



# IDYLLWILD WATER DISTRICT

## Memo

**To:** Board of Directors  
**From:** Leo Havener, General Manager  
**Date:** October 18, 2023  
**Subject:** Item 5 – WWTP Project Funding

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**Discussion:**

The Board of Directors will discuss potential funding sources for the WWTP Project.

**Attachment:**

- Specialized Utilities Services Program Engineering Memorandum re WWTP Plant Upgrade Project Funding Options



# Memorandum

## WWTP Plant Upgrade Project Funding Options

August 31, 2022

To: Idyllwild Water District, Leo Havener  
25945 Hwy 243  
Idyllwild, CA

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As a condition of Task Order IWD-01, SUSP was to assist Idyllwild Water District (IWD) in identifying and determining eligibility to receive funding from various government sources for design and construction of their Wastewater Treatment Plant Upgrades Project. This memorandum identifies three sources of potential funding and different avenues to pursue each funding option.

### Clean Water State Revolving Fund (CWSRF)

#### Background:

California's Clean Water State Revolving Fund (CWSRF) program has been financing projects that help protect and improve water quality since 1989. On July 1, 2008, The State Water Resource Control Board (SWRCB) adopted Resolution No. 2008-0048 which promotes strategies to assist small Disadvantaged Communities (DACs) with their wastewater needs. Small Community Water Systems are defined by the SWRCB as having less than 3,300 connections or a population of less than 10,000 persons. The SWRCB Small Community Wastewater Grant (SCWG) Program assists small DACs in the planning, design, and construction of wastewater projects. Low-interest financing, and limited grants for small DACs, are available through the State Water Board CWSRF Program under supervision and control of the department of financial assistance (DFA).

#### Funding:

The maximum amount of CWSRF principal forgiveness loan (grant) or loan funds is determined based on several factors.



First, a system needs to be classified as a small, disadvantaged community. Disadvantaged communities are determined by the number of service connections and a Median Household Determination (MHI).

In general, the MHI determination is based on the entire permitted service area of the Wastewater System. The MHI is determined using the Census geography that best represents the community (i.e. city/Census Designated Place [CDP] or block group). DFA utilizes the American Community Survey (ACS) data set to determine the MHI of a community. ACS data is updated annually using a five-year rolling average. New ACS data is incorporated by DFA April 1st of each year. If the MHI cannot be determined due to unavailable ACS data or the available data is not considered representative based on consultation with Regional Board staff, an income survey (MHI study) may be conducted. In the event an MHI study is required by DFA, CRWA has a grant program that can assist with paying for the study.

An impartial third party must conduct an income survey in accordance with the current Multiagency Income Survey Guidelines. In making DAC determinations, the State Water Board will consider whether the households benefitting from the project are primary homes. If a community includes secondary homes that are greater than 50 percent of the total number of dwellings, the community will not be considered a DAC. A community with between 25 percent and 50 percent secondary homes will be evaluated on a case-by-case basis to determine eligibility for grant or partial grant. Typically, permanent residents are those residing in the community at least six months out of the year; however, seasonal, migrant laborers can also be counted as permanent residents.

To be considered a DAC and receive 100 percent grant funds for the Wastewater Treatment Plant Upgrades Project under this program, the community MHI would need to be less than 80 percent of the statewide MHI.

Since IWD was considered a small, disadvantaged community for the purposes of SAWPA grant funding, they are likely to still be considered disadvantaged through the CWSRF program.

To determine the maximum amount of loan or grant eligibility we used the following calculation:

$$\text{Number of service connections} \times \$45,000/\text{connection}$$

Or

$$586 \text{ connections} \times \$45,000 = \text{roughly } \$26 \text{ million}$$

This number assumes that all 586 service connections that IWD has are residential. Industrial and commercial connections are not eligible for grant funding and thus would be subtracted from the equation.



In the event IWD is not found eligible for grant funds the typical loan financing terms for the CWSRF/SCWG program is an interest rate of ½ the General Obligation bond rate which typically ranges from 2 to 3 percent, and a term of twenty (20) years. The standard repayment term for repayable construction financing is the lesser of 30 years or the useful life of the financed facilities. Reduced interest rates or extended terms of up to thirty (30) years may be provided to small DACs, when needed, to make a new project affordable. Repayment of loans begins one year after completion of construction.

**Eligibility:**

Any city, town, or other public body created under state law is eligible for program funding through the CWSRF program, including any designated and approved management agency under section 208 of the Clean Water Act.

Eligible projects include planning, design, and construction of publicly owned facilities for the following:

- Wastewater treatment plants
- Sewer collectors and interceptors
- Combined sewers
- Septic to sewer conversions
- Storm water reduction and treatment
- Water reclamation facilities

**Timeline:**

Funding applications are received in an ongoing basis and can be submitted at any time utilizing the FAAST portal. Typically, after submitting a funding application, it takes 90 to 120 days for review by DFA. Throughout the review process DFA may request additional documents or information and it is imperative that responses are given in a timely manner to avoid delays in the funding review process.

Funding agreements typically take 1 to 2 years to complete from starting the application to receiving the actual funding agreement from DFA.

**Summary:**

IWD has a good chance of attaining grant or loan funds for the wastewater treatment plant upgrades project utilizing CWSRF funds. Based on the requirements, the CWSRF

program can also finance the entire project without the need of combining other funding sources. We would recommend IWD submit a construction application vs. a planning application for the following reasons:



1. Planning applications do not include construction costs.
2. Typically, the process is to submit a planning application and on design completion a construction application is submitted. This process of multiple applications can add up to 2 additional years to the project cycle.

Construction applications do not require 100 percent design to be completed prior to submittal. With a 30 percent Design set of plans and a preliminary engineering report, IWD will meet the minimum requirements of the construction funding application. When submitting the construction funding application IWD can claim all costs of the planning work, i.e., all the task orders between SUSP and IWD and any other subsequent monies spent during the planning process such as permit fee's etc., in addition to the costs to complete the design to 100 percent and actual construction costs. Costs that are not eligible for funding include land acquisition.

SUSP is currently under contract to provide a 30 percent design set of plans and preliminary engineering report by February of 2023, which satisfies the minimum requirement to submit a construction application vs. a planning application, potentially saving years on this project cycle.

#### **Next Steps:**

CRWA has a grant from the State Water Resources Control Board for no-charge planning and application assistance. We recommend as a first step fill out a technical assistance (TA) request form. This would be submitted to our grant manger which will review the technical assistance request. Occasionally, the grant manager will request additional background information to determine eligibility for the no charge technical assistance. DFA typically reviews the request within 30 days and makes a determination of eligibility by either denying or approving the TA request. In the event the TA request is approved CRWA can assist IWD with their construction funding application at no cost to IWD. In the event the TA request is denied SUSP can assist with the funding application via an additional subsequent task order. IWD could submit the construction funding application with the 30 percent set of plans and preliminary engineering report and while waiting for the funding agreement, could continue to move the design forward to 100 percent design, plans and specifications. Land Acquisition will need to completed prior to execution of funding agreement.

## **United States Department of Agriculture - Rural Development (USDA-RD)**

### **Background:**

The U.S. Department of Agriculture (USDA), through its Rural Development (RD) program, provides financial resources and support for rural communities, residents, and businesses. USDA-RD has a Water and Waste Disposal Loan and Grant Program (Program) that helps small,



financially distressed rural communities extend and improve water and wastewater treatment facilities that serve residential and commercial users.

The Program provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary waste disposal, and storm water drainage to households and businesses in eligible rural areas.

### **Funding:**

USDA-RD funding is determined based on the number of residents and MHI status. Up to 75 percent of costs are eligible for grant or loan funding when the MHI is below 80 percent of the state MHI of \$60,188 (as of 2021). The additional 25 percent of project cost can be funded through a combination of various sources such as, State funds, (CWSRF) private funds such as funds from IWD reserves, or bank loans. USDA determines the MHI from the US Census data survey. In the event the MHI exceeds the 80 percent threshold, then up to 45 percent of the costs of the project would be eligible for grant or loan funds.

Grants may also be used to pay part of the costs of developing a complete application for USDA-RD Water & Waste Disposal direct loan/grant programs with a maximum amount of \$30,000 or 75 percent of the predevelopment planning costs.

USDA-RD offers up to a 40-year payback period, based on the useful service life of the facilities financed and fixed interest rates, based on the need for the project and the median household income of the area to be served. Loan rates typically range from 2 to 3.5 percent.

### **Eligibility:**

To be eligible for grant funds under the USDA-RD program, the project must be in a city, town, or unincorporated area with populations of 10,000 or fewer residents and the facility or project must also primarily serve rural residents in cities, towns, or unincorporated areas with populations of 10,000 or fewer.

Borrowers must have the legal authority to construct, operate and maintain the proposed services or facilities. All facilities receiving federal financing must be used for a public purpose. Partnerships with other federal, state, local, private, and nonprofit entities that

offer financial assistance are encouraged. An applicant must be defined as a public body, such as a municipality, county, district, authority, or other political subdivision of a state, territory, or commonwealth.

Funds may be used to finance the acquisition, construction, or improvement of:

- Drinking water sourcing, treatment, storage, and distribution
- Sewer collection, transmission, treatment, and disposal
- Solid waste collection, disposal, and closure



- Storm water collection, transmission, and disposal

In some cases, funding may also be available for related activities such as:

- Legal and engineering fees
- Land acquisition, water and land rights, permits, and equipment
- Start-up, operations, and maintenance
- Interest incurred during construction
- Purchase of facilities to improve service or prevent loss of service
- Other costs determined to be necessary for completion of the project

### **Timeline:**

Applications are accepted year-round and may be filed electronically using RD Apply. Applications are also accepted through local RD offices. Once an application is submitted the processing office will determine if the application is properly assembled. The processing office will notify the applicant (IWD) within fifteen federal working days as to what additional items are needed. The processing and approval offices will coordinate their reviews to ensure that IWD is advised about eligibility and anticipated funding availability within 45 days of the receipt of a completed application.

The initial application consists of the following components:

- One copy of a completed SF 424.4
- A copy of the governmental comments or a copy of the filed application for review.
- Two copies of the preliminary engineering report (PER) for the project.

Funding agreements typically take 12 to 18 months to complete from starting the application to receiving a funding agreement from USDA.

### **Summary:**

IWD has a likely chance of attaining grant or loan funds for the wastewater treatment plant upgrades project utilizing USDA funds. USDA-RD funding agreements typically take less time than other programs but has more limitations for what funds can be used for. For example, the USDA-RD program would only cover a portion of the planning costs, \$30,000 or 75 percent for development of the application and PER. This would result in significantly less reimbursable money to the district for the project than other programs.

### **Next Steps:**

If IWD chooses to pursue this avenue of funding, the following steps would take place.



1. SUSP would prepare a preliminary engineering report (PER) utilizing the USDA PER guidelines. SUSP is already preparing a PER, but it would need to be altered to reflect the exact order of the USDA PER guidelines. This would require an additional task order.
2. Once the PER is completed it would be submitted to the USDA processing office prior to submitting the rest of the application for a preliminary review.
3. The USDA processing office will work with the State staff engineer and SUSP to resolve any questions concerning the PER. Written comments would be provided by the State staff engineer to the processing office to meet eligibility determination timelines.

IWD should be prepared to provide any supporting documentation necessary to make an eligibility determination such as financial statements, audits, organizational documents, and/or existing debt instruments.

Upon notification from USDA to proceed with further development of a full application, IWD would be required to submit the following items:

1. Form RD 442-7 – Operating Budget
2. Form RD 1910-11 – Application Certification, Federal Collection Policies for Consumer or Commercial Debts
3. Form RD 400-1 – Equal Opportunity Agreement
4. Form RD 400-4 – Assurance Agreement
5. Form AD-1047 – Certification Regarding Debarment, Suspension, and other Responsibility Matters
6. Form AD 1049 – Certification regarding Drug Free Workplace Requirements
7. Certification regarding prohibited tying arrangements.

In addition, IWD would need to comply with the environmental review requirements of the National Environmental Policy Act of 1969 or (NEPA). SUSP could have our environmental consultant perform this work, but it would be considered additional services and a new task order would need to be generated.

## **Integrated Regional Water Management - Prop 1 (IRWM)**

### **Background:**

The Integrated Regional Water Management (IRWM) program is a voluntary statewide planning and implementation program designed to incentivize regional collaboration among multiple water agencies towards the implementation of multi-benefit projects. The IRWM program, which is administered by the Department of Water Resources (DWR), offers grant funding to IRWM





groups for projects that support integrated regional water management, planning, and implementation, optimize water supply and reliability, protect or improve water quality, and enhance ecosystems. Since the creation of the program, 50 IRWM groups have been formed.

IWD was a recipient of IRWM Round 1 grant funds through the Santa Ana Watershed Project Authority (SAWPA) Disadvantaged Community Involvement Program in 2020. The funds were used to develop a system evaluation of the wastewater treatment plant (WWTP), a feasibility study, and a PER on the WWTP which included SCADA upgrades. Additionally, an initial CEQA strategy was prepared as part of the PER effort.

On December 10, 2021, DWR released the draft Proposition 1 – Round 2 IRWM implementation grant proposal solicitation package and 2022 IRWM program guidelines. The proposal solicitation package described eligibility requirements, application instructions, and application scoring and review criteria.

An average local cost share of not less than 50 percent of the total project costs was required. Local cost share may include but is not limited to, federal funds, local funding, or donated services from non-State sources. The local cost share requirement would be waived or reduced for the IWD project, since it directly benefits the water management needs of a DAC.

#### **Eligibility:**

Eligible entities include, public agencies, 501(c)(3) non-profit organizations, public utilities, federally recognized Indian Tribes, and mutual water companies.

Eligible projects include:

- Water reuse and recycling for non-potable reuse and direct and indirect potable reuse
- Water-use efficiency and water conservation
- Local and regional surface and underground water storage, including groundwater aquifer cleanup or recharge projects
- Regional water conveyance facilities that improve integration of separate water systems
- Watershed protection, restoration, and management projects, including projects that reduce the risk of wildfire or improve water supply reliability
- Stormwater resource management, including, but not limited to, the following:
- Conjunctive use of surface and groundwater storage facilities
- Water desalination projects
- Decision support tools to model regional water management strategies to account for climate change and other changes in regional demand and supply projections



- Improvement of water quality, including drinking water treatment and distribution, groundwater and aquifer remediation, matching water quality to water use, wastewater treatment, water pollution prevention, and management of urban and agricultural runoff.
- Regional projects or programs as defined by the IRWM Planning Act (Water Code §10537)

### **Timeline:**

Funding applications were due by January 14, 2022, with the intent to fund shovel ready projects and required that all planning work was completed by June 30, 2022. Due to the fact that the WWTP Upgrade project is still in planning it was ineligible for this round of funding.

### **Summary:**

It was discussed in August of 2021 that IWD would not be ready for this round 2 grant funding opportunity, since design of the WWTP would need to be 100 percent complete, including plans, specifications, and bidding documents and therefore it was ruled out.

At present there are no upcoming IRWM funding streams that apply to the IWD project. However, recent legislation is underway to allocate funds to the IRWM programs and once finalized this may be an avenue worth considering. New IRWM funding rounds should begin formalizing an approximately one year. IWD project planning should be nearing completion around that time and it may be useful to reconsider IRWM funding at that time.

### **Summary and Recommendations:**

After review of all three alternatives, CRWA recommends that IWD consider the CWSRF program for funding as the best option. Utilizing the CWSRF program would allow IWD to move forward with applying for free technical assistance to complete the construction funding application immediately. In February, once the 30 percent design is complete, IWD would be ready to submit the construction funding application.

If IWD were to pursue CWSRF funding, IWD could claim all costs of the planning work, i.e., all the task orders between SUSP and IWD and any other subsequent monies spent during the planning process such as permit fee's etc., in addition to the costs to complete the design to 100 percent and actual construction costs (future costs). CWSRF funding would allow IWD to fund the entire project with one funding source and would save the district time and money in the process.

It is possible to pursue USDA-RD funding in combination with CWSRF funds as an additional funding source. This alternative may be selected after the PER is complete and started in the



spring of 2023. Since the USDA-RD timeline to approval is shorter, the two funding processes would likely be completed within plus or minus 6 months of one another. IWD can consider this an optional second alternative to be exercised at their discretion. Preliminary funding plans through IRWM may be more developed by then and influence the decision.



# IDYLLWILD WATER DISTRICT

## Memo

**To:** Board of Directors  
**From:** Leo Havener, General Manager  
**Date:** October 18, 2023  
**Subject:** Item 6 – Engineering Firm For WWTP Project

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**Discussion:**

The Board of Directors will discuss the existing and potential change in the engineering firm for the WWTP Project.



# IDYLLWILD WATER DISTRICT

## Memo

**To:** Board of Directors

**From:** Leo Havener, General Manager  
Hosny Shouman, Chief Financial Officer

**Date:** October 18, 2023

**Subject:** Item 7 – Consider Acceptance of the Fiscal Year 2022 – 2023 Audit

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### **Recommendation:**

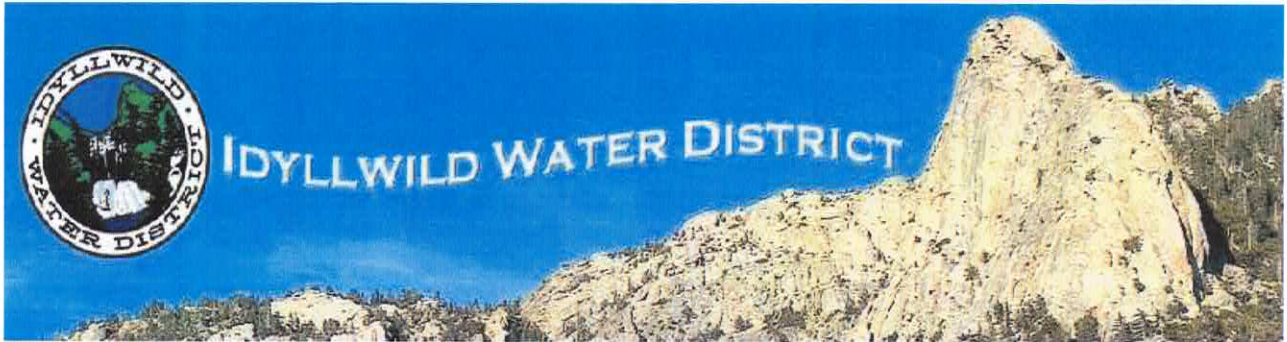
The Board of Directors will consider accepting the Fiscal Year 2022 – 2023 audit.

### **Background:**

The District is required by State law to have its financial audited annually by a certified public accountant. The District hired Rogers, Anderson, Malody & Scott, LLP to audit the District Financial Statements for FY 2022 – 2023.

### **Attachments:**

- Idyllwild Water District Financial Statements and Independent Auditor's Report, dated September 18, 2023,



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2023**

**Idyllwild Water District**

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Idyllwild Water District

List of Principal Officers as of June 30, 2023

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*BOARD OF DIRECTORS*

<u>Title</u>	<u>Name</u>
President	Charles Schelly
Vice-President	Peter Szabadi
Director	Vacant
Director	Steve Olson
Director	Steve Kunkle

*ADMINISTRATION*

General Manager	Leo Havener
Chief Financial Officer	Hosny Shouman

*ORGANIZATION*

The Idyllwild Water District was formed on March 21, 1955 for the purpose of providing a domestic water supply to the community of Idyllwild, California under Section 30000 of the California Water Code. Improvement District No. 1 was established by Board action on March 10, 1966 to provide wastewater services within the community.





ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

## Independent Auditor's Report

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San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
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Board of Directors  
Idyllwild Water District  
Idyllwild, California

### PARTNERS

Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradford A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Brenda L. Odle, CPA, MST (Partner Emeritus)

### MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hise, CPA  
Jeffrey McKennan, CPA

### MEMBERS

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants



## Report on the Audit of the Financial Statements

### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District, as of June 30, 2023, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America and State Controller's *Minimum Audit Requirements for California Special Districts*.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAS, we:

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

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

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

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

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
September 18, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The intent of the management's discussion and analysis is to provide highlights of the Idyllwild Water District's (the District) operational and financial activities for the fiscal year ended June 30, 2023. Readers are encouraged to review this section in conjunction with the accompanying financial statements and notes.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The District operates under California Irrigation District Law as a utility enterprise. As such, the District presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting, similar to methods used by private sector companies. These financial statements are designed to provide readers with a broad overview of the finances and also present changes in cash balances, and information about both short-term and long-term activities of the District. There are three required components to these statements: the Management's Discussion and Analysis (MD&A), the financial statements, and the notes to the financial statements. As an enterprise fund, the District's financial statements include four components:

- 1) **Statement of Net Position** presents information on all of the District's assets, liabilities, and deferred inflows/outflows with the difference between the two reported as net position. The statement of net position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net position is displayed in three categories: net investment in capital assets, restricted, and unrestricted.
- 2) **Statement of Revenues, Expenses, and Changes in Net Position** presents information which show how the District's net position changed during the year. All of the current year's revenues and expenses are recorded on an accrual basis, meaning when the underlying transaction occurs, regardless of the timing of the related cash flows. These statements measure the success of the District's operations over the past year and determine whether the District has recovered its costs through water sales, user fees, and other charges.
- 3) **Statement of Cash Flows** provides information regarding the District's cash receipts and cash disbursements during the year. These statements report cash activity in four categories: operating, noncapital financing, capital and related financing, and investing. This statement differs from the statement of revenues, expenses, and changes in net position in that it accounts only for transactions that result from cash receipts and cash disbursements. As in the past, the statement of cash flows continues to reconcile the reasons why cash from operating activities differ from operating income.
- 4) **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 generally accepted accounting principles that are not otherwise present in the financial statements. The notes are located immediately following the financial statements.

### THE DISTRICT'S OPERATIONS - AN OVERVIEW

The District operates under the authority of Section 30000, Division 12 of the California Water Code and engages in water and wastewater activities, which are classified, as "proprietary". These activities are accounted for much like that of a private business using the full accrual method of accounting for financial transactions. Major activities include production and treatment of groundwater; sale and delivery of water to domestic and commercial accounts; and collection, treatment, and disposal of wastewater. The District also owns a small fleet of vehicles and other rolling stock to support the various operating activities for water and wastewater.

**FINANCIAL HIGHLIGHTS**

**WATER SALES:**

Water sales increased for the year by \$100,598 or 6.1% from the prior year's amount and ended the year at \$1,750,829. This is attributed to a changing rates for residential and commercial. The total cubic feet sold for the fiscal year was 10,094,253. The District is in Stage One for water conservation.

**WASTEWATER SALES:**

Wastewater service charges increased by \$26,972 or 3.8% from the prior year and ended the year at \$730,329. The equivalent dwelling units is the same as the prior year at 1,417 EDU. There were 19 EDUs added up for residential or commercial connections added during the year.

**CAPITAL ASSETS:**

During the year, the water fund capital assets being depreciated increased by \$595,722. Overall, capital assets in the water fund increased by \$320,296, primarily due to a combination of depreciation expense of \$329,605 and additions of \$619,847 in transmission and distribution and general plant.

The water fund had the following major additions:

*Additions:*

- Solar at the Office                      \$46,247
- Foster Lake Tank #2                      \$176,000

During the year, the capital assets of the wastewater fund increased by \$81,042. The changes were primarily related to depreciation expense of \$114,004 and an addition in construction in progress of \$124,035 and an asset addition in general plant for \$71,011.

**INVESTMENT INCOME:**

This past year investment income experienced a increase in earned percentages from the prior year. There are conservative investment policy restrictions on types of investments such as treasury bills, certificates of deposits, savings, money market funds, and local agency investment funds (state and local). Total investment income for the water and wastewater funds was a combined \$70,112.

**PROPERTY TAXES:**

This past year property tax revenues experienced an increase in revenues from the previous year of \$67,912. or 12.8%. Total property tax revenues for the year ended was \$600,391.

**DISTRICT OPERATIONS:**

Combined operating expenses, excluding depreciation expense of \$443,609 totaled \$2,182,596 which represents an increase of \$303,451 or 12.43% from the prior year. Increases occurred in the following expense categories: General plant expenses and wages, as inflation increases in water operation.

**DEPRECIATION EXPENSE:**

The water fund's depreciation expense was \$329,605 and the wastewater fund's was \$114,004 for a total of \$443,609, an increase of \$60,401 or 15.78% from the prior year.

**Idyllwild Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

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**TOTAL REVENUES:**

Combined revenues for the year totaled \$3,331,309 compared to the prior year of \$2,989,965, an increase of \$341,344 or 11.4%. The increase is primarily due to increases in water sales, investment income and property taxes. The following table presents a comparison of revenues by category for the two years of 2021/2022 and 2022/2023:

**COMBINED REVENUES BY CATEGORY  
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2023**

<i>Revenue category</i>	2021/2022		2022/2023		Change	
	Amount	% of Total	Amount	% of Total	Amount	%
Water sales	\$ 1,650,231	55.19%	\$ 1,750,829	52.56%	\$ 100,598	6.1%
Wastewater services	703,357	23.52%	730,329	21.92%	26,972	3.8%
Service fees and other	13,168	0.44%	16,968	0.51%	3,800	28.9%
Investment income	(24,369)	-0.82%	70,112	2.10%	94,481	-387.7%
Property taxes - 1%	532,479	17.81%	600,391	18.02%	67,912	12.8%
Standby charge	23,339	0.78%	23,051	0.69%	(288)	-1.2%
Capacity fee	58,790	1.97%	131,006	3.94%	72,216	122.8%
Other income	32,970	1.10%	3,591	0.11%	(29,379)	1018.1%
Gain on sale of asset	-	0.00%	5,032	0.15%	5,032	100.0%
<b>Total revenues</b>	<b>\$ 2,989,965</b>	<b>100%</b>	<b>\$ 3,331,309</b>	<b>100%</b>	<b>\$ 341,344</b>	<b>11.4%</b>

**TOTAL EXPENSES:**

Combined expenses for the year totaled \$2,628,838 compared to a prior year of \$2,325,387, an increase of \$303,451 or 13.0%, which includes total operating expenses of \$2,086,120 (excluding other operating, non-operating and interest) compared to the prior year of \$1,926,436. The primary reason for this increase is the inflation of the materials used

**COMBINED EXPENSES BY CATEGORY  
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2023**

<i>Expense category</i>	2021/2022		2022/2023		Change	
	Amount	% of Total	Amount	% of Total	Amount	%
Water operations	\$ 676,423	29.1%	\$ 803,521	30.6%	\$ 127,098	18.8%
Wastewater operations	294,371	12.7%	348,925	13.3%	54,554	18.5%
General and admin	955,642	41.1%	933,674	35.5%	(21,968)	-2.3%
Other operating	398,044	17.1%	540,085	20.5%	142,041	35.7%
Other non-operating	907	0.0%	2,633	0.1%	1,726	190.3%
<b>Total expenses</b>	<b>\$ 2,325,387</b>	<b>100.0%</b>	<b>\$ 2,628,838</b>	<b>100.0%</b>	<b>\$ 303,451</b>	<b>13.0%</b>

**Idyllwild Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

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**STATEMENT OF NET POSITION:**

The District's net position increased by \$702,471 or 6.2%, due to current operations. The District ended the year with \$12,054,968 in total net position. Following is a summary table of statement of net position comparing the changes from fiscal year 2021/2022 and 2022/2023:

**STATEMENT OF NET POSITION:**

	2021/2022	2022/2023	Change	
			Amount	%
<b>Assets:</b>				
Current	\$ 5,818,765	\$ 6,167,909	\$ 349,144	6.0%
Non-current: capital	7,332,634	7,733,972	401,338	5.5%
<b>Total assets</b>	<b>13,151,399</b>	<b>13,901,881</b>	<b>750,482</b>	<b>5.7%</b>
<b>Deferred outflow of resources</b>				
OPEB related	122,295	109,333	(12,962)	-10.6%
<b>Liabilities:</b>				
Current	133,529	172,782	39,253	29.4%
Other non-current	1,409,572	1,169,889	(239,683)	-17.0%
<b>Total liabilities</b>	<b>1,543,101</b>	<b>1,342,671</b>	<b>(200,430)</b>	<b>-13.0%</b>
<b>Deferred inflow of resources</b>				
OPEB related	378,096	613,575	235,479	62.3%
<b>Net position:</b>				
Net investment in capital assets	7,332,634	7,733,972	401,338	5.5%
Unrestricted	4,019,863	4,320,996	301,133	7.5%
<b>Total net position</b>	<b>\$ 11,352,497</b>	<b>\$ 12,054,968</b>	<b>\$ 702,471</b>	<b>6.2%</b>

**CHANGES IN FINANCIAL CONDITION OF THE DISTRICT:**

The following provides explanations for some of the changes between fiscal years, as reflected in the above balance sheet data:

**CURRENT ASSETS:**

Current assets increased by \$349,144 or 6.0% from the prior year. This is due primarily from the increase in cash of \$309,688. Service receivables decreased by \$1,627 or 2.7% and property tax receivable increased by \$7,924 or 37.35%. In addition, interest receivable and inventories increased by \$16,591 and \$14,729, respectively.

**CURRENT LIABILITIES:**

Current liabilities increased by \$39,253 due primarily to accounts payable, payroll liabilities and compensated absences balances.

**LONG-TERM DEBT OUTSTANDING:**

The District currently has no long-term debt outstanding.

**Idyllwild Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

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**TOTAL OPEB LIABILITY:**

The District had an actuarial firm perform calculation of the total OPEB liability for the "Retiree's Health Benefit Plan" in accordance with GASB Statement 75. A net decrease in the total OPEB liability was recorded in the current fiscal year in the amount of \$275,779. See note 9 for more information.

**CAPITAL ASSETS:**

The District reported total capital assets of \$7,733,972, net of accumulated depreciation, at the end of the fiscal year compared to \$7,332,634 in fiscal year 2023, a increase of \$401,338 or 5.5%. See note 4 for more information. The following is a table comparing the change in capital assets between the two fiscal years:

**CAPITAL ASSETS  
AS OF JUNE 30, 2022 AND 2023**

	2021/2022	2022/2023	Change	
			Amount	%
Construction in progress	\$ 172,218	\$ 329,275	\$ 157,057	91.2%
Land and land improvements	606,101	606,101	-	0.0%
Source of supply	1,395,506	1,395,506	-	0.0%
Pumping plant	97,161	97,161	-	0.0%
Treatment plant	872,162	872,162	-	0.0%
Transmission and distribution	7,904,603	8,478,203	573,600	7.3%
General plant	1,687,657	1,780,790	93,133	5.5%
Subsurface lines	1,389,330	1,389,330	-	0.0%
Wastewater treatment facilities	1,121,335	1,121,335	-	0.0%
Wastewater disposal facilities	413,024	413,024	-	0.0%
Total capital assets	15,659,097	16,482,887	823,790	5.3%
Less accumulated depreciation	(8,326,463)	(8,748,915)	(422,452)	5.1%
Net capital assets, net	<u>\$ 7,332,634</u>	<u>\$ 7,733,972</u>	<u>\$ 401,338</u>	<u>5.5%</u>



**Idyllwild Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023**

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**DISTRICT REVENUES AND EXPENSES ACTUAL VS. BUDGET:**

The table below compares actual revenues and expenses of the District to budgeted and/or projected amounts used by the District to monitor performance during the fiscal year.

**ACTUAL VERSUS BUDGET  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Water base fees and revenue	\$ 1,767,441	\$ 1,814,786	\$ (47,345)
Wastewater base fees and revenue	730,685	743,192	(12,507)
Interest and other revenues	209,741	25,000	184,741
Property taxes - 1% and standby fees	623,442	529,200	94,242
<b>Total revenues</b>	<b>3,331,309</b>	<b>3,112,178</b>	<b>219,131</b>
<u>Expenses</u>			
Water operations (including G&A)	1,615,279	1,802,905	187,626
Wastewater operations (including G&A)	567,317	499,681	(67,636)
Depreciation	443,609	-	(443,609)
Other expense	2,633	-	(2,633)
<b>Total expenses</b>	<b>2,628,838</b>	<b>2,302,586</b>	<b>(326,252)</b>
<b>Change in net position</b>	<b>\$ 702,471</b>	<b>\$ 809,592</b>	<b>\$ (107,121)</b>

The District's capital budget was \$1,517,000. The District incurred capital costs of \$847,915 during the year.

**UPCOMING EVENTS:**

The District is currently working on a Pipeline Replacement Project for Strawberry Creek diversion.

The District is working on updating its Water Service Policies and Procedures and Employees Policies and Procedures.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT:**

This management's discussion and analysis section is designed to provide Idyllwild Water District elected officials, our customers, and creditors with a general overview of the District's financial activities for fiscal year 2023 for public monies it receives and expends. If you have any questions regarding this section or require additional financial information, please contact the District, at 25945 CA-243, Idyllwild, California, 92549 or online at [idyllwildwater.com](http://idyllwildwater.com).

**Idyllwild Water District**  
**Statement of Net Position**  
**June 30, 2023**

	Water	Improvement District No. 1 - Wastewater	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 2,487,032	\$ 3,319,537	\$ 5,806,569
Certificates of deposit	26,232	161,195	187,427
Accounts receivable, net:			
Sales and service	43,426	15,221	58,647
Taxes and assessments	21,582	7,560	29,142
Accrued interest receivable	12,117	9,553	21,670
Inventories	54,955	-	54,955
Prepays	7,125	2,374	9,499
	<u>2,652,469</u>	<u>3,515,440</u>	<u>6,167,909</u>
Total current assets			
Capital assets:			
Land and land improvements	580,135	25,966	606,101
Construction in progress	60,505	268,770	329,275
Property, plant and equipment, net	6,307,252	491,344	6,798,596
	<u>6,947,892</u>	<u>786,080</u>	<u>7,733,972</u>
Total capital assets			
Total assets	<u>9,600,361</u>	<u>4,301,520</u>	<u>13,901,881</u>
<b>Deferred Outflows of Resources</b>			
OPEB related	82,000	27,333	109,333
	<u>82,000</u>	<u>27,333</u>	<u>109,333</u>
Total deferred outflows of resources			
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	83,914	47,333	131,247
Compensated absences payable	31,151	10,384	41,535
	<u>115,065</u>	<u>57,717</u>	<u>172,782</u>
Total current liabilities			
Noncurrent liabilities:			
Total OPEB liability	834,341	278,113	1,112,454
Unearned Revenue	18,565	38,870	57,435
	<u>852,906</u>	<u>316,983</u>	<u>1,169,889</u>
Total noncurrent liabilities			
Total liabilities	<u>967,971</u>	<u>374,700</u>	<u>1,342,671</u>
<b>Deferred Inflows of Resources</b>			
OPEB related	460,181	153,394	613,575
	<u>460,181</u>	<u>153,394</u>	<u>613,575</u>
Total deferred inflows of resources			
<b>Net Position</b>			
Net investment in capital assets	6,947,892	786,080	7,733,972
Unrestricted	1,306,317	3,014,679	4,320,996
	<u>\$ 8,254,209</u>	<u>\$ 3,800,759</u>	<u>\$ 12,054,968</u>
Total net position			

*The notes are an integral part of these financial statements.*

**Idyllwild Water District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2023**

	Water	Improvement District No. 1 - Wastewater	Total
<b>Operating Revenues</b>			
Sales and charges for services:			
Residential	\$ 1,195,277	\$ 238,769	\$ 1,434,046
Commercial	555,552	491,560	1,047,112
Other fees and charges	16,612	356	16,968
	<u>1,767,441</u>	<u>730,685</u>	<u>2,498,126</u>
Total operating revenues			
<b>Operating Expenses</b>			
Source of supply	306,026	320	306,346
Transmission and distribution	162,026	-	162,026
Pumping	54,922	-	54,922
Water treatment	173,663	-	173,663
Customer accounts	106,884	313	107,197
Wastewater collection	-	11,183	11,183
Wastewater treatment	-	279,691	279,691
Wastewater disposal	-	57,418	57,418
Other operating expenses	398,498	141,587	540,085
General and administrative	742,865	190,809	933,674
	<u>1,944,884</u>	<u>681,321</u>	<u>2,626,205</u>
Total operating expenses			
Operating income (loss)	<u>(177,443)</u>	<u>49,364</u>	<u>(128,079)</u>
<b>Nonoperating Revenues</b>			
Investment income	44,929	25,183	70,112
Property taxes and assessments	441,882	158,509	600,391
Standby fees	18,221	4,830	23,051
Capacity fees	86,230	44,776	131,006
Gain on sale of capital asset	5,032	-	5,032
Other nonoperating revenue	-	3,591	3,591
	<u>596,294</u>	<u>236,889</u>	<u>833,183</u>
Total nonoperating revenues			
<b>Nonoperating Expenses</b>			
Tax collection fees	341	-	341
Other nonoperating expense	2,292	-	2,292
	<u>2,633</u>	<u>-</u>	<u>2,633</u>
Total nonoperating expenses			
Change in net position	416,218	286,253	702,471
Net position, beginning of year	<u>7,837,991</u>	<u>3,514,506</u>	<u>11,352,497</u>
Net position, end of year	<u>\$ 8,254,209</u>	<u>\$ 3,800,759</u>	<u>\$ 12,054,968</u>

*The notes are an integral part of these financial statements.*

**Idyllwild Water District  
Statement of Cash Flows  
For the Year Ended June 30, 2023**

	Water	Improvement District No. 1 - Wastewater	Total
<b>Cash Flows from Operating Activities</b>			
Cash received from customers	\$ 1,767,235	\$ 732,518	\$ 2,499,753
Cash payments for services, supplies and employees	<u>(1,622,543)</u>	<u>(530,668)</u>	<u>(2,153,211)</u>
Net cash provided by operating activities	<u>144,692</u>	<u>201,850</u>	<u>346,542</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Property taxes -1% received	439,807	152,660	592,467
Other nonoperating income	18,221	8,421	26,642
Other nonoperating expenses	<u>(2,633)</u>	<u>-</u>	<u>(2,633)</u>
Net cash provided by noncapital financing activities	<u>455,395</u>	<u>161,081</u>	<u>616,476</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(652,869)	(195,046)	(847,915)
Proceeds from disposal of capital assets	8,000	-	8,000
Capacity fees received	<u>86,230</u>	<u>44,776</u>	<u>131,006</u>
Net cash (used for) provided by capital and related financing activities	<u>(558,639)</u>	<u>(150,270)</u>	<u>(708,909)</u>
<b>Cash Flows from Investing Activities</b>			
Investment income	<u>38,212</u>	<u>17,869</u>	<u>56,081</u>
Net cash provided by investing activities	<u>38,212</u>	<u>17,869</u>	<u>56,081</u>
Net increase in cash and cash equivalents	79,660	230,530	310,190
Cash and cash equivalents, beginning of year	<u>2,433,604</u>	<u>3,250,202</u>	<u>5,683,806</u>
Cash and cash equivalents, end of year	<u>\$ 2,513,264</u>	<u>\$ 3,480,732</u>	<u>\$ 5,993,996</u>
<b>Cash and Investments are presented in the Statement of Net Position as follows:</b>			
Cash and investments	\$ 2,487,032	\$ 3,319,537	\$ 5,806,569
Certificates of deposit	<u>26,232</u>	<u>161,195</u>	<u>187,427</u>
Total	<u>\$ 2,513,264</u>	<u>\$ 3,480,732</u>	<u>\$ 5,993,996</u>

*The notes are an integral part of these financial statements.*

**Idyllwild Water District**  
**Statement of Cash Flows (continued)**  
**For the Year Ended June 30, 2023**

	<u>Water</u>	<u>Improvement District No. 1 - Wastewater</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash (used for) Provided by Operating Activities</b>			
Operating income (loss)	\$ (177,443)	\$ 49,364	\$ (128,079)
Adjustments to reconcile operating income (loss) to net cash (used for) provided by operating activities:			
Depreciation	329,605	114,004	443,609
(Increase) decrease in assets and deferred outflows of resources:			
Receivables	(206)	1,833	1,627
Inventories	(14,729)	-	(14,729)
Prepays	(1,003)	(334)	(1,337)
OPEB related deferred outflows of resources	9,721	3,241	12,962
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable and accrued liabilities	19,788	7,220	27,008
Deferred revenue - unearned	-	33,536	33,536
Total OPEB liability	(206,834)	(68,945)	(275,779)
Compensated absences payable	9,184	3,061	12,245
OPEB related deferred inflows of resources	<u>176,609</u>	<u>58,870</u>	<u>235,479</u>
Net cash (used for) provided by operating activities	<u>\$ 144,692</u>	<u>\$ 201,850</u>	<u>\$ 346,542</u>
<b>Noncash, investing, capital and financing activities</b>	None	None	

*The notes are an integral part of these financial statements.*

**Note 1: Significant accounting policies**

*Description of reporting entity*

The Idyllwild Water District was formed on March 21, 1955 for the purpose of providing a domestic water supply to the community of Idyllwild, California under Section 30000 of the California Water Code. Improvement District No. 1 was established by Board action on March 10, 1966 to provide wastewater services within the community. The financial statements of the Idyllwild Water District include the financial activities of Improvement District No. 1 as an oversight component of the District. The oversight responsibility of the District arises from the fact that the two operations are related financially and have the same management and governing board.

The District reports the following enterprise funds:

*Water* – This fund is used to account for the sale of water to domestic and commercial accounts. It is also used to account for the costs of distributing, new construction, and repair and maintenance of various water facilities and other related infrastructure.

*Improvement District No. 1 Wastewater* – This fund is used to account for the treatment and disposal of wastewater. It is also used to account for the costs of collection, new construction, and repair and maintenance of various wastewater facilities and other related infrastructure.

*Measurement focus and basis of accounting*

The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, revenue and expenses are recognized on an accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods (water) in connection with the principal ongoing operations.

The District recognizes revenue from water sales, wastewater service fees and water availability fees as it is earned. Taxes and assessments are recognized as revenue based upon amounts reported to the District by the County of Riverside, net of an allowance for delinquencies.

*Net position flow assumption*

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

*Budgetary accounting*

The District prepares and adopts budgets for both the Water and Improvement District, but does not present budgetary information because it is not legally required to adopt and adhere to a budget. All budgets are adopted on a basis consistent with generally accepted accounting principles.

*Use of estimates*

The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the statements. Actual results could differ from those estimates.

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 1: Significant accounting policies, continued**

*Property tax calendar*

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	March 1
Levy date	July 1 through June 30
Due date	November 1 – First installment March 1 – Second installment
Delinquent date	December 10 – First installment April 10 – Second installment

Under California law, property taxes and other charges (such as assessments) are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to agencies based on complex formulas prescribed by state statutes. The County of Riverside bills, collects and remits to the District property taxes and assessments through the County's property tax billing process.

*Cash and cash equivalents*

For purposes of the statement of cash flows, the District considers all investments purchases with a maturity of three months or less to be cash equivalents.

*Deposits and investments*

Investments for the District are reported at fair value as applicable.

*Water receivables*

No allowance for doubtful accounts is provided because management believes all receivables are collectible.

*Materials inventory*

Inventory consists primarily of supplies used in the maintenance of plant and equipment and is valued at weighted average cost using the first in/first out (FIFO) method.

*Capital assets and depreciation*

Acquisitions of property, plant and equipment of \$5,000 or more with a useful life of greater than three years are capitalized and depreciated. Contributed assets are recorded at their fair value at the date of contribution. Donated capital assets as recorded at their acquisition value at the date of donation. Self-constructed assets are recorded at the amount of direct labor and materials.

Depreciation is provided on the straight-line method over the following estimated useful lives:

<u>Water District</u>	<u>Years</u>
Source of supply	15 - 100
Pumping plant	7 - 50
Treatment plant	25 - 40
Transmission and distribution	40 - 60
General plant	3 - 40

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 1: Significant accounting policies, continued**

*Capital assets and depreciation, continued*

<u>Improvement District No. 1</u>	<u>Years</u>
Subsurface lines	20 - 40
Wastewater treatment facilities	5 - 40
Wastewater disposal facilities	12 - 100
General plant	3 - 20

*Net position is categorized as follows:*

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

*Other Post-Employment Benefits (OPEB)*

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date: June 30, 2021  
 Measurement Date: June 30, 2022  
 Measurement Period: July 1, 2021 to June 30, 2022

**Note 2: Concentrations**

During the year ended June 30, 2023, the District has revenues from an unrelated party which amount to more than 10% of net sales. Net sales and accounts receivable to this customer for the year ended were as follows:

	<u>Net Sales</u>		<u>Accounts Receivable</u>	
	<u>Water</u>	<u>Improvement District No. 1 - Wastewater</u>	<u>Water</u>	<u>Improvement District No. 1 - Wastewater</u>
Customer A	<u>\$ 179,008</u>	<u>\$ 108,988</u>	<u>\$ 13,879</u>	<u>\$ 9,101</u>



**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 3: Cash and investments**

Cash and cash equivalents are displayed on the financial statements at June 30, 2023 as follows:

	<u>Water</u>	<u>Improvement District No. 1</u>
Current assets:		
Cash and investments	\$ 2,487,032	\$ 3,319,537
Certificates of deposit	26,232	161,195
	<u>\$ 2,513,264</u>	<u>\$ 3,480,732</u>

Cash consisted of the following at June 30:

Deposits with financial institutions	\$ 941,424	\$ 2,019,699
Money Market	-	101,583
Cash on hand	275	-
LAIF	1,519,887	1,198,255
California Class Investment	25,446	-
Certificates of deposit	26,232	161,195
	<u>\$ 2,513,264</u>	<u>\$ 3,480,732</u>

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each participant may invest up to \$75,000,000. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Also, LAIF is overseen by the Local Agency Investment Advisory Board which consists of five members, in accordance with State statute. LAIF is not currently rated by any rating agency. LAIF allows a maximum of 15 transactions per month, with a minimum of \$5,000 per transaction. Any withdrawal of over \$10,000,000 requires a 24 hour notice.

*Interest rate risk*

The District has adopted an investment policy which limits the weighted average maturity of the District's investments to one year as a means of managing their exposure to fair value losses arising from increasing interest rates.

*Concentration of credit risk*

During the fiscal year, the District did not hold investments in one issuer that represented 5% or more of the District's total investment portfolio. Investments issued or explicitly guaranteed by the U.S. government as well as mutual funds, external investment pools and other pooled assets are exempt from disclosure.

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

**Note 3: Cash and investments, continued**

*Investments authorized by the California Government Code and the Districts' Investment Policy*

The table on the next page identifies the investment types that are authorized by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by trustees that are governed by the provisions of debt agreements, rather than the general provisions of the California Government Code or the Districts' investment policies.

Authorized Investment Type	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States treasury obligations	None	None
US government sponsored securities	None	None
California State warrants/notes/bonds	None	None
Local Agency Investment Fund	None	\$75,000,000
Money market mutual funds	20%	None
Non-negotiable certificates of deposit	None	50%
District bonds	None	None

Any other investment authorized by the provisions of CGC 5922 and 53601

\* = Surplus funds (monies not expected to be expended for at least six months from the date of investment of such monies).

*Investments authorized by debt agreements*

Investments of debt proceeds held by trustees (fiscal agents) are governed by provisions of the debt agreements, rather than the provisions of the California Government Code or the Districts' investment policies. The District currently does not have any debt or cash held by trustees.

Investment maturities at June 30, 2023 were as follows:

Investment type	Fair Value	Remaining maturity	
		12 Months or Less	13 to 60 Months
<i>Water District</i>			
Local Agency Investment Fund	\$ 1,519,887	\$ 1,519,887	\$ -
Certificates of Deposit	26,232	26,232	-
California Class Pooled Investment	25,446	25,446	-
<b>Total investments - Water District</b>	<b>\$ 1,571,565</b>	<b>\$ 1,571,565</b>	<b>\$ -</b>
<i>Improvement District No. 1</i>			
Local Agency Investment Fund	\$ 1,198,255	\$ 1,198,255	\$ -
Certificates of Deposit	161,195	134,650	26,545
Public funds money market	101,583	101,583	-
<b>Total investments - Improvement District No. 1</b>	<b>\$ 1,461,033</b>	<b>\$ 1,434,488</b>	<b>\$ 26,545</b>

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 3: Cash and investments, continued**

*Custodial credit risk*

Custodial credit risk for deposits is the risk that, in the event of a 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 California Government Code requires that a financial institute secure deposits made by state and local governmental units by pledging securities in an individual collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the pool must equal at least 110% of the total amount deposited by public agencies.

California law also allows financial institutions to secure the Districts' deposits by pledging first trust deed mortgage notes, having a value of 150% of the secured public deposits. At June 30, 2023, the District's deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California law.

*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.

Non-negotiable certificates of deposit and investments in LAIF and CLASS are not subject to fair value measurements.

*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. State law limits investments in certain investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy further limits investments in Money Market Mutual Funds to funds that carry the highest rating of at least two of the three largest national rating organizations.

<u>Investment type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating</u>	<u>Not Rated</u>
<i>Water District</i>				
Local Agency Investment Fund	\$ 1,519,887	NA	NA	\$ 1,519,887
Certificates of Deposit	26,232	None	NA	26,232
California Class Pooled Investment	25,446	None	NA	25,446
Total investments - Water District	<u>\$ 1,571,565</u>			<u>\$1,571,565</u>
<i>Improvement District No. 1</i>				
Local Agency Investment Fund	\$ 1,198,255	NA	NA	\$ 1,198,255
Certificates of Deposit	161,195	None	NA	161,195
Public funds money market	101,583	None	NA	101,583
Total investments - Improvement District No. 1	<u>\$ 1,461,033</u>			<u>\$1,461,033</u>

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

**Note 4: Capital assets**

The investment in capital assets at June 30, 2023 consists of the following:

<i><b>Water District</b></i>	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ 27,483	\$ 652,869	\$ -	\$ (619,847)	\$ 60,505
Land and land improvements	580,135	-	-	-	580,135
Total capital assets not being depreciated	<u>607,618</u>	<u>652,869</u>	<u>-</u>	<u>-</u>	<u>640,640</u>
Capital assets being depreciated:					
Source of supply	1,395,506	-	-	-	1,395,506
Pumping plant	97,162	-	-	-	97,162
Treatment plant	872,161	-	-	-	872,161
Transmission and distribution	7,904,603	-	-	573,600	8,478,203
General plant	1,516,797	-	(24,125)	46,247	1,538,919
Total capital assets being depreciated	<u>11,786,229</u>	<u>-</u>	<u>(24,125)</u>	<u>619,847</u>	<u>12,381,951</u>
Less accumulated depreciation	<u>(5,766,251)</u>	<u>(329,605)</u>	<u>21,157</u>	<u>-</u>	<u>(6,074,699)</u>
Net capital assets being depreciated	<u>6,019,978</u>	<u>(329,605)</u>	<u>(2,968)</u>	<u>619,847</u>	<u>6,307,252</u>
Net capital assets	<u>\$ 6,627,596</u>	<u>\$ 323,264</u>	<u>\$ (2,968)</u>	<u>\$ 619,847</u>	<u>\$ 6,947,892</u>
<i><b>Improvement District No. 1</b></i>	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ 144,735	\$ 124,035	\$ -	\$ -	\$ 268,770
Land	25,966	-	-	-	25,966
Total capital assets not being depreciated	<u>170,701</u>	<u>124,035</u>	<u>-</u>	<u>-</u>	<u>294,736</u>
Capital assets being depreciated:					
Subsurface lines	1,389,330	-	-	-	1,389,330
Wastewater treatment facilities	1,121,335	-	-	-	1,121,335
Wastewater disposal facilities	413,024	-	-	-	413,024
General plant	170,860	71,011	-	-	241,871
Total capital assets being depreciated	<u>3,094,549</u>	<u>71,011</u>	<u>-</u>	<u>-</u>	<u>3,165,560</u>
Less accumulated depreciation	<u>(2,560,212)</u>	<u>(114,004)</u>	<u>-</u>	<u>-</u>	<u>(2,674,216)</u>
Net capital assets being depreciated	<u>534,337</u>	<u>(42,993)</u>	<u>-</u>	<u>-</u>	<u>491,344</u>
Net capital assets	<u>\$ 705,038</u>	<u>\$ 81,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 786,080</u>

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 5: Net position**

The District has adopted net position reserve policies which clearly identify reserve categories and purposes while also setting target levels that are consistent with the District's mission, uniqueness and philosophy. The District believes the reserves are prudent fiscal management tools which provide a cornerstone of long-term financial management. The reserve balances are reviewed annually to ensure they meet the needs, current and long-term, of the District. At June 30, 2023, the District had the following reserves in unrestricted net position:

Net position reserves	Water	Improvement District No. 1 - Wastewater
Working capital	\$ 112,500	\$ 37,500
Emergency	150,000	50,000
Capital improvement and replacement	150,000	50,000
Vehicle and equipment replacement	75,000	25,000
Vacation/sick/annual leave liability	16,810	5,603
OPEB	486,880	162,292
	\$ 991,190	\$ 330,395
Total reserves		

**Note 6: Compensated absences payable**

Vested or accumulated vacation leave is recognized as an expense and liability as the benefits accrue to the employees. The change in compensated absences for the year is as follows:

	Beginning balance	Additions	Deletions	Ending Balance
Compensated absences	\$ 29,290	\$ 68,891	\$ (56,646)	\$ 41,535

**Note 7: Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2023, the District participated in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA), which was organized for the purpose of providing liability insurance for the member agencies. The JPIA is a risk-pooling self-insurance authority created under the provisions of California Government Code Section 6500. The JPIA is governed by a board consisting of a representative from each member agency. The board controls the operations of the JPIA, including selections of management and approval of operating budgets. The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The accounts and records of ACWA/JPIA are audited by an independent certified public accounting firm.

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 7: Risk management, continued**

The District has deductibles as follows:

Buildings, fixed equipment and personal property:	\$2,500
Mobile equipment:	\$2,500
Licensed vehicles:	\$1,000
Crime	\$1,000
Boiler and machinery	various

The District pays annual premiums for the coverages, which are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and there were no instances in the past three years where a settlement exceeded the District's coverage.

**Note 8: Employees' retirement plan – defined contribution**

All permanent employees hired on or before December 31, 2013 are covered under the Idyllwild Water District Money Purchase Pension Plan (the Plan) 401(a) administered by the District through ING Pension acting as trustee. The Plan is fully funded by a contribution rate of 21.5% of eligible salaries and wages made entirely by the District. The Board of Directors of the District has the authority, in its sole discretion, to amend, reduce contributions or terminate the plan at any time.

The District adopted a new pension plan 457(b) starting January 1, 2014. For new hires on or after January 1, 2014, the District contributes 10% for each new employee and matching up to 5% if the employee elects to contribute up to 5%. The 457(b) Plan is administered by the District through ING pension acting as trustee.

The 457(b) Plan is also available to all current employees hired before December 31, 2013 however, the District will not provide matching contributions. In addition, District employees are also covered under Social Security, funded equally by the District and the employee, or as prescribed by applicable laws.

The District's contributions to the employees' retirement plans for the year ended June 30, 2023 were \$45,712.

**Note 9: Postemployment benefits other than pensions**

*Plan description*

The District has established a single-employer Retiree Healthcare Plan (HC Plan). This coverage is available for employees who reach the following: 1) age 55 and ten years of service (before 1/1/2014, closed to new entrants) or 2) age 65 with ten years of service (after 12/31/2013, open to new entrants). The healthcare coverage provided by the District meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. A separate financial report is not prepared for the HC Plan.

*Plan benefits*

For the closed plan, the District will pay a varied percentage (50% - 100%) of the retiree and spouses pre-Medicare medical premiums and 100% of the retiree and spouse supplemental Medicare and prescription drug coverage upon reaching Medicare age.

For the open plan, the District will only pay a varied percentage (50% - 100%) of the retiree and spouses Medicare supplement and prescription drug coverage.

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 9: Postemployment benefits other than pensions, continued**

*Employees covered*

As of the June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	6
Inactive employees or beneficiaries currently receiving benefits	6
Total	<u>12</u>

*Contributions*

The HC Plan and its contribution requirements are established by the Board of Directors and may be amended by the Board of Directors. For the fiscal year ended June 30, 2023, the District's cash contributions were \$36,798 in payments to for insurance premiums not reimbursed by a trust. Implicit contributions amounted to \$14,565 for total payments of \$51,363.

*Total OPEB liability*

The District's total OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

**Actuarial assumptions:**

Discount rate	4.09%
Inflation	2.50%
Salary increases	3.00% per year, used only to allocate the cost of benefits between service years
Mortality rate	CalPERS 2017 Experience Study; Projected with MacLeod Watts Scale 2022
Pre-retirement turnover healthcare trend rate	5.80% in 2023, fluctuating down to 3.9% by 2076

*Discount rate*

The discount rate used to measure the total OPEB liability was 4.09% percent. The District is currently financing its OPEB liability on a pay-as-you-go basis. The discount rate used in the valuation is based on the S&P Municipal Bond 20 Year High Grade Index.

*Changes of assumptions*

The discount rate increased from 2.18% in 2022 to 4.09% in 2023.

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 9: Postemployment benefits other than pensions, continued**

*Changes in the OPEB liability*

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

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2022</b> (Measurement Date June 30, 2021)	<u>\$ 1,388,233</u>
<b>Changes during the period:</b>	
Service cost	107,689
Interest	32,065
Changes of assumptions	(365,450)
Plan experience differences	-
Contributions - employer	-
Net investment income	-
Benefit payments	<u>(50,083)</u>
<b>Net changes in fiscal year 2022-2023</b>	<u>(275,779)</u>
<b>Balance at June 30, 2023</b> (Measurement Date June 30, 2022)	<u><u>\$ 1,112,454</u></u>

*Sensitivity of the total OPEB liability to changes in the discount rate*

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

	Discount Rate		
	1% Decrease 3.09%	Current Rate 4.09%	1% Increase 5.09%
Total OPEB Liability	<u>\$ 1,281,698</u>	<u>\$ 1,112,454</u>	<u>\$ 980,553</u>

*Sensitivity of the total OPEB liability to changes in the health care cost trend rates*

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

	Healthcare Cost Trend Rates		
	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	<u>\$ 948,964</u>	<u>\$ 1,112,454</u>	<u>\$ 1,327,618</u>



**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2023**

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**Note 9: Postemployment benefits other than pensions, continued**

*Recognition of Deferred Outflows and Deferred Inflows of Resources*

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARS) 7.02 years

*OPEB expense and deferred outflows/inflows of resources related to OPEB*

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$24,025. The following is a breakdown of items impacting OPEB expense:

Service cost	\$ 107,689
Interest cost	32,065
Recognized deferred resources items	
Assumption changes	(52,058)
Plan experience	(63,671)
	<u>                    </u>
Total OPEB expense	<u>\$ 24,025</u>

As of fiscal year ended June 30, 2023, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 51,363	\$ -
Differences between expected and actual experience	-	338,818
Changes of assumptions	57,970	274,757
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 109,333</u>	<u>\$ 613,575</u>

The \$50,083 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the upcoming fiscal year. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2024	\$ (115,729)
2025	(109,478)
2026	(105,972)
2027	(90,920)
2028	(79,814)
Thereafter	(53,692)

**Idyllwild Water District  
Required Supplementary Information  
Schedule of Changes in the Total OPEB Liability and Related Ratios  
Last 10 years\***

<b>Fiscal year</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Total OPEB Liability</b>					
Service Cost	\$ 107,689	\$ 108,708	\$ 101,592	\$ 111,866	\$ 103,549
Interest on the Total OPEB Liability	32,065	42,137	40,665	47,273	45,325
Plan experience differences	-	(247,615)	-	(211,280)	-
Changes in assumptions	(365,450)	39,727	31,426	(16,483)	32,602
Changes in benefit terms	-	-	-	-	-
Benefit payments	(50,083)	(60,235)	(48,226)	(51,602)	(51,445)
<b>Net change in Total OPEB Liability</b>	<b>(275,779)</b>	<b>(117,278)</b>	<b>125,457</b>	<b>(120,226)</b>	<b>130,031</b>
<b>Total OPEB Liability - beginning</b>	<b>1,388,233</b>	<b>1,505,511</b>	<b>1,380,054</b>	<b>1,500,280</b>	<b>1,370,249</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 1,112,454</b>	<b>\$ 1,388,233</b>	<b>\$ 1,505,511</b>	<b>\$ 1,380,054</b>	<b>\$ 1,500,280</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 417,225	\$ 707,862	\$ 487,181	\$ 642,100	\$ 564,056
Total OPEB liability as a percentage of covered-employee payroll	266.63%	196.12%	309.02%	214.93%	265.98%
<b>Fiscal year</b>	<b>2018</b>				
<b>Total OPEB Liability</b>					
Service Cost	\$ 114,967				
Interest on the Total OPEB Liability	38,546				
Plan experience differences	-				
Changes in assumptions	(89,965)				
Changes in benefit terms	-				
Benefit payments	(33,233)				
<b>Net change in Total OPEB Liability</b>	<b>30,315</b>				
<b>Total OPEB Liability - beginning</b>	<b>1,339,934</b>				
<b>Total OPEB Liability - ending</b>	<b>\$ 1,370,249</b>				
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%				
Covered-employee payroll	\$ 474,999				
Total OPEB liability as a percentage of covered-employee payroll	288.47%				

**Notes to Schedule:**

*Changes Since the Prior Valuation:*

Discount rate: Increased from 2.18% to 4.09%.

Demographic assumptions: Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. The representative mortality rates were the published CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015.

Mortality improvement: MacLeod Watts Scale 2022.

Medical trend: Getzen Model 2022\_b, which was published by the Society of Actuaries.

The District does not have assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

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