12/1/2042	1.96	-	-	-	180,535	180,535	18,421,900
6/1/2043	1.96	-	-	991,411	180,535	1,171,945	17,430,489
12/1/2043	1.96	-	-	-	170,819	170,819	17,430,489
6/1/2044	1.96	-	-	1,010,842	170,819	1,181,661	16,419,647
12/1/2044	1.96	-	-	-	160,913	160,913	16,419,647
6/1/2045	1.96	-	-	1,030,655	160,913	1,191,567	15,388,992
12/1/2045	1.96	-	-	-	150,812	150,812	15,388,992
6/1/2046	1.96	-	-	1,050,856	150,812	1,201,668	14,338,136
12/1/2046	1.96	-	-	-	140,514	140,514	14,338,136
6/1/2047	1.96	-	-	1,071,453	140,514	1,211,966	13,266,684
12/1/2047	1.96	-	-	-	130,014	130,014	13,266,684
6/1/2048	1.96	-	-	1,092,453	130,014	1,222,466	12,174,231
12/1/2048	1.96	-	-	-	119,307	119,307	12,174,231
6/1/2049	1.96	-	-	1,113,865	119,307	1,233,173	11,060,366
12/1/2049	1.96	-	-	-	108,392	108,392	11,060,366
6/1/2050	1.96	-	-	1,135,697	108,392	1,244,088	9,924,669
12/1/2050	1.96	-	-	-	97,262	97,262	9,924,669
6/1/2051	1.96	-	-	1,157,956	97,262	1,255,218	8,766,713
12/1/2051	1.96	-	-	-	85,914	85,914	8,766,713
6/1/2052	1.96	-	-	1,180,652	85,914	1,266,566	7,586,060
12/1/2052	1.96	-	-	-	74,343	74,343	7,586,060
6/1/2053	1.96	-	-	1,203,793	74,343	1,278,137	6,382,267
12/1/2053	1.96	-	-	-	62,546	62,546	6,382,267
6/1/2054	1.96	-	-	1,227,388	62,546	1,289,934	5,154,879
12/1/2054	1.96	-	-	-	50,518	50,518	5,154,879
6/1/2055	1.96	-	-	1,251,444	50,518	1,301,962	3,903,435
12/1/2055	1.96	-	-	-	38,254	38,254	3,903,435
6/1/2056	1.96	-	-	1,275,973	38,254	1,314,226	2,627,462
12/1/2056	1.96	-	-	-	25,749	25,749	2,627,462
6/1/2057	1.96	-	-	1,300,982	25,749	1,326,731	1,326,481
12/1/2057	1.96	-	-	-	13,000	13,000	1,326,481
6/1/2058	1.96	-	-	1,326,481	13,000	1,339,480	(0)

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

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

**COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF MATURITIES OF NOTES PAYABLE
YEAR ENDED JUNE 30, 2022**

Payment Date	Interest Rate	Principal Payments¹	Interest Payments¹	Total Debt Service¹	Principal Balance¹
Drinking Water System Revenue Notes - Original Note Amount \$35,225,000					
06/30/2022	1.375	\$ -	\$ -	\$ -	\$ 35,225,000
12/01/2022	1.375	-	391,511	391,511	35,225,000
06/01/2023	1.375	-	242,172	242,172	35,225,000
12/01/2023	1.375	-	242,172	242,172	35,225,000
06/30/2024	1.375	-	242,172	242,172	35,225,000
12/01/2024	1.375	-	242,172	242,172	35,225,000
06/01/2025	1.375	35,225,000	242,172	35,467,172	-

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

STATISTICAL SECTION

TABLE OF CONTENTS

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

	<u>Page Number</u>
FINANCIAL TRENDS	138 - 140
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
REVENUE CAPACITY	141 - 155
These schedules contain information to help the reader assess the factors that affect the District's ability to generate its most significant local source of revenues.	
DEBT CAPACITY	156 - 159
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	160 - 162
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
OPERATING INFORMATION	163 - 168
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual Comprehensive financial report for the relevant year.

Net Position by Component
Last Ten Fiscal Years
Numbers in Millions

Component	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Investment in Capital Assets	\$ 1,126.7	\$ 1,198.2	\$ 1,237.2	\$ 1,266.6	\$ 1,315.4	\$ 1,357.2	\$ 1,459.5	\$ 1,517.3	\$ 1,576.1	\$ 1,606.6
Restricted for construction, capital and replacement	64.2	50.4	53.8	61.5	56.5	55.6	61.6	64.0	107.6	73.2
Restricted for State Water Project	62.0	62.0	26.4	26.4	26.4	26.4	26.4	2.8	17.4	37.4
Restricted for debt service	-	-	-	-	-	-	-	-	-	0.8
Unrestricted	352.0	358.8	314.0	320.3	341.5	281.2	236.0	251.2	207.7	243.6
Total Net Position (as previously stated)	\$ 1,605.0	\$ 1,669.4	\$ 1,631.5	\$ 1,674.8	\$ 1,739.7	\$ 1,720.4	\$ 1,783.5	\$ 1,835.3	\$ 1,908.7	\$ 1,961.6
Restatements ^{1,2}	2.4	(107.3)	-	-	(33.3)	-	5.3	-	(1.8)	-
Total Net Position (as restated)	\$ 1,607.3	\$ 1,562.1	\$ 1,631.5	\$ 1,674.8	\$ 1,706.4	\$ 1,720.4	\$ 1,788.8	\$ 1,835.3	\$ 1,906.9	\$ 1,961.6
<i>Percent Change</i>	2.7%	(2.8%)	4.4%	2.7%	1.9%	0.8%	4.0%	2.6%	3.9%	2.9%

Note:

¹ Pursuant to GASB Statement No. 68, the District retrospectively applied the net pension liability as of June 30, 2014, in the amount of \$107,303,030.

² 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.

Please allow for rounding differences

Changes in Net Position
Last Ten Fiscal Years
Number in Millions

Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Revenues:										
Sales	\$ 69.6	\$ 70.5	\$ 65.4	\$ 54.1	\$ 72.8	\$ 81.9	\$ 77.6	\$ 80.8	\$ 90.3	\$ 90.3
Water & sewer availability charges	2.0	2.5	2.2	2.3	2.6	2.6	3.3	2.9	2.7	2.9
Meter & service fees	15.1	15.5	15.4	16.5	14.9	16.1	15.2	18.2	18.0	23.8
Sanitation service fees	37.5	38.1	38.3	38.5	39.1	39.4	39.9	39.9	39.6	40.4
Replenishment charges	20.9	21.4	21.3	19.3	22.9	25.6	24.5	24.8	26.5	30.0
Other charges	12.0	13.4	7.6	8.0	7.0	8.0	7.3	11.2	8.1	9.9
Total Operating Revenues	157.1	161.4	150.2	138.6	159.3	173.7	167.8	177.9	185.2	197.2
Operating Expenses:										
Wages & salaries	\$ 37.2	\$ 38.0	\$ 38.8	\$ 42.2	\$ 43.2	\$ 45.2	\$ 48.2	\$ 49.9	\$ 50.7	\$ 52.8
Benefits	19.2	19.2	20.3	17.3	22.8	27.2	26.9	29.0	30.6	18.9
Materials & supplies	11.6	12.3	12.7	11.7	12.0	12.5	15.0	15.0	13.2	15.3
Water purchases	53.3	53.7	42.1	63.8	59.5	80.4	60.8	78.8	70.0	84.3
Utilities	14.8	15.9	15.6	14.7	14.3	15.2	14.9	15.7	19.2	20.9
Contract services	31.4	13.0	9.9	9.9	11.4	13.3	11.2	12.8	11.8	11.8
Depreciation	35.1	36.2	35.8	36.6	46.9	38.7	40.4	43.6	47.1	49.2
Other	2.7	20.3	24.7	34.5	32.9	37.1	40.2	39.7	27.0	54.4
Total Operating Expenses	205.4	208.6	200.0	230.6	242.9	269.6	257.5	284.4	269.8	307.5
Non-operating Revenues:										
Property taxes	\$ 74.7	\$ 85.8	\$ 89.0	\$ 93.6	\$ 96.8	\$ 100.7	\$ 105.0	\$ 103.0	\$ 117.9	\$ 131.7
Intergovernmental	-	-	0.0	0.0	0.0	0.9	3.7	9.6	5.7	13.4
Investment income	0.5	7.6	5.3	8.6	3.4	3.4	20.2	19.3	2.1	(11.9)
Other	6.5	4.5	9.9	20.4	30.2	9.8	9.0	10.4	10.7	8.0
Gain (loss) on disposal of capital assets	-	0.9	(4.1)	0.3	0.5	(16.6)	0.2	0.0	(0.8)	0.2
Total Non-operating Revenues	81.7	98.8	100.1	122.9	130.9	98.2	138.0	142.3	135.7	141.4
Non-operating Expenses:										
Interest expense	\$ 0.2	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 1.0	\$ 2.0	\$ 1.3	\$ 2.9
Total Non-operating Expenses	0.2	0.6	0.6	0.6	0.7	0.7	1.0	2.0	1.3	2.9
Income (Loss) Before Capital Contributions	\$ 33.3	\$ 51.0	\$ 49.8	\$ 30.3	\$ 46.6	\$ 1.6	\$ 47.3	\$ 33.8	\$ 49.9	\$ 28.2
Capital contributions	6.2	11.0	19.6	13.0	18.4	12.6	15.7	18.0	18.3	26.5
Change in net position	\$ 39.5	\$ 62.0	\$ 69.4	\$ 43.3	\$ 65.0	\$ 14.2	\$ 63.0	\$ 51.8	\$ 68.2	\$ 54.7
Total net position beginning of year	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	1,908.7
Restatements ^{1,2}	9.0	2.4	(107.3)	0.0	0.0	(33.3)	0.0	5.3	-	(1.8)
Total Net Position End of Year	\$ 1,605.0	\$ 1,669.4	\$ 1,631.5	\$ 1,674.8	\$ 1,739.7	\$ 1,720.6	\$ 1,783.5	\$ 1,840.6	\$ 1,908.7	\$ 1,961.6
Percent Change	3.1%	4.0%	(2.3%)	2.7%	3.9%	(1.1%)	3.7%	3.2%	3.7%	2.8%

Note:

¹ Pursuant to GASB Statement No. 68, the District retrospectively applied the net pension liability as of June 30, 2014, in the amount of \$107,303,030.

² 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.

Please allow for rounding differences

Summary of Changes in Net Position
Last Ten Fiscal Years
Numbers in Millions

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
2013	\$ 157.1	\$ 205.4	\$ (48.3)	\$ 81.5	\$ 33.3	\$ 6.2	\$ 9.0	\$ 39.5
2014	161.4	208.6	(47.1)	98.2	51.0	11.0	2.4	62.0
2015	150.2	200.0	(49.7)	99.5	49.8	19.6	(107.3) ¹	69.4
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	1.6	12.6	(33.3) ²	14.1
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	51.8
2021	185.2	269.8	(84.6)	134.4	49.9	18.3	-	68.2
2022	197.2	307.5	(110.3)	138.5	28.2	26.5	(1.8)	54.7

Notes:

¹ Pursuant to GASB Statement No. 68, the District retrospectively applied the net pension liability as of June 30, 2014, in the amount of \$107,303,030.

² 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.

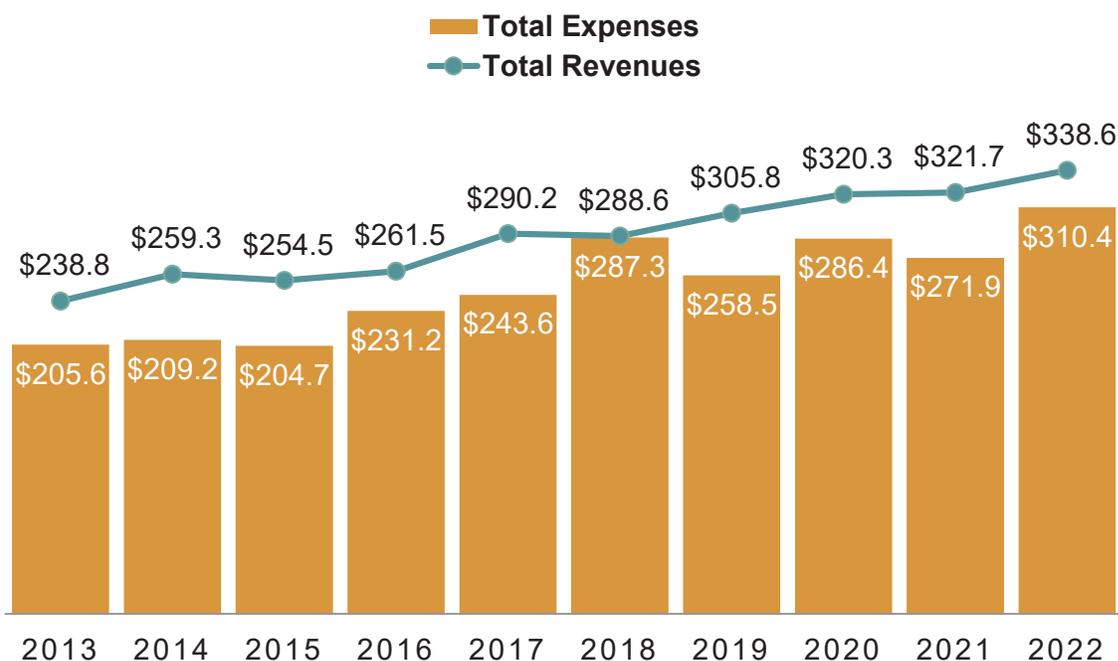
Please allow for rounding differences

Total Revenues vs. Total Expenses
Last Ten Fiscal Years
Numbers in Millions

Fiscal Year	Total Revenues	Total Expenses	Excess of Revenues Over Expenses ¹
2013	\$ 238.8	\$ 205.6	\$ 33.3
2014	259.3	209.2	50.1
2015	254.5	204.7	49.8
2016	261.5	231.2	30.3
2017	290.2	243.6	46.6
2018	288.6	287.3	1.2
2019	305.8	258.5	47.3
2020	320.3	286.4	33.9
2021	321.7	271.9	49.9
2022	338.6	310.4	28.2

Notes:

¹ Fiscal year 2018 Capital expenditures related to Chromium 6 were expensed due to a change in legislation
Please allow for rounding differences



Revenues by Source
Last Ten Fiscal Years
Numbers in Millions

Revenue Source	2013	2014	2015	2016	2017 ¹	2018	2019	2020	2021	2022
Operating Revenues:										
Sales	\$ 69.6	\$ 70.5	\$ 65.4	\$ 54.1	\$ 72.8	\$ 81.9	\$ 77.6	\$ 80.8	\$ 90.3	\$ 90.3
Water & Sewer Availability	2.0	2.5	2.2	2.3	2.6	2.6	3.3	2.9	2.7	2.9
Meter & Service Fees	15.1	15.5	15.4	16.5	14.9	16.1	15.2	18.2	18.0	23.8
Sanitation Service Fees	37.5	38.1	38.3	38.5	39.1	39.4	39.9	39.9	39.6	41.2
Replenishment Charges	20.9	21.4	21.3	19.3	22.9	25.6	24.5	24.8	26.5	30.0
Other Operating Charges	12.0	13.4	7.6	8.0	7.0	8.0	7.3	11.2	8.1	9.1
Total Operating Revenues	\$ 157.1	\$ 161.4	\$ 150.2	\$ 138.6	\$ 159.3	\$ 173.7	\$ 167.8	\$ 177.9	\$ 185.2	\$ 197.2
Non-operating Revenues:										
Property Taxes	\$ 74.7	\$ 85.8	\$ 89.0	\$ 93.6	\$ 96.8	\$ 100.7	\$ 105.0	\$ 103.0	\$ 117.9	\$ 131.7
Intergovernmental	-	-	0.0	0.0	0.0	0.9	3.7	9.6	5.7	13.4
Investment Income	0.5	7.6	5.3	8.6	3.4	3.4	20.2	19.3	2.1	(11.9)
Other Charges	6.5	4.5	9.9	20.7	30.8	9.8	9.2	10.5	10.7	8.2
Total Non-operating Revenues	\$ 81.7	\$ 97.9	\$ 104.3	\$ 122.9	\$ 130.9	\$ 114.8	\$ 138.0	\$ 142.5	\$ 136.5	\$ 141.4
Total Revenues	\$ 238.8	\$ 259.3	\$ 254.5	\$ 261.5	\$ 290.2	\$ 288.6	\$ 305.8	\$ 320.3	\$ 321.7	\$ 338.6

Notes:

¹ Fiscal year 2017 includes payments from Imperial Irrigation District and insurance claims.
Please allow for rounding differences



Expenses by Function
Last Ten Fiscal Years
Numbers in Millions

Expense Function	2013	2014	2015	2016	2017	2018 ¹	2019	2020	2021	2022
Direct Operating Expenses:										
Wages & salaries	\$ 37.2	\$ 38.0	\$ 38.8	\$ 42.2	\$ 43.2	\$ 45.2	\$ 48.2	\$ 49.9	\$ 50.7	\$ 52.8
Benefits	19.2	19.2	20.3	17.3	22.8	27.2	26.9	29.0	30.6	18.9
Materials & supplies	11.6	12.3	12.7	11.7	12.0	12.5	15.0	15.0	13.2	15.3
Water purchases	53.3	53.7	42.1	63.8	59.5	80.4	60.8	78.8	70.0	84.3
Utilities	14.8	15.9	15.6	14.7	14.3	15.2	14.9	15.7	19.2	20.9
Contract services	17.6	13.0	9.9	9.9	11.4	13.3	11.2	12.8	11.8	11.8
Depreciation & Amortization	35.1	36.2	35.8	36.6	46.9	38.7	40.4	43.6	47.1	49.2
Other										
Total Direct Operating Expenses	\$ 188.8	\$ 188.2	\$ 175.2	\$ 196.1	\$ 210.0	\$ 232.5	\$ 217.3	\$ 244.7	\$ 242.7	\$ 253.1
Indirect Operating Expenses:										
Interest expense	0.2	0.6	0.6	0.6	0.7	0.7	1.0	2.0	1.3	2.9
Other	-	-	4.1	-	-	17.0	-	-	0.8	-
Total Indirect Operating Expenses	\$ 0.2	\$ 0.6	\$ 4.7	\$ 0.6	\$ 0.7	\$ 17.7	\$ 1.0	\$ 2.0	\$ 2.1	\$ 2.9
Total Expenses	\$ 189.0	\$ 188.8	\$ 180.0	\$ 196.8	\$ 210.7	\$ 250.2	\$ 218.3	\$ 246.7	\$ 244.8	\$ 256.0

Note:

¹ Fiscal year 2018 Capital expenditures related to Chromium 6 were
Please allow for rounding differences



**Developer Fee Revenue
Last Ten Fiscal Years**

Fiscal Year	Water Developer Fees		Sanitation Developer Fees			Other ¹	Total	Percent Change
	Water System Backup Facility	Supplemental Water Supply	Capacity Charge - Collection	Capacity Charge - Treatment				
2013	\$ 1,573,230	\$ 1,118,135	\$ 1,425,261	\$ 2,046,586	\$ -	\$ 6,163,213	(42.8%)	
2014	3,137,938	1,832,859	2,577,196	2,988,246	-	10,536,239	41.5%	
2015	3,439,020	2,554,571	2,679,364	2,651,435	-	11,324,391	7.0%	
2016	3,148,538	1,932,213	2,131,154	2,206,601	-	9,418,505	(20.2%)	
2017	2,913,316	1,114,316	1,841,746	1,995,450	-	7,864,827	(19.8%)	
2018	2,632,467	2,525,557	1,952,523	1,977,627	-	9,088,174	13.5%	
2019	3,166,328	1,835,875	2,504,230	2,557,607	172,228	10,064,040	9.7%	
2020	4,175,873	2,477,764	2,998,616	3,554,927	-	13,207,180	23.8%	
2021	5,253,361	2,904,370	2,485,950	3,057,391	-	13,701,072	3.6%	
2022	5,007,299	1,799,178	4,912,151	4,286,699	-	16,005,327	14.4%	

Note:

¹ Fiscal Year 2019 "Other" is grant revenue from USDA for CVWD project GR0006; Mountain View Estates
Please allow for rounding differences

Source:

Coachella Valley Water District

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

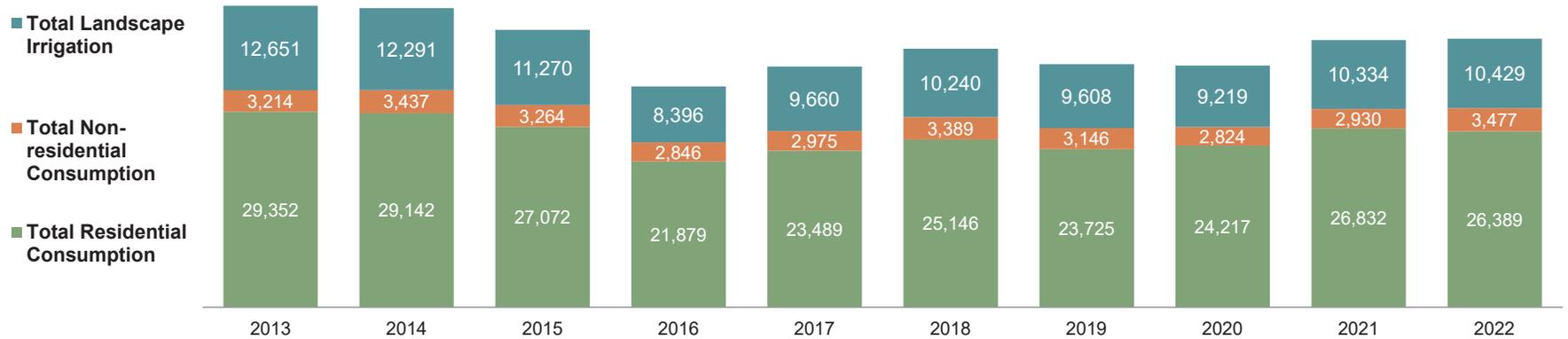
Customer Class	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential Consumption:										
Single family residential	26,139	25,939	24,014	19,221	20,758	22,321	21,001	21,451	23,854	23,408
Duplex - triplex	534	530	497	401	404	421	406	403	436	431
Multi-dwelling	495	505	476	413	425	425	445	421	435	446
Apartments	944	940	905	805	831	848	830	844	914	897
Mobile home/trailer parks	1,239	1,229	1,181	1,039	1,072	1,132	1,042	1,099	1,193	1,206
Total Residential Consumption	29,352	29,142	27,072	21,879	23,489	25,146	23,725	24,217	26,832	26,389
Non-Residential Consumption:										
Hotels/motels	437	420	420	376	397	440	422	352	303	398
Commercial	1,256	1,256	1,199	1,079	1,113	1,131	1,101	986	940	1,126
Business	800	810	779	687	666	648	631	598	700	717
Temporary construction meters	271	489	432	355	339	626	494	420	509	728
Public agency	450	461	435	348	460	544	499	469	478	508
Total Non-Residential Consumption	3,214	3,437	3,264	2,846	2,975	3,389	3,146	2,824	2,930	3,477
Landscape irrigation	12,651	12,291	11,270	8,396	9,660	10,240	9,608	9,219	10,334	10,429
Total Consumption	45,216	44,870	41,606	33,121	36,124	38,775	36,478	36,260	40,096	40,296

Note:

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

Source:

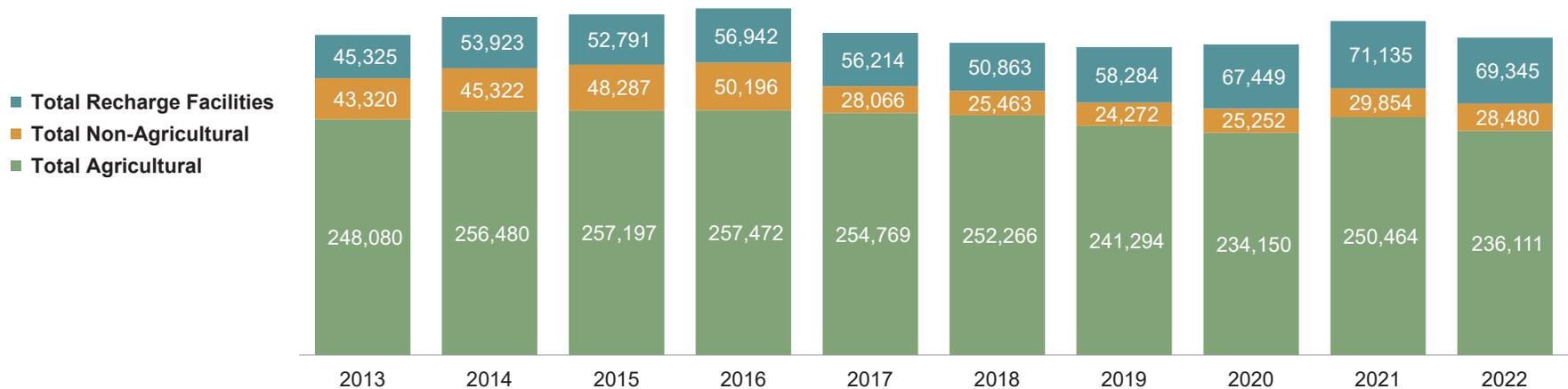
Coachella Valley Water District



**Total Canal Consumption by Customer Class
Last Ten Fiscal Years
Numbers in Acre-Feet (af)**

Customer Class	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agricultural:										
Agricultural	248,080	256,480	257,197	257,472	254,769	252,266	241,294	234,150	250,464	236,111
Total Agricultural	248,080	256,480	257,197	257,472	254,769	252,266	241,294	234,150	250,464	236,111
Non-Agricultural:										
Construction	789	784	855	836	702	694	768	466	358	561
Golf courses	33,116	36,665	40,125	41,521	20,177	18,230	16,866	17,493	21,218	20,658
Duck clubs	687	724	734	696	617	649	648	649	543	534
Fish farms	2,246	1,730	1,250	1,762	2,188	2,044	2,069	2,107	2,067	1,308
Lakes	3,434	2,363	2,660	2,625	1,495	1,389	1,575	2,010	2,524	2,226
Polo Fields	3,049	3,057	2,664	2,757	2,887	2,458	2,346	2,528	3,144	3,194
Total Non-Agricultural	43,320	45,322	48,287	50,196	28,066	25,463	24,272	25,252	29,854	28,480
Recharge Facilities:										
Mid-Valley Pipeline	2,485	3,227	3,915	8,066	10,416	12,903	14,040	21,390	24,434	23,462
CVWD Dike Recharge	32,767	37,736	36,276	37,400	37,727	30,484	36,916	36,394	38,123	38,092
No charge account	2,463	3,028	2,277	1,243	1,584	1,915	1,367	1,574	872	1,048
Regulatory account	7,610	9,932	10,323	10,232	6,487	5,561	5,962	8,091	7,705	6,743
Total Recharge Facilities	45,325	53,923	52,791	56,942	56,214	50,863	58,284	67,449	71,135	69,345
Total Consumption	336,725	355,726	358,275	364,610	339,049	328,592	323,850	326,851	351,453	333,936

Source:
Coachella Valley Water District



**Rate Summary
Last Ten Fiscal Years**

Fund	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Domestic Water ¹	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.32	\$ 1.32	\$ 1.32	\$ 1.37	\$ 1.37	\$ 1.17
Sanitation ²	24.50	24.50	24.50	24.50	24.50	24.62	24.62	24.62	24.62	24.62
Canal ³	28.95	28.95	28.95	28.95	33.48	34.32	34.32	34.32	34.32	34.32
West Whitewater Replenishment ⁴	107.57	110.26	110.26	112.00	128.80	143.80	143.80	143.80	143.80	165.37
East Whitewater Replenishment ⁴	38.00	45.00	52.00	59.00	66.00	66.00	66.00	66.00	66.00	72.27
Mission Creek Replenishment ⁴	98.73	98.73	98.73	112.00	123.20	135.52	135.52	135.52	135.52	135.52

Notes:

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

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

² Sanitation rates are the monthly ESU charge and account service fee for homeowners

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

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

Source:

Coachella Valley Water District

Residential Water Rate Comparison

Rate Type	CVWD	Myoma Dumes Water ¹	Coachella Water Authority	Indio Water Authority	Beaumont Cherry Valley ²	Mission Springs	Desert Water Agency	Eastern Municipal Water ³
Fixed Charges	\$ 12.65	\$ 14.67	\$ 13.80	\$ 21.16	\$ 17.83	\$ 13.63	\$ 27.60	\$ 14.60
Consumption Charges	21.56	28.56	30.00	26.30	40.05	59.14	41.60	67.67
Total per 20 CCF Usage	\$ 34.21	\$ 43.23	\$ 43.80	\$ 47.46	\$ 57.88	\$ 72.77	\$ 69.20	\$ 82.27

Notes:

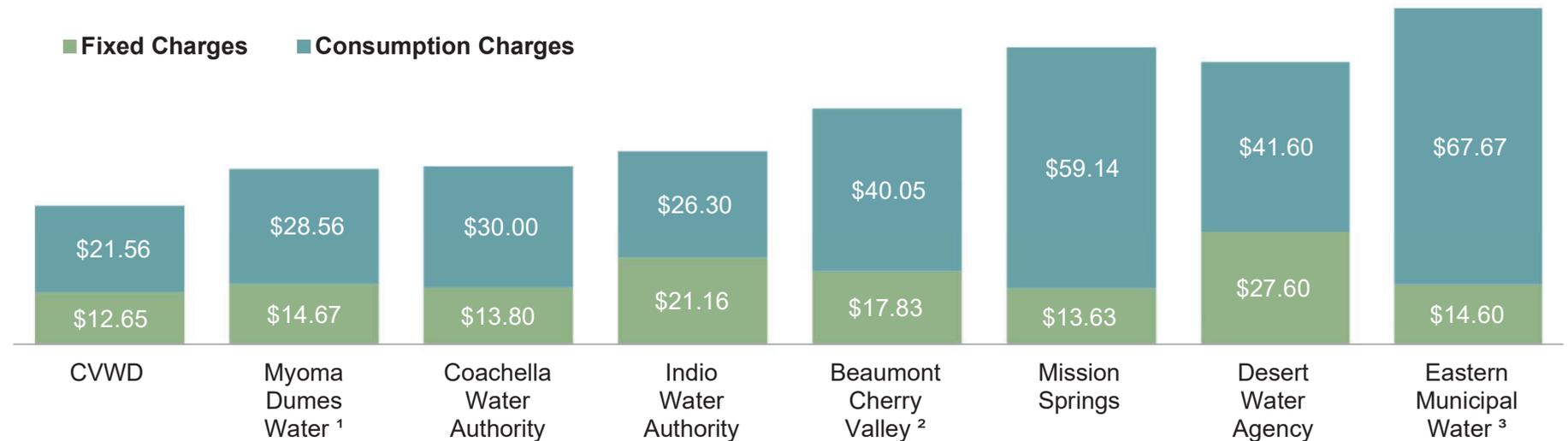
¹ Energy cost adjustment of \$1.93 and replenishment fee of \$2.38 included in consumptive rate

² Rates effective January 2022. SCE power charge and San Geronio Pass Water Agency importation charge included in consumptive rate

³ Rates effective January 2022. Water Supply Reliability Capital Projects Charge included in consumptive rate
CCF - hundred cubic feet

Source:

CVWD Fiscal Year 2022 Budget Book



**Residential Sewer Rate Comparison
(Monthly Rate - one ESU)**

CVWD	East Bay	Valley Sanitary	Eastern Municipal	Orange County Sanitation	Riverside	Coachella Sanitary	San Diego
\$ 24.62	\$ 27.82	\$ 26.09	\$ 33.76	\$ 37.58	\$ 39.59	\$ 45.99	\$ 47.71

CVWD Monthly Sewer Rates by Customer Class

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

Notes:

ESU - equivalent sewer unit

Source:

CVWD Fiscal Year 2022 Budget Book



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

Fiscal Year 2022						
Ranking	Customer Type	Annual Consumption (CCF)	% of Total All Domestic Customers	Annual Revenues	% of Total All Domestic Customers	
1	Community Association	278,917	0.7%	\$ 415,975	0.6%	
2	Community Association	225,063	0.6%	376,480	0.6%	
3	Community Association	180,576	0.4%	264,666	0.4%	
4	Community Association	164,595	0.4%	226,802	0.3%	
5	Community Association	132,016	0.3%	226,604	0.3%	
6	Community Association	131,472	0.3%	223,477	0.3%	
7	Community Association	103,511	0.3%	219,147	0.3%	
8	Community Association	70,120	0.2%	214,243	0.3%	
9	Community Association	139,808	0.3%	209,555	0.3%	
10	Tribal Land	47,537	0.1%	190,696	0.3%	
Total Top Ten Domestic Customers		1,473,615	3.7%	\$ 2,567,645	3.8%	
Total All Domestic Customers		40,295,971		\$ 68,178,192		

Fiscal Year 2013						
Ranking	Customer Type	Annual Consumption (CCF)	% of Total All Domestic Customers	Annual Revenues	% of Total All Domestic Customers	
1	Community Associations	310,933	0.7%	\$ 352,634	0.6%	
2	Community Associations	289,158	0.6%	334,071	0.6%	
3	Community Associations	282,145	0.6%	346,657	0.6%	
4	Community Associations	264,743	0.6%	308,181	0.5%	
5	Community Associations	197,410	0.4%	223,050	0.4%	
6	Community Associations	190,782	0.4%	220,390	0.4%	
7	Community Associations	185,298	0.4%	207,535	0.4%	
8	Community Associations	168,649	0.4%	191,603	0.3%	
9	Country Club	165,916	0.4%	186,113	0.3%	
10	Community Associations	130,172	0.3%	151,554	0.3%	
Total Top Ten Domestic Customers		2,185,206	4.8%	\$ 2,521,788	4.4%	
Total All Domestic Customers		45,216,148		\$ 57,434,706		

Note:

Domestic consumption is billed in hundred cubic feet (CCF)

Source:

Coachella Valley Water District

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

Fiscal Year 2022				
Ranking	Customer Type	Annual Revenues	% of Total All Sanitation Customers	
1	Resort	\$ 161,695	0.4%	
2	Resort	113,287	0.3%	
3	Mobile Homes	112,442	0.3%	
4	Mobile Homes	98,475	0.2%	
5	Resort	91,843	0.2%	
6	Resort	80,678	0.2%	
7	Mobile Homes	80,583	0.2%	
8	Mobile Homes	73,979	0.2%	
9	Apartments	68,247	0.2%	
10	Resort	67,465	0.2%	
Total Top Ten Sanitation Customers		\$ 948,694	2.4%	
Total All Sanitation Customers		\$ 40,351,782		

Fiscal Year 2013				
Ranking	Customer Type	Annual Revenues	% of Total All Sanitation Customers	
1	Timeshares	\$ 162,736	0.4%	
2	Resort	131,418	0.4%	
3	Resort	124,685	0.3%	
4	Resort	117,238	0.3%	
5	Resort	98,519	0.3%	
6	Resort	89,312	0.2%	
7	Resort	78,649	0.2%	
8	Resort	69,384	0.2%	
9	Apartments	67,914	0.2%	
10	Mobile Homes	64,680	0.2%	
Total Top Ten Sanitation Customers		\$ 1,004,535	2.7%	
Total All Sanitation Customers		\$ 37,527,083		

Source:

Coachella Valley Water District

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

Fiscal Year 2022						
Ranking	Customer Type	Annual Consumption (af)	% of Total All Canal Customers	Annual Revenues	% of Total All Canal Customers	
1	CVWD Recharge	38,092	11.4%	\$ 1,307,317	7.7%	
2	CVWD Recharge	23,462	7.0%	805,226	4.7%	
3	Agriculture	4,057	1.2%	139,219	0.8%	
4	Agriculture	2,076	0.6%	71,248	0.4%	
5	Agriculture	1,911	0.6%	65,568	0.4%	
6	Agriculture	1,881	0.6%	64,563	0.4%	
7	Agriculture	1,845	0.6%	63,317	0.4%	
8	Agriculture	1,745	0.5%	59,892	0.4%	
9	Agriculture	1,648	0.5%	56,566	0.3%	
10	Golf Resort	1,599	0.5%	54,888	0.3%	
Total Top Ten Canal Customers		78,316	23.5%	\$ 2,687,805	15.8%	
Total All Canal Customers		333,936		\$ 16,983,313		

Fiscal Year 2012						
Ranking	Customer Type	Annual Consumption (af)	% of Total All Canal Customers	Annual Revenues	% of Total All Canal Customers	
1	CVWD Recharge	32,302	10.3%	\$ 2,786,047	23.0%	
2	CVWD Recharge	2,485	0.8%	214,331	1.8%	
3	CVWD Recharge	1,610	0.5%	101,245	0.8%	
4	Agriculture	2,876	0.9%	83,245	0.7%	
5	Country Club	1,790	0.6%	75,449	0.6%	
6	Agriculture	517	0.2%	54,022	0.4%	
7	Agriculture	1,847	0.6%	53,478	0.4%	
8	Agriculture	1,816	0.6%	52,575	0.4%	
9	Agriculture	1,796	0.6%	52,005	0.4%	
10	Agriculture	1,771	0.6%	51,267	0.4%	
Total Top Ten Canal Customers		48,810	15.5%	\$ 3,523,664	29.0%	
Total All Canal Customers		314,096		\$ 12,131,392		

Note:

Canal consumption is billed acre-feet (af)

Source:

Coachella Valley Water District

**Top Ten Replenishment Customers
Current Year ¹ and Ten Years Ago**

East Whitewater Replenishment Customer Type	Calendar Year 2012			Calendar Year 2021		
	Rank	Calendar Year Revenue	% of All Customers	Rank	Calendar Year Revenue	% of All Customers
Coachella Valley Water District	1	\$ 889,300	23.9%	1	\$ 1,825,692	23.1%
Indio Water Authority	2	687,271	18.5%	2	1,345,403	17.0%
Irrigation Customer	4	233,033	6.3%	3	807,180	10.2%
City of Coachella	3	249,283	6.7%	4	496,531	6.3%
Agricultural Customer	96	-	-	5	470,105	6.0%
Myoma Dunes Water Company	5	139,852	3.8%	6	261,820	3.3%
Irrigation Customer	33	-	-	7	255,651	3.2%
Irrigation Customer	134	-	-	8	128,957	1.6%
Irrigation Customer	17	-	-	9	102,300	1.3%
Irrigation Customer	-	-	-	10	101,594	1.3%
Total Top Ten E. Replenishment Customers		\$ 2,586,473	69.5%		\$ 5,795,234	73.4%
Total All East Replenishment Customers		\$ 3,721,984	100.0%		\$ 7,900,200	100.0%

Mission Creek Replenishment Customer Type	Calendar Year 2012			Calendar Year 2021		
	Rank	Calendar Year Revenue	% of All Customers	Rank	Calendar Year Revenue	% of All Customers
Coachella Valley Water District	1	\$ 301,620	66.7%	1	\$ 414,935	66.8%
All Others	2	150,761	33.3%	2	206,018	33.2%
Total Mission Creek Replenishment Customers		\$ 452,381	100.0%		\$ 620,953	100.0%

West Whitewater Replenishment Customer Type	Calendar Year 2012			Calendar Year 2021		
	Rank	Calendar Year Revenue	% of All Customers	Rank	Calendar Year Revenue	% of All Customers
Coachella Valley Water District	1	\$ 8,991,368	59.1%	1	\$ 10,184,247	57.9%
Irrigation Customer	2	517,089	3.4%	2	742,569	4.2%
Irrigation Customer	3	254,780	1.7%	3	373,707	2.1%
Irrigation Customer	9	187,839	1.2%	4	343,610	2.0%
Irrigation Customer	8	189,151	1.2%	5	336,319	1.9%
Irrigation Customer	-	-	-	6	308,552	1.8%
Irrigation Customer	15	-	-	7	257,373	1.5%
Irrigation Customer	5	214,204	1.4%	8	253,591	1.4%
Irrigation Customer	7	195,455	1.3%	9	253,354	1.4%
Irrigation Customer	10	177,049	1.2%	10	218,044	1.2%
Total Top Ten W. Replenishment Customers		\$ 11,167,552	73.4%		\$ 13,271,367	75.4%
Total All West Replenishment Customers		\$ 15,208,139	100.0%		\$ 17,602,989	100.0%

Note:

¹ Replenishment customer data is based on the most recent calendar year, not fiscal year, to provide better comparability with external reporting

Source:

Coachella Valley Water District

Total Assessed Value and Property Taxes Collected
Last Ten Fiscal Years
Numbers in Millions

Fiscal Year	Assessed Value	% Increase/ Decrease	Tax Collected	Total Direct Tax Rate¹	% Increase/ Decrease
2013	\$ 48,714,783	(2.9)	\$ 74,709	0.002	(8.2) ²
2014	51,446,095	5.6	85,780	0.002	14.8
2015	54,254,424	5.5	89,017	0.002	3.8
2016	56,982,193	5.0	93,601	0.002	5.1
2017	59,083,482	3.7	96,755	0.002	3.4
2018	61,017,806	3.3	100,746	0.002	4.1
2019	63,700,378	4.4	104,852	0.002	4.1
2020	66,403,221	4.2	102,953	0.002	(1.8)
2021	68,717,124	3.5	117,936	0.002	12.5
2022	71,939,860	4.7	131,698	0.002	27.9

Notes:

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.

¹ Tax rates are per \$1,000 of assessed value.

² 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

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

Taxpayer	FY 2013		FY 2022	
	Taxable Assessed Value	Total District Taxable Assessed Value (%)	Taxable Assessed Value	Total District Taxable Assessed Value (%)
Garden of Champions LLC	\$ 107,507,499	0.2%	\$ 282,329,153	0.4%
WEA Palm Desert	144,890,985	0.3	164,246,466	0.2
Donald White	-	-	155,480,305	0.2
HP LQ Investment LP	-	-	144,113,675	0.2
Garden on El Paseo	100,463,843	0.2	143,883,860	0.2
WVC Rancho Mirage INC	95,806,789	0.2	143,029,361	0.2
Walmart/Sams	91,618,521	0.2	142,397,060	0.2
H E Indian Wells	-	-	126,581,511	0.2
Spectrum Pacific West LLC	-	-	108,831,391	0.2
PRU Desert Crossing	-	-	105,325,793	0.2
KSL Desert Resorts INC	159,586,885	0.3	-	-
DS Hotel LLC	136,022,554	0.3	-	-
Mountain View Power Partners IV LLC	104,683,975	0.3	-	-
Time Warner Cable	100,139,189	0.2	-	-
River Retail	88,948,800	0.2	-	-
Total Top Ten Property Taxpayers	\$ 1,129,669,040	2.1%	\$ 1,516,218,575	1.7%

Source:

HDL Coren & Cone (Riverside County Assessor)

**Computation of Legal Debt Margin
Last Ten Fiscal Years
Numbers in Millions**

Component	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total assessed value	\$ 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	\$ 71,939,860
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 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	\$ 17,984,965
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Legal debt limit	\$ 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	\$ 2,697,745
Outstanding bonds chargeable to the limit	-	-	-	-	-	-	-	-	\$ 43	\$ 96
Less: Amount reserved for debt	-	-	-	-	-	-	-	-	-	-
Net applicable to limit:	-	-	-	-	-	-	-	-	\$ 43	\$ 96
Legal Debt Margin	\$ 1,826,804	\$ 1,929,229	\$ 2,034,541	\$ 2,136,832	\$ 2,215,631	\$ 2,288,168	\$ 2,388,764	\$ 2,490,121	\$ 2,576,935	\$ 2,697,841
<i>Total debt applicable to the limit as a percentage of debt limit</i>	<i>0.0000%</i>	<i>0.0017%</i>	<i>0.0036%</i>							

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
Numbers in Millions

Fiscal Year	Certificates of Participation	Contracts Payable	General Obligation Bonds	Other Long Term Debt	Total	Personal Income (%) ¹	Debt per Capita²
2013	\$ -	\$ 168	\$ -	\$ -	\$ 168	0.02%	\$ 0.47
2014	-	96	-	-	96	0.01%	0.26
2015	-	58	-	-	58	0.01%	0.16
2016	-	34	-	-	34	0.00%	0.09
2017	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	0.00%	-
2019	-	-	-	-	-	0.00%	-
2020	-	-	-	19	19	0.00%	0.05
2021	43	-	-	29	72	0.01%	0.18
2022	96	-	-	87	184	0.02%	0.50

Notes:

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

Please allow for rounding differences

Source:

¹ *Riverside County total personal income for prior calendar year*

² *Riverside County total population for prior calendar year*

**Computation of Debt Coverage Ratio
By Fund**

Component	Domestic Fund	Stormwater Fund	East Replenishment Fund
Operating Revenues:			
Sales	\$ 68,237,693	\$ -	\$ 396,017
Availability Charges	745,676	-	-
Meter and Service Fees	22,476,308	13,899	-
Replenishment Charges	-	-	8,796,745
Other Charges	3,255,353	44,819	23,259
Total Operating Revenues	\$ 94,715,030	\$ 58,718	\$ 9,216,021
Non-operating Revenues:			
Property Taxes	\$ 2,517,394	\$ 23,035,381	\$ 9,380,738
Intergovernmental	2,127,598	1,723,086	31,929
Investment Income	1,716,746	1,484,960	328,239
Other Income	3,261,194	1,918,557	516,858
Total Non-operating Revenues	\$ 9,622,932	\$ 28,161,984	\$ 10,257,764
Less Non-cash Revenue ¹	(53,852)	(282,925)	-
Total Revenues	\$ 104,284,110	\$ 27,937,777	\$ 19,473,785
Operating Expenses:			
Wages and Salaries	\$ 24,135,605	\$ 3,208,078	\$ 1,127,929
Benefits	8,770,655	994,080	282,841
Materials and Supplies	8,509,398	192,242	144,821
Water Purchases	14,274,750	-	4,120,981
Power	12,794,401	46,267	1,485,024
Contract Services	3,482,821	1,258,941	909,245
Depreciation and Amortization	15,905,050	3,571,145	654,746
Legal Claims	176,352	26,265	5,275,303
Other Expense	11,200,083	2,140,368	1,969,725
Total Operating Expenses	\$ 99,249,115	\$ 11,437,386	\$ 15,970,615
Less Depreciation/Amortization	(15,905,050)	(3,571,145)	(654,746)
Less Non-cash Expense ¹	6,785,556	(1,041,557)	(4,920,165)
Total Expenses	\$ 90,129,621	\$ 6,824,684	\$ 10,395,704
Net Revenues	\$ 14,154,490	\$ 21,113,093	\$ 9,078,081
Total Parity Annual Debt Service	\$ 1,474,654	\$ 1,918,758	\$ 1,879,150
Parity Debt Service Coverage Ratio:	9.60	11.00	4.83
Net Revenues less Parity Debt Service	\$ 12,679,836	\$ 4,905,926	\$ 7,198,931
Subordinate Debt Service	\$ -	\$ -	\$ -

Note:

¹ Non-cash revenues and expenses include GAAP entries that do not affect debt service capabilities

Source:

Coachella Valley Water District

Total Debt to Assets Ratio
Last Ten Fiscal Years
Numbers in Millions

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assets	\$ 1,709.9	\$ 1,777.5	\$ 1,836.4	\$ 1,873.8	\$ 1,929.8	\$ 1,953.0	\$ 2,036.9	\$ 2,085.9	\$ 2,204.3	\$ 2,399.9
Debt	\$ 0.1	\$ 0.1	\$ 0.0	\$ 0.0	\$ -	\$ -	\$ -	\$ 18.9	\$ 71.8	\$ 183.5
Debt as % of Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	3.3%	7.6%

Source:
 Coachella Valley Water District



Demographic and Economic Statistics
Riverside County
Last Ten Calendar Years

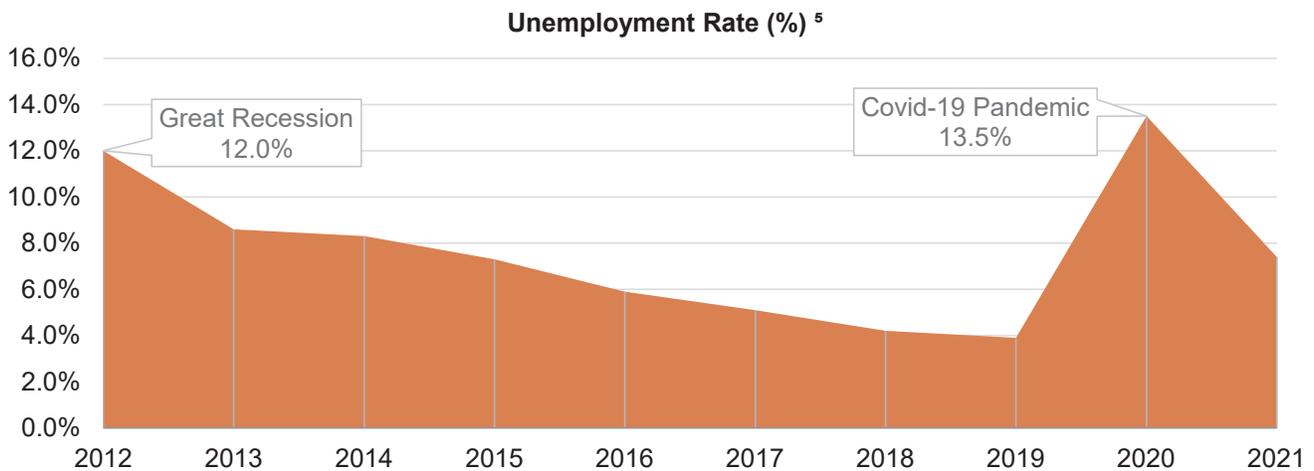
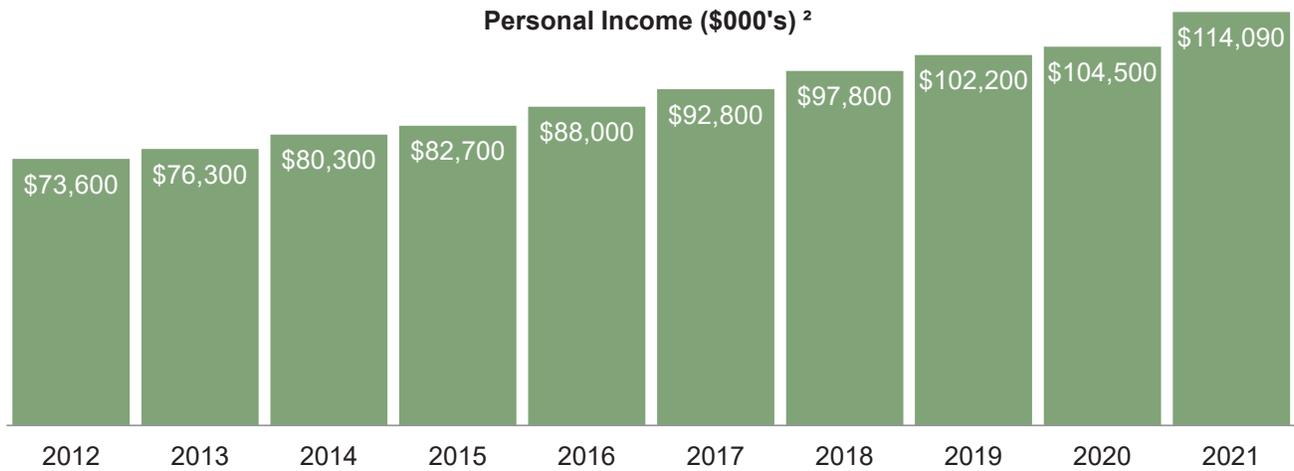
Calendar Year	Population ¹	Personal Income (\$000's) ²	Per Capita Personal Income ³	Median House Value ⁴	Unemployment Rate (%) ⁵
2012	2,255,059	73,600	33,534	190,000	12.0%
2013	2,279,967	76,300	34,142	237,457	8.6%
2014	2,308,441	80,300	34,989	297,000	8.3%
2015	2,317,924	82,700	35,495	312,700	7.3%
2016	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%
2021	2,458,395	114,090	45,834	368,100	7.4%

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

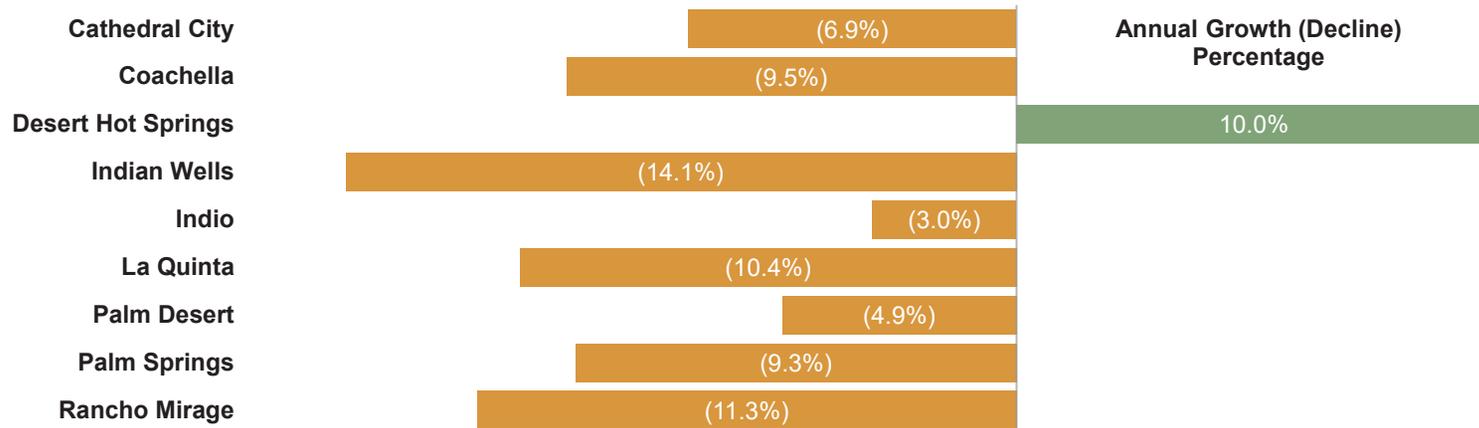


Demographic Statistics
Population of Major Cities in the Coachella Valley
Last Ten Calendar Years

Calendar Year	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage	Total
2012	52,485	42,426	27,973	5,103	79,185	38,100	48,924	45,326	17,583	357,105
2013	53,163	43,676	28,385	5,199	83,450	38,156	48,282	45,465	17,685	363,461
2014	53,480	44,614	28,605	5,265	84,655	38,720	48,494	45,818	17,783	367,434
2015	53,859	45,001	28,794	5,336	86,683	39,311	48,835	46,204	17,920	371,943
2016	54,040	45,135	28,885	5,375	87,382	40,176	50,154	46,866	18,093	376,106
2017	54,296	45,273	29,347	5,549	86,632	40,605	52,058	47,157	18,579	379,496
2018	54,902	45,839	28,885	5,440	91,240	41,535	53,185	48,375	18,336	387,737
2019	55,007	45,713	28,878	5,470	91,765	41,748	53,275	48,518	18,528	388,902
2020	55,678	46,564	29,611	5,544	91,919	42,271	53,524	48,929	18,954	392,994
2021	51,840	42,158	32,569	4,762	89,137	37,860	50,889	44,397	16,804	370,416
Annual Growth Percentage	(6.9%)	(9.5%)	10.0%	(14.1%)	(3.0%)	(10.4%)	(4.9%)	(9.3%)	(11.3%)	(5.7%)

Source:

*State of California, Department of Finance, Demographic Research Unit
 US Census Bureau Population Estimates 2019*



**Principal Employers in the Coachella Valley
Current Year ¹ and Ten Years Ago**

Employer	Calendar Year 2012			Calendar Year 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	4,001	1	0.004
Palm Springs Unified School District	2,000	4	0.003	3,328	2	0.003
Coachella Valley Unified School District	1,724	7	0.002	2,581	3	0.002
Desert Sands Unified School District	2,403	2	0.003	2,564	4	0.002
JW Marriot Desert Springs Resort	1,100	10	0.001	2,304	5	0.002
Morongo Casino Resort & Spa	1,915	5	0.002	2,213	6	0.002
Aqua Caliente Band of Cahuilla Indians	2,403	3	0.003	2,200	7	0.002
Desert Regional Medical Center	1,750	6	0.002	2,200	7	0.002
Universal Protection Services	-	11	0.000	1,500	8	0.001
La Quinta Resort and Club	1,235	8	0.002	1,412	9	0.001
Fantasy Springs Casino	1,200	9	0.002	1,202	10	0.001
Total	18,247		0.023	25,505		0.023

Note:

¹ Data for most current year available

Source:

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

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

Indicators by Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Domestic water										
Population served	303,846	304,701	318,217	318,217	290,000	290,000	290,000	300,000	300,000	270,000
Total well capacity (MGD)	245	240	240	231	234	232	236	244	244	242
Active meters	107,544	108,050	108,599	109,167	107,861	106,717	109,714	110,138	110,899	112,180
Average daily demand (MGD)	92	92	90	75	72	77	79	76	80	83.5
Total water delivered (af)	103,429	103,552	101,302	83,869	80,835	86,303	87,959	84,974	88,911	93,548
Irrigation water										
Total irrigable acres	66,227	75,144	76,354	76,456	76,411	76,428	77,101	76,364	77,103	76,970
Active accounts	1,145	1,224	1,224	1,190	1,263	1,267	1,263	1,277	1,305	1,311
Total water delivered (af)	278,398	274,399	334,638	327,010	342,507	333,160	338,094	335,760	343,941	338,147
Average daily demand (af)	777	760	917	903	903	913	913	914	942	920
Wastewater collection										
Population served	264,316	270,686	272,357	272,982	248,404	256,173	252,803	254,420	262,217	240,000
Active accounts	90,344	92,774	93,797	93,969	94,532	94,269	96,206	94,937	96,932	98,351
Average daily flow (MGD)	18	17	17	17	16	17	17	17	17	16.66
Nonpotable water										
Active accounts	17	18	19	21	19	24	24	24	24	24
Recycled Water Delivered (af)	8,170	9,092	9,624	9,505	9,120	8,157	10,129	9,049	9,141	9,421

Notes:

af - Acre Feet

MGD - Million Gallons Per Day

Source:

Coachella Valley Water District Annual Review

Capital Asset Statistics by Function
Last Ten Calendar Years

Capital Assets by Fund	Unit of Measure	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Domestic water											
Active wells		100	96	96	92	94	93	95	97	97	96
Distribution reservoirs		59	60	61	61	61	62	63	64	64	65
Storage capacity	MG	134	135	135	135	135	142	143	153	153	155
Distribution piping systems	Miles	1,986	1,993	1,996	1,993	1,993	2,004	2,015	2,024	2,025	2,032
Canal water											
Reservoirs		2	2	2	2	2	2	2	1	2	2
Storage capacity	af	1,301	1,301	1,301	1,301	1,301	1,301	1,301	1,301	1,361	1,361
Distribution system	Miles	485	485	485	485	435	485	485	485	485	485
Pumping plants		16	16	16	16	16	16	16	16	16	16
Length of canal	Miles	123	123	123	123	123	123	123	123	123	123
Agriculture drainage											
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
Stormwater protection											
Number of channels		16	16	16	16	16	16	16	17	17	18
Length of Whitewater River channel	Miles	49	49	49	49	49	49	49	50	50	50
Length of all channels	Miles	134	134	134	134	134	134	134	169	169	169
Wastewater collection											
Reclamation plants		6	6	6	6	5	5	5	5	5	5
Total daily plant capacity	MGD	34	34	34	34	33	33	33	33	33	33
Collection piping system	Miles	1,088	1,095	1,129	1,129	1,129	1,129	1,243	1,160	1,159	1,162
Recycled water											
Plants producing recycled water		3	3	3	3	2	2	2	2	2	2
Total daily capacity	MGD	18	18	18	18	18	18	18	18	18	18
Distribution piping systems	Miles	27	27	30	30	30	31	31	31	31	31
Groundwater management											
Recharge facilities		4	4	3	3	3	3	4	4	4	4
Recharge from imported water	af	313,389	64,190	43,912	38,298	73,194	429,856	165,100	282,998	175,491	63,610

Notes:
 af - Acre Feet
 MG - Million Gallons
 MGD - Million Gallons Per Day

Source:
 Coachella Valley Water District Annual Review

**Active Domestic Meters by Meter Size
Last Ten Fiscal Years**

Meter Size	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
5/8"	2	2	2	2	2	2	2	2	2	2
3/4"	96,705	97,196	97,704	98,248	98,444	99,010	99,679	95,987	99,589	102,199
1"	6,483	6,516	6,550	6,576	6,634	6,768	6,924	6,943	7,052	7,355
1 1/2"	2,917	2,932	2,948	2,926	2,934	2,954	2,982	2,964	2,994	3,051
2"	1,729	1,738	1,747	1,772	1,774	1,791	1,799	1,739	1,774	1,839
3"	153	154	155	155	140	151	154	140	157	209
3" Construction	6	6	6	6	6	5	5	5	8	25
4"	17	17	17	17	13	17	18	15	20	20
4" Construction	1	1	1	1	-	-	-	-	-	1
6"	3	3	3	3	4	2	3	3	3	3
8"	3	3	3	3	3	3	3	4	4	4
unknown	3	3	3	3	2	1	-	-	-	-
Totals ¹	108,022	108,571	109,139	109,712	109,956	110,704	111,569	107,802	111,603	114,708
<i>Increase (Decrease)</i>	506	549	568	573	244	748	865	(3,767)	3,801	3,105
<i>Percent Change</i>	0.5%	0.5%	0.5%	0.5%	0.2%	0.7%	0.8%	(3.4%)	3.5%	2.8%

Note:

¹ Total active meters reported on Operating Indicators may not match; fire protection was excluded from operating indicators.

Source:

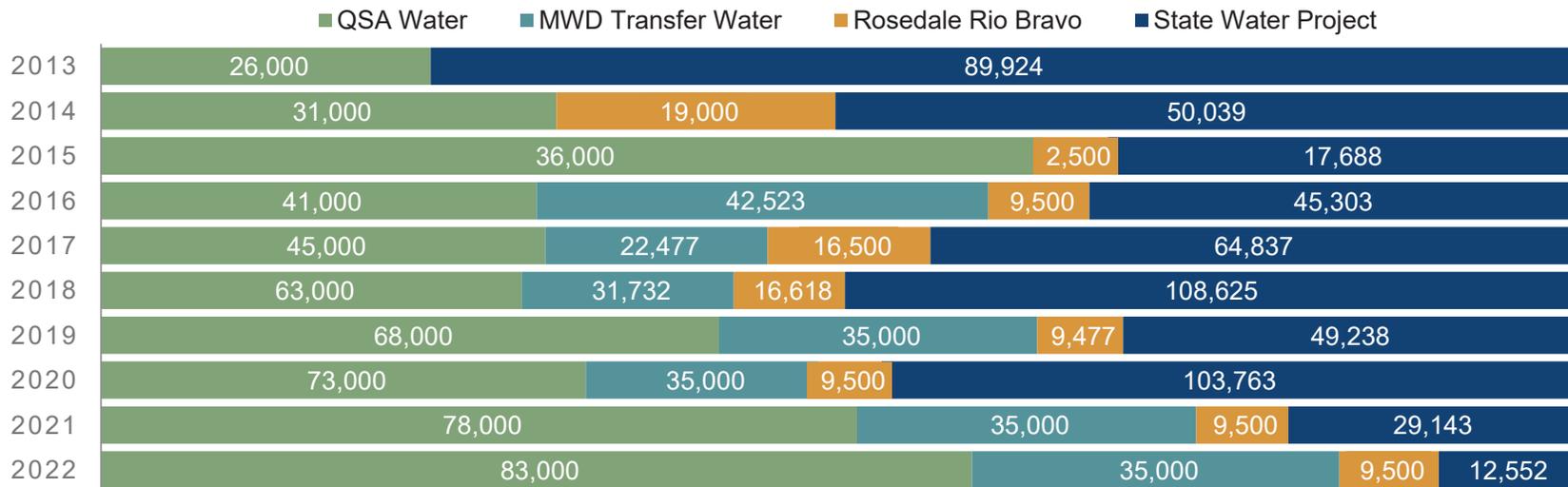
Coachella Valley Water District Meter Demographics

Schedule of Imported Water Costs
Last Ten Fiscal Years
Numbers in Acre Feet (af)

Fiscal Year	QSA Water		MWD Transfer Water		Rosedale Rio Bravo		State Water Project		Average Cost per af	
	af	Rate per af	af	Rate per af	af	Rate per af	af	Rate per af	af	Rate per af
2022	83,000	\$ 93.4	35,000	\$ 307.0	9,500	\$ 631.6	12,552	\$ 4,150.3	35,013	\$ 1,295.6
2021	78,000	90.3	35,000	298.0	9,500	647.1	29,143	1,679.6	37,911	678.7
2020	73,000	82.9	35,000	289.0	9,500	668.6	103,763	611.6	55,316	413.0
2019	68,000	86.0	35,000	281.0	9,477	583.5	49,238	915.2	40,429	466.4
2018	63,000	78.1	31,732	247.0	16,618	612.1	108,625	552.1	54,994	372.3
2017	45,000	75.5	22,477	214.4	16,500	532.4	64,837	779.2	37,204	400.4
2016	41,000	73.9	42,523	235.0	9,500	641.5	45,303	1,085.4	34,582	508.9
2015	36,000	73.0			2,500	638.8	17,688	2,276.9	18,729	996.2
2014	31,000	72.5			19,000	590.4	50,039	862.6	33,346	508.5
2013	26,000	71.9					89,924	543.4	57,962	307.6

Source:

Coachella Valley Water District



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

Department	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration ^{1,9}	36.0	36.0	37.0	41.0	41.0	41.5	42.5	43.0	42.0	17.0
Engineering	69.0	44.0	44.0	42.0	45.0	47.0	47.0	52.0	49.0	51.5
Environmental ²	-	24.0	25.0	27.0	25.0	29.0	28.5	26.5	27.5	29.0
Finance	25.0	26.5	26.5	28.0	27.0	26.0	28.0	27.0	29.0	28.0
Human Resources & Risk Management	8.0	9.0	9.0	9.0	10.0	10.0	10.5	9.5	9.5	9.5
Information Systems ^{3,4}	-	13.0	13.0	14.0	15.0	15.0	15.0	16.0	17.0	17.0
Operations ^{6,8}	146.0	150.0	150.0	153.0	158.0	174.0	177.0	179.0	181.0	182.0
Service ^{1,7,9}	94.0	79.0	82.0	84.0	83.0	84.0	84.0	52.0	54.0	78.0
Facilities and Maintenance ^{5,7,8}	121.0	123.0	124.0	121.0	127.0	120.0	121.0	138.0	136.0	140.0
Total	499.0	504.5	510.5	519.0	531.0	546.5	553.5	543.0	545.0	552.0

Notes:

¹ FY 2014 Conservation established as part of Communication Department reporting to Administration; Previously included in Service

² FY 2014 Environmental Services established as a separate department; Previously included in Engineering.

³ FY 2014 Information Systems established as a separate department; Previously included in Administration.

⁴ FY 2014 Geographic Information Systems established as a part of Information Systems; Previously included in Engineering.

⁵ FY 2017 Trades and Support was renamed Facilities & Maintenance Department

⁶ FY 2018 Mechanical Division established as part of Operations; Previously in Facilities & Maintenance

⁷ FY 2019 Zanjero Division established as part of Facilities & Maintenance; Previously in Service

⁸ FY 2019 Control Operator Division established as part of Operations; Previously in Service

⁹ FY 2022 Communication and Conservation reestablished to Service

Source:

Coachella Valley Water District

Capital Expenditures
Last Ten Fiscal Years (Actual)
Numbers in Millions

