DEPARTMENT OF WATER RESOURCES
P.O. BOX 942836
SACRAMENTO, CA 94236-001
(916) 653-5791

March 27, 2023

Filed with the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access (EMMA) website of the MSRB

Enclosed per the Continuing Disclosure Certificates and Continuing Disclosure Agreement referenced in the immediately following paragraph is the State of California Department of Water Resources' Annual Report for the fiscal year ended June 30, 2022.

Except as noted in Appendix A, the annual report is consistent with the requirements of the Continuing Disclosure Certificates with respect to State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series V, dated December 1, 1998, Series AN, dated September 27, 2012, Series AR, dated March 6, 2014, Series AS, dated October 30, 2014, Series AV, dated May 24, 2016, Series AW, dated October 20, 2016, Series AX, dated December 19, 2017, Series AY, dated December 19, 2017, Series AZ, dated October 18, 2018, Series BA, dated April 24, 2019, Series BB, dated August 6, 2020, Series BC, dated August 6, 2020, Series BD, dated May 19, 2021, Series BE, dated May 19, 2021, and Series BF, dated September 22, 2022. Except as noted in Appendix A, the annual report is also consistent with the requirements of the Continuing Disclosure Agreement applicable to the Department of Water Resources with respect to the Northern California Power Agency Lodi Energy Center Revenue Bonds, Issue Two (California Department of Water Resources), 2010 Series B, dated June 24, 2010.

The audited Annual Comprehensive Financial Statements of the Department of Water Resources are expected to be filed on EMMA by the end of August 2023 or earlier. See Appendix A.

If you require additional information, please contact me at Vinay.Behl@water.ca.gov or Abby Hernandez at Juana.Hernandez@water.ca.gov.

Sincerely,

Vinay Narjit Singh Behl, CPA
Comptroller & Chief Financial Officer
Manager, Division of Fiscal Services

State of California
Department of Water Resources
S.E.C. Rule 15c2-12 Annual Report as of June 30, 2022

The State of California Department of Water Resources (the "Issuer") hereby provides its annual report for the fiscal year ended June 30, 2022 in connection with (1) the below described bonds issued by the Department of Water Resources, and (2) the below described Lodi Energy Center Revenue Bonds, Issue Two, issued by the Northern California Power Agency:

Bond Issues:

A. Bonds Issued by the Department of Water Resources that are covered by the Continuing Disclosure Certificate, dated December 1, 1995 and its supplements.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series V, dated December 1, 1998 (the "Series V Bonds")

CUSIPs: 13067WLD2

B. Bonds Issued by the Department of Water Resources that are covered by the Continuing Disclosure Certificate, dated September 27, 2012 and its supplements.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AN, dated September 27, 2012 (the “Series AN Bonds”)

CUSIPs: 13067WCB6

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AR, dated March 6, 2014 (the “Series AR Bonds”)

CUSIPs: 13066K4D8

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AS, dated October 30, 2014 (the “Series AS Bonds”)

CUSIPs: 13067WKP6 13067WKQ4 13067WKR2

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AV, dated May 24, 2016 (the “Series AV Bonds”)

CUSIPs: 13067WCM2 13067WCN0 13067WCP5 13067WCQ3 13067WCR1
13067WCS9 13067WCT7 13067WCU4 13067WCV2 13067WCW0
13067WCX8 13067WCY6 13067WCZ3

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AW, dated October 20, 2016 (the “Series AW Bonds”)

CUSIPs: 13067WLR1 13067WLS9 13067WLT7 13067WLU4 13067WLV2
13067WLW0 13067WLX8 13067WLY6 13067WLZ3 13067WMC3
13067WME9

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AX, dated December 19, 2017 (the “Series AX Bonds”)

CUSIPs: 13067WNN8 13067WNP3 13067WNQ1 13067WNR9 13067WNS7
13067WNT5 13067WNU2 13067WNV0 13067WNW8 13067WNX6

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AY, dated December 19, 2017 (the "Series AY Bonds")

CUSIPs:	13067WPF3	13067WPG1	13067WPH9	13067WPJ5	13067WPK2
	13067WPL0	13067WPM8			

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AZ, dated October 18, 2018 (the "Series AZ Bonds")

CUSIPs:	13067WPS5	13067WPT3	13067WPU0	13067WPV8	13067WPW6
	13067WPX4	13067WPY2	13067WPZ9	13067WQA3	13067WQB1
	13067WQC9	13067WQD7			

C. Bonds Issued by the Department of Water Resources that are covered by the Continuing Disclosure Certificate, dated April 24, 2019 and its supplements.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series BA, dated April 24, 2019 (the "Series BA Bonds")

CUSIPs:	13067WQJ4	13067WQK1	13067WQL9	13067WQM7	13067WQN5
	13067WQP0	13067WQQ8	13067WQR6	13067WQS4	13067WQT2
	13067WQU9	13067WQV7			

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series BB, dated August 6, 2020 (the "Series BB Bonds")

CUSIPs:	13067WRQ7	13067WRR5	13067WRS3	13067WRT1	13067WRU8
	13067WRV6	13067WRW4	13067WRX2	13067WRY0	13067WRZ7
	13067WSA1	13067WSB9	13067WSC7		

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series BC, dated August 6, 2020 (the "Series BC Bonds")

CUSIPs:	13067WRA2	13067WRB0	13067WRC8	13067WRD6	13067WRE4
	13067WRF1	13067WRG9	13067WRH7	13067WRJ3	13067WRK0
	13067WRL8	13067WRM6	13067WRN4		

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series BD, dated May 19, 2021 (the "Series BD Bonds")

CUSIPs:	13067WSD5	13067WSE3	13067WSF0	13067WSG8	13067WSH6
	13067WSJ2	13067WSK9	13067WSL7	13067WSM5	13067WSN3
	13067WSP8	13067WSQ6			

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series BE, dated May 19, 2021 (the "Series BE Bonds")

CUSIPs:	13067WST0	13067WSU7	13067WSV5	13067WSW3	13067WSX1
	13067WSY9	13067WSZ6	13067WTA0	13067WTB8	13067WTC6
	13067WTD4	13067WTE2	13067WTF9		

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series BF, dated September 22, 2022 (the "Series BF Bonds")

CUSIPs:	13067WTG7	13067WTH5	13067WTJ1	13067WTK8	13067WTL6
	13067WTM4	13067WTN2	13067WTP7	13067WTQ5	13067WTR3
	13067WTS1	13067WTT9			

D. Lodi Energy Center Bonds Issued by the Northern California Power Agency

Northern California Power Agency Lodi Energy Center Revenue Bonds, Issue Two (California Department of Water Resources), 2010 Series B dated June 24, 2010 (the "Lodi Energy Center Bonds Issue Two Series B")

CUSIPs: 664845DG6

Note: The CUSIP numbers specified above are as of December 31, 2022. The CUSIP numbers are provided for the convenience of Bondholders. The Issuer is not responsible for the accuracy or completeness of such numbers.

Annual Report

Attached hereto is the Issuer's "annual report" for the fiscal year ended June 30, 2022 as required by (1) the Continuing Disclosure Certificate, dated December 1, 1995, and all subsequent Supplemental Continuing Disclosure Certificates thereto and the Amended and Restated Continuing Disclosure Certificate dated December 2, 2009 and all subsequent Supplemental Continuing Disclosure Certificates thereto, (2) the Continuing Disclosure Certificate, dated September 7, 2011 and all subsequent Supplemental Continuing Disclosure Certificates thereto, (3) the Continuing Disclosure Certificate, dated September 27, 2012 and all subsequent Supplemental Continuing Disclosure Certificates thereto, and (4) the Continuing Disclosure Certificate dated April 24, 2019 and all subsequent Supplemental Continuing Disclosure Certificates thereto (collectively the "Department's Bond Disclosure Certificates") for the above listed Department Bonds. The attached annual report also satisfies the Department of Water Resources requirements under the Continuing Disclosure Agreement, dated June 24, 2010, for the above listed Lodi Energy Center Bonds (the "Lodi Energy Center Disclosure Agreement"). See Appendix A hereto.

Other Matters

This annual report is provided solely for compliance with the provisions of the Department's Bond Disclosure Certificates, and the Lodi Energy Center Disclosure Agreement. The filing of this annual report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the Issuer, the Series V, AN, AR, AS, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, or BF Bonds, or the Lodi Energy Center Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as referred to in this report), or that no other information exists, which may have a bearing on the Issuer's financial condition, the security for the Series V, AN, AR, AS, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, or BF Bonds, or the Lodi Energy Center Bonds, or an investor's decision to buy, sell, or hold the Series V, AN, AR, AS, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, or BF Bonds, or the Lodi Energy Center Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the Issuer. The information provided herein may relate to bonds or other obligations of the Issuer in addition to the ones listed above.

Dated: March 27, 2023

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

By______________________________
Comptroller & Chief Financial Officer
Manager, Division of Fiscal Services

State of California
Department of Water Resources
S.E.C. Rule 15c2-12 Annual Report as of June 30, 2022

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[1] Unless otherwise indicated, the information provided for each Continuing Disclosure Certificate item is responsive to each of the two categories of continuing Disclosure Certificates referred to in this report (the Department's Bond Disclosure Certificates and the Lodi Energy Center Disclosure Agreement).

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022 (Continuing Disclosure Certificate, Item 1)

Notice to the Municipal Securities Rulemaking Board That a Complete Annual Report Has Not Been Filed Due to the Absence of Financial Statements is attached hereto in Appendix A.

State of California
Department of Water Resources
S.E.C. Rule 15c2-12 Annual Report as of June 30, 2022

DEBT SERVICE RESERVE ACCOUNT (Continuing Disclosure Certificate, Section 4 Item 2a or (b)1, as applicable – Department's Bond Disclosure Certificates only)

As of December 31, 2022, the amount on deposit in the Debt Service Reserve Account was $245,140,339.02 which is at least equal to the Reserve Account Requirement for the outstanding bonds. Of this amount, $194,705,432.01 is invested in the State Treasurer's Pooled Money Investment Account (PMIA), and $50,434,907.01 is invested in U.S. Government securities.

INVESTMENTS (Continuing Disclosure Certificate and Continuing Disclosure Agreement, Section 4 Item 2b or (b)2, as applicable)

The Department uses the State's Centralized Treasury System. Moneys on deposit in the State's Centralized Treasury System are invested by the Treasurer in the Pooled Money Investment Account (the "PMIA"). As of December 31, 2022, the PMIA held approximately $171.9 billion of State moneys, and $27.7 billion of moneys invested for about 2,378 local governmental entities through the Local Agency Investment Fund. The assets of the PMIA as of December 31, 2022, are shown in the following table:

Type of Security		Amount (in millions)	Percent of Total
U.S. Treasury Bills and Notes	$	133,111	66.67%
Federal Agency Debentures		14,762	7.39%
Certificates of Deposit		12,400	6.21%
Bank Notes		100	0.05%
Federal Agency Discount Notes		25,326	12.69%
Time Deposits		5,144	2.58%
Commercial Paper		7,896	3.95%
FHLMC/REMICs		3	0.00%
Corporate Bonds		530	0.27%
PMIA Loans		377	0.19%
Total	$	199,649	100.00%

WATER SUPPLY (Continuing Disclosure Certificate or Continuing Disclosure Agreement, Section 4 Items 2c, 2d or (b)3,4, as applicable)

In the year ending December 31, 2021, the State Water Project delivered 5 percent of Contractor water requests. As of January 1, 2022, the Department approved deliveries for 15 percent of requested deliveries for the calendar year ending December 31, 2022.

SOURCE OF POWER FOR OPERATING THE STATE WATER PROJECT FOR THE YEAR ENDED DECEMBER 31, 2022 (Continuing Disclosure Certificate or Continuing Disclosure Agreement, Section 4 Item 2(e) or (b)5, as applicable)

(In Gigawatt Hours)

SOURCES:

State Water Project Hydroelectric Plants	
Gianelli (San Luis)	49
Castaic	358
Devil Canyon	120
William E. Warne (Pyramid)	219
Hyatt-Thermalito (Oroville)	1,109
Alamo	11
Thermalito Diversion Dam	18
Mojave Siphon	7
Total	1,891
State Water Project Thermal Plant (Reid Gardner)	0
Power Purchases	776
Energy via Exchanges	0
TOTAL SOURCES	**2,667**
POWER SALES	**663**
NET TRANSACTIONS THROUGH CAISO*	**-429**
SWP LOAD	**2,433**

*A negative amount implies net purchase transactions while a positive amount implies net sales transactions.

State of California
Department of Water Resources
S.E.C. Rule 15c2-12 Annual Report as of June 30, 2022

CONTRACTOR WATER DELIVERIES FROM AND PAYMENTS TO STATE WATER PROJECT FOR THE YEAR ENDED DECEMBER 31, 2022
(Continuing Disclosure Certificate or Continuing Disclosure Agreement, Section 4 Items 2f, 2g or (b)6, 7, as applicable)

	Deliveries (in acre-feet)	Payments (in thousands)
Alameda County Flood Control and Water Conservation District, Zone 7	29,510	$ 44,636
Alameda County Water District	17,922	11,750
Antelope Valley-East Kern Water Agency	14,368	46,579
City of Yuba City	1,204	1,057
Coachella Valley Water District	7,963	65,253
County of Butte	2,760	3,028
County of Kings	683	1,428
Crestline-Lake Arrowhead Water Agency	810	2,548
Desert Water Agency	3,210	23,952
Dudley Ridge Water District	20,426	6,841
Empire West Side Irrigation District	51	442
Kern County Water Agency	506,903	184,541
Littlerock Creek Irrigation District	8	673
The Metropolitan Water District of Southern California	414,342	737,765
Mojave Water Agency	4,363	35,547
Napa County Flood Control and Water Conservation District	10,511	13,977
Oak Flat Water District	483	770
Palmdale Water District	4,205	8,317
Plumas County Flood Control and Water Conservation District	445	294
San Bernardino Valley Municipal Water District	12,781	69,811
San Gabriel Valley Municipal Water District	1,405	11,750
San Gorgonio Pass Water Agency	1,811	28,218
San Luis Obispo County Flood Control and Water Conservation District	3,964	9,436
Santa Barbara County Flood Control and Water Conservation District	7,554	48,304
Santa Clara Valley Water District	122,780	30,354
Santa Clarita Water Agency*	38,965	33,776
Solano County Water Agency	25,227	12,646
Tulare Lake Basin Water Storage District	7,456	14,053
Ventura County Flood Control District	250	6,941
Total	**1,262,360**	**$ 1,454,687**

*Effective January 1, 2018, state law SB 634, reorganized the Castaic Lake Water Agency and the Newhall County Water District into a new agency named the Santa Clarita Valley Water Agency which has succeeded in interest to Castaic's water supply contract.

SELECTED FINANCIAL DATA FOR CERTAIN CONTRACTORS FOR THE YEAR ENDED JUNE 30, 2022 (Continuing Disclosure Certificate, Section 4 Item 2(h) or (b)8 or, as applicable – Department's Bond Disclosure Certificates only)

B-1: Audited Financial Statements of Certain Contractors

The audited financial statements of the Metropolitan Water District of Southern California, Santa Barbara County Flood Control and Water Conservation District/Central Coast Water Authority, San Bernardino Valley Municipal Water District, Alameda County Flood Control and Water Conservation District Zone 7 for the year ended June 30, 2022 are attached in **Appendix B-1**. The audited financials statements of the Kern County Water Agency for the year ended June 30, 2022 are currently not available and will be incorporated at later date in **Appendix B-1**.

DWR did not prepare or assist in the preparation of such financial statements. No expressed or implied representation is made hereby as to the relative importance of the financial condition of any such water contractor to the creditworthiness of any of the Issuer's Central Valley Project (CVP) Water System Revenue Bonds. Please refer to the most recent official statement relating to such bonds for a description of such relative importance.

B-2: Estimated Direct and Overlapping Debt of Certain Contractors

The data presented in **Appendix B-2** summarize certain information regarding taxes and tax-supported debt outstanding within the service territory of each of the five Contractors that are expected to provide the largest amounts of revenue for payment of the Bonds based on projected payments to the Department through the final maturity of the Bonds. These five Contractors and the expected percentage contribution of each to such revenues over the term of the Bonds are as follows (these percentages may change over time).

CVP Contractor	Projected Percentage Contribution
The Metropolitan Water District of Southern California	42%
Kern County Water Agency	12%
San Bernardino Valley Municipal Water District	8%
Santa Barbara County Flood Control and Water Conservation District/Central Coast Water Authority	7%
Alameda County Flood Control and Water Conservation District - Zone 7 Water Agency	6%
Twenty-four other Contractors	25%
Total	**100%**

The Department has made no independent verification of the data contained in the Appendix and makes no representations as to its correctness, completeness, or comparability.

SELECTED FINANCIAL DATA FOR CERTAIN CONTRACTORS FOR THE YEAR ENDED JUNE 30, 2022 (Continuing Disclosure Certificate, Section 4 Item 2i – Lodi Energy Center Disclosure Agreement only)

C-1: Audited Financial Statements of Certain Contractors

The audited financial statements of the Metropolitan Water District of Southern California for the year ended June 30, 2022 are attached in **Appendix B-1**. The audited financials statements of the Kern County Water Agency for the year ended June 30, 2022 are currently not available and will be incorporated at later date in **Appendix B-1.** The audited financial statements of the Coachella Valley Water District, for the year ended June 30, 2022 are attached in **Appendix C-1.**

DWR did not prepare or assist in the preparation of such financial statements. No expressed or implied representation is made hereby as to the relative importance of the financial condition of any such water contractor to the creditworthiness of any of the Lodi Energy Center Bonds. Please refer to the most recent official statement relating to such bonds for a description of such relative importance.

C-2: Estimated Direct and Overlapping Debt of Certain Contractors

The data presented in **Appendix B-2** relating to the Metropolitan Water District of Southern California and Kern County Water Agency, and **Appendix C-2** relating to Coachella Valley Water District, summarize certain information regarding taxes and tax-supported debt outstanding within the service territory of each of the three Contractors that are expected to provide the largest payments (other than payments allocable to CVP Water System Revenue Bond financed facilities) to the Department under the Water Supply Contracts. These three Contractors and their expected percentage of such payment to the Issuer under the Water Supply Contracts are as follows:

Lodi Energy Center

Contractor	Projected Percentage Contribution	Appendix Reference
The Metropolitan Water District of Southern California	55%	B-2
Kern County Water Agency	11%	B-2
Coachella Valley Water District	5%	C-2
Twenty-six other Contractors	29%	
Total	**100%**	

The Department has made no independent verification of the data contained in the Appendix and makes no representations as to its correctness, completeness, or comparability.

ZONE 7 WATER AGENCY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FY 2021-2022

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT - ZONE 7, Zone 7 Water Agency

FOR THE YEAR ENDED JUNE 30, 2022 WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2021
Livermore, CA

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency

Livermore, California

Annual Comprehensive Financial Report and Independent Auditors' Reports

For the Year Ended June 30, 2022
(With Summarized Information For The Year Ended June 30, 2021)

THE PUN GROUP
ACCOUNTANTS & ADVISORS

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022
(With Summarized Information for the Year Ended June 30, 2021)

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For the Year Ended June 30, 2022
(With Summarized Information for the Year Ended June 30, 2021)

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STATISTICAL SECTION (Unaudited)

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WATER AGENCY
Delivering Quality, Reliability and Safety

100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

December 12, 2022

To the Board of Directors:

The Annual Comprehensive Financial Report for the Zone 7 Water Agency

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Alameda County Flood Control and Water Conservation District, Zone 7, California (Agency), for the fiscal year ended June 30, 2022 (with summarized information for the year ended June 30, 2021).

The Annual Comprehensive Financial Report is prepared in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

The intended purpose of the financial report is to provide the Board of Directors, the customers of the Agency, and other interested parties with reliable information on the finances of the Agency. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal control should not surpass its benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements.

The Pun Group, LLP, a firm of licensed certified public accountants, has issued an unmodified (clean) opinion on the Agency financial statements for the year ended June 30, 2022. The purpose of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2022, are free of material misstatement. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement and be read in conjunction with the MD&A.

The Annual Comprehensive Financial Report follows the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and the Agency is submitting this CAFR to GFOA for review and certification.

Agency Profile

Zone 7 Water Agency is a dependent special district established under the Alameda County Flood Control and Water Conservation District Act. The Act (Chapter 55 of the California Water Code Appendix) was passed by the State Legislature in 1949. The Agency was established by a vote of the residents of the Livermore-Amador Valley area in 1957, with its own independent elected board to provide local control of integrated water resources. The Agency's Administrative Office is located in the City of Livermore in Alameda County. Livermore was founded in 1869 and is one of California's oldest wine regions. The Agency currently serves an estimated population of 266,000 people and is responsible for providing wholesale treated (drinking) and untreated (agricultural) water, flood control, and groundwater management throughout eastern Alameda County.

The Agency provides wholesale potable (treated) water to retail water suppliers, untreated irrigation water, and flood protection services. Its territory includes 425 square miles of eastern Alameda County. The Agency has broad power to finance, construct, and operate a system for the transportation, storage, treatment, and distribution of water.

The Agency imports water into the Valley from the State Water Project (SWP), operated by the Department of Water Resources (DWR) of the State of California. The State issued bonds to finance the SWP. The Agency is one of 29 water contractors who share the cost of the debt service for the SWP bonds.


Aerial view of the South Bay Aqueduct and Dyer Reservoir.
Credit: Department of Water Resources

The Agency's four retail water customers are the City of Livermore, the City of Pleasanton, Dublin-San Ramon Services District, and California Water Service Company – Livermore District. These retailers distribute the water to municipal and industrial customers in Dublin, Livermore, Pleasanton, and through a special agreement with Dublin-San Ramon Services District, the Dougherty Valley portion of San Ramon.

History and Services

Since long before the Agency was created, the critical issues of water supply, water quality, and flood protection have shaped the region's ability to prosper. Although the Tri-Valley was far less populated during the first half of the 20th Century than it is today, a declining groundwater table and periods of drought had local farmers, vintners, and residents alike worried about their livelihoods, according to reports published in 1948. There was frequent flooding, particularly in northern Pleasanton, where Hacienda Business Park and various residential developments are now located.

The Agency was established in 1957 by local voters demanding local control over local water-resource planning, flood protection, and financing. The Agency has taken the Tri-Valley a long way in resolving many of its most pressing water supply, water quality, and flood protection problems. The locally elected, seven-member Board of Directors has continually formulated and implemented needed programs for flood protection and water resource management, incorporating co-benefits of recreation, and environmental protection and enhancements where feasible. Many issues have persisted over the decades, and their implications on local land use, local control, and local financing continue to surface. Indeed, challenges continue as the Agency works to improve water reliability and quality, along with flood protection, in the most economical and environmentally sound ways possible, and to accommodate new development approved by Tri-Valley cities and/or the County at no cost or harm to existing residents.

The Agency has long been known for its proactive groundwater basin stewardship. Continuing in that tradition, on December 21, 2016, the Agency Board of Directors adopted a resolution officially accepting the role of Groundwater Sustainability Agency (GSA) for the Livermore Valley Groundwater Basin under the Sustainable Groundwater Management Act (SGMA). The Agency was one of several agencies recognized in the legislation as being a trusted groundwater basin manager and identified as the exclusive local agency eligible to perform the GSA role within its service area.

Through coordination with other local agencies in the region and neighboring groundwater basins, the Agency was able to notify the State that it will continue sustainable groundwater management for the entire portion of the Livermore Valley groundwater basin that is within the Agency's service area as well as a small portion that lies within Contra Costa County.

Since its formation, the Agency has continued to take steps to expand its level of local control and autonomy. In 2003, state legislation granted the Agency more authority over issues and projects of exclusive interest to the Agency, allowing the Board to improve economic efficiencies and reduce administrative duplication with the county.

Local control has allowed the Agency to develop master plans that sustainably integrate and optimize water supply reliability, water quality, flood management and environmental stewardship. Meanwhile, the Agency has participated with other water, recycled water, sewer, and storm water utilities in the greater Bay Area to explore potential opportunities to pool services/equipment for increased efficiency.

Agency Service Area

The Agency supplies treated drinking water to retailers serving a population of 266,000 people and businesses in Pleasanton, Livermore, Dublin, and through a special agreement with the Dublin-San Ramon Services District, the Dougherty Valley area in San Ramon. The Agency also supplies untreated irrigation water to local vineyards, farms, and golf courses, and provides both flood protection and groundwater management in eastern Alameda County.

Agency-Wide Strategic Overview

On June 17, 2020, the Board adopted the 2020-2024 Five-Year Strategic plan and a revised Mission and Vision Statement with updated Values & Goals.

Mission

Deliver safe, reliable, efficient, and sustainable water and flood protection services.

Vision

Provide excellent water and flood protection services to enhance the quality of life, economic vitality, and environmental health of the communities we serve.

Values

"Our shared values guide all our actions."
— Valerie Pryor, General Manager

- **Transparency** – We operate in an open and transparent fashion.
- **Customer Service** – We are prompt, respectful, and courteous in all of our interactions.
- **Collaboration** – We embrace collaboration to enhance our services.
- **Environmental Sensitivity** – We deliver our services in an environmentally-sensitive manner.
- **Fiscal Responsibility** – We operate in a productive, cost effective, and efficient manner.
- **Innovation** – We encourage innovation, creativity, and ingenuity.
- **Integrity** – We maintain the highest ethical standards and open, honest communications.

- **Leadership and Service** – We maintain a diverse team of highly skilled professionals devoted to honest and accountable stewardship of our resources.
- **Proactivity** – We proactively address issues and embrace continuous improvement.
- **Safety** – We are committed to public and employee safety.

Organization-Wide Goals

GOAL A | Reliable Water Supply and Infrastructure

Provide customers with reliable water supply and infrastructure.

GOAL B | Safe Water

Provide customers with safe water.

GOAL C | Groundwater Management

Manage and protect the groundwater basin as the State designated Groundwater Sustainability Agency.

GOAL D | Effective Flood Protection

Provide an effective system of flood protection.

GOAL E | Effective Operations

Provide the Agency with effective leadership, administration, and governance.

GOAL F | Stakeholder Engagement

Engage our stakeholders to foster understanding of their needs, the Agency, and its functions.

GOAL G | Fiscal Responsibility

Operate the Agency in a fiscally responsible manner.

Economic Condition and Fiscal Outlook

The Agency's Administrative Office is located in the City of Livermore, in Alameda County which is part of the Tri-Valley area of Dublin-Livermore-Pleasanton. The Tri-Valley is located 39 miles east of San Francisco, California, and 28 miles north of Silicon Valley. This area is a crossroads, not only literally (for commuters traveling from the Central Valley to Silicon Valley and other employment destinations) but also figuratively (for major employers including both vineyards and high-tech firms.) With a combined population now of 266,000 residents, the Tri-Valley area is proving to be one of the fastest growing areas in the Bay Area.

DUBLIN, located in the desirable Tri-Valley region, has emerged as an outstanding community for families. With a population of 73,000 residents, its known as the "New American Backyard", Dublin is an attractive destination for businesses and residents alike who want access to transportation (two major freeways and two BART stations), excellent schools, beautiful parks and public facilities, safe neighborhoods, and a wide variety of housing types. Dublin has progressive policies that promote quality growth in office, retail, and residential development. Dublin continues to work to expand and enhance the quality of life for all members of our community.

LIVERMORE is a community that reflects an eclectic blend of science, arts, western culture, and award-winning wineries and breweries. The City's renowned reputation in science, technology, and innovation is showcased by the Lawrence Livermore and Sandia National Laboratories, and its regional i-GATE Innovation Hub and "Switch" facility. The San Francisco Premium Outlets and the vibrant downtown highlight a wide range of shopping, dining, and entertainment opportunities for Livermore's 86,000 residents and visitors. Livermore's diverse community amenities, business friendly atmosphere, and strong public schools make it the perfect location for entrepreneurs and businesses of all sizes including new arrivals Tesla Motors and the Gillig Bus Company.

PLEASANTON carries a small-town ambiance with a metropolitan edge that contributed to its inclusion as the only Bay Area city on Money Magazine's 2010 list of America's 100 Best Small Cities. This City of 78,000 supports a thriving business community of more than 4,000 companies, from Fortune 500 to home-grown innovation firms. Pleasanton's highly educated population and workforce reflect the community values education and preeminent school system. Downtown Pleasanton is a charming historic destination with a mix of unique shops, services, and restaurants. Nearby Stoneridge Shopping Center features more than 165 specialty stores.

Most of the Agency's service area lies within the County of Alameda which possesses a large and diverse economic base, consisting of research and high technology, professional services, agriculture, finance, retail trade, medical and health services, government services and many others. The 2021-22 local roll included assessments of 501,124 taxable properties within Alameda County. The assessed value of these properties totaled $358 billion, a $15.5 billion or a 4.58% increase above the previous year assessment roll. The growing economy and increase in real estate values and new construction are responsible for this 4.58% increase. Other factors leading to this year's assessment growth included the mandatory inflation index of 2% being applied to all property's assessed values that were not affected by assessment declines in prior years. This inflation index, roll corrections, base value restorations, and other miscellaneous factors added $3.15 billion. Reassessments due to sales/transfers of real estate added $8.95 billion, new construction activity added $3.44 billion. A copy of the 2021–22 annual report is available at the Alameda County Assessor Office website.

Cities within the Agency service area had slight decrease in population from 2021 to 2022. The city of Livermore saw the highest decline in population growth of -1.2%, followed by cities of Pleasanton and Dublin with a slight decrease in population of -0.9% and -0.8%, respectively. Housing activity continues to be strong locally with the Alameda County median home value rising 11.2% year over year to $1.2 million as of April 2022.

While some economic indicators continue to look healthy, there are signs that the post-pandemic recovery is slowing. On the positive side, the unemployment rate continues to decline. As of October 2022, the Alameda County unemployment rate was reported at 2.9% versus 4.8% in October 2021.

Long-Term Financial Planning / Strategic Planning

Credit Rating: In 2018, the Agency issued $64,010,000 Livermore Valley Water Financing Authority Water Revenue Bonds, 2018 Series A to finance the construction of an ozone treatment facility at the Del Valle Water Treatment Plant and to refinance bonds associated with the Cawelo Groundwater Banking Program. In June 2022, Fitch conducted a surveillance review and as a result Fitch Ratings affirmed Zone 7's bond rating of AA+ with a stable outlook. In affirming the rating, Fitch Rating states, "the 'AA+' bond rating and Issuer Default Rating reflect the agency's very low leverage, measured as net adjusted debt to adjusted funds available for debt service, within the framework of very strong revenue defensibility and low operating risk profile."

Water Rates: The Agency's largest revenue source is the sale of water, acting as a wholesaler for four water supply retailers in Livermore, Pleasanton, Dublin and by a special agreement with the Dublin San Ramon Services District, the Dougherty Valley area in San Ramon. On November 16, 2022, the Board approved 5.5% annual rate revenue adjustment for wholesale water services for Calendar Years 2023, 2024, 2025 and 2026. The first rate increase will go into effect February 1, 2023, and the remaining increases for years 2024-2026 will be effective January 1 of each year. The Board will revisit the rate schedule for calendar years 2025 and 2026, through a public process, with any changed rates adopted by November 2024.

Zone 7 studied the need for rate revenue adjustments in consideration of the rising costs of importing water, operations, maintenance, environmental and regulatory compliance — ensuring treated water rates keep pace with the increasing costs to provide safe, reliable water. The approved rate increase is essential to construct, maintain and repair the crucial infrastructure that keeps customers' water safe and consistently flowing to homes and businesses.

Strategic Planning: On June 17, 2020, the Board adopted a 2020-24 Five-Year Strategic Plan. The Strategic Plan was developed through a collaborative process with the Board of Directors, management, and staff. The planning consultant interviewed each of the seven Board members regarding their perspectives on the future challenges for the Agency. These interviews were followed by a management workshop. Four workshop sessions with Agency employees and supervisors mined key strengths, weaknesses, opportunities, and threats facing the Agency. The Board discussed the strategic challenges facing the Agency and refined a vision, mission, and set of goals for the Five-Year Strategic Plan at a Board Retreat in early 2020. Based upon staff input and Board direction, the management team then developed "initiatives" for each of these goals. The Strategic Plan will be reevaluated regularly to adjust as conditions warrant.

Capital Improvement Plan: Existing infrastructure must be maintained, upgraded, and/or replaced to ensure reliable operations. Modifications to infrastructure related to technological advances and improvements must be considered and incorporated to improve system reliability and operations/maintenance efficiency. New infrastructure must be developed to serve future growth in the Valley and to comply with future anticipated water quality regulations.

To maintain reliable operations, the Agency continues to effectively implement infrastructure projects in its Capital Improvement Plan (CIP). The CIP encompasses the near-term (ten years for the Water System and five years for Flood Protection) implementation and funding plan for projects required to meet the Agency's long-term mission and goals.

The Asset Management Plan (AMP) includes the asset inventory and long-term (40-year) renewal and replacement schedule for the water system assets, determines total funding needed over the planning horizon, and documents the Agency's funding plan.

For purposes of the CIP, capital outlay is distinguished from capital projects. Capital outlay includes only those projects or equipment purchases between $5,000 and $50,000 and having more than one year of useful life. Capital outlay is funded through the operating budget. All capital projects or equipment purchases of at least $50,000 or over and having five years of useful life are included in the capital improvement planning process.

By the Fall of 2020, the Del Valle Water Treatment Plant (DVWTP) Ozonation Project was completed. The DVWTP Ozonation Project, which is part of Zone 7's Capital Improvement Program (CIP), represents a capital investment of $49 million, funded by revenue bonds. The ozone system has been operational for most of the 2020–2021 and 2021–22 fiscal years. The project included the modification of existing facilities and construction of new facilities including an ozone generation building, contactor structure, existing filters modifications, chemical feed facilities, Power and Water Resource Pooling Authority (PWRPA) electrical facilities and a plant utility water pump station. This project improves water quality, enhances the water treatment process, and increase water production reliability.

In FY 2021–22, Zone 7 continued construction of ozonation treatment facilities to improve quality, taste, and odor at the aging Patterson Pass Water Treatment Plant (PPWTP). The project will increase and stabilize the PPWTP's production capacity from 12 to 24 million gallons per day, and add clearwell storage, new filters, renewal, replacement, and rehabilitation of the aging components of the plant. Decades in the planning, this project highlights the Agency's efforts in long-term planning, fiscal responsibility, and commitment to water quality and public health. The official ribbon cutting ceremony took place on June 9, 2022. PPWTP is expected to be fully operational in the Fall 2022.

Significant Accomplishments

Water Supply, Reliability, and Quality

Drought Conditions: Fiscal year 2021-22 was a critically dry year and the third dry year in a row for the State of California. On September 1, 2021, the Board (Resolution No. 21-67) declared a state of drought emergency within its service area and a Stage 2 water shortage. This declaration included mandatory conservation of 15% to align with Governor Newsom's drought emergency proclamation. As of June 2022, treated water demands were 17% lower relative to the same time in 2020.

The Agency maintains a diverse water supply portfolio (local groundwater, groundwater banks in Kern County, and surface water) and proactively pursued and secured water transfers. Because of the Agency's actions, water demands are continuing to be met. The current drought has solidified the importance of maintaining a diversified water supply portfolio including the continued participation in critical alternative water supply projects.

Sustainable Groundwater Management: The Sustainable Groundwater Management Act (SGMA) is historic legislation which requires local agencies to adopt groundwater management plans and monitor and manage groundwater resources in a sustainable way. In 2014, the State of California's Sustainable Groundwater Management Act recognized the Agency's sustainable groundwater management program by naming the Agency the exclusive Agency to continue this role in its service area. At the end of 2016, the Agency officially accepted the new role and filed an Alternative Sustainable Groundwater Management Plan. Early in 2017, the Agency's Board of Directors adopted a Sustainable Groundwater Management Ordinance to clarify the Agency's responsibilities related to groundwater management for the Livermore-Amador Valley groundwater basin as well as a small portion that lies within Contra Costa County.

In April 2020, DWR awarded Zone 7 Water a $500,000 Sustainable Groundwater Management grant to support development of the previously approved Alternative Groundwater Sustainability Plan (GSP). In FY 2021-22, the Agency completed the Alternative GSP 5-year Update for the Livermore Valley Groundwater Basin to DWR on time and within budget, which included the implementation of the Stakeholder Engagement Plan and administration of the grant.

Water Quality: All water supplied during 2021 not only met, but often performed better than the regulatory standards set by the state and federal governments. Zone 7 continued construction of ozonation treatment facilities to improve quality, taste and odor at the aging Patterson Pass Water Treatment Plant (PPWTP) this year. The project will also increase and stabilize the treatment plant's production capacity from 12 to 24 million gallons per day, as well as add clearwell storage, new filters, renewal, replacement and rehabilitation of aging components of the plant. Decades in the planning, this project highlights the agency's efforts in long-term planning, fiscal responsibility, and commitment to water quality and public health.

Ozone treatment is the technology of choice for disinfecting water, reducing chlorine-related byproducts, and killing even more pathogens than chlorine making the Agency's water cleaner, safer and better tasting – straight from the tap.

Flood Protection: The Agency's Five-Year Strategic Plan includes an initiative to update the flood protection strategy. A consultant with expertise in flood protection engineering provided a high-level assessment of the Agency's flood protection policies and of the overall flood protection system currently in place.

The recommendation of the consultant was to pursue a new flood system management plan, which would incorporate some of the existing plans, but provide a more contemporary approach to the existing Stream Management Master Plan by focusing on flood protection goals and incorporating climate change into a revised strategy. It would also look for opportunities to engage partner agencies during development and expand engagement with the community in discussions about flood risk and the revised approach.

In Spring 2021, the Agency hired a consultant to complete Phase I of the Flood Management Plan. This Phase includes establishing Agency flood management guidance such as flood management guiding principles, flood performance goals and objectives, flood system definition, and best management practices. Major milestones to complete Phase 1 were achieved in FY 2021–22:

- On July 21, 2021, the Board adopted Resolution No. 21-55 approving the Flood Management Guiding Principles.
- On March 2, 2022, the Board adopted Resolution No. 22-14 approving the Flood Management goals and objectives.
- On August 17, 2022, the Board adopted Resolution No. 22-73 approving the Flood Management Plan Phase 1.

The following are some of the key accomplishments related to the Flood Protection Program in FY 2021–22:

- Completed construction of the Phase 3 Rehabilitation Project which includes 14 embankment damage sites.
- Completed construction of the Mocho Stanley Reach Stabilization Project.
- Completed the Camp Parks Regional Detention Basin Project.
- Obtained a USGS grant to acquire high-definition LiDAR of the Alameda Creek Watershed which will be used to provide a topographical survey of the region.
- Completed development of a streamlined permitting process with various regulatory agencies for on-going repairs and maintenance activities.

Long-Term Water Supply Reliability: Back-to-back dry years are a challenge for water suppliers as water becomes a scarce resource. With 2022 being the third dry year in a row, the Agency worked to maintain water supply reliability for its customers. The Agency will continue investment and participation in water supply reliability projects as part of its mission to deliver safe, reliable, efficient, and sustainable water, such as the Los Vaqueros Reservoir Expansion and Sites Reservoir projects.

Aerial photo of Lake Oroville on Aug. 4, 2022 at 41 percent of total capacity

The Agency will also continue to pursue the following projects, with direction from the Board of Directors, as long as the projects demonstrate progress toward attaining new sustainable water supplies both regionally and locally and are fiscally feasible:

- Bay Area Regional Desalination Project
- Delta Conveyance
- Los Vaqueros Reservoir Expansion
- Potable Reuse
- Sites Reservoir
- Water Transfers
- Intertie with a neighboring water agency

In FY 2021-22, staff secured Board approvals for continued participation in the Delta Conveyance Project, Los Vaqueros Reservoir Expansion Project, and Sites Reservoir and started the the 2021 Water Supply Evaluation Update.

Communications and Outreach: The Agency adopted the 2020-24 Five-Year Strategic Plan in June 2020 and has made significant progress in meeting the goals of that plan. In the third year of drought, Zone 7 lead communications efforts via a special Drought Committee comprised of Zone 7 and its retailers. Together, the committee has successfully leveraged resources in order to convey a unified and consistent message to the public about the need for conservation. A special webpage found at www.zone7water.com/drought was created to serve as a single resource for all Tri-Valley residents to access drought info and keep informed on outdoor water restrictions.

Communications Awards: Zone 7 was recognized for its outstanding achievements in communications receiving four awards:

Zone 7 Website

- Gold Award at the DotCOMM awards in the website redesign category

Flood Ready Freddy Flood Preparedness Campaign

- First place Savvy Award in the "Video – Education and Training Category"
- Award of Distinction at the Communicator Awards in the Public Service
- Online Video category
- Gold Award at the DotCOMM awards in the safety video category

Digital Annual Report: A digital version of the Annual Report for the 2020-2021 fiscal year was launched at a new microsite http://www.zone7water.report to increase accessibility. The Annual Report is fully online and meets and exceeds the Americans with Disability Act (ADA) compliance and regulation standards. Residents of the Tri-Valley who use assistive technology are now able to browse and interact with the report with the new accessible website design. The report was promoted through social media and at public events using a postcard with a scannable QR code.

Schools' Program: The Zone 7 Schools Program was designed around the idea that teaching kids to be water-savvy today translates to water-wise adults for generations to come. Lessons in the program are aligned with the Next Generation Sciences Standards for K-12 content, created and taught by certified educators. Funded by Zone 7 Water Agency and supported by its Board of Directors, the program invests in youth water system education and appreciation. During the pandemic we pivoted our schools' program to virtual teaching and are still offering this as a resource, averaging 1,380 users annually. Most significantly, in 2021 we were finally able to resume in-classroom teaching and taught 149 in-person classes and reached over 4,500 students.

Tri-Valley Water Reliability Website: Zone 7 launched www.trivalleywater.org, a new website focused on educating the public on the region's water supply reliability. The website is part of the Agency's Strategic Plan and features a vibrant design with a full suite of photography highlighting water infrastructure and a new "Water's Journey" video that educates users

about the journey water takes through the State Water Project system to homes and businesses in the Tri-Valley. The site also covers water supply challenges, and potential solutions including Sites Reservoir and Delta Conveyance, as well as more local solutions like Los Vaqueros Reservoir Expansion, potable reuse, and regional desalination.

Workforce Development: The Agency continued its proactive role as a Baywork signatory in FY 2021-22. Baywork's signatories strategically invest resources together to sustain and develop the reliable workforce needed to serve our customers and protect the environment both now and for future generations. As a signatory agency, Zone 7 is better able to expand its reach throughout the Bay Area, particularly among job seekers. The partnership also provides job training opportunities and skills advancement for prospective and existing employees in the workforce and enables the sharing of best practices with other water agencies.

The Agency provided training opportunities to staff — the first cohort of Introduction to Supervision (training for line staff) was held from March to April 2022.

Living Arroyos Program: A new three-year agreement for Living Arroyos was signed in July 2022, beginning with FY 2022-2023. Current program parties are:

- Zone 7 Water Agency – Fiscal Manager
- Alameda County Resource Conservation District (ACRCD) – Implementing Agency
- Program Partners – Zone 7, City of Dublin, City of Livermore, City of Pleasanton
- ACRCD has taken over the role as the Implementing Agency from Livermore Area Recreation and Park District (LARPD) and has hired the existing Program Coordinator and Interns from LARPD, providing continuity. The community benefited from the efforts of LARPD in keeping the Program going through the pandemic.

The benefits of this strategic partnership are cost sharing, leveraging unique resources, aligning the community vision of the watershed, avoiding redundancy, and achieving long-term management goals.

The program's Saturday volunteer workdays allow residents to assist with restoring creek banks with native vegetation while learning about local ecology. The program also employs college students and young professionals as interns, allowing them to learn stream management techniques hands-on to augment their classroom learning.

Living Arroyos was recognized by California Stormwater Quality Association (CASQA) the 2020 CASQA Outstanding Sustainable Stormwater Project/Program Award. The City of Livermore nominated Living Arroyos/Adopt a Creek Spot Program for consideration and the CASQA Awards committee selected Living Arroyos as a winning program.

Following a break due to the pandemic, volunteer events returned in 2022. In FY 2021–22, Living Arroyos staff planted 225 trees and 723 acorns, installed 34 willow stakes, removed 997 gallons of trash and over 1,508 gallons of invasive weeds.

Financial Policies

Financial Reserve Policy: The Financial Reserve policy was initially adopted by the Board in 2005 and updated with the adoption of an Interim Reserve policy on April 17, 2013. On September 28, 2016, the Board adopted a Final Reserve Policy (Resolution No. 16-166). The 2016 revisions helped to further strengthen the Agency's financial position.

On May 15, 2019, the Board adopted Resolution No. 19-37, approving a revised reserve policy. The new policy eliminated Drought Contingency and Rate Stabilization Reserves and created a Reserve for Economic Uncertainties. The Reserve for Economic Uncertainties is prudent to help maintain a high bond rating and to protect the Agency from the effects of fluctuations in water usage and the cost of imported water to which the Agency is vulnerable, and other unforeseen events such as a natural disaster, water shortage emergency, or other unanticipated adverse situations. The reserve is targeted at 15% of budgeted volume-based water sales revenue. The revised policy also eliminated the Building Sinking Fund Reserve which was liquidated with the purchase of the North Canyons Building and added the Debt Rate Stabilization Reserves that were established as part of the debt issuance in 2018.

Investment Policy: The Agency's Investment Policy was adopted by the Board on June 15, 2022 (Resolution No. 22-47). The Agency's Investment Policy is in compliance with the California Government Code, Section 53600 et seq. The investment of idle funds is delegated by Agency's Board to the Assistant General Manager – Finance as the Treasurer who assumes full responsibility for the transactions of the investment program. The objectives of the investment policy are safety of principal, liquidity, return on investment or yield, and diversity. The Investment Policy applies to the Agency's pooled investment fund which encompasses all monies under the direct oversight of the Agency Treasurer and is reviewed on an annual basis.

Debt Policy: The Debt policy was adopted by the Board in June 2017 (Resolution No. 17-52). The Debt Policy provides the guidelines under which specific projects outlined in the biennial planning process and documented in the Capital Improvement Plan may be best financed. Debt issuance should be evaluated on a case-by-case basis as well as within the Agency's general debt management program. The Agency recognizes that changes in the capital markets and other unforeseen circumstances may require action deviating from this Debt Management Policy. In cases requiring any exception to this policy, approval from the Board will be required. The Debt Management Policy is not applicable to intra-agency borrowing.

Budget Controls: The Agency has a two-year budget cycle for governmental funds and proprietary funds and maintains budgetary controls, the objectives of which are to ensure compliance with legal provisions, embodied in the two-year budget approved by the Board. The Agency's operating and capital budgets are reviewed and approved by the Board of Directors. The budget includes the projects, services and activities to be carried out during the two fiscal years and the estimated revenue available to fund these operating and capital costs. The legal level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level, further delineated by two categories, the operating budget (consisting of total operations and operating projects) and the capital budget (consisting of capital project expenditures).

The Agency also maintains an encumbrance accounting system as one process to accomplish budgetary control. Budget adjustments that increase or decrease revenue projections, appropriations or reserves of any fund at the fund level require Board approval. Budget and actual comparisons are provided in this report for the Governmental Fund (Flood Protection Operations and Flood Protection Development Impact Fee Fund). The guidelines used by the Agency in developing the formal budget process are those recommended by the Government Finance Officers Association.

Internal Control: The Agency management is responsible for establishing and maintaining adequate internal controls to assure the Agency operations are effective and efficient, that applicable laws and regulations are followed, and financial reports are reliable. Existing internal controls are monitored, and changes are implemented as needed. These controls are designed to provide reasonable, but not absolute, assurance that (1) assets are safeguarded against waste, fraud and inefficient use; and (2) the Agency's financial records can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that cost-benefit analyses require estimates and

Other Information

Independent Audit

An independent audit by certified public accountants is important in determining the reliability of the Agency's financial statements. The importance of such verification has been recognized by the federal and state governments, and the general public. The Agency contracted with the accounting firm of The Pun Group, LLP for this audit. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. The firm's report has been included in the financial section of this report.

Awards

Certificate of Achievement for Excellence in Financial Reporting: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the Agency for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized the Annual Comprehensive 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 the Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this Annual Comprehensive Financial Report represents a successful team effort by staff from many departments within the Agency who have demonstrated their dedication and professionalism in the creation of this report. We also wish to thank the Agency's auditors, The Pun Group, LLP for their assistance and guidance and the Board for their structural guidance and consistent fiduciary focus.

Respectfully submitted,

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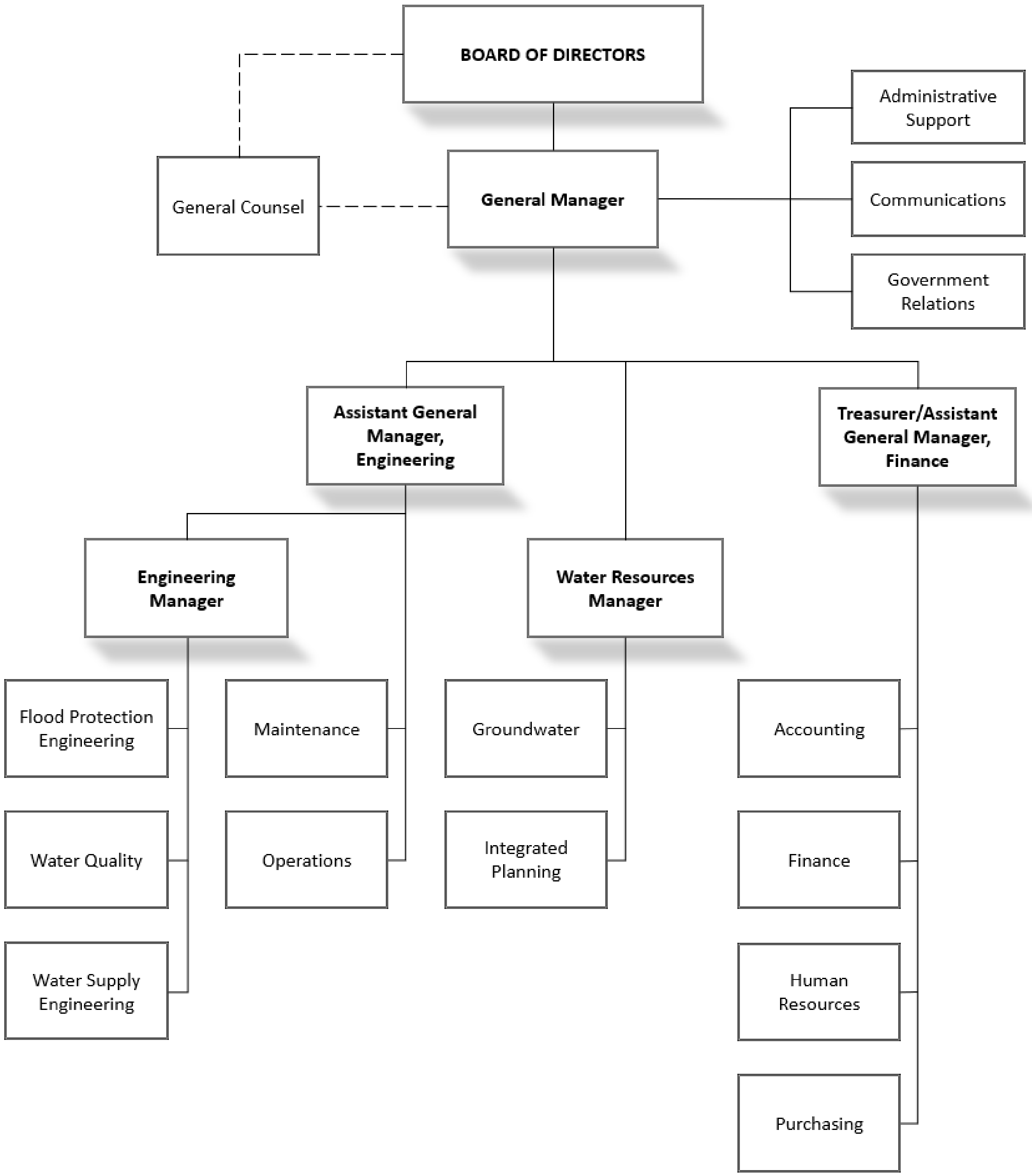
Valerie Pryor	**Osborn Solitei**
General Manager	Treasurer/Assistant General Manager, Finance

Alameda County Flood Control and Water Conservation District, Zone 7

Functional Organizational Chart

Fiscal Year 2021-2022



List of Elected Officials and Agency Management

Sarah Palmer, *President*

Board Member since 2006 -- Term Expires June 30, 2026

Sands Figuers, *Vice President*

Board Member 1988-2000; again since 2008 -- Term Expires June 30, 2024

Dawn Benson

Board Member since 2022 -- Term Expires June 30, 2026

Dennis Gambs

Board Member since 2018 -- Term Expires June 30, 2026

Laurene Green

Board Member since 2020 -- Term Expires June 30, 2024

Angela Ramirez Holmes

Board Member since 2012 -- Term Expires June 30, 2024

Olivia Sanwong

Board Member since 2018 -- Term Expires June 30, 2026

Executive Management Team

Valerie Pryor, *General Manager*

Heath Mc Mahon, *Assistant General Manager, Engineering*

Osborn Solitei, *Treasurer/Assistant General Manager, Finance*

Alameda County Flood Control and Water Conservation District, Zone 7

2022 Annual Comprehensive Financial Report
Project Team

Audit/Financial Statement Coordinator

Osborn Solitei
Treasurer/Assistant General Manager, Finance

Teri Yasuda
Accounting Manager

Flora Guo	**Elizabeth Foss**	**JaVia Green**
Sr. Auditor/ Accountant	Financial Analyst	Financial Analyst

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Alameda County Flood Control & Water Conservation District - Zone 7 Water Agency California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

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Walnut Creek, California 94596

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Alameda County Flood Control and
Water Conservation District, Zone 7 – Zone 7 Water Agency
Livermore, California

Opinions

We have audited the accompanying basic financial statements of governmental activities, business-type activities and each major fund, and aggregate remaining fund information of the Alameda County Flood Control and Water Conservation District, Zone 7– Zone 7 Water Agency (the "Agency"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency'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 the governmental activities, business-type activities and each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the Flood Protection Operations Fund and Flood Protection Development Impact Fee Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, 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.

Emphasis of Matter

Implementation of New GASB Pronouncements

As discussed in Note 1F and Noted 15 to the basic financial statements, the Agency implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* during the year. As a result of the implementation, the Agency reported the leases related assets, liabilities and deferred inflows of resources, and reported a restatement of its net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Agency'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 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 the Agency'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 Agency'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 other required supplementary information, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements 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 auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Agency's 2021 financial statements, and we expressed unmodified opinions on those audited financial statements in our report dated December 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's 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 13, 2022 on our consideration of the Agency'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 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 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 Agency's internal control over financial reporting and compliance.

The Pun Group, LLP

Walnut Creek, California
December 13, 2022

The Government Accounting Standards Board Statement Number 34 requires that management prepare a Management's Discussion and Analysis ("MD&A") section as a component of the audited Financial Statements.

The Alameda County Flood Control and Water Conservation District, Zone 7, Zone 7 Water Agency ("Agency") MD&A presents management's analysis of the Agency's financial condition and activities for the year ended June 30, 2022, and 2021. The MD&A is intended to serve as an introduction to the Agency's basic Financial Statements. This information should be read in conjunction with the audited financial statements that follow this section. A narrative overview and comparative analysis of fiscal year 2022 to 2021 information is presented in this report. Readers are encouraged to consider the information presented here as complementary to the information contained in the accompanying financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

The information in this MD&A is presented in the following order:

- Financial Highlights
- Overview of Financial Statements
- Capital Assets
- Debt Administration
- Request for Information

Financial Highlights

- The Agency's net position increased by $12.5 million or 2.3 percent from $554.5 million to $567 million mainly due to an increase in total assets of $7.7 million. The increase is due to increases in capital assets by $25.6 million and other postemployment benefits (OPEB) asset by $3.6 million during the year. The OPEB asset was due to the favorable return on the market assets. The total assets increase is offset by a decrease in cash and investments by $25.2 million. During the fiscal year, long-term debt and pension liability decreased by $2.3 million and $5.4 million, respectively and that has contributed to an increase in net position. The current liabilities decreased by $1.6 million and compensated absences increased by $0.2 million. Total revenues increased by $1.7 million for the fiscal year ended June 30, 2022.

- Total revenues increased by $1.7 million, or 1.4 percent, from $118.4 million to $120.1 million mainly due to increase in charges for services of $5.4 million from the previous year as a result of improved construction and development activities in the service area and an increase in property tax during the fiscal year due to increased property assessed valuations. The increase in development activities is offset by a decrease in water sales due to a decrease in residential water demand mainly due to a 15 percent mandatory state of drought emergency declared by the Board on September 1, 2021. The increase is also offset by lower investment earnings as a result of the fair value of investments at the end of the fiscal year.

- Total expenses increased by $7.8 million, or 7.8 percent, from $99.8 to $107.6 million mainly due to increases of $7.7 million for the Water Enterprise water purchases due to the state of drought emergency declared by the Board, Flood Protection Operations projects, and the State Water Project pass-through payments to California State Department of Water Resources (DWR) during the fiscal year.

- Capital assets increased by $25.6 million, or 7.7 percent, from $330.5 million to $356.1 million mainly due to the construction of the Patterson Pass Water Treatment Plant ozone and upgrade projects.

Overview of Financial Statements

This discussion and analysis serve as an introduction to the Agency's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements.

Agency-wide financial statements

The Agency-wide financial statements are designed to provide readers with an overview of the Agency's finances. The Agency-wide financial statements present the financial picture of the Agency from the economic resources measurement focus using the accrual basis of accounting.

The statement of net position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide statements distinguish functions of the Agency that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include the Flood Protection Fund and Flood Protection Development Impact Fee Fund. The business-type (proprietary) activities include the Water Enterprise System.

The government-wide financial statements can be found in the financial section of this report.

Fund financial statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds

The Agency's governmental funds consist of three funds: Flood Protection Operations, Flood Protection Development Impact Fee and Non-Major Governmental Fund. These funds are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed near-term view of the Agency's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Agency-wide financial statements. However, unlike the Agency-wide financial statements, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the year. A reconciliation of both the *governmental funds balance sheet* and the *governmental funds statement of revenues, expenditures, and change in fund balances* to the *Agency-wide statements* are provided to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found in the financial section of this report.

Proprietary funds

The Agency's proprietary funds consist of five enterprise funds: Water Enterprise Operations, State Water Facilities, Water Enterprise Capital Expansion, Water Facilities, and Water Supply and Reliability. Proprietary funds are generally used to account for services for a government's business-type activities (activities supported by fees or charges). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user rates, charges, and fees. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, using the accrual method of accounting.

The basic proprietary fund financial statements can be found in the financial Section of this report.

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Agency's progress in funding its obligation to provide pension and other post-employment healthcare benefits to its employees. Such required supplementary information can be found in the financial section of this report.

Government-wide Financial Analysis

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide an indication of the Agency's financial condition and indicate whether the financial condition of the Agency improved during the last fiscal year. The Agency's net position reflects the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. An increase in net position over time typically indicates an improvement in financial condition. A summary of the Agency's Statement of Net Position is presented below:

Statement of Net Position

June 30, 2022, and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	$ 98,216,208	$ 99,471,631	$ 213,003,978	$ 229,700,127	$ 311,220,186	$ 329,171,758
Capital assets and leased assets	32,886,671	32,772,306	323,232,424	297,708,617	356,119,095	330,480,923
TOTAL ASSETS	131,102,879	132,243,937	536,236,402	527,408,744	667,339,281	659,652,681
Deferred Outflows of Resources						
Pension related	408,238	526,710	4,000,378	4,908,905	4,408,616	5,435,615
OPEB related	83,637	105,154	819,574	980,030	903,211	1,085,184
Total Deferred Outflows of Resources	491,875	631,864	4,819,952	5,888,935	5,311,827	6,520,799
Liabilities:						
Current liabilities	2,858,186	4,134,694	11,403,612	11,681,221	14,261,798	15,815,915
Noncurrent liabilities	1,092,968	1,672,810	74,664,813	82,060,531	75,757,781	83,733,341
TOTAL LIABILITIES	3,951,154	5,807,504	86,068,425	93,741,752	90,019,579	99,549,256
Deferred Inflows of Resources						
Lease related	447,269	471,230	493,052	533,457	940,321	1,004,687
Pension related	871,618	802,440	8,541,102	7,478,671	9,412,720	8,281,111
OPEB related	488,939	271,536	4,791,173	2,530,687	5,280,112	2,802,223
Total Deferred Inflows of Resources	1,807,826	1,545,206	13,825,327	10,542,815	15,633,153	12,088,021
Net Position:						
Net Investment in capital assets	32,886,671	32,772,306	273,736,173	246,768,274	306,622,844	279,540,580
Restricted for:						
Capital projects and water expansion	73,996,664	72,715,433	113,044,353	110,609,342	187,041,017	183,324,775
Pension trust	146,484	-	1,323,131	-	1,469,615	-
Unrestricted	18,805,955	20,035,351	53,058,945	71,635,497	71,864,900	91,670,848
TOTAL NET POSITION	$ 125,835,774	$ 125,523,090	$ 441,162,602	$ 429,013,113	$ 566,998,376	$ 554,536,203

As the above table indicates, the total assets increased by $7.7 million, or 1.2 percent, from $659.6 million to $667.3 million during the fiscal year ended June 30, 2022. The increase is mainly due to the construction of the Patterson Pass Water Treatment Plant ozone and upgrade projects as the Agency used the 2018 Water Revenue Bonds in the acquisition fund. The government-wide statement of net position for the Agency's governmental and business-type activities indicates that as of June 30, 2022, total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $567 million compared to $554.5 million at June 30, 2021.

The largest portion of the Agency's net position, $306.6 million, or 54.1 percent, reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure). These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending.

Deferred outflows of resources is the amount of the effect of pension and Other Postemployment Benefits Other than Pension (OPEB) accounting that defers the contributions made after the measurement date until the next fiscal year as a subsequent offset to the net pension and OPEB liability among other pension and OPEB related deferrals. The deferred outflows of resources due to pensions (GASB Statement No. 68) at June 30, 2022 and 2021 were $4.4 million and $5.4 million, respectively. The deferred outflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2022, and 2021 were $0.9 million and $1.1 million, respectively.

Deferred inflows of resources is the result of pension and OPEB accounting and is comprised of changes in assumptions and differences between expected and actual investment returns in the ACERA pension plan and OPEB plan, which will be amortized as a component of pension expense over time. The deferred inflows of resources due to pensions (GASB Statement No. 68) at June 30, 2022, and 2021 were $9.4 million and $8.3 million, respectively. The deferred inflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2022, and 2021 were $5.3 million and $2.8 million, respectively. The deferred inflows of resources due to leases (GASB Statement No. 87) at June 30, 2022, and 2021 were $0.9 million and $1.0 million, respectively.

For Fiscal year ended June 30, 2022, total liabilities reflect a decrease of $9.5 million from $99.5 million to $90.0 million mainly due to a $5.4 million decrease in the net pension liability, $0.1 million decrease in OPEB liability, $2.3 million retirement in bonds payable and $1.7 million in accounts payable and accrued expenses.

The total net position increased by $12.5 million, or 2.3 percent, from $554.5 million to $567 million mainly due $25.6 million increase in capital assets as a result of the construction of the Patterson Pass Water Treatment Plant ozone and upgrade projects. Current and other assets decreased by $18.0 million from the prior year mainly due to a decrease of $25.2 million in cash and investments in the Water Enterprise Capital Expansion Fund as a result of use of the 2018 Water Revenue Bonds proceeds for construction of Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone projects and due to a decrease in charges for services as a result of lower water demand in the Water Enterprise Operations Fund as a result of the state of drought emergency declared by the Board.

Statement of Net Position
June 30, 2021, and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	$ 99,471,631	$ 91,532,349	$ 229,700,127	$ 249,823,311	$ 329,171,758	$ 341,355,660
Capital assets and leased assets	32,772,306	32,993,757	297,708,617	266,963,758	330,480,923	299,957,515
TOTAL ASSETS	132,243,937	124,526,106	527,408,744	516,787,069	659,652,681	641,313,175
Deferred Outflows of Resources						
Pension related	526,710	303,995	4,908,905	3,218,541	5,435,615	3,522,536
OPEB related	105,154	22,369	980,030	236,832	1,085,184	259,201
Total Deferred Outflows of Resources	631,864	326,364	5,888,935	3,455,373	6,520,799	3,781,737
Liabilities:						
Current liabilities	4,134,694	1,872,983	11,681,221	11,557,498	15,815,915	13,430,481
Noncurrent liabilities	1,672,810	1,664,696	82,060,531	85,492,376	83,733,341	87,157,072
TOTAL LIABILITIES	5,807,504	3,537,679	93,741,752	97,049,874	99,549,256	100,587,553
Deferred Inflows of Resources						
Lease related	471,230	-	533,457	-	1,004,687	-
Pension related	802,440	600,408	7,478,671	6,356,820	8,281,111	6,957,228
OPEB related	271,536	134,210	2,530,687	1,420,957	2,802,223	1,555,167
Total Deferred Inflows of Resources	1,545,206	734,618	10,542,815	7,777,777	12,088,021	8,512,395
Net Position:						
Net Investment in capital assets	32,772,306	32,993,757	246,768,274	227,930,485	279,540,580	260,924,242
Restricted	72,715,433	69,648,891	110,609,342	131,461,963	183,324,775	201,110,854
Unrestricted	20,035,351	17,937,525	71,635,497	56,022,343	91,670,848	73,959,868
TOTAL NET POSITION	$ 125,523,090	$ 120,580,173	$ 429,013,113	$ 415,414,791	$ 554,536,203	$ 535,994,964

As the above table indicates, the total assets increased by $18.3 million or 2.9 percent from $641.3 million to $659.6 million during the fiscal year ended June 30, 2021. The increase is mainly due to the construction of the Del Valle Water Treatment Ozone Plant and construction in progress of the Patterson Pass Water Treatment Plant ozone and upgrade projects as the Agency used the 2018 Water Revenue Bonds in the acquisition fund. The government-wide statement of net position for the Agency's governmental and business-type activities indicates that as of June 30, 2021, total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $554.5 million compared to $536 million at June 30, 2020.

The largest portion of the Agency's net position, $279.5 million, or 50 percent, reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure). These capital assets are used to provide services to citizens; therefore, these assets are not available for future spending.

Deferred outflows of resources is the amount of the effect of pension and Other Postemployment Benefits Other than Pension (OPEB) accounting that defers the contributions made after the measurement date until the next fiscal year as a subsequent offset to the net pension and OPEB liability among other pension and OPEB related deferrals.

The deferred outflows of resources due to pensions (GASB Statement No. 68) at June 30, 2021, and 2020 were $5.4 million and $3.5 million, respectively. The deferred outflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2021, and 2020 were $1.1 million and $0.3 million, respectively.

Deferred inflows of resources is the result of pension and OPEB accounting and is comprised of changes in assumptions and differences between expected and actual investment returns in the ACERA pension plan and OPEB plan, which will be amortized as a component of pension expense over time. The deferred inflows of resources due to pensions (GASB Statement No. 68) at June 30, 2021 and 2020 were $8.3 million and $6.9 million, respectively. The deferred inflows of resources due to other postemployment benefits (OPEB) (GASB Statement No. 75) at June 30, 2021, and 2020 were $2.8 million and $1.5 million, respectively. The deferred inflows of resources due to leases (GASB Statement No. 87) at June 30, 2021, and 2020 were $1.0 million and $0 million, respectively.

For Fiscal year ended June 30, 2021, total liabilities reflect a decrease of $1.0 million from $100.5 million to $99.5 million mainly due to a $1.4 million decrease in the net pension liability, $0.6 million decrease in OPEB liability, $2.1 million retirement in bonds payable. The decrease is offset by an increase of $0.6 million in compensated absences and $2.3 million in accounts payable and accrued expenses.

The total net position increased by $18.5 million or 3.5 percent from $536 million to $554.5 million mainly due to a $30.2 million increase in capital assets as a result of the construction of the Del Valle Water Treatment Ozone Plant and construction in progress of the Patterson Pass Water Treatment Plant ozone and upgrade projects. The current and other assets decreased by $12.2 million from the prior year mainly due to a decrease in restricted cash in the Water Enterprise Operations Fund as a result of use of the 2018 Water Revenue Bonds proceeds for construction of Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant ozone projects and due to decrease in charges for services as a result of slower construction and development activities in the service area.

Statement of Activities and Changes in Net Position

For the Years Ended June 30, 2022, and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Charges for services	$ 1,714,458	$ 2,624,628	$ 102,126,343	$ 95,844,162	$ 103,840,801	$ 98,468,790
Grants and other contributions	84,034	81,730	6,710,435	6,640,850	6,794,469	6,722,580
Capital grants and contributions	399,290	474,319	-	-	399,290	474,319
General revenues:						
Property taxes	10,791,532	10,344,149	-	-	10,791,532	10,344,149
Investment earnings (losses) and others	501,077	1,062,111	(2,209,267)	1,294,719	(1,708,190)	2,356,830
Total revenues	13,490,391	14,586,937	106,627,511	103,779,731	120,117,902	118,366,668
Expenses:						
Flood Protection Operations	12,352,060	8,949,669	-	-	12,352,060	8,949,669
Flood Protection Development Impact Fee	381,617	208,142	-	-	381,617	208,142
Flood Protection Grants	432,140	474,319	-	-	432,140	474,319
State Water Project	-	-	24,331,873	23,173,321	24,331,873	23,173,321
Water Enterprise	-	-	70,158,039	67,019,978	70,158,039	67,019,978
Total expenses	13,165,817	9,632,130	94,489,912	90,193,299	107,655,729	99,825,429
Change in net position before transfers	324,574	4,954,807	12,137,599	13,586,432	12,462,173	18,541,239
Transfers, net	(11,890)	(11,890)	11,890	11,890	-	-
Change in net position	312,684	4,942,917	12,149,489	13,598,322	12,462,173	18,541,239
Net position at beginning of year as restated	125,523,090	120,580,173	429,013,113	415,414,791	554,536,203	535,994,964
Net position at end of year	$ 125,835,774	$ 125,523,090	$ 441,162,602	$ 429,013,113	$ 566,998,376	$ 554,536,203

The statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the change in net position. The Agency's overall net position increased $12.5 million from the prior year. The table above indicates the Agency total revenues increased by $1.7 million, or 1.4 percent, to $120.1 million from $118.4 million in the prior year. The increase is mainly due to an increase in charges for services of $5.4 million from the previous year as a result of improved construction and development activities in the service area and an increase in property tax during the fiscal year due to increased property assessed valuations. The increase in development activities is offset by a decrease in water sales mainly due to a decrease in residential water demand as a result of the 15 percent mandatory state of drought emergency declared by the Board. The increase is also offset by lower investment earnings as a result of the fair value of investments (GASB Statement No. 72) at the end of the fiscal year.

Total expenses increased by $7.8 million, or 7.8 percent, from $99.8 million to $107.6 million mainly due to an increase of $7.7 million for the Water Enterprise Operation Fund water purchases during the fiscal year. The water purchase cost increased as a result of the state of drought emergency declared by the Board in the service area.

The Flood Protection Operations projects increased by $3.4 million mainly due to the Arroyo Mocho Medeiros Parkway, Stanley Reach Stabilization, North Canyons Administrative Building HVAC, bank slide and storm damage repairs projects. The State Water Project pass-through payments to California State Department of Water Resources (DWR) also increased by $1.2 million during the fiscal year.

Statement of Activities and Changes in Net Position

For the Years Ended June 30, 2021, and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Charges for services	$ 2,624,628	$ 1,694,933	$ 95,844,162	$ 103,347,579	$ 98,468,790	$ 105,042,512
Grants and other contributions	81,730	79,929	6,640,850	6,509,157	6,722,580	6,589,086
Capital grants and contributions	474,319	488,451	-	26,226	474,319	514,677
General revenues:						
Property taxes	10,344,149	9,834,264	-	-	10,344,149	9,834,264
Investment earnings and others	1,062,111	3,325,314	1,294,719	4,468,253	2,356,830	7,793,567
Total revenues	14,586,937	15,422,891	103,779,731	114,351,215	118,366,668	129,774,106
Expenses:						
Flood Protection Operations	8,949,669	9,547,702	-	-	8,949,669	9,547,702
Flood Protection Development Impact Fee	208,142	168,503	-	-	208,142	168,503
Flood Protection Grants	474,319	497,987	-	-	474,319	497,987
State Water Project	-	-	23,173,321	24,333,554	23,173,321	24,333,554
Water Enterprise	-	-	67,019,978	61,634,465	67,019,978	61,634,465
Total expenses	9,632,130	10,214,192	90,193,299	85,968,019	99,825,429	96,182,211
Change in net position before transfers	4,954,807	5,208,699	13,586,432	28,383,196	18,541,239	33,591,895
Transfers, net	(11,890)	(11,890)	11,890	11,890	-	-
Change in net position	4,942,917	5,196,809	13,598,322	28,395,086	18,541,239	33,591,895
Net position at beginning of year as restated	120,580,173	115,383,364	415,414,791	387,019,705	535,994,964	502,403,069
Net position at end of year	$ 125,523,090	$ 120,580,173	$ 429,013,113	$ 415,414,791	$ 554,536,203	$ 535,994,964

The statements of Revenues, Expenses and Changes in Net Position identify the various revenue and expense items which impact the change in net position. The Agency's overall net position increased $18.5 million from the prior year. The table above indicates the Agency total revenues decreased by $11.4 million or 8.8 percent to $118.4 million from $129.8 million in the prior year. The decrease is mainly due to a decrease in charges for services of $6.6 million from the previous year as a result of slow construction and development activities in the service area due to COVID-19 pandemic. Investment earnings also decreased by $4 million due to the Federal Reserve cutting the Federal Funds rates to support the economy during the COVID-19 pandemic. Other revenues also decreased by $1.5 million mainly due to a $1.2 million one-time U.S. Army Corp of Engineers refund received in the prior fiscal year. The decrease is offset by a modest $0.6 million increase in property tax revenue.

Total expenses increased slightly by $3.6 million, or 3.7 percent, from $96.2 million to $99.8 million mainly due to an increase of $5.4 million for the Water Enterprise projects during the fiscal year. The increase is offset by $1.2 million decrease in the State Water Project pass-through payments to California State Department of Water Resources (DWR) and $0.6 million decrease in Flood Protection projects during the fiscal year.

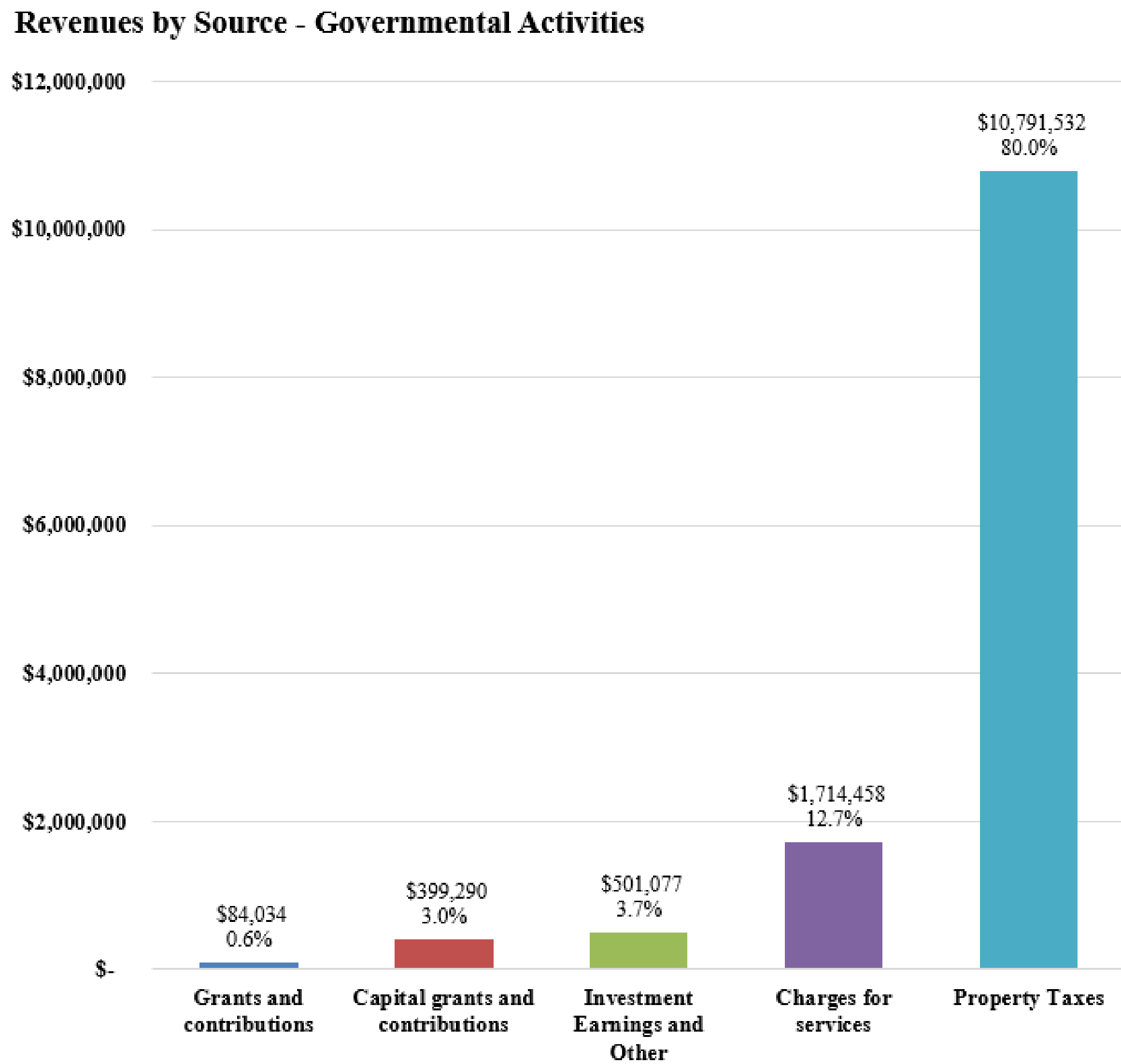
Governmental Activities

The net position for the Agency's governmental activities increased by $0.3 million from $125.5 million to $125.8 million. The net position's slight increase from the prior year is mainly due to a $1.8 million decrease in total liabilities, offset by a $1.1 million decrease in total assets. Total revenues were $13.5 million and total expenses (including transfers) were $13.2 million.

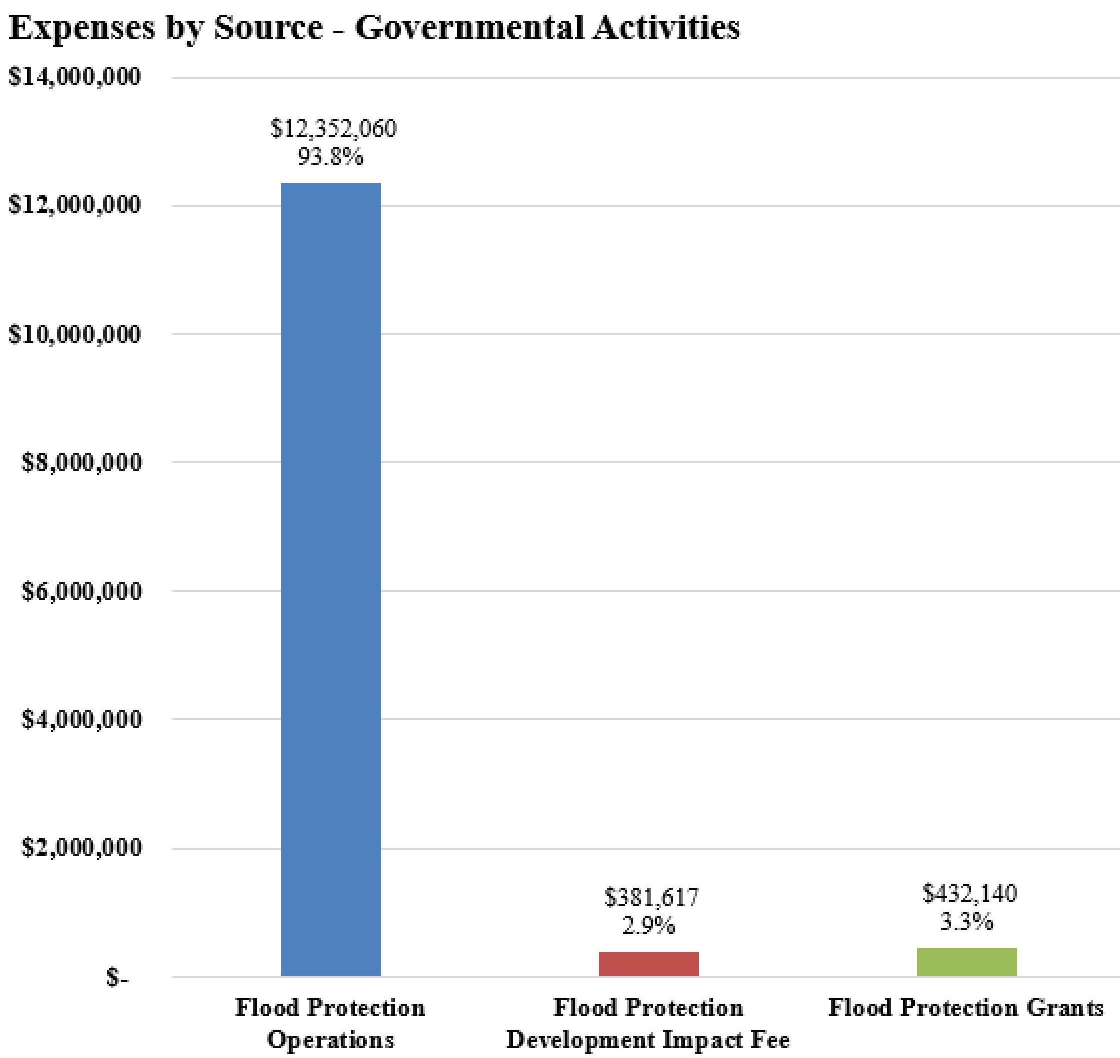
Revenues: Significant changes in revenue are as follows:

Total revenues decreased by $1.1 million from the prior year or 7.5 percent.

- Charges for services decrease by $0.9 million or 34.7 percent mainly due to construction and development activities in the service areas.
- Property tax revenue increased by $0.5 million or 4.3 percent due to higher total assessed value.
- Investment earnings and others decreased by $0.5 million due to lower investment earnings as a result of fair value of investments.



Expenses: Total expenses increased by $3.5 million, or 37 percent, in the governmental activities mainly due to flood protection maintenance repair program activities during the fiscal year, which include the following projects: Arroyo Mocho Medeiros Parkway, Stanley Reach Stabilization, North Canyons Administrative Building HVAC, and the bank slide and storm damage repairs projects. In August 2022, the Board adopted the Flood Management Plan Phase I which will direct the Agency's future maintenance activities and capital project for flood protection.

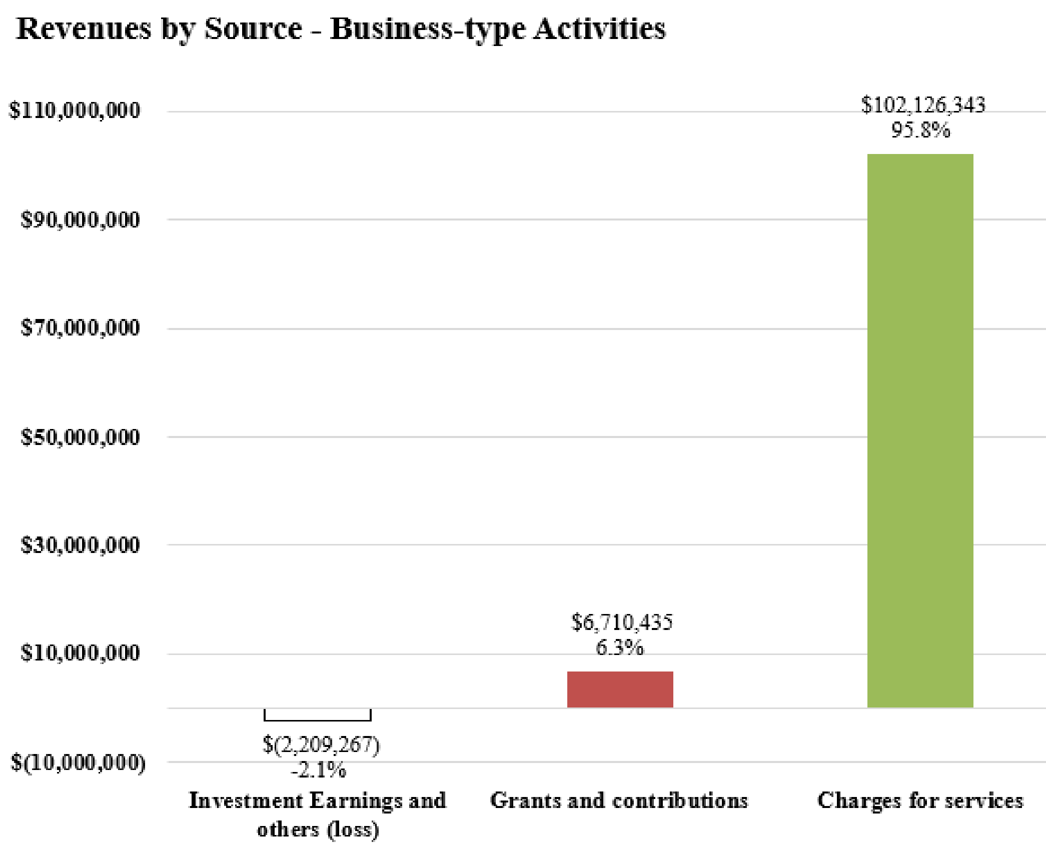


Business-Type Activities

The net position for the Agency's business-type activities increased by $12.2 million from $429 million to $441.2 million during the current year. The net position increased from the prior year mainly due to a $25.5 million increase in capital assets as a result of the construction and construction in progress of the Patterson Pass Water Treatment Plant (PPWTP) ozone and upgrade projects, Busch Valley Booster pump station, Chain of Lakes per-and polyfluoroalkyl (PFAS) treatment facility, Del Valle Water Treatment Plant (DVWTP) post ozone modifications, and the North Canyons Administrative Building HVAC project. Total revenues were $106.6 million and total expenses (including transfers) were $94.5 million.

Revenues: Significant changes in revenues are as follows:

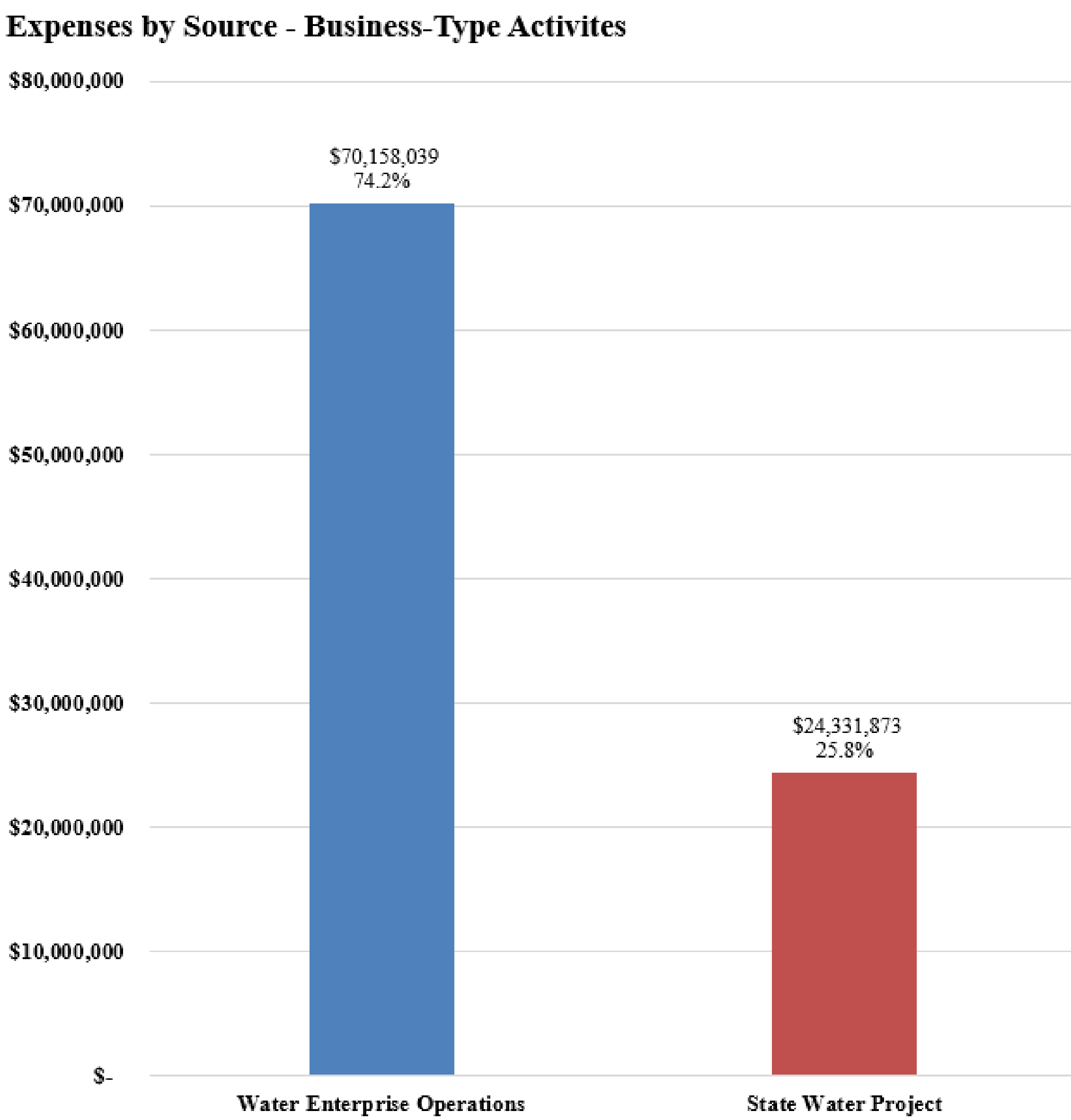
- Charges for services: includes water rate revenue, connections fees, and property taxes. Charges for services increased by a net of $6.3 million from the prior year. The increase is mainly due to a $6.1 million, or 44.5 percent, increase in connection fee revenues as a result of improved construction and development activities in the service area and a $1.2 million increase in property taxes as a result of increased property assessed valuations. The increase is offset by a $1.3 million decrease in water sales due to lower residential water demand as a result of a 15 percent mandatory state of drought emergency declared by the Board in the service area.
- Investment earnings: decreased by $3.5 million mainly due to the fair value of investments (GASB Statement No. 72) at the end of the fiscal year.
- Grants and other contributions: include intergovernmental revenue such as DWR refunds and grant proceeds. Grants and other contributions increased by $0.1 million mainly due to the DWR refunds. DWR refunds and credits vary year to year based on the level of prior year expenditures.



Expenses: Significant changes in expenses are as follows:

Total expenses: The total is $94.5 million which is a $4.3 million or 4.8 percent increase from the prior year mainly attributed to the following:

- State Water Project: Expenses increased by $1.1 million or 5.0 percent. The State Water Project pass-through payments to California State Department of Water Resources (DWR) cost fluctuates during the years.
- Water Enterprise: includes Water Enterprise Operations, Water Enterprise Capital Expansion, and Non-Major Enterprise Funds. Expenses increased by $3.1 million or 4.7 percent mainly due to $7.7 million increase in Water Enterprise Operations water purchases and the construction of the PPWTP and DVWTP projects.



Governmental Funds

The Agency's governmental funds consist of three funds: Flood Protection Operations, Flood Protection Development Impact Fee and Non-Major Governmental Funds. As of June 30, 2022, the Agency's governmental funds reported combined ending fund balance of $94.6 million.

- **Flood Protection Operations Fund** – This fund provides for general administration and the maintenance and operation of regional flood protection facilities. The Agency manages a watershed of 425 square miles in eastern Alameda County, receiving drainage from parts of Contra Costa, Santa Clara and San Joaquin Counties. More than 37 miles of flood control channels and regional drainage facilities are owned and maintained by the Agency. This fund finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas. This fund pays for renewal/replacement and improvement projects for the existing flood protection system. As of June 30, 2022, its fund balance was $20.6 million, a decrease of $1.5 million from prior fiscal year. The decrease in fund balance is mainly due to a $3.8 million increase in service and supplies from the following projects: Arroyo Mocho Medeiros Parkway, Stanley Reach Stabilization, North Canyons Administrative Building HVAC, and the bank slide and storm damage repairs projects. The $20.6 million fund balance is committed as follows; $16.1 million for capital projects, $4.3 million for operating contingency and $0.2 million is restricted.

- **Flood Protection Development Impact Fee Fund –** The purpose of this fund is to ensure that the Agency is able to meet future needs for expansion-related flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. Funds are expended on the planning, design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects. As of June 30, 2022, its restricted fund balance was $74 million, an increase of $1.3 million from prior fiscal year. The increase in fund balance was mainly due to less expenses incurred during the year than revenue earned. In accordance with the Agency Goal D – Effective Flood Project, Strategic Initiative Plan No. 10, the Board approved Flood Management Plan Phase I in August 2022 which will direct the Agency's future maintenance activities and capital project for flood protection.

Proprietary Funds

The Agency's proprietary fund statements provide the same type of information as is found in the government-wide financial statements, but in more detail.

- **State Water Facilities Fund** – This fund finances the "fixed cost" payment to the State Department of Water Resources ("DWR") to import water to the Agency. The purpose is to pay the costs for use of the State water delivery system, which includes repayment of voter approved, State incurred, long-term debt. Net position of the State Water Facilities Fund as of June 30, 2022, was $43.5 million, an increase of $5.5 million from the prior fiscal year.

  Operating revenue increased by $0.2 million due to an increase in the Dougherty Valley Surcharge Assessment and the property tax override levy increased by $1.2 million from the prior fiscal year due to the Board approval of an increase assessed property tax override. Operating expenses increased by $1.1 million, or 5 percent, due to the State Water Project pass-through payments to California State Department of Water Resources.

- **Water Enterprise Operations** is a fund that accounts for operations in a manner similar to a private business enterprise. Operations are accounted for in such a manner as to show net income or loss in the fund is intended to be entirely or predominately self-supported from user charges. The purpose of Water Enterprise Operations is to ensure that the current water treatment and delivery systems are maintained effectively, and that capital replacement and improvement needs are funded. This also pays for capital projects including the renewal, replacement and improvement of the current water treatment and delivery system.

Net position of the Water Enterprise Operations Fund as of June 30, 2022, was $337.1 million, an increase of $16.7 million from prior fiscal year. Operating revenues decreased by a net of $1.5 million due to a decrease in water sales as a result of decreased residential water demand.

Investment earnings decreased by $1.2 million mainly due to the fair value of investments (GASB Statement No. 72) at the end of the fiscal year. Operating expenses were $49.6 million an increase of $9.7 million from the prior fiscal year. In operating expenses, water purchases increased by $7.1 million and water storage increased by $3.1 million. The Agency purchased more water transfers and transferred more water from the banking programs to meet demand as a result of the state of drought emergency declared by the Board in the service area and the low State Water Project allocation.

- **Water Enterprise Capital Expansion** – The purpose of this fund is to ensure that the Agency is able to meet future needs for increased water demands. The program is primarily intended to provide funding for new facilities and additional water supplies to serve additional capacity requirements of new development, many of them fixed (i.e., bond payment obligations for debt incurred by others to increase capacity). As of June 30, 2022, the net position for the fund was $58 million, a decrease of $8.3 million from prior fiscal year.

Operating revenues were $6.3 million more than the prior fiscal year. The increase is mainly due to a $6.1 million, or 44.5 percent increase, in connection fee revenues as a result of improved construction and development activities in the service area. Operating expenses were $0.4 million, or 1.9 percent, less than prior fiscal year mainly due to the South Bay Aqueduct (SBA) debt service payment refinancing by the State.

Non-operating revenues (expenses) decreased by $1.8 million from the prior year mainly due to the fair value of investments (GASB Statement No. 72) at the end of the fiscal year.

Governmental Funds Budgetary Highlights

A comparative budgetary statement for the Agency's governmental fund (Flood Protection Operation Fund) for the year ended June 30, 2022:

			Budget Variance	
	Final Budgeted Amounts	Actual Amounts Budgetary Basis	June 30, 2022	June 30, 2021
REVENUES:				
Property taxes	$ 9,858,443	$ 10,791,532	$ 933,089	$ 771,797
Intergovernmental revenues	64,700	84,034	19,334	17,030
Charges for services	47,650	175,083	127,433	19,602
Investment earnings	92,541	111,237	18,696	136,495
Others	35,000	199,732	164,732	70,876
Total Revenue	$ 10,098,334	$ 11,361,618	$ 1,263,284	$ 1,015,800
EXPENDITURES:				
Flood Protection:				
Salaries and employee benefits	2,907,286	2,377,010	530,276	340,844
Services and supplies	19,037,637	10,167,591	8,870,046	3,988,361
Capital outlay:				
Equipment and capital structures	514,861	377,641	137,220	539,660
Total Expenditures	$ 22,459,784	$ 12,922,242	$ 9,537,542	$ 4,868,865
EXCESS REVENUES OVER EXPENDITURES	(12,361,450)	(1,560,624)	10,800,826	5,884,665
Other Financing Sources (Uses)				
Transfers (out) (Note 3)	(14,145)	(11,890)	(2,255)	(2,255)
NET CHANGE IN FUND BALANCE	$ (12,375,595)	(1,572,514)	$ 10,803,081	$ 5,886,920
Fund balance, beginning of year, restated		22,150,273		
FUND BALANCE, END OF YEAR		$ 20,577,759		

The Agency's actual flood protection operation fund revenues are over the budget by $1.3 million due to higher assessed property values by $0.9 million and $0.1 million from investment earnings.

Variations between budget and actual expenditures in the special revenue fund reflect overall expenditures less than the final budget by $9.5 million. The variance is primarily due the re-prioritization and deferral of capital projects while the Flood Master Plan Phase I approved by the Board in August 2022 is being developed.

A comparative budgetary statement for the Agency's governmental fund (Flood Protection Development Impact Fee Fund) for the year ended June 30, 2022:

			Budget Variance	
	Final Budgeted Amounts	Actual Amounts Budgetary Basis	June 30, 2022	June 30, 2021
REVENUES:				
Charges for services	$ 2,835,000	$ 1,515,414	$ (1,319,586)	$ 2,557,376
Investment earnings	173,449	181,219	7,770	717,375
Others	25,000	-	(25,000)	-
Total Revenue	$ 3,033,449	$ 1,696,633	$ (1,336,816)	$ 3,274,751
EXPENDITURES:				
Flood Protection:				
Salaries and employee benefits	253,337	35,720	217,617	35,778
Services and supplies	1,237,198	345,897	891,301	172,364
Capital outlay:				
Equipment and capital structures	615,833	33,785	582,048	67
Total Expenditures	$ 2,106,368	$ 415,402	$ 1,690,966	$ 208,209
EXCESS REVENUES OVER EXPENDITURES	927,081	1,281,231	354,150	3,066,542
NET CHANGE IN FUND BALANCE	$ 927,081	1,281,231	$ 354,150	$ 3,066,542
Fund balance, beginning of year		72,715,433		
FUND BALANCE, END OF YEAR		$ 73,996,664		

The Agency's actual flood protection development impact fee fund revenues are below the budget by $1.3 million mainly due to less development activities in the services area.

Variations between budget and actual expenditures in the flood protection development impact fee fund reflect overall expenditures less than the final budget by $1.7 million. The variance is primarily due the re-prioritization and deferral of capital projects while the Flood Master Plan Phase I approved by the Board in August 2022 is being developed.

Capital assets

As of June 30, 2022, the agency's investment in capital assets totaled $306.6 million (net of accumulated depreciation) which is an increase of $27.1 million from the net investment in capital assets balance of $279.5 million at June 30, 2021. The increase in capital assets was primarily due to construction in progress for the Patterson Pass Water Treatment Plant (PPWTP) upgrades and ozone projects.

There were many capital project activities in fiscal year 2021-22. They include the PPWTP ozone project, PPWTP upgrade project, Arroyo Mocho/ Medeiros Parkway project, Busch Valley Booster pump station, Stanley Reach Stabilization project, Chain of Lakes PFAS treatment facility, North Canyons Administrative Building HVAC, and other miscellaneous repair projects. Additional information on the Agency's capital assets is provided in Note 5 of the financial statement.

A comparison of the Agency's capital assets over the past three fiscal years is presented below:

Capital Assets
Business-type Activities
For the Years Ended June 30, 2022, 2021 and 2020
(In millions of dollars)

			2022 vs. 2021			2021 vs. 2020	
	2022	2021	$ Change	% Change	2020	$ Change	% Change
Easements	$ 1.9	$ 1.9	$ -	0%	$ 1.9	$ -	0%
Land	9.6	9.6	-	0%	9.6	-	0%
Treatment Plants	149.4	146.6	2.8	2%	117.2	29.4	25%
Construction in Progress	112.8	83.2	29.6	36%	89.3	(6.1)	-7%
Office Building	7.1	7.1	-	0%	7.1	-	0%
Pipelines	53.9	53.9	-	0%	53.9	-	0%
Reserviors	3.0	2.9	0.1	3%	1.9	1.0	53%
Water Entitlements	36.7	36.7	-	0%	36.7	-	0%
Wellfields	31.2	31.2	-	0%	31.2	-	0%
Supervisory Control and Data Acquisition Project	9.7	9.7	-	0%	9.7	-	0%
Others	9.6	9.6	-	0%	9.0	0.6	7%
Subtotal	424.9	392.4	32.5	8%	367.5	24.9	7%
Less Accumulated depreciation/amortization	101.8	95.0	6.8	7%	100.5	(5.5)	-5%
Total capital assets	323.1	297.4	25.7	9%	267.0	30.4	11%
Lease assets	0.6	0.6	-	0%	-	$ 0.6	0%
Less Accumulated depreciation/amortization	0.5	0.3	0.2	67%	-	0.3	0%
Total lease assets	0.1	0.3	(0.2)	-67%	-	0.3	0%
Total capital assets, net	$ 323.2	$ 297.7	$ 25.5	9%	$ 267.0	$ 30.7	11%

Capital Assets
Governmental Activities
For the Years Ended June 30, 2022, 2021 and 2020
(In millions of dollars)

			2022 vs. 2021			2021 vs. 2020	
	2022	2021	$ Change	% Change	2020	$ Change	% Change
Land	$ 21.2	$ 21.2	$ -	0%	$ 21.2	$ -	0%
Easements	0.1	0.1	-	0%	0.1	-	0%
Flood Control Channels	12.4	12.4	-	0%	12.4	-	0%
Construction in Progress	1.6	1.4	0.2	14%	1.3	0.1	8%
Office Building	1.5	1.5	-	0%	1.5	-	0%
Others	1.2	1.0	0.2	20%	1.0	-	0%
Subtotal	38.0	37.6	0.4	1%	37.5	0.1	0%
Less Accumulated depreciation/amortization	5.1	4.8	0.3	6%	4.5	0.3	7%
Capital assets, net	$ 32.9	$ 32.8	$ 0.1	0%	$ 33.0	$ (0.2)	-1%

Debt Administration and Bond Rating

As of June 30, 2022, the Agency had $59.9 million in outstanding debt and $4.7 million of unamortized bond premium. However, the Agency partners with other public agencies and pays for debt incurred on the Agency's behalf. For example, the Agency pays the State incurred debt for capital projects to maintain, improve or expand the State Water Project infrastructure. The Agency, under the terms of its contract with the State, is obligated to pay its share of the debt payments regardless of the amount of water purchased.

The Agency has a bonded indebtedness limit that shall not exceed 5 percent of the assessed valuation of all taxable property in any zone lying, in whole or in part of the agency's service area, per Alameda County Flood Control and Water Conservation District Act, (ACT 20), §36.6.

Bond Ratings:

A credit rating is a value assigned by one or more of the recognized rating agencies that "grade" a jurisdiction's credit, or financial trustworthiness. The three primary rating agencies are Moody's Investors Service ("Moody's"), Standard & Poor's Rating Services ("S&P"), and Fitch Ratings ("Fitch"). These rating agencies serve as independent assessors of municipal and corporate credit strength. Rating agencies generally focus on four major areas when assigning credit ratings: finances, management, economy, and outstanding debt. In the Agency credit rating for the Livermore Valley Water Financing Authority (LVWFA), Water Revenue Bonds, 2018 Series A, were as follows:

	Ratings	
Type of Bond	**S & P**	**Fitch**
LVWFA Water Revenue Bonds, 2018 Series A	AA+/Stable	AA+/Stable

On June 17, 2022, Fitch Rating affirms the Livermore Valley Water Financing Authority's series 2018 water revenue bonds issued on behalf of the Alameda County Flood Control and Water Conservation District, Zone 7 bonds at 'AA+'. The Rating outlook is stable. According to Fitch Rating, *"the 'AA+' bond rating and Issuer Default Rating reflect the agency's very low leverage, measured as net adjusted debt to adjusted funds available for debt service, within the framework of very strong revenue defensibility and low operating risk profile".*

On June 24, 2021, Fitch Rating affirmed the Livermore Valley Water Financing Authority's series 2018 water revenue bonds rating of 'AA+'.

On March 19, 2018, S&P Global Ratings assigned its 'AA+' long-term rating to the Livermore Valley Water Financing Authority's series 2018 water revenue bonds, issued on behalf of the Alameda County Flood Control and Water Conservation District, Zone 7. The outlook is stable. According to S&P, *"the stable outlook reflects our view of the agency's adequate water supply, strong financial position in terms of all-in coverage and liquidity, and restructured rate schedule and implemented drought surcharge schedule, which we believe will allow it to recover costs and stabilize revenues in the event of future drought conditions. The outlook also reflects our assessment that the strongest three retail customer's water fund credit quality will remain consistent with current projections."*

Additional information on the Agency's long-term debt is provided in Note 6 of the financial statements.

Economic factors and next year's budget and rates

- The Board of Directors adopted the Agency's two-year budget on June 15, 2022. The two-year budget provides funding for the Agency's operating, capital and debt service payments for the fiscal years ending June 30, 2023, and 2024. The budget addresses current drought and economic conditions and continues to provide the highest standard of water quality, reliability, and flood protection. These current conditions have impacted the budget in the following ways:
  - Reduction in revenue due to continued mandatory conservation measures.
  - Increased water costs due to low water supply from the State Water Project and high demand for water transfers.
  - Increased supply and utility costs from economic conditions and supply chain interruptions; and
  - Funding for continued participation in various water supply reliability projects (Los Vaqueros Reservoir Expansion, Sites Reservoir, Delta Conveyance) to further diversify the Agency's water portfolio.
- The unemployment rate continues to decline. As of October 2022, the Alameda County unemployment rate was reported at 2.9% versus 4.8% in October 2021.

- On November 16, 2022, the Board approved 5.5% annual rate revenue adjustment for wholesale water services for Calendar Years 2023, 2024, 2025 and 2026. The first rate increase will go into effect February 1, 2023, and the remaining increases for years 2024-2026 will be effective January 1 of each year. The new rate schedule was set through a rigorous cost-recovery analysis and public review process. The Board will revisit the rate schedule for calendar years 2025 and 2026, through a public process, with any changed rates adopted by November 2024. The new rate schedule is shown in the table below:

Calendar Year	**2023**	**2024**	**2025**	**2026**
Volume-based Rate per CCF	$2.27	$2.34	$2.44	$2.47
Fixed Revenue Recovery	45%	45%	45%	45%
Total Fixed Charges	$27,395,440	$29,703,607	$31,805,889	$33,286,846

Requests for Information

This financial report is designed to provide our customers, ratepayers, investors and creditors with a general overview of the Agency's finances and to demonstrate accountability for the money it receives. Requests for additional financial information should be addressed to the Finance Department, Zone 7 Water Agency, 100 N. Canyons Parkway, Livermore, CA 94551. This report is also available online at http://www.zone7water.com.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Net Position
June 30, 2022
(With summarized information as of June 30, 2021, as restated)

ASSETS	Governmental Activities	Business-Type Activities	Totals 2022	Totals 2021 (as restated)
Current assets:				
Pooled cash in County Treasury (Note 2)	$ 78,857,022	$ 59,848,962	$ 138,705,984	$ 150,013,760
Cash and investments - Agency Treasury (Note 2)	16,764,920	122,947,032	139,711,952	151,008,084
Restricted cash (Note 2)	1,217,940	7,367,718	8,585,658	11,205,113
Accounts receivable, net	633,865	18,120,587	18,754,452	14,961,953
Interest receivable	244	449	693	745
Lease receivable - current (Note 4)	23,333	39,624	62,957	62,714
Internal balances	(43,301)	43,301	-	-
Prepaid expenses	4,827	887,359	892,186	982,206
Total current assets	97,458,850	209,255,032	306,713,882	328,234,575
Noncurrent assets:				
Lease receivable (Note 4)	421,028	453,198	874,226	937,183
Net OPEB assets (Note 9)	336,330	3,295,748	3,632,078	-
Capital assets and leased assets (Note 5):				
Rights of way, water entitlements, easements and construction in progress	22,890,844	160,915,029	183,805,873	153,879,865
Depreciable, net of accumulated depreciation	9,995,827	162,317,395	172,313,222	176,601,058
Total capital assets and leased assets	32,886,671	323,232,424	356,119,095	330,480,923
Total noncurrent assets	33,644,029	326,981,370	360,625,399	331,418,106
Total assets	131,102,879	536,236,402	667,339,281	659,652,681
DEFERRED OUTFLOWS OF RESOURCES				
Pension related (Note 8)	408,238	4,000,378	4,408,616	5,435,615
OPEB related (Note 9)	83,637	819,574	903,211	1,085,184
Total deferred outflows of resources	491,875	4,819,952	5,311,827	6,520,799

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Net Position (Continued)
June 30, 2022
(With summarized information as of June 30, 2021, as restated)

LIABILITIES	Governmental Activities	Business-Type Activities	Totals 2022	Totals 2021 (as restated)
Current liabilities:				
Accounts payable and accrued expenses	1,826,201	8,721,472	10,547,673	12,282,906
Deposits payable	1,031,985	323,248	1,355,233	1,360,103
Compensated absences (Note 7)	-	678,534	678,534	514,167
Long-term debt - due within one year (Note 6)	-	1,680,358	1,680,358	1,658,739
Total current liabilities	2,858,186	11,403,612	14,261,798	15,815,915
Noncurrent liabilities:				
Compensated absences, due more than one year (Note 7)	-	881,853	881,853	1,093,323
Long-term debt - due more than one year (Note 6)	-	63,072,816	63,072,816	65,376,769
Net pension liability (Note 8)	1,092,968	10,710,144	11,803,112	17,207,178
Net OPEB liability (Note 9)	-	-	-	56,071
Total noncurrent liabilities	1,092,968	74,664,813	75,757,781	83,733,341
Total liabilities	3,951,154	86,068,425	90,019,579	99,549,256
DEFERRED INFLOWS OF RESOURCES				
Lease related (Note 4)	447,269	493,052	940,321	1,004,687
Pension related (Note 8)	871,618	8,541,102	9,412,720	8,281,111
OPEB related (Note 9)	488,939	4,791,173	5,280,112	2,802,223
Total deferred inflows of resources	1,807,826	13,825,327	15,633,153	12,088,021
NET POSITION				
Net investment in capital assets	32,886,671	273,736,173	306,622,844	279,540,580
Restricted for:				
Capital projects and water expansion	73,996,664	113,044,353	187,041,017	183,324,775
Pension trust	146,484	1,323,131	1,469,615	-
Unrestricted	18,805,955	53,058,945	71,864,900	91,670,848
Total net position	$ 125,835,774	$ 441,162,602	$ 566,998,376	$ 554,536,203

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Activities
For the Year Ended June 30, 2022

(With summarized information for the year ended June 30, 2021, as restated)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total
Governmental Activities:					
Flood protection operations	$ 12,352,060	$ 199,044	$ 84,034	$ -	$ 283,078
Flood protection development impact fee	381,617	1,515,414	-	-	1,515,414
Flood protection grants	432,140	-	-	399,290	399,290
Total Governmental Activities	13,165,817	1,714,458	84,034	399,290	2,197,782
Business-Type Activities:					
State water project	24,331,873	26,102,946	3,783,291	-	29,886,237
Water Enterprise	70,158,039	76,023,397	2,927,144	-	78,950,541
Total Business-Type Activities	94,489,912	102,126,343	6,710,435	-	108,836,778
Total Primary Government	$ 107,655,729	$ 103,840,801	$ 6,794,469	$ 399,290	$ 111,034,560

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Activities (Continued)
For the Year Ended June 30, 2022
(With summarized information for the year ended June 30, 2021, as restated)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Totals: 2022	Totals: 2021 (as restated)
Governmental Activities:				
Flood protection operations	$ (12,068,982)	$ -	$ (12,068,982)	(8,792,700)
Flood protection development impact fee	1,133,797	-	1,133,797	2,349,234
Flood protection grants	(32,850)	-	(32,850)	-
Total Governmental Activities	(10,968,035)	-	(10,968,035)	(6,443,466)
Business-Type Activities:				
State water project	-	5,554,364	5,554,364	5,263,326
Water Enterprise	-	8,792,502	8,792,502	7,061,943
Total Business-Type Activities	-	14,346,866	14,346,866	12,325,269
Total Primary Government	(10,968,035)	14,346,866	3,378,831	5,881,803
General Revenues:				
Property taxes:				
Secured	9,986,713	-	9,986,713	9,586,161
Unsecured	484,259	-	484,259	482,845
Supplemental	320,560	-	320,560	275,143
Investment earnings (losses)	268,495	(2,209,267)	(1,940,772)	2,217,395
Other	232,582	-	232,582	97,892
Total General Revenues	11,292,609	(2,209,267)	9,083,342	12,659,436
Transfers, net	(11,890)	11,890	-	-
Changes in Net Position	312,684	12,149,489	12,462,173	18,541,239
Net Position - Beginning of Year, restated (Note 12)	125,523,090	429,013,113	554,536,203	535,994,964
Net Position - End of Year	$ 125,835,774	$ 441,162,602	$ 566,998,376	$ 554,536,203

See accompanying Notes to the Financial Statements.

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Balance Sheet
Governmental Funds
June 30, 2022
(With summarized information as of June 30, 2021, as restated)

	Flood Protection Operations	Flood Protection Development Impact Fee	Total Non-Major Governmental Funds	Totals 2022	Totals 2021 (as restated)
ASSETS					
Current assets					
Cash in County treasury (Note 2)	$ 18,883,234	$ 59,973,788	$ -	$ 78,857,022	$ 82,115,520
Cash in Agency treasury (Note 2)	2,871,782	13,893,138	-	16,764,920	14,885,240
Restricted cash (Note 2)	1,217,940	-	-	1,217,940	1,071,531
Accounts receivable, net	408,593	201,621	23,651	633,865	1,005,466
Interest receivable	244	-	-	244	257
Lease receivable (Note 4)	444,361	-	-	444,361	467,618
Prepaid expense	4,827	-	-	4,827	-
Due from other funds	3,674	-	-	3,674	70,119
Total assets	$ 23,834,655	$ 74,068,547	$ 23,651	$ 97,926,853	$ 99,615,751
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	$ 1,734,341	$ 71,883	$ 19,977	$ 1,826,201	$ 3,102,706
Deposits payable	1,031,985	-	-	1,031,985	1,031,988
Due to other funds	43,301	-	3,674	46,975	144,121
Total liabilities	2,809,627	71,883	23,651	2,905,161	4,278,815
Deferred inflows of resources:					
Lease-related (Note 4)	447,269	-	-	447,269	471,230
Total deferred inflows of resources	447,269	-	-	447,269	471,230
Fund balances (Note 1O):					
Restricted	146,484	73,996,664	-	74,143,148	72,715,433
Committed:					
Flood protection capital projects	16,131,275	-	-	16,131,275	17,593,851
Flood protection operating contingency	4,300,000	-	-	4,300,000	4,556,422
Total fund balances	20,577,759	73,996,664	-	94,574,423	94,865,706
Total liabilities and fund balances	$ 23,834,655	$ 74,068,547	$ 23,651	$ 97,926,853	$ 99,615,751

See accompanying Notes to the Financial Statements.

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Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
June 30, 2022

Total Fund Balances - Total Governmental Funds			$	94,574,423

Amounts reported for Governmental Activities in the Statement of Net position are different from those reported in the Governmental Funds.

CAPITAL ASSETS AND LEASED ASSETS

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Nondepreciable	$	22,890,844		
Depreciable, net		9,995,827		32,886,671

PENSION

Net pension liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources				408,238
Net pension liability				(1,092,968)
Pension related deferred inflows of resources				(871,618)

OPEB

Net OPEB liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources				83,637
Net OPEB Assets				336,330
OPEB related deferred inflows of resources				(488,939)
Net Position of Governmental Activities			$	125,835,774

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022
(With summarized information for the year ended June 30, 2021, as restated)

	Flood Protection Operations	Flood Protection Development Impact Fee	Total Non-Major Governmental Funds	Totals 2022	Totals 2021 (as restated)
Revenues:					
Property taxes	$ 10,791,532	$ -	$ -	$ 10,791,532	$ 10,344,149
Intergovernmental	84,034	-	399,290	483,324	556,049
Charges for services	175,083	1,515,414	-	1,690,497	2,624,628
Investment earnings	87,276	181,219	-	268,495	956,235
Rental Income	23,961	-	-	23,961	7,987
Other revenues	199,732	-	32,850	232,582	97,889
Total revenues	11,361,618	1,696,633	432,140	13,490,391	14,586,937
Expenditures:					
Current:					
Salaries and employee benefits transferred from district-wide	2,377,010	35,720	72,131	2,484,861	2,401,207
Services and supplies	10,167,591	345,897	360,009	10,873,497	6,966,093
Capital outlay:					
Equipment and capital infrastructure	377,641	33,785	-	411,426	1,407
Total expenditures	12,922,242	415,402	432,140	13,769,784	9,368,707
Revenues over (under) expenditures	(1,560,624)	1,281,231	-	(279,393)	5,218,230
Other financing (uses):					
Transfers out	(11,890)	-	-	(11,890)	(11,890)
Total other financing (uses)	(11,890)	-	-	(11,890)	(11,890)
Net change in fund balances	(1,572,514)	1,281,231	-	(291,283)	5,206,340
Fund balances:					
Beginning of year, restated (Note 12)	22,150,273	72,715,433	-	94,865,706	89,659,366
End of year	$ 20,577,759	$ 73,996,664	$ -	$ 94,574,423	$ 94,865,706

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Change in Net Position of Governmental Activities
For the Year Ended June 30, 2022

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net Change in Fund Balances - Total Governmental Funds	$ (291,283)
Amounts reported for Governmental activities in the Statement of Activities were reported differently because:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay expenditures are therefore added back to fund balance	411,426
Depreciation expense is deducted from the fund balance	(297,061)
ACCRUALS OF PENSIONS AND OPEB	
Net pension liability and related deferred inflows and outflows of resources	386,758
Net OPEB assets and related deferred inflows and outflows of resources	102,844
Change in Net Position of Governmental Activities	$ 312,684

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Flood Protection Operations Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property taxes	$ 9,858,443	$ 9,858,443	$ 10,791,532	$ 933,089
Intergovernmental revenue	64,700	64,700	84,034	19,334
Charges for services	47,650	47,650	175,083	127,433
Investment earnings	92,541	92,541	111,237	18,696
Other revenue	35,000	35,000	199,732	164,732
Total Revenues	10,098,334	10,098,334	11,361,618	1,263,284
Expenditures:				
Current:				
Flood protection:				
Salaries and benefits	2,907,286	2,907,286	2,377,010	530,276
Services and supplies	13,923,059	19,037,637	10,167,591	8,870,046
Capital outlay:				
Equipment and capital structure	225,000	514,861	377,641	137,220
Total Expenditures	17,055,345	22,459,784	12,922,242	9,537,542
Revenues over (under) expenditures	(6,957,011)	(12,361,450)	(1,560,624)	10,800,826
Other Financing (Uses):				
Transfers out	(14,145)	(14,145)	(11,890)	2,255
Total Other Financing (Uses)	(14,145)	(14,145)	(11,890)	2,255
NET CHANGE IN FUND BALANCE	$ (6,971,156)	$ (12,375,595)	(1,572,514)	$ 10,803,081
FUND BALANCE:				
Beginning of year, restated (Note 12)			22,150,273	
End of year			$ 20,577,759	

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Flood Protection Development Impact Fee Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	2,835,000	2,835,000	1,515,414	(1,319,586)
Investment earnings	173,449	173,449	181,219	7,770
Other revenue	25,000	25,000	-	(25,000)
Total Revenues	3,033,449	3,033,449	1,696,633	(1,336,816)
Expenditures:				
Current:				
Flood protection:				
Salaries and benefits	253,337	253,337	35,720	217,617
Services and supplies	-	1,237,198	345,897	891,301
Capital outlay:				
Equipment and capital structure	597,040	615,833	33,785	582,048
Total Expenditures	850,377	2,106,368	415,402	1,690,966
Revenues over (under) expenditures	2,183,072	927,081	1,281,231	354,150
NET CHANGE IN FUND BALANCE	$ 2,183,072	$ 927,081	1,281,231	$ 354,150
FUND BALANCE:				
Beginning of year			72,715,433	
End of year			$ 73,996,664	

See accompanying Notes to the Financial Statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Net Position
Proprietary Funds
June 30, 2022
(With summarized information as of June 30, 2021, as restated)

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion	Non-Major Enterprise Funds	Totals 2022	Totals 2021 (as restated)
ASSETS						
Current assets:						
Cash in County treasury (Note 2)	$ 21,425,780	$ 33,705,559	$ 1,859,169	$ 2,858,454	$ 59,848,962	$ 67,898,239
Cash in Agency treasury (Note 2)	21,267,918	40,597,784	61,081,330	-	122,947,032	136,122,843
Restricted cash and investments (Note 2)	-	6,513,870	853,848	-	7,367,718	10,133,582
Account receivables, net	-	10,694,792	7,425,795	-	18,120,587	13,956,487
Interest receivable	-	449	-	-	449	488
Lease receivables - current (Note 4)	-	39,624	-	-	39,624	39,457
Due from other funds	-	43,301	-	-	43,301	74,002
Prepaid deposits	836,056	51,303	-	-	887,359	982,208
Total current assets	43,529,754	91,646,682	71,220,142	2,858,454	209,255,032	229,207,306
Noncurrent assets:						
Lease receivables (Note 4)	-	453,198	-	-	453,198	492,822
Net OPEB assets (Note 9)	-	3,188,602	107,146	-	3,295,748	-
Capital assets and leased assets (Note 5):						
Non-depreciable	-	160,915,029	-	-	160,915,029	131,225,721
Depreciable, net	-	162,317,395	-	-	162,317,395	166,482,896
Total noncurrent assets	-	326,874,224	107,146	-	326,981,370	298,201,439
Total assets	43,529,754	418,520,906	71,327,288	2,858,454	536,236,402	527,408,745
DEFERRED OUTFLOWS OF RESOURCES						
Pension related (Note 8)	-	3,870,324	130,054	-	4,000,378	4,908,905
OPEB related (Note 9)	-	792,929	26,645	-	819,574	980,030
Total deferred outflows of resources	-	4,663,253	156,699	-	4,819,952	5,888,935

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022
(With summarized information as of June 30, 2021, as restated)

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion	Non-Major Enterprise Funds	Totals 2022	Totals 2021 (as restated)
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	1,262	7,681,075	1,039,135	-	8,721,472	9,180,200
Deposits	-	-	-	323,248	323,248	328,115
Compensated absences (Note 7)	-	678,534	-	-	678,534	514,167
Long-term debt - due within one year (Note 6)	-	1,090,358	590,000	-	1,680,358	1,658,739
Total current liabilities	1,262	9,449,967	1,629,135	323,248	11,403,612	11,681,221
Noncurrent liabilities:						
Compensated absences (Note 7)	-	881,853	-	-	881,853	1,093,323
Long-term debt (Note 6)	-	52,024,717	11,048,099	-	63,072,816	65,376,769
Net pension liability (Note 8)	-	10,361,952	348,192	-	10,710,144	15,539,802
Net OPEB liability (Note 9)	-	-	-	-	-	50,637
Total noncurrent liabilities	-	63,268,522	11,396,291	-	74,664,813	82,060,531
Total liabilities	1,262	72,718,489	13,025,426	323,248	86,068,425	93,741,752
DEFERRED INFLOW OF RESOURCES						
Lease related (Note 4)	-	493,052	-	-	493,052	533,457
Pension related (Note 8)	-	8,263,427	277,675	-	8,541,102	7,478,671
OPEB related (Note 9)	-	4,635,410	155,763	-	4,791,173	2,530,687
Total deferred inflows of resources	-	13,391,889	433,438	-	13,825,327	10,542,815
NET POSITION (Note 1N)						
Net investment in capital assets	-	273,736,173	-	-	273,736,173	246,768,274
Restricted for:						
Capital projects and water expansion	43,528,492	11,495,361	58,020,500	-	113,044,353	110,609,342
Pension trust	-	1,318,508	4,623	-	1,323,131	-
Unrestricted	-	50,523,739	-	2,535,206	53,058,945	71,635,497
Total net position	$ 43,528,492	$ 337,073,781	$ 58,025,123	$ 2,535,206	$ 441,162,602	$ 429,013,113

See accompanying Notes to the Financial Statements.

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Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022
(With summarized information for the year ended June 30, 2021, as restated)

	Major Funds				Totals	
	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion	Non-Major Enterprise Funds	2022	2021 (as restated)
OPERATING REVENUES:						
Water sales	$ -	$ 55,670,511	$ -	$ -	$ 55,670,511	$ 57,012,484
Connection and development fees	-	-	19,669,509	-	19,669,509	13,609,527
Charges for services	-	144,160	-	-	144,160	277,722
Other revenues	2,266,785	160,529	378,688	-	2,806,002	2,361,815
Total operating revenues	2,266,785	55,975,200	20,048,197	-	78,290,182	73,261,548
OPERATING EXPENSES:						
Salaries, wages and benefits	-	13,744,049	499,871	-	14,243,920	14,660,841
Contractual services	10,588	3,148,670	-	-	3,159,258	4,237,988
Technical supplies	-	555,666	-	-	555,666	440,665
Chemical purchases	-	1,516,832	-	-	1,516,832	1,793,501
Water purchases	24,321,285	11,719,886	16,204,819	-	52,245,990	44,419,983
Water storage	-	4,305,743	-	-	4,305,743	1,179,750
Utilities	-	3,764,688	-	-	3,764,688	3,203,479
Maintenance and repairs	-	1,902,758	-	-	1,902,758	1,380,500
Equipment and building rents	-	136,433	-	-	136,433	72,727
Other services and supplies	-	1,136,854	1,705,653	-	2,842,507	2,955,897
Risk management	-	519,034	-	-	519,034	532,293
Depreciation (Note 5)	-	7,191,637	-	-	7,191,637	6,993,115
Total operating expenses	24,331,873	49,642,250	18,410,343	-	92,384,466	81,870,739
OPERATING INCOME (LOSS)	(22,065,088)	6,332,950	1,637,854	-	(14,094,284)	(8,609,191)
NONOPERATING INCOME (LOSS):						
Property taxes	23,836,161	-	-	-	23,836,161	22,616,173
Intergovernmental revenue	3,783,291	174,059	2,753,085	-	6,710,435	6,640,850
Investment earnings (losses)	(78,177)	(753,717)	(1,409,103)	31,730	(2,209,267)	1,261,160
Gain on disposal of assets	-	7,626	-	-	7,626	(6,186,608)
Interest expense for long term debt	-	(1,798,907)	(314,165)	-	(2,113,072)	(2,135,952)
Total Nonoperating Income (Loss)	27,541,275	(2,370,939)	1,029,817	31,730	26,231,883	22,195,623
NET INCOME (LOSS) BEFORE TRANSFERS	5,476,187	3,962,011	2,667,671	31,730	12,137,599	13,586,432
TRANSFERS:						
Transfers in (Note 3)	-	12,681,831	1,665,773	-	14,347,604	100,627,100
Transfers out (Note 3)	-	-	(12,565,359)	(1,770,355)	(14,335,714)	(100,615,210)
Total Transfers:	-	12,681,831	(10,899,586)	(1,770,355)	11,890	11,890
CHANGES IN NET POSITION	5,476,187	16,643,842	(8,231,915)	(1,738,625)	12,149,489	13,598,322
NET POSITION:						
Beginning of year, restated (Note 12)	38,052,305	320,429,939	66,257,038	4,273,831	429,013,113	415,414,791
End of year	$ 43,528,492	$ 337,073,781	$ 58,025,123	$ 2,535,206	$ 441,162,602	$ 429,013,113

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022
(With summarized information for the year ended June 30, 2021, as restated)

	State Water Facilities	Water Enterprise Operations	Water Enterprise Capital Expansion
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	$ 2,266,388	$ 57,730,774	$ (5,541,895)
Refund of customers deposits	-	-	-
Cash received from connection and development fees	-	-	19,669,509
Cash paid to suppliers for goods and services	(24,325,846)	(26,597,250)	(20,508,776)
Cash paid to employees for services	-	(17,282,675)	(636,858)
Net Cash Provided (Used) by Operating Activities	(22,059,458)	13,850,849	(7,018,020)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund borrowing	-	30,701	-
Transfers in	-	12,681,831	1,665,773
Transfers (out)	-	-	(12,565,359)
Property tax	23,836,161	-	-
Intergovernmental	3,783,291	174,059	2,753,085
Net Cash Provided (Used) by Noncapital Financing Activities	27,619,452	12,886,591	(8,146,501)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	-	(32,727,568)	-
Proceeds from sale of assets	-	19,751	-
Principles payments on long-term debt	-	(1,098,739)	(560,000)
Interest paid	-	(2,240,370)	(532,450)
Net Cash (Used) by Capital and Related Financing Activities	-	(36,046,926)	(1,092,450)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	(78,177)	(753,717)	(1,409,103)
Net Cash Provided (Used) by Investing Activities	(78,177)	(753,717)	(1,409,103)
Net Increase (Decrease) In Cash and Cash Equivalents	5,481,817	(10,063,203)	(17,666,074)
CASH AND CASH EQUIVALENTS:			
Beginning of year	37,211,881	90,880,416	81,460,421
End of year	$ 42,693,698	$ 80,817,213	$ 63,794,347
CASH AND CASH EQUIVALENTS:			
Cash in county treasury	$ 21,425,780	$ 33,705,559	$ 1,859,169
Cash in agency treasury	21,267,918	40,597,784	61,081,330
Restricted cash and investments	-	6,513,870	853,848
Total cash and cash equivalents	$ 42,693,698	$ 80,817,213	$ 63,794,347
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ (22,065,088)	$ 6,332,950	$ 1,637,854
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation		7,191,637	-
Changes in assets and liabilities:			
Receivables	-	1,795,979	(5,920,583)
Prepaids	6,027	88,821	-
Accounts payable and accrued expenses	-	2,176,126	(2,598,304)
Compensated absences	-	(47,103)	-
Deposits	(397)	-	-
Deferred inflows - lease related	-	(40,405)	-
Net pension liability, deferred inflows and deferred outflows	-	(2,752,934)	(105,766)
Net OPEB liability, deferred inflows and deferred outflows	-	(894,222)	(31,221)
Net Cash Provided (Used) by Operating Activities	$ (22,059,458)	$ 13,850,849	$ (7,018,020)

See accompanying Notes to the Financial Statements.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022
(With summarized information for the year ended June 30, 2021, as restated)

	Non-Major Enterprise Funds	Totals 2022	Totals 2021 as restated
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	$ -	$ 54,455,267	$ 60,831,862
Refund of customers deposits	(4,867)	(4,867)	-
Cash received from connection and development fees	-	19,669,509	13,609,527
Cash paid to suppliers for goods and services	-	(71,431,872)	(60,388,890)
Cash paid to employees for services	-	(17,919,533)	(16,364,489)
Net Cash Provided (Used) by Operating Activities	(4,867)	(15,231,496)	(2,311,990)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
	-	30,701	-
Transfers in	-	14,347,604	28,203,297
Transfers (out)	(1,770,355)	(14,335,714)	(28,259,957)
Property tax	-	23,836,161	22,616,173
Intergovernmental	-	6,710,435	6,640,849
Net Cash Provided (Used) by Noncapital Financing Activities	(1,770,355)	30,589,187	29,200,362
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	-	(32,727,568)	(43,342,689)
Proceeds from sale of assets	-	19,751	-
Principles payments on long-term debt	-	(1,658,739)	(1,577,796)
Interest paid	-	(2,772,820)	(2,844,073)
Net Cash (Used) by Capital and Related Financing Activities	-	(37,139,376)	(47,764,558)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	31,730	(2,209,267)	1,261,160
Net Cash Provided (Used) by Investing Activities	31,730	(2,209,267)	1,261,160
Net Increase (Decrease) In Cash and Cash Equivalents	(1,743,492)	(23,990,952)	(19,615,026)
CASH AND CASH EQUIVALENTS:			
Beginning of year	4,601,946	214,154,664	233,769,690
End of year	$ 2,858,454	$ 190,163,712	$ 214,154,664
CASH AND CASH EQUIVALENTS:			
Cash in county treasury	$ 2,858,454	$ 59,848,962	$ 67,898,239
Cash in agency treasury	-	122,947,032	136,122,843
Restricted cash and investments	-	7,367,718	10,133,582
Total cash and cash equivalents	$ 2,858,454	$ 190,163,712	$ 214,154,664
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ -	$ (14,094,284)	$ (8,609,191)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	7,191,637	6,993,115
Changes in assets and liabilities:			
Receivables	-	(4,124,604)	1,208,270
Prepaids	-	94,848	(64,547)
Accounts payable and accrued expenses	-	(422,178)	7,713
Compensated absences	-	(47,103)	417,560
Deposits	(4,867)	(5,264)	5,129
Deferred inflows - lease related		(40,405)	(33,558)
Net pension liability, deferred inflows and deferred outflows	-	(2,858,700)	(2,033,342)
Net OPEB liability, deferred inflows and deferred outflows	-	(925,443)	(203,139)
Net Cash Provided (Used) by Operating Activities	$ (4,867)	$ (15,231,496)	$ (2,311,990)

See accompanying Notes to the Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS

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Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the Alameda County Flood Control and Water Conservation District, Zone 7 – Zone 7 Water Agency (the "Agency") have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Agency's significant policies:

A. Financial Reporting Entity

The Agency is a public corporation, organized and existing under the constitution and laws of the State of California. The Agency provides various services including the purchase, treatment and sales of water and the maintenance of flood control channels within the boundaries of its service area.

In evaluating how to define the Agency for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Joint Powers Authority (JPA)

The Livermore Valley Water Financing Authority (the "Authority") was formed on November 1, 2017 to assist in the financing of public capital improvements. The Authority is a joint exercise agency organized under the laws of the State of California and was composed of the Alameda County Flood Control and Water Conservation District, Zone 7 (the "Agency") and the California Statewide Communities Development Authority ("CSCDA"). The Agency Board of Directors serves as the governing board of the Authority. The Authority transactions are reported in Water Enterprise Operations and Water Enterprise Capital Expansion funds. Related debt is included in the long-term obligations of the Agency on the business-type activities column of the statement of net position.

B. Basis of Accounting and Measurement Focus

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues and expenditures or expenses, as appropriate. Agency resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent a consumption of net assets that applies to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent an acquisition of net assets that applies to future periods and that, therefore, are not recognized as revenue until that time.

Government-Wide Financial Statements

The government-wide financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the Agency in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated. The following interfund activities have been eliminated:

- Due from and to other funds
- Transfers in and out

Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, current liabilities, and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) which are recognized when due. Under this method, revenues are recognized when measurable and available. Property taxes, benefit assessments, interest, grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences.

The Agency reported the following major governmental funds in the accompanying financial statements:

The ***Flood Protection Operations Fund*** is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the Agency that are not accounted for through other funds.

The ***Flood Protection Development Impact Fee Fund*** is used for the acquisition, construction, engineering and improvement of the flood protection and /or storm water drainage elements of the Stream Management Master Plan of Zone 7, or to reduce the principal or interest of any bonded indebtedness thereof.

The Agency reports the following non-major governmental funds:

The ***Environmental Protection Agency (EPA) Grant*** - *Federal Fund* is used to account for revenues and expenses resulting from the EPA Preparing for the Storm grant.

The ***Cal-OES Grant*** – Federal passed through grant to the California Governor's Office of Emergency Services (Cal-OES) is used to account for revenues and expenditures for damages caused by January 2017 storms.

The ***Department of Water Resources (DWR) Sustainable Groundwater Management Grant***- State Fund is used to account for revenues and expenses resulting from the 2022 Alternative Groundwater Sustainability Plan Grant.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

Proprietary funds are accounted for using the *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Enterprise Operations fund is the sale of water to outside customers. Operating expenses for the fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Agency reports the following major proprietary funds:

The ***State Water Facilities Fund*** is used for fixed State water charges and State water project bonded indebtedness.

The ***Water Enterprise Operations Fund*** accounts for enterprise operation and administration, emergency and support services, variable State water charges, water facilities maintenance and operation, renewal and replacement program, water facilities, water resources and water supply planning.

The ***Water Enterprise Capital Expansion Fund*** is used for Water Enterprise capital expansion projects and water purchases.

The Agency reports the following non-major proprietary funds:

The ***Water Facilities Fund*** is used for Chain of Lakes mitigation and planning reserve, quarry discharge exports, miscellaneous fees and deposits, and permit inspection deposits.

The ***Water Supply and Reliability Fund*** is used for future water, water storage and Delta- related projects.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows the Agency defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition, including restricted assets, and all pooled deposits.

A portion of the Agency's cash is pooled with the Alameda County Treasurer, who acts as disbursing agent for the Agency. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the Treasurer is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter.

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Investment and Fair Value Measurements

The Agency invests in individual investments and in the County Treasury investment pool. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system.

The Agency's investments are carried at fair value, as required by generally accepted accounting principles. The Agency adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

If the fair value of an investment is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

E. Receivables

Accounts receivable arise from billings to customers for water and certain improvements made to customers' property. Uncollectible amounts from individual customers are not significant.

F. Leases

<u>Lessee</u>

The Agency has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The Agency recognizes lease liabilities with an initial, individual value of $25,000 or more.

At the commencement of a lease, the Agency 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.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Agency has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Leases (Continued)

Lessee (Continued)

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

- The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency 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 purchase option price that the Agency is reasonably certain to exercise.

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

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt on the Government-Wide Statement of Net Position.

Lessor

The Agency is a lessor for leases of special purpose facilities. The Agency recognizes leases receivable and deferred inflows of resources in the financial Statements.

At the commencement of a lease, the Agency 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 inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

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

- The Agency 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 Agency 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets are those purchased or acquired with a useful life greater than one year and an original cost greater than $250,000 for infrastructure, buildings, building improvements, land improvements and software. The Agency capitalizes equipment and land with a useful life greater than one year and an original cost greater than $5,000. These assets are reported at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Capital Assets	Useful Life
Treatment plants	40 years
Treatment plants improvements	10-40 years
Sludge drying ponds	40 years
Pipeline	40 years
Equipment	3-10 years
Reservoir	40 years
Office building	40 years
Wellfields	40 years
Flood control channels	50 years
Rights of way	Indefinite
Water entitlement	Indefinite

H. Budgets and Budgetary Accounting

Formal budgets are employed as a management control during the year for the Funds.

Budgets for the Governmental Funds are prepared to include encumbrances at year-end. Budget comparisons presented are on GAAP budgetary basis.

I. Encumbrances – Governmental Fund Financial Statements

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Flood Protection Operations Fund and Flood Protection Development Impact Fee Fund. Encumbrances at June 30, 2022 are as follows:

Fund	Encumbrances
Flood Protection Operations Major Funds	$ 2,016,281

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Property Taxes

The Agency receives property taxes and an override property tax for fixed State water charges from Alameda County. The Agency recognizes property taxes as revenue in the fiscal year of levy, based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and become delinquent on August 31. The Agency elected to receive the property taxes from the County under the Teeter Bill. Under this program the Agency receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

The override property tax amount is used to pay the cost for use of the State Department of Water Resources (DWR) water delivery system, which includes repayment of voter approved, State incurred, long-term debt. The Agency projects such costs annually and requests that the County collect that amount. The annual request to the County is adjusted for prior year over or under collections of tax revenue, and actual prior year's State water purchase cost. For the year ended June 30, 2022, the District recognized $23.8 million of State water facilities property tax.

K. Compensated Absences

The Agency's policy allows employees to accumulate earned but unused vacation and overtime compensation, subject to a vesting policy. The cost of vacation is recorded in the period it is earned. The Agency will recognize accrued vacation to the maximum of vacation earned during the preceding two years prior to separation of service. Accumulated employee sick leave benefits are not recognized as liabilities of the Agency, as these benefits do not vest with the employee. Therefore, sick leave is recorded as an expenditure in the period that the benefit is taken.

L. Long-Term Debt and Related Costs

Long-term debt is reported at face value, net of applicable premium and discounts. Costs related to the issuance of debt are reported as an expense. Deferred charge on refunding from advance refundings of debt are classified as a deferred outflow of resources and are amortized as interest expense over the remaining life of the old bonds, or the life of the new bonds, whichever is shorter.

M. Pension and OPEB

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

The following timeframes are used for pension/OPEB reporting:

Valuation Date	December 31, 2020
Measurement Date	December 31, 2021
Measurement Period	January 1, 2021 to December 31, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Pension and OPEB (Continued)

Gains and losses related to changes in total pension/OPEB liability and fiduciary net position are recognized in pension/OPEB expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions/OPEB and are to be recognized in future pension/OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

N. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by any related debt, and deferred inflows of resources related to such borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is offset by unspent proceeds.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets as to the use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and fees charged for the provision of future water resources.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

O. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantor, laws and regulations of other governments or enabling legislation.

Committed – Committed fund balances are self-imposed limitations by the highest level of decision-making authority, namely the Board of Directors, prior to the end of the reporting period. Board of Directors adoption of a resolution is required to commit resources or to rescind the commitment. Encumbrances and nonspendable amounts subject to Board commitments are included along with spendable resources.

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the Agency's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Agency's policy is to apply restricted fund balances first, then unrestricted fund balances as needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the Agency uses the unrestricted resources in the following order: (1) Committed, (2) Assigned, (3) Unassigned, except for instances wherein an ordinance specifies the fund balance.

Q. Use of Estimates

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

R. Implementation of Governmental Accounting Standards Board (GASB) Pronouncement

During the fiscal year ended June 30, 2022, the Agency implemented the following accounting standards:

- In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the Agency's financial statements for the year ended June 30, 2022.

- In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement did not have a material effect on the Agency's financial statements for the fiscal year ending June 30, 2022.

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Implementation of Governmental Accounting Standards Board (GASB) Pronouncement (Continued)

- In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement did not have a material effect on the Agency's financial statements for the fiscal year ending June 30, 2022.

- In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement did not have a material effect on the Agency's financial statements for the fiscal year ending June 30, 2022.

- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement did not have a material effect on the Agency's financial statements for the fiscal year ending June 30, 2022.

S. New GASB Pronouncements

- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the Agency's fiscal year ending June 30, 2023.

Note 1 – Summary of Significant Accounting Policies (Continued)

S. New GASB Pronouncements (Continued)

- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the Agency's fiscal year ending June 30, 2023.

- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the Agency's fiscal year ending June 30, 2023.

- In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement is effective for the Agency's fiscal year ending June 30, 2023.

- In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the Agency's fiscal year ending June 30, 2024.

- In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the Agency's fiscal year ending June 30, 2025.

Note 2 – Cash and Investments

The Agency's cash and investments consist of the following at June 30, 2022:

Pooled Cash and investment in County Treasury	$ 138,705,984
Cash and investments - Agency Treasury	139,711,952
Restricted cash and investments	8,585,658
Total cash and investments	$ 287,003,594
Cash and investment in Government Funds	$ 96,839,882
Cash and investments in Proprietary Funds	190,163,712
Total cash and investments	$ 287,003,594

Demand Deposits

The carrying amounts of cash deposits were $13,704,451 at June 30, 2022, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the Agency's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Agency's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Agency's name.

The fair value of pledged securities must equal at least 110% of the Agency's cash deposits. California law also allows institutions to secure the Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the Agency's total cash deposits. The Agency may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The Agency, however, has not waived the collateralization requirements.

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

The Agency's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of principal, liquidity and yield.

The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

The Agency's external investment pool is not registered with the Securities and Exchange Commission but rather the County Board of Supervisors created the Treasury Oversite Committee to establish regulations of the pooled investments.

A copy of the County investment policy is available upon request from the Alameda County Auditor- Controller's Office at 1221 Oak Street, Room 249, Oakland, California, 94612.

The non-pooled cash and investments are invested in accordance with the Agency's Investment Policy and the California Government Code which allows the Agency to invest in the following, provided the credit ratings of the issuers are acceptable to the Agency and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Agency's Investment Policy where the Agency Investment Policy is more restrictive.

Note 2 – Cash and Investments (Continued)

Investments Authorized by California Government Code and the Agency's InvestmentPolicy (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality Portfolio	Maximum in Portfolio	Maximum Investment in One Issuer
Repurchase Agreements	360 Days	A	20%	(A)
California Local Agency Investment Fund	Upon Demand	N/A	(A)	(B)
U.S. Treasury Obligations	5 Years	N/A	(A)	(A)
U.S. Agency Securities	5 Years	N/A	(A)	(A)
Municipal Bonds and Notes	5 Years	N/A	40%	(A)
Bankers' Acceptances	180 Days	A1, P1	40%	25%
Commercial Paper	270 Days	A1, P1	25%	10%
Negotiable Certificates of Deposit	5 Years	A, A2	30%	5%
Certificates of Time Deposit	360 Days	A, A2	30%	5%
Medium Term Corporate Notes	5 Years	A3, A-	30%	5%
Money Market Mutual Funds	Upon Demand	N/A	20%	(A)
California Asset Management Program	Upon Demand	N/A	10%	(A)

(A) No Board established limit.
(B) LAIF limit is $75,000,000.

The Agency is in compliance with the Board approved Investment Policy and California Government Code requirements.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's Investment Policy.

Pension Trust – Investment Policy

The Agency established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the Agency's pension plan. The pension trust Fund's specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the Agency. Those guidelines are as follows:

Risk Tolerance

Moderately Conservative – The account's risk tolerance has been rated moderately conservative, which demonstrates that the account can accept modest price fluctuations to pursue its investment objectives.

Security Guidelines

Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities. In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Note 2 – Cash and Investments (Continued)

Pension Trust – Investment Policy (Continued)

Investment Objective

The primary objective is to generate a reasonable level of growth. The assets in this Plan will eventually be used to fund Pension Plan obligations for assets managed in the Alameda County Employees' Retirement Association (ACERA) Trust.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations. As of June 30, 2022, approximately 43.9 percent of the securities in the Treasury Pool had maturities of one year or less as reported by Alameda County Treasurer.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investment y maturity or earliest calldate:

Investment Type	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Pooled Cash and Investments in County Treasury					
Cash in County Pool	$ -	$ -	$ -	$ -	$ 138,705,984
Cash and Investments - Agency Treasury					
U.S. Treasury Notes	26,508,521	30,937,422	42,126,908	-	99,572,851
Commercial Paper	999,750	-	-	-	999,750
Corporate Bonds	18,000,455	11,330,178	3,220,310	-	32,550,943
Money Markey Fund	4,166,824	-		-	4,166,824
Total	49,675,550	42,267,600	45,347,218	-	137,290,368
Cash in bank					2,421,584
Total Cash and Investments - Agency Treasury					139,711,952
Restricted Cash and Investments					
Money Market Fund	7,116,043	-	-	-	7,116,043
Investment Held by Pension Trust	-	-	-	1,469,615	1,469,615
Total	7,116,043	-	-	1,469,615	8,585,658
Total Restricted Cash and Investments					8,585,658
Total Cash and Investments					$ 287,003,594

Note 2 – Cash and Investments (Continued)

Disclosure 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. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization. Presented below is the actual ratings as of June 30, 2022 for each investment type as provided by Moody's Investor Service:

Investment Type	Aaa	Aa2	A1	A2	P-1	Total
Pooled Cash and Investments in County Treasury						
Not rated:						
Cash in County Pool	$ -	$ -	$ -	$ -	$ -	$138,705,984
Cash and Investments - Agency Treasury						
U.S. Treasury Notes	99,572,851	-	-	-	-	99,572,851
Commercial Paper		-			999,750	999,750
Corporate Bonds	5,894,640	4,429,011	12,297,687	9,929,605	-	32,550,943
Not rated:						
Cash in bank						2,421,584
Money Markey Fund						4,166,824
Total Cash and Investments - Agency Treasury	105,467,491	4,429,011	12,297,687	9,929,605	999,750	139,711,952
Restricted Cash and Investments						
Not rated:						
Money Market Fund						7,116,043
Investment Held by Pension Trust						1,469,615
Total Restricted Cash and Investments	-	-	-	-	-	8,585,658
Total Cash and Investments						$287,003,594

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Disclosure Relating to Concentration of Credit Risk

The investment policy of the County Pool contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2022 Alameda County Annual Comprehensive Financial Report.

Note 2 – Cash and Investments (Continued)

Fair Value Hierarchy

The Agency 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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of June 30, 2022, the Agency had $138,705,984 of cash and investments pooled with the Alameda County Treasurer that is exempt from the fair value hierarchy. The fair value of the pooled investment fund is provided by the Alameda County Treasurer and is valued using quoted prices for identical instruments in markets that are not active. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources.

The following is a summary of the fair value hierarchy of the fair value of investments of the Agency as of June 30, 2022:

	Level 1	Level 2	Total
Investments - Agency Treasury			
Investments by Fair Value Level			
U.S. Treasury Notes	$ 99,572,851	$ -	$ 99,572,851
Commercial Paper	-	999,750	999,750
Corporate Bonds	-	32,550,943	32,550,943
Investments Measured at Amortized Cost			
Money Market Fund	-	-	4,166,824
Total Investments - Agency Treasury	99,572,851	33,550,693	137,290,368
Restricted Investments			
Investments by Fair Value Level			
Investment Held by Pension Trust	-	1,469,615	1,469,615
Investments Measured at Amortized Cost			
Money Market Fund	-	-	7,116,043
Total Restricted Investments	-	1,469,615	8,585,658
Total Investments			$ 145,876,026

Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

Note 3 – Interfund Transfers

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred	
Governmental Fund			
Flood Protection Operations Funds	Water Enterprise Operations Fund	$ 11,890	(A)
Enterprise Funds:			
Water Enterprise Capital Expansion Fund	Water Enterprise Operations Fund	12,565,359	(B)
Water Facilities Fund	Water Enterprise Capital Expansion Fund	1,185,941	(C)
Water Supply and Reliability Fund	Water Enterprise Capital Expansion Fund	479,832	(C)
Water Supply and Reliability Fund	Water Enterprise Operations Fund	104,582	(D)
		$ 14,347,604	

(A) Tranfer to fund vehicle replacement.
(B) Transfer of completed construction projects and other capital assets.
(C) Transfer to fund Sites Reservoir Project and Los Vaqueros Reservior Project.

Note 4 – Lease Receivable

The portion of the Agency's property is leased to others. Such property includes special purpose facilities. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the Agency. The terms of the arrangements range from 2 to 99 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2022, the Agency recognized $23,961 in lease revenue and $1,524 in interest revenue in the governmental activities, and recognized $40,405 in lease revenue and $2,163 in interest revenue in the business type activities.

A. Governmental Activities

A summary of changes in lease receivable in governmental activities for the fiscal year ended June 30, 2022 is as follows:

					Classification	
	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in More Than One Year
Leases receivable	$ 467,618	$ -	$ (23,257)	$ 444,361	$ 23,333	$ 421,028
Total	$ 467,618	$ -	$ (23,257)	$ 444,361	$ 23,333	$ 421,028

Lease receivable are due in the upcoming years as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 23,333	$ 1,447	$ 24,780
2024	23,410	1,370	24,780
2025	23,487	1,293	24,780
2026	23,565	1,215	24,780
2027	23,643	1,137	24,780
2028-2032	119,389	4,511	123,900
2033-2037	121,375	2,525	123,900
2038-2041	86,159	571	86,730
Total	$ 444,361	$ 14,069	$ 458,430

Note 4 – Lease Receivable (Continued)

B. Business-Type Activities

A summary of changes in lease receivable in business-type activities for the fiscal year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Classification: Due within One Year	Classification: Due in More Than One Year
Leases receivable	$ 532,279	$ -	$ (39,457)	$ 492,822	$ 39,624	$ 453,198
Total	$ 532,279	$ -	$ (39,457)	$ 492,822	$ 39,624	$ 453,198

Lease receivable are due in the upcoming years as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 39,624	$ 1,996	$ 41,620
2024	39,792	1,828	41,620
2025	39,960	1,660	41,620
2026	40,129	1,491	41,620
2027	40,300	1,320	41,620
2028-2032	204,073	4,027	208,100
2033-2037	52,017	1,083	53,100
2038-2041	36,927	243	37,170
Total	$ 492,822	$ 13,648	$ 506,470

Note 5 – Capital Assets and Leased Assets

A. Governmental Activities

Summary of changes in governmental activities capital assets for the year ended June 30, 2022 is as follows:

Governmental Activities:	Balance July 1, 2021	Additions	Balance June 30, 2022
Capital assets not being depreciated:			
Rights of Way	$ 21,203,051	$ -	$ 21,203,051
Easements	36,960	-	36,960
Construction in progress	1,414,133	236,700	1,650,833
Total capital assets not being depreciated	22,654,144	236,700	22,890,844
Capital assets being depreciated:			
Flood control channels	12,393,619	-	12,393,619
Other infrastructure	1,048,885	-	1,048,885
Office Building	1,459,756	-	1,459,756
Equipment	13,059	174,726	187,785
Total capital assets being depreciated	14,915,319	174,726	15,090,045
Less accumulated depreciation for:			
Flood control channels	(4,463,964)	(231,734)	(4,695,698)
Other infrastructure	(176,999)	(26,222)	(203,221)
Office Building	(152,058)	(36,494)	(188,552)
Equipment	(4,136)	(2,611)	(6,747)
Total accumulated depreciation	(4,797,157)	(297,061)	(5,094,218)
Total capital assets being depreciated, net	10,118,162	(122,335)	9,995,827
Total governmental activities	$ 32,772,306	$ 114,365	$ 32,886,671

Depreciation expense in the amount of $297,061 was charged to Flood Protection of the primary government.

Construction in progress at June 30, 2022 comprises the following projects:

Governmental Projects	
Arroyo Mocho Medeiros	$ 1,270,055
North Canyons Administration Building HVAC Project	380,778
Total	$ 1,650,833

Note 5 – Capital Assets and Leased Assets (Continued)

B. Business-Type Activities

Summary of changes in business-type activities capital assets for the year ended June 30, 2022 is as follows:

Business--Type Activities:	Balance July 1, 2021 ('as restated)	Additions	Deletions	Transfer	Balance June 30, 2022
Capital assets not being depreciated:					
Rights of way	$ 9,553,081	$ -	$ -	$ -	$ 9,553,081
Water entitlements	36,655,364	-	-	-	36,655,364
Easements	1,862,074	-	-	-	1,862,074
Construction in progress	83,155,202	32,549,285	-	(2,859,977)	112,844,510
Total capital assets not being depreciated	131,225,721	32,549,285	-	(2,859,977)	160,915,029
Capital assets being depreciated:					
Equipment	5,420,708	178,283	(176,587)	-	5,422,404
Treatment plants	146,620,763	-	-	2,813,222	149,433,985
Office building	7,103,276	-	-	-	7,103,276
Reservoir	2,958,566	-	-	46,755	3,005,321
Pipelines	53,929,752	-	-	-	53,929,752
Wellfields	31,202,337	-	-	-	31,202,337
SCADA project	9,704,664	-	-	-	9,704,664
Other infrastructure	4,154,940	-	-	-	4,154,940
Total capital assets being depreciated	261,095,006	178,283	(176,587)	2,859,977	263,956,679
Less accumulated depreciation for:					
Equipment	(3,857,192)	(569,169)	164,462	-	(4,261,899)
Treatment plants	(47,845,985)	(3,527,472)	-	-	(51,373,457)
Office buildings	(1,677,820)	(177,582)	-	-	(1,855,402)
Reservoirs	(1,367,955)	(73,964)	-	-	(1,441,919)
Pipelines	(21,424,528)	(1,241,532)	-	-	(22,666,060)
Wellfields	(10,356,526)	(780,058)	-	-	(11,136,584)
SCADA project	(8,006,348)	(485,233)	-	-	(8,491,581)
Other infrastructure	(424,897)	(103,874)	-	-	(528,771)
Total accumulated depreciation	(94,961,251)	(6,958,884)	164,462	-	(101,755,673)
Total capital assets being depreciated, net	166,133,755	(6,780,601)	(12,125)	2,859,977	162,201,006
Leased assets, being amortized					
Machinery and equipment	581,893	-	-	-	581,893
Total leased asset, being amortized	581,893	-	-	-	581,893
Less: accumulated amortization					
Machinery and equipment	(232,752)	(232,752)	-	-	(465,504)
Total accumulated amortization	(232,752)	(232,752)	-	-	(465,504)
Total leased asset, being amortized, net	349,141	(232,752)	-	-	116,389
Total business-type activities	$ 297,708,617	$ 25,535,932	$ (12,125)	$ -	$ 323,232,424

Depreciation and amortization expense in the amount of $6,958,884 and $232,752, respectively, were charged to Water Enterprise Operations of the primary government.

Note 5 – Capital Assets and Leased Assets (Continued)

B. Business-Type Activities (Continued)

Construction in Progress at June 30, 2022 comprises the following projects:

Enterprise Projects	
Busch Valley Well #1	$ 1,820,076
PPWTP New Clearwell	231,185
Arroyo Mocho/Lake H Diversion	404,297
Busch Valley Booster Pump Station	5,057,776
Patterson Pass Water Treatment Plant Ozonation	41,203,534
Patterson Pass Water Treatment Plant Upgrades	57,813,048
Chain of Lakes (COL) Pipeline	780,688
MGDP Concentrate Conditioning Facility	626,871
North Canyons Administration Building HVAC Project	1,432,449
COL PFAS Treatment Facility	1,256,779
PPWTP New Media Filter	215,202
MGDP Concentrate Sump Pump & VFD Replacement	584,987
DVWTP Post Ozone Modifications	1,417,618
Total	$ 112,844,510

Note 6 – Long-Term Debt

Summary of changes in business-type activities long-term debt for the year ended June 30, 2022 is as follows:

	Original Issue Amount	Balance July 1, 2021	Retirements	Balance June 30, 2022	Amount due within one year	Amount more than one year
Bond payable						
2018 Water Revenue Bonds	$ 64,010,000	$ 61,335,000	$ (1,445,000)	$ 59,890,000	$ 1,520,000	$ 58,370,000
Plus: Unamortized Bond Premium	7,506,832	5,326,411	(623,595)	4,702,816	-	4,702,816
Total bonds payable		66,661,411	(2,068,595)	64,592,816	1,520,000	63,072,816
Lease payable						
Karl Needham Centrifuge Equipment		374,097	(213,739)	160,358	160,358	-
Total lease payable		374,097	(213,739)	160,358	160,358	-
Total long-term debt		$ 67,035,508	$ (2,282,334)	$ 64,753,174	$ 1,680,358	$ 63,072,816

2018 Water Revenue Bonds

On March 11, 2018, the Agency, via the Livermore Valley Water Financing Authority, issued the 2018 Water Revenue Bonds in the amount of $64,010,000. Proceeds of the issuance are used to pay the cost of the 2018 Water Project, consisting of a water treatment plant and related facilities, prepay $15,290,000 of the Agency's obligations in connection with the Cawelo Water District Certificates of Participation, Series 2006, and to pay costs of issuance. Interest rates range from 3% to 5%. Principal and interest payments are due annually beginning July 1, 2019 through July 1, 2048.

Note 6 – Long Term Debt (Continued)

2018 Water Revenue Bonds (Continued)

The Agency's bond covenants contain events of default that require the net revenue of the Agency to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the Agency to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the Agency; or if any court or competent jurisdiction shall assume custody or control of the Agency. The Agency's bonds also contain a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the bonds, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs.

At June 30, 2022, the debt service payments to maturity, including interest payments, were as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 1,520,000	$ 2,697,538	$ 4,217,538
2024	1,595,000	2,619,663	4,214,663
2025	1,680,000	2,537,788	4,217,788
2026	1,770,000	2,451,538	4,221,538
2027	1,855,000	2,360,913	4,215,913
2028-2032	10,845,000	10,272,063	21,117,063
2033-2037	11,525,000	7,404,094	18,929,094
2038-2042	10,340,000	5,289,500	15,629,500
2043-2047	12,745,000	2,878,450	15,623,450
2048-2049	6,015,000	234,800	6,249,800
Total Payments Due	59,890,000	$ 38,746,344	$ 98,636,344
Unamortized Premium	4,702,816		
Total	$ 64,592,816		

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The Agency has evaluated the 2018 Water Revenue Bonds issue subject to the arbitrage rebate requirements and does not have a rebatable arbitrage liability as of June 30, 2022.

Leased payable

The Agency entered into a lease for the equipment use. The term of the agreement is 48 months. The calculated interest rates used was 0.46%. The remaining principle and interest will be due in December 2022.

Note 7 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2022 is as follows:

Beginning Balance	$ 1,607,490
Additions	650,267
Payments	(697,370)
Ending Balance	$ 1,560,387
Current portion	$ 678,534
Non-current Portion	$ 881,853

Accrued vacation and sick leave are liquidated by the fund that has recorded the liability.

Note 8 – Alameda County Employees' Retirement Association Pension Plan

Plan Descriptions – Substantially all Agency permanent employees are required to participate in the Alameda County Employees' Retirement Association (ACERA), a cost-sharing multiple employer public defined benefit retirement plan (Plan). The latest available actuarial and financial information for the Plan is for the year ended December 31, 2021. ACERA issues a publicly available financial report that includes financial statements and supplemental information of the Plan. That report is available by writing to Alameda County Employees' Retirement Association, 475 14th Street #1000, Oakland, California 94612.

Benefits Provided – The Plan provides for retirement, disability, and death and survivor benefits. Annual cost of living (COL) adjustments to retirement allowances can be granted by the Retirement Board as provided by State statutes. Retirement benefits are based on age, length of service, date of membership and final average salary.

Subject to vested status, employees can withdraw contributions plus interests credited, or leave them as a deferred retirement when they terminate, or transfer to a reciprocal retirement system.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Tier 1	Tier 2	Tier 4
Hire date	Prior to July 1, 1983	July 1, 1983 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.61% at 62	2.43% at 65	2.5% at 67
Benefit vesting schedule	Age 50 with 5 years of service and a total of 10 years of qualifying membership, or age 70 regardless of service, or after 30 years, regardless of age.		Age 52 with 5 years of service or age 70 regardless of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Maximum monthly benefits, as a % of eligible compensation	100%	100%	100%
Required employee contribution rates	8.03% - 16.7%	5.8% - 12.17%	9.21%
Required employer contribution rates	17.25% to 25.88%	16.25% to 24.38%	23.79%

Note 8 – Alameda County Employees' Retirement Association Pension Plan (Continued)

Contributions –The pension plan under the 1937 Act has no legal contractual maximum contribution rates. The employers and members contribute to ACERA based on rates recommended by an independent actuary and adopted by the Board of Retirement. Covered employees are required by statute to contribute toward their pensions. Member contribution rates are formulated on the basis of their age at the date of entry and the actuarially calculated benefits and are between 5.8 and 16.7 percent of their annual covered salary effective September 2021. Member contributions are refundable upon termination from the retirement system.

State and Federal laws as well as the California Constitution provide the authority for the establishment of ACERA benefit provisions. In most cases where the 1937 Act provides options concerning the allowance of credit for service, the offering of benefits, or the modification of benefit levels, the law generally requires approval of the employer's governing board for the option to take effect. Separately, in 1984 the Alameda Board of Supervisors and the Board of Retirement approved the adoption of Article 5.5 of the 1937 Act. This adoption permitted the establishment of a Supplemental Retirees Benefit Reservice (SRBR) for ACERA.

Article 5.5 provides for the systematic funding of the SRBR and stipulates that its assets be used only for the benefit of retired members and their beneficiaries. The 1937 Act grants exclusive authority over the use of the SRBR funds to the Board of Retirement. Supplemental benefits currently provided through the SRBR include supplemental COLA, retiree death benefit and retiree health benefits including the Monthly Medical Allowance (MMA), dental and vision care, and Medicare Part B reimbursement. The provision of all supplemental benefits from the SRBR is subject to available funding and annual review and authorization by the Board of Retirement. SRBR benefits are not vested.

In 2006 the Board of Retirement approved the allocation of SRBR funds to Postemployment Medical Benefits and Other Pension Benefits. These two programs provide the supplemental benefits described above. For the year ended June 30, 2022, the contributions recognized as part of pension expense for the Plan were $1,518,488. Typically, Flood Protection Operations and Water Enterprise Operations funds have been used to liquidate pension liabilities.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – As of June 30, 2022, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate share of Net Pension Liability
Miscellaneous	$ 11,803,112

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan is as follows:

Reporting Date as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll	Net Pension Liability as a percentage of its covered payroll
2020	1.11%	$ 18,610,738	$ 12,184,391	152.74%
2021	1.00%	17,207,178	11,869,970	144.96%
2022	2.45%	11,803,112	13,078,647	90.25%

Note 8 – Alameda County Employees' Retirement Association Pension Plan (Continued)

For the year ended June 30, 2022, the Agency recognized pension credit of $3,245,458. Changes in the Net Pension Liability are recorded in the fund that recorded the liability. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Contributions made after measurement date	$ 1,807,428	$ -
Changes in assumptions	2,214,298	139,171
Difference between actual and expected experience	251,599	254,516
Difference between projected and actual earning on pension plan investments	-	6,027,511
Changes in proportion and differences between employer contributions and proportionate share of contributions	135,291	2,991,522
Total	$ 4,408,616	$ 9,412,720

The $1,807,428 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30,	Deferred Outflows / (Inflows) of Resources
2023	$ (1,512,428)
2024	(2,891,434)
2025	(1,329,906)
2026	(1,067,783)
2027	(9,981)
Total	$ (6,811,532)

Actuarial Assumptions – The total pension liabilities in the December 31, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	3.25%
Projected Salary Increase	3.65% - 8.35% (1)
Cost of Living Adjustments	Tier 1: 2.75% ; Tier 2 and 4:2.00%
Investment Rate of Return	7.00% (2)
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables

(1) Vary by service, including inflation

(2) Net of pension plan investment expenses, including inflation

Note 8 – Alameda County Employees' Retirement Association Pension Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.00% for the Plan. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as December 31, 2021.

The long-term expected rate of return on pension plan investments was determined in 2021 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	New Strategic Allocation	Long-Term Expected Arithmetic Real Rate of Return
Domestic Large Cap Equity	22.40%	5.43%
Domestic Small Cap Equity	2.50%	6.21%
Developed International Equity	17.00%	6.67%
Small Cap International Equity	3.00%	7.36%
Emerging Markets Equity	5.00%	8.58%
U.S. Core Fixed Income	11.50%	1.10%
High Yield Bonds	1.60%	2.91%
Global Fixed Income	3.00%	-0.63%
Private equity	10.50%	10.00%
Real Estate	8.00%	4.58%
Commodities	0.75%	3.46%
Infrastructure	1.75%	7.80%
Privae Credit	4.00%	8.50%
Absolute Return	9.00%	3.70%
Total	100.00%	

A change in the discount rate would affect the measurement of the Total Pension Liability (TPL). A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the Net Pension Liability (NPL) can be very significant for a relatively small change in the discount rate. The following presents the Agency's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Plan's Aggregate Net Pension Liability/(Asset)		
Discount Rate - 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
$ 37,962,170	$ 11,803,112	$ (9,717,351)

Note 9 – Postemployment Benefits Other Than Retirement

A. General Information about the Agency's Other Post Employment Benefit (OPEB) Plan

Plan Description – The Agency, through the County of Alameda (County), is a participant under the Alameda County Employees' Retirement Association's (ACERA) defined contribution plan for other postemployment benefits as established by the California Legislature under Article 5.5 of the County Employees Retirement Law of 1937. ACERA is a cost-sharing, multiple employer, defined benefit, public employee retirement system whose main function is to provide service retirement, disability, death, and survivor benefits to the General and Safety members employed by the County of Alameda. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

Funding Policy – The postemployment medical, dental and vision benefits are currently provided through the Supplemental Retirees Benefit Reserve (SRBR) as described in the Alameda County Employees' Retirement Association Pension Plan note. The SRBR is a funded trust that receives fifty percent of the investment earnings that are in excess of the assumed investment rate of return of the ACERA Defined Benefit Pension Plan. The Agency, through the County, does not make postemployment medical benefit payments directly to retirees and does not have the ability to fund these benefits. However, the Agency's pension contribution to ACERA would be lower if not for the excess interest transfer to the SRBR.

Benefits Provided – The following is a summary of Plan benefits as of June 30, 2022:

Membership Eligibility	*Service Retirees:* Retired with at least 10 years of services (including deferred vested members who terminate employment and receive a retirement benefit from ACERA). *Disabled Retirees:* A minimum of 10 years of service required for non-duty disability. There is no minimum service requirement for duty disability.
Benefit Eligibility	*1 Monthly Medical Allowance* *Service Retirees:* For retirees, a Maximum Monthly Medical Allowance of $578.65 per month is provided, effective January 1, 2021 and through December 31, 2021. For the period January 1, 2022 through December 31, 2022 the maximum allowance will increase to $596.73 per month. For those purchasing insurance through the Individual Medicare Exchange, the Monthly Medical Allowance was $443.28 and $457.13 per month for 2021 and 2022, respectively. These Allowances are subject to the following subsidy schedule: **Completed Years of Service** — **Percentage Subsidized** 10-14 — 50% 15-19 — 75% 20+ — 100% *Disabled Retirees:* Non-duty retirees receive the same Monthly Medical Allowance as services retirees. Duty disabled retirees receive the same Monthly Medical Allowance as those services retirees with 20 or more years of service.
	2 Medical Benefit Reimbursement Plan: The SRBR reimburses the full Medicare Part B premium to qualified retired members. To qualify for reimbursement, a retiree must - Have at least 10 years of ACERA service, - Be eligible for Monthly Medical Allowance, - Provide proof of enrollment in Medical Part B
	3 Dental and Vision Plans: The SRBR provides dental and vision benefits for retirees only. The maximum combined dental and vision premiums will be $48.12 in 2021 and 2022. The eligibility for these premiums is as follows: *Service Retirees:* Retired with at least 10 years of service. *Disabled Retirees:* For non-duty disabled retirees, 10 years of service is required. For grandfathered non-duty disabled retirees (with effective retirement dates on or before January 31, 2014), there is no minimum service requirement. For duty disabled retirees, there is no minimum service requirement.

Note 9 – Postemployment Benefits Other Than Retirement (Continued)

A. General Information about the Agency's Other Post Employment Benefit (OPEB) Plan (Continued)

Benefits Provided – The following is a summary of Plan benefits as of June 30, 2022 *(Continued)*:

Deferred Benefit	Members who terminate employment with 10 or more years of service before reaching Pension eligibility commencement age may elect deferred MMA and/or dental/vision benefits.
Death Benefit	Surviving spouses/domestic partners of members who die before the member commences retiree health benefits may enroll in an ACERA group medical plan on the date that the member would have been eligible to commence benefits. The surviving spouse/domestic partner must pay 100% of the premium. Because premiums for surviving spouses/domestic partners under age 65 include active participants for purposes of underwriting, the surviving spouses/domestic partners receive an implicit subsidy from the actives, which creates a liability for the SRBR.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2022:

Active employees	95
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	Not available
Inactive employees entitled to but not yet receiving benefit payments	Not available
Total	95

B. Net OPEB Liability (Assets)

Actuarial Methods and Assumptions – The Agency's net OPEB liability (assets) was measured as of December 31, 2021 and the net OPEB liability (assets) was determined by an actuarial valuation dated December 31, 2020 that was rolled forward using standard update procedures to determine the Agency's net OPEB liability as of June 30, 2022, based on the following actuarial methods and assumptions:

Valuation Date	December 31, 2020
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry Age Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary increases	3.25%
Investment Rate of Return	7.00%
Mortality Rate	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables
Healthcare Trend Rates	Non-Medicare medical plan - Graded from 7.5% to ultimate 4.50% over 12 years
	Medicare medical plan - Graded from 6.5% to ultimate 4.50% over 8 years
	Dental - 0.00%for the first two years and 4.00% after
	Vision - 0.00% for the first five years and 4.00% after
	Medicare Part B - 4.50%

Note 9 – Postemployment Benefits Other Than Retirement (Continued)

C. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

Net OPEB Liability/(Assets)		
Discount Rate - 1% (6.00%)	**Current Discount Rate (7.00%)**	**Discount Rate + 1% (8.00%)**
$ (2,238,671)	$ (3,632,078)	$ (4,782,773)

Net OPEB Liability/(Assets)		
1% Decrease (5.75% to 3.50%)	**Healthcare Cost Trend Rate (6.75% to 4.50%)**	**1% Increase (7.75% to 5.50%)**
$ (4,904,735)	$ (3,632,078)	$ (2,056,305)

D. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Agency recognized OPEB revenue of $1,028,287. Changes in the Net OPEB Liability are recorded in the fund that recorded the liability. At June 30, 2022, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Changes in assumptions	$ 532,828	$ 301,570
Difference between actual and expected experience	-	597,887
Difference between projected and actual earnings on OPEB plan investments	-	3,907,558
Changes in proportion and differences between employer contributions and proportionate share of contributions	370,383	473,097
Total	$ 903,211	$ 5,280,112

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

Measurement Period Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2023	$ (1,037,190)
2024	(1,408,541)
2025	(1,170,552)
2026	(731,332)
2027	(5,355)
Thereafter	(23,931)
Total	$ (4,376,901)

Note 10 – Insurance

The Agency participates in the Association of California Water Agencies Joint Powers Insurance Authority Property and Liability Insurance Programs for risk of loss. These programs provide general liability, including auto, property, crime, pollution, and cyber liability insurance coverage. The Agency is self-insured for worker's compensation claims under the County of Alameda self-insurance/ excess insurance program. The County is a member of the California State Association-Excess Insurance Authority (CSAC-EIA), a California Counties Joint Powers Authority whose purpose is to develop and fund programs of excess and primary insurance for its member counties. As of June 30, 2022, the Agency participated in the liability and property programs of the ACWA/JPIA as follows:

Type of Coverage	Coverage Limit	Self Insured/Deductible
General Liability, including Auto Liability	$55,000,000	$5,000,000
Workers' Compensation	Statutory Limit	3,000,000
Property	500,000,000	10,000
Crime	3,000,000	1,000
Pollution	10,000,000	250,000
Cyber Liability	5,000,000	75,000

Note 11 – Commitment and Contingent Liabilities

A. Litigation

The Agency is subject to various lawsuits or claims in the normal course of business including challenges over certain rates and changes and from time to time is involved in lawsuits in which damages are sought. The ultimate outcome of these matters is not presently determinable. In the opinion of the Agency, these actions when finally adjudicated will not have a material adverse effect on the financial position of the Agency.

B. Water Supply Commitments

As part of its water management activities the Agency has entered into various water supply commitment contracts to reduce the risk of supply shortages. Under these water right agreements, the Agency has agreed to pay annual amounts for the delivery of committed levels of water supplies.

California Department of Water Resources: The Agency has a cost-sharing water supply contract with the Department of Water Resources (DWR) which provides for the annual allocation of 80,619- acre feet (AF) of water through 2035. DWR as project manager and administrator, developed, constructed, operates and maintains the State Water Project (SWP) to provide water to the Agency and the other water wholesalers. The Agency costs under the contract consists of a variable operating cost component and a semi-fixed capital cost component, including debt service on bonds issued by DWR to construct the project and it determines the cost annually. In fiscal years 2022 and 2021, the costs under the contract were $27.2 million and $25.1 million, respectively.

Effective November 7th, 2003, Amendment No. 24 to the Water Supply Contract between the DWR and the Agency was executed to set forth their agreement regarding the Agency's responsibility for the repayment of costs for the development and construction of the South Bay Aqueduct Enlargement. The Agency's estimated obligation, including interest, was $314.7 million. In fiscal years 2022 and 2021, the costs under Amendment No. 24 were $16.5 million and 17.1 million, respectively with a remaining obligation of $153 million as of June 30, 2022 to be paid by 2035.

Note 11 – Commitment and Contingent Liabilities (Continued)

B. Water Supply Commitments (Continued)

Semitropic Water Storage District: In January 1998, the Agency, along with other water wholesalers entered into a Water Banking and Exchange Program Agreement with Semitropic Water Storage District and its Improvement District that entitles the Agency to storage of up to 65,000 AF, withdrawal, and exchange rights for the Agency's SWP supplies. In January 2005, an amendment was executed, enabling the Agency to participate in the Stored Water Recovery Unit Program. In fiscal year 2021 the Agency's share of the operating, and maintenance costs and certain fees under the agreement were $1.2 million and in fiscal year 2022 were $2.7 million.

Mojave Water District: In May 2022, the Agency entered into a water transfer agreement with Mojave Water Agency (MWA) to transfer 1,500 acre-feet of MWA's Table A allocation from the State Water Project (SWP) to the Agency in 2022. The Agency will pay MWA a rate of $2000 for every acre-foot of water transferred from MWA with a total purchase cost not exceeding $3 million.

State Water Contractors: In March 2022, the Agency entered into a water supply agreement with the State Water Contactors (SWC) known as the 2022 Dry Year Water Transfer Agreement. Under this agreement SWC administers and negotiates transfers amongst non-State Water Project sellers and buyers. The Agency costs under the contract consist of administrative costs and water purchase costs of $800 per acre-foot for up to 437 acre-feet with total costs not exceeding $0.3 million.

Delta Conveyance Design and Construction Joint Powers Authority – On May 14, 2018, the Agency along with participating State Water Contractors formed the Delta Conveyance Design and Construction Joint Powers Authority ("DCA"). The DCA entered into an agreement with DWR establishing that the DCA will undertake those activities required to complete the design and construction of the Delta Conveyance Project. The Delta Conveyance Project will make physical and operational improvements to the State Water Project ("SWP") and the Central Valley Project ("CVP") necessary to: protect and maintain ecosystem health; maintain water quality; and restore and protect water supplies so that the SWP and CVP are capable of readily delivering water within a stable regulatory framework at costs that are not so high as to preclude, and in amounts that are sufficient to support, the financing of the investments necessary to fund construction and operation of facilities and/or improvements. In January 2020, DWR released a Notice of Preparation (NOP) of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the 'Delta Conveyance Project' or Project referred to above. The Project is part of Governor Newsom's portfolio approach to water management. The Agency is participating in the Delta Conveyance Project at a 2.2% participation level of Zone 7's Table A amount of 80,619 acre-feet. Through a funding agreement with DWR for environmental planning costs, the Agency is contributing a total of $2.4 million and 1.4 million in calendar years 2023 and 2022, respectively. To-date no debt has been issued by the DCA and it is unknown when debt will be issued.

Delta Conveyance Finance Authority - On July 3, 2018, the Agency along with two other agencies formed the Delta Conveyance Finance Authority ("DCFA"). Subsequently, eight additional agencies have joined the DCFA. The DCFA was formed with the intent of issuing debt to fund a Delta Conveyance project. Each member agency shares equally in DCFA administrative costs, but obligations from any future debt issuance will be split according to water allocations.

Note 11 – Commitment and Contingent Liabilities (Continued)

B. Water Supply Commitments (Continued)

The Agency has a 2 percent share of State Water Project Table A allocations, but the Agency's actual cost share for delta conveyance may vary depending on project participation. To-date no debt has been issued by the DCFA and it is unknown when debt will be issued. On April 29, 2019, California Governor Gavin Newsom signed Executive Order N-10-19, directing State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, including modernization of conveyance through the California Bay-Delta through a single-tunnel project. Accordingly, on May 2, 2019 DWR withdrew proposed permits for the California WaterFix project in order to pursue a new environmental review and planning process for a Delta conveyance project aligned with the Governor's vision.

DWR initiated the State environmental review process for the revised project by issuing a Notice of Preparation on January 15, 2020 and the U.S. Army Corps of Engineers initiated the federal environmental review process by issuing a Notice of Intent August 20, 2020. State and federal permitting processes are currently expected to be completed in mid-2024. DWR initiated the State environmental review process for the revised project by issuing a Notice of Preparation on January 15, 2020 and the U.S. Army Corps of Engineers initiated the federal environmental review process by issuing a Notice of Intent August 20, 2020. State and federal permitting processes are currently expected to be completed in mid-2024.

Los Vaqueros Reservoir Expansion Joint Powers Authority - On August 18, 2021, the Agency voted to join the Los Vaqueros Reservoir Joint Powers Authority (Authority). The Agency, along with seven other water agencies in the region, established the Authority for the purpose of enhancing regional water conveyance and storage, providing for public benefits by expanding existing conveyance facilities, constructing new conveyance facilities serving Los Vaqueros Reservoir, and expanding the Los Vaqueros Reservoir. Development and construction of new and expanded facilities is expected to cost about one billion dollars with over $600 million expected to be funded by state and federal programs with remaining costs funded by project partners, including the Agency. All new and expanded facilities are expected to be constructed and operational by 2030. Agency costs will be dependent on its project benefits which will be negotiated with the Authority as part of a Service Agreement. The Authority is authorized to issue bonds and levy charges on its members in accordance with the terms of their Service Agreement. Until it signs a Service Agreement, which is expected to occur sometime in fiscal year ended June 30, 2023, the Agency may withdraw from the Authority with no obligation to participate in or fund the project.

In October 2021, the Agency's Board approved continued participation in the Los Vaqueros Multi-Party agreement through December 2022 with additional funding of $0.9 million.

Sites Reservoir Project - The Sites Reservoir is a proposed reservoir project of approximately 1.3 million to 1.5 million acre-feet, being analyzed by the Sites Reservoir Authority, to be located in Colusa County. The water stored in the proposed project would be diverted from the Sacramento River and could provide additional water supply that could be used for dry-year benefits. Zone 7 is a member of the Sites Reservoir Committee, a group of 30 agencies that are participating in certain planning activities in connection with the proposed development of the project, including the development of environmental planning documents, a federal feasibility report and project permitting. In January 2022, the Agency's Board approved $4.0 million in funding for the Agency's continued participation in such planning activities through the end of 2024. The Agency's agreement to participate in funding of this phase of project development activities does not commit Zone 7 to participate in any actual reservoir project that may be undertaken in the future.

Note 12 – Prior Period Adjustments

The beginning net position at July 1, 2021 of the Government-Wide Financial Statements was restated as follows:

	Governmental Activities	Business-type Activities	Total
Net position, as previously reported, at July 1, 2021	$ 125,526,775	$ 429,019,946	$ 554,546,721
To implement GASB 87 Leases	(3,685)	(6,833)	(10,518)
Net position at July 1, 2021, as restated	$ 125,523,090	$ 429,013,113	$ 554,536,203

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

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COST-SHARING MULTIPLE EMPLOYER DEFINED PENSION PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

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Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Required Supplementary Information
Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2022

Last Ten Fiscal Years

Cost-Sharing Multiple-Employer Defined Pension Plan

Measurement period	2018	2019	2020	2021
Plan's proportion of the net pension liability	1.24%	1.11%	1.00%	2.45%
Plan's proportionate share of the net pension liability	$ 26,320,948	$ 18,610,738	$ 17,207,178	$ 11,803,112
Plan's covered payroll	$ 11,719,529	$ 12,130,078	$ 11,869,970	$ 13,078,647
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	224.59%	153.43%	144.96%	90.25%
Plan fiduciary net position as a percentage of the total pension liability	1.24%	1.11%	1.00%	2.45%

Measurement period	2014	2015	2016	2017
Plan's proportion of the net pension liability	1.60%	1.18%	1.46%	1.26%
Plan's proportionate share of the net pension liability	$ 22,241,545	$ 24,951,866	$ 25,488,068	$ 19,859,054
Plan's covered payroll	$ 12,318,588	$ 13,014,942	$ 12,536,863	$ 12,229,930
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	180.55%	191.72%	203.30%	162.38%
Plan fiduciary net position as a percentage of the total pension liability	1.60%	1.18%	1.46%	1.26%

[1] Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2022

Last Ten Fiscal Years

Cost-Sharing Multiple-Employer Defined Pension Plan

Fiscal year	2018	2019	2020	2021	2022
Actuarially determined contribution	$ 4,272,678	$ 4,468,041	$ 2,923,829	$ 2,711,470	$ 3,216,634
Contributions in relation to the actuarially determined contribution	(4,272,678)	(4,468,041)	(2,923,829)	(2,711,470)	(3,216,634)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 11,997,578	$ 11,839,254	$ 12,184,391	$ 12,615,174	$ 13,229,994
Contributions as a percentage of covered payroll	35.61%	37.74%	24.00%	21.49%	24.31%

Fiscal year	2015	2016	2016	2017
Actuarially determined contribution	$ 4,324,438	$ 4,568,731	$ 4,568,731	$ 4,616,119
Contributions in relation to the actuarially determined contribution	(4,324,438)	(4,568,731)	(4,568,731)	(4,616,119)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 12,505,557	$ 12,840,271	$ 12,840,271	$ 12,351,170
Contributions as a percentage of covered payroll	34.58%	35.58%	35.58%	37.37%

Methods and assumptions used to determine contribution rates:

Valuation Date	December 31, 2020
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	3.25%
Projected Salary Increase	3.65% - 8.35% (1)
Cost of Living Adjustments	Tier 1: 2.75% ; Tier 2 and 4:2.00%
Investment Rate of Return	7.00% (2)
Mortality	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables

(1) Vary by service, including inflation

(2) Net of pension plan investment expenses, including inflation

COST-SHARING MULTIPLE EMPLOYER DEFINED PENSION PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

This schedule reports the proportion (percentage) of the collective net OPEB liability, the proportionate share (amount) of the collective net OPEB liability, the employer’s covered employee payroll, the proportionate share (amount of the collective net OPEB liability as a percentage of the employer’s covered employee payroll and the OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the cost sharing employer’s contributions to the plan which are actuarially determined, the employer’s actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

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Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Required Supplementary Information
Schedule of the Plan's Proportionate Share of the Net OPEB Liability (Assets) and Related Ratios
For the Year Ended June 30, 2022

Last Ten Fiscal Years

Cost-Sharing Multiple-Employer Defined OPEB Plan

Measurement period	2017	2018	2019	2020	2021
Plan's proportion of the net OPEB liability	1.43%	1.29%	0.78%	1.09%	1.12%
Plan's proportionate share of the net OPEB liability (asset)	$ 298,850	$ 2,295,442	$ 678,897	$ 56,071	$ (3,632,078)
Plan's covered payroll	$ 12,229,930	$ 11,719,530	$ 12,130,078	$ 11,869,970	$ 13,078,647
Plan's proportionate share of the net OPEB liability as a percentage of its covered payroll	2.44%	19.59%	5.60%	0.47%	-27.77%
Plan's fiduciary net position as a percentage of the total net OPEB liability	1.43%	1.29%	0.78%	1.09%	1.12%

[1] Fiscal year 2018 was the 1st year of implementation, therefore only five years are shown.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Required Supplementary Information
Schedule of Contributions
For the Year Ended June 30, 2022

Last Ten Fiscal Years

Cost-Sharing Multiple-Employer Defined Benefit OPEB Plan

Fiscal Year	2018	2019	2020	2021	2022
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 9,957,944	$ 9,400,208	$ 5,942,078	$ 8,531,883	$ 9,142,247
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

*Fiscal year 2018 was the 1st year of implementation, therefore only three years are shown.

Notes to Schedule:

Valuation date	December 31, 2020
Measurement Date	December 31, 2021
Actuarial cost method	Entry Age Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Payroll Growth	3.25%
Investment rate of return	7.00%
Mortality rates	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables
Healthcare Trend Rates	Non-Medicare medical plan - Graded from 7.5% to ultimate 4.50% over 12 years
	Medicare medical plan - Graded from 6.5% to ultimate 4.50% over 8 years
	Dental - 0.00% for the first two years and 4.00% after
	Vision - 0.00% for the first five years and 4.00% after
	Medicare Part B - 4.50%

SUPPLEMENTARY INFORMATION

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Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022
(With summarized information as of June 30, 2021)

	Environmental Protection Agency (EPA) Grant - Federal	Cal OES Grant Federal	Department of Water Resources (DWR) Grant - State	Totals 2022	Totals 2021
ASSETS					
Current Assets					
Accounts receivable, net	$ 23,651	$ -	$ -	$ 23,651	$ 185,100
Total assets	$ 23,651	$ -	$ -	$ 23,651	$ 185,100
LIABILITIES					
Current liabilities					
Accounts payable	$ 19,977	$ -	$ -	$ 19,977	$ 40,980
Due to other funds	3,674	-	-	3,674	144,120
Total liabilities	23,651	-	-	23,651	185,100
FUND BALANCES					
Unassigned	-	-	-	-	-
Total fund balances	-	-	-	-	-
Total liabilities and fund balances	$ 23,651	$ -	$ -	$ 23,651	$ 185,100

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022
(With summarized information for the year ended June 30, 2021)

	Environmental Protection Agency (EPA) Grant-Federal	Cal OES Grant Federal	Department of Water Resources (DWR) Grant - State	Total Non-major Governmental Funds 2022	Total Non-major Governmental Funds 2021
REVENUES:					
Intergovernmental revenues	$ 109,937	$ 31,243	$ 258,110	$ 399,290	$ 474,319
Other revenue	32,850	-	-	32,850	-
Total revenues	142,787	31,243	258,110	$ 432,140	474,319
EXPENDITURES:					
Current:					
Salaries and employee benefits transferred from district-wide	9,869	-	62,262	72,131	46,166
Services and supplies	132,918	31,243	195,848	360,009	428,153
Total expenditures	142,787	31,243	258,110	432,140	474,319
NET CHANGES IN FUND BALANCES	-	-	-	-	-
FUND BALANCES:					
Beginning of year	-	-	-	-	-
End of year	$ -	$ -	$ -	$ -	$ -

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Combining Statement of Net Position
Nonmajor Water Enterprise Funds
June 30, 2022
(With summarized information as of June 30, 2021)

	Water Facilities	Water Supply and Reliability	Totals 2022	Totals 2021
ASSETS				
Current assets:				
Cash in County Treasury	$ 2,858,454	$ -	$ 2,858,454	$ 4,601,946
Total current assets	2,858,454	-	2,858,454	4,601,946
Total assets	2,858,454	-	2,858,454	4,601,946
LIABILITIES				
Current Liabilities:				
Deposits	323,248	-	323,248	328,115
Total current liabilities	323,248	-	323,248	328,115
Total liabilities	323,248	-	323,248	328,115
NET POSITION				
Unrestricted	2,535,206	-	2,535,206	4,273,831
Total net position	$ 2,535,206	$ -	$ 2,535,206	$ 4,273,831

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Water Enterprise Funds
For the Year Ended June 30, 2022
(With summarized information for the year ended June 30, 2021)

	Water Facilities	Water Supply and Reliability	Totals 2022	Totals 2021
NONOPERATING REVENUES:				
Investment earnings	$ 29,076	$ 2,654	$ 31,730	$ 72,341
Income (loss) before transfers	29,076	2,654	31,730	72,341
Transfers (out)	(1,185,941)	(584,414)	(1,770,355)	(2,347,057)
CHANGES IN NET POSITION	(1,156,865)	(581,760)	(1,738,625)	(2,274,716)
NET POSITION:				
Beginning of the year	3,692,071	581,760	4,273,831	6,548,547
End of the year	$ 2,535,206	$ -	$ 2,535,206	$ 4,273,831

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Combining Statement of Cash Flows
Nonmajor Water Enterprise Funds
For the Year Ended June 30, 2022
(With summarized information for the year ended June 30, 2021)

	Water Facilities	Water Supply and Reliability	Totals 2022	Totals 2021
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ -	$ -	$ -	$ 9,000
Refund of customers deposits	(4,867)	-	(4,867)	-
Net cash provided (used) by operating activities	(4,867)	-	(4,867)	9,000
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers (out)	(1,185,941)	(584,414)	(1,770,355)	(2,347,057)
Net cash (used by) noncapital financing activities	(1,185,941)	(584,414)	(1,770,355)	(2,347,057)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	29,076	2,654	31,730	72,341
Net cash provided by investing activities	29,076	2,654	31,730	72,341
Net (decrease) in cash and cash equivalents	(1,161,732)	(581,760)	(1,743,492)	(2,265,716)
CASH AND CASH EQUIVALENTS:				
Beginning of year	4,020,186	581,760	4,601,946	6,867,662
End of year	$ 2,858,454	$ -	$ 2,858,454	$ 4,601,946
RECONCILIATION OF OPERATING INCOME (LOSS) TO TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ -	$ -	$ -	$ -
Adjustments to reconcile operating income to cash flows				
Changes in assets and liabilities				
Deposits	(4,867)	-	(4,867)	9,000
Net cash provided by operating activities	$ (4,867)	$ -	$ (4,867)	$ 9,000

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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*

Independent Auditors' Report

To the Board of Directors of the
Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Livermore, 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Alameda County Flood Control And Water Conservation District, Zone 7, Zone 7 Water Agency (the "Agency"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors of the
Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Livermore, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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*.

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.

The Pun Group, LLP

Walnut Creek, California
December 13, 2022

STATISTICAL SECTION
(Unaudited)

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Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Statistical Section Overview
(Unaudited)

This part of the Alameda County Flood and Water Conservation District, Zone 7's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Contents **Pages**

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2013 (a)	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	$ 16,232,189	$ 30,403,950	$ 30,385,318	$ 30,334,638	$ 31,990,546
Restricted	60,596,601	41,506,430	49,177,969	56,059,067	58,149,272
Unrestricted	4,406,909	15,260,267	16,739,156	19,133,427	20,484,357
Total governmental activities net position	$ 81,235,699	$ 87,170,647	$ 96,302,443	$ 105,527,132	$ 110,624,175
Business-type activities					
Net investment in capital assets	$ 202,295,691	$211,603,471	$212,562,797	$188,968,433	$194,732,197
Restricted	65,125,317	42,196,142	50,917,317	82,151,910	97,494,721
Unrestricted	40,127,373	57,821,385	36,428,063	30,717,428	37,712,019
Total business-type activities net position	$ 307,548,381	$ 311,620,998	$ 299,908,177	$ 301,837,771	$ 329,938,937
Primary government					
Net investment in capital assets	$ 218,527,880	$ 242,007,421	$ 242,948,115	$ 219,303,071	$ 226,722,743
Restricted	125,721,918	83,702,572	100,095,186	138,210,977	155,643,993
Unrestricted	44,534,282	73,081,652	53,167,219	49,850,855	58,196,376
Total primary governmental activities net position	$ 388,784,080	$ 398,791,645	$ 396,210,520	$ 407,364,903	$ 440,563,112

(a) The Agency implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2018	2019	2020	2021 (b)	2022
Governmental activities					
Net investment in capital assets	$ 32,247,481	$ 33,164,265	$ 32,993,757	$ 32,772,306	$ 32,886,671
Restricted	62,760,525	66,872,665	69,648,891	72,715,433	74,143,148
Unrestricted	16,662,343	15,346,434	17,937,525	20,035,351	18,805,955
Total governmental activities net position	$ 111,670,349	$ 115,383,364	$ 120,580,173	$ 125,523,090	$ 125,835,774
Business-type activities					
Net investment in capital assets	$198,348,996	$210,675,110	$227,930,485	$246,768,274	$273,736,173
Restricted	107,414,628	127,521,329	131,461,963	110,609,342	114,367,484
Unrestricted	47,669,365	48,823,266	56,022,343	71,635,497	53,058,945
Total business-type activities net position	$ 353,432,989	$ 387,019,705	$ 415,414,791	$ 429,013,113	$ 441,162,602
Primary government					
Net investment in capital assets	$ 230,596,477	$ 243,839,375	$ 260,924,242	$ 279,540,580	$ 306,622,844
Restricted	170,175,153	194,393,994	201,110,854	183,324,775	188,510,632
Unrestricted	64,331,708	64,169,700	73,959,868	91,670,848	71,864,900
Total primary governmental activities net position	$ 465,103,338	$ 502,403,069	$ 535,994,964	$ 554,536,203	$ 566,998,376

(b) The Agency implemented the provisions of GASB Statement 87 in fiscal year 2021 and retoractive application resulted in a restatement of fiscal year 2021 balances.

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2013 (a)	2014	2015	2016	2017
Expenses					
Governmental activities					
Flood Protection Operations	$ 3,947,332	$ 1,488,735	$ 4,705,166	$ 5,328,998	$ 5,341,751
Flood Protection Drainage DIF	705,688	4,029,268	499,169	794,922	1,841,555
Flood Protection Grants					
Total governmental activities expenses	4,653,020	5,518,003	5,204,335	6,123,920	7,183,306
Business-type activities					
State Water Project	14,002,380	13,681,891	16,359,406	20,621,344	20,985,604
Water Enterprise Funds	54,868,275	57,386,822	59,122,995	81,257,514	60,641,826
Total business-type activities	68,870,655	71,068,713	75,482,401	101,878,858	81,627,430
Total primary government expenses	$ 73,523,675	$ 76,586,716	$ 80,686,736	$ 108,002,778	$ 88,810,736
Program Revenues					
Governmental activities					
Charges for Services	$ 53,897	$ 113,016	$ 517,030	$ 7,556,578	$ 3,683,683
Operating grants and contributions	61,578	64,318	112,334	71,562	181,418
Other program revenues	5,095,420	4,953,372	8,032,445	40,202	13,263
Total governmental activities program revenues	5,210,895	5,130,706	8,661,809	7,668,342	3,878,364
Business-type activities					
Charges for Services:					
State Water Project	11,942,972	12,269,322	13,708,844	19,419,226	20,795,420
Water Enterprise Funds	38,231,851	58,119,942	56,369,393	68,594,249	77,826,527
Operating grants and contributions	68,416	4,347,897	5,012,899	15,285,044	10,179,114
Capital grants and contributions	30,824,513				
Total business-type activities program	81,067,752	74,737,161	75,091,136	103,298,519	108,801,061
Total primary government program revenues	$ 86,278,647	$ 79,867,867	$ 83,752,945	$ 110,966,861	$ 112,679,425
Net (Expense)/Revenue					
Governmental activities	$ 557,875	$ (387,297)	$ 3,457,474	$ 1,544,422	$ (3,304,942)
Business-type activities	12,197,097	3,668,448	(391,265)	1,419,661	27,173,631
Total primary government net revenues	$ 12,754,972	$ 3,281,151	$ 3,066,209	$ 2,964,083	$ 23,868,689
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property	$ 5,959,083	$ 6,201,653	$ 6,759,202	$ 7,329,117	$ 7,895,448
Investment earnings	161,622	133,926	194,118	342,127	518,982
Transfers		(13,334)	(13,333)	(13,333)	(12,445)
Other				22,356	
Total governmental activities	6,120,705	6,322,245	6,939,987	7,680,267	8,401,985
Business-type activities					
Investment earnings (losses)	331,588	390,865	314,297	496,700	915,090
Transfers		13,334	13,333	13,333	12,445
Total business-type activities	331,588	404,199	327,630	510,033	927,535
Total primary government	$ 6,452,293	$ 6,726,444	$ 7,267,617	$ 8,190,300	$ 9,329,520
Change in Net Position					
Governmental activities	6,678,580	5,934,948	10,397,461	9,224,689	5,097,043
Business-type activities	12,528,685	4,072,647	(63,635)	1,929,694	28,101,166
Total primary government	$ 19,207,265	$ 10,007,595	$ 10,333,826	$ 11,154,383	$ 33,198,209

(a) The Agency implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2018	2019	2020	2021 (b)	2022
Expenses					
Governmental activities					
Flood Protection Operations	$ 12,859,064	$ 10,308,973	$ 9,547,702	$ 8,949,669	$ 12,352,060
Flood Protection Drainage DIF	542,139	367,976	168,503	208,142	381,617
Flood Protection Grants	1,230,924	125,352	497,987	474,319	432,140
Total governmental activities expenses	14,632,127	10,802,301	10,214,192	9,632,130	13,165,817
Business-type activities					
State Water Project	19,794,128	21,420,192	24,333,554	23,173,321	24,331,873
Water Enterprise Funds	75,273,928	63,564,015	61,634,465	67,019,978	70,158,039
Total business-type activities	95,068,056	84,984,207	85,968,019	90,193,299	94,489,912
Total primary government expenses	$ 109,700,183	$ 95,786,508	$ 96,182,211	$ 99,825,429	$ 107,655,729
Program Revenues					
Governmental activities					
Charges for Services	$ 4,652,449	$ 3,522,081	$ 1,694,933	$ 2,624,628	$ 1,714,458
Operating grants and contributions	182,315	70,969	79,929	81,730	84,034
Other program revenues	1,230,924	125,352	488,451	482,306	399,290
Total governmental activities program revenues	6,065,688	3,718,402	2,263,313	3,188,664	2,197,782
Business-type activities					
Charges for Services:					
State Water Project	22,927,398	23,420,521	23,415,684	24,633,172	26,102,946
Water Enterprise Funds	84,362,659	83,227,173	79,931,895	71,244,549	76,023,397
Operating grants and contributions	7,235,940	6,723,525	6,509,157	6,640,850	6,710,435
Capital grants and contributions	-	-	26,226	-	-
Total business-type activities program	114,525,997	113,371,219	109,882,962	102,518,571	108,836,778
Total primary government program revenues	$ 120,591,685	$ 117,089,621	$ 112,146,275	$ 105,707,235	$ 111,034,560
Net (Expense)/Revenue					
Governmental activities	$ (8,566,439)	$ (7,083,899)	$ (7,950,879)	$ (6,443,466)	$ (10,968,035)
Business-type activities	19,457,941	28,387,012	23,914,943	12,325,272	14,346,866
Total primary government net revenues	$ 10,891,502	$ 21,303,113	$ 15,964,064	$ 5,881,806	$ 3,378,831
General Revenues and Other Changes in Net Position					
Governmental activities					
Taxes					
Property	$ 8,518,064	$ 9,144,785	$ 9,834,264	$ 10,344,149	$ 10,791,532
Investment earnings	897,199	1,485,504	1,745,490	956,235	268,495
Transfers	(12,444)	(12,444)	(11,890)	(11,890)	(11,890)
Other	34,267	179,069	1,579,824	97,889	232,582
Total governmental activities	9,437,086	10,796,914	13,147,688	11,386,383	11,280,719
Business-type activities					
Investment earnings (losses)	2,021,455	5,187,260	4,468,253	1,261,160	(2,209,267)
Transfers	12,444	12,444	11,890	11,890	11,890
Total business-type activities	2,033,899	5,199,704	4,480,143	1,273,050	(2,197,377)
Total primary government	$ 11,470,985	$ 15,996,618	$ 17,627,831	$ 12,659,433	$ 9,083,342
Change in Net Position					
Governmental activities	870,647	3,713,015	5,196,809	4,942,917	312,684
Business-type activities	21,491,840	33,586,716	28,395,086	13,598,322	12,149,489
Total primary government	$ 22,362,487	$ 37,299,731	$ 33,591,895	$ 18,541,239	$ 12,462,173

(b) Fiscal year 2021 balances were restated due to retroactive application of GASB Statement 87 which was implemented in fiscal year 2022.

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Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Restricted	Committed	Total
2013	40,648,531	24,354,979	65,003,510
2014	41,506,430	15,260,267	56,766,697
2015	49,177,969	18,009,177	67,187,146
2016	56,059,067	20,666,297	76,725,364
2017	58,149,272	21,898,222	80,047,494
2018	62,760,525	18,352,377	81,112,902
2019	66,872,665	17,602,713	84,475,378
2020	69,648,891	20,010,475	89,659,366
2021	72,715,433	22,150,273	94,865,706
2022	74,143,148	20,431,275	94,574,423

Note: Fiscal year 2021 balances were restated due to retroactive application of GASB Statement 87 which was implemented in fiscal year 2022.

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2013 (a)	2014	2015	2016	2017
Revenues					
Property taxes	$ 5,959,083	$ 6,201,653	$ 6,759,202	$ 7,329,117	$ 7,895,448
Intergovernmental	61,578	64,318	144,691	71,562	181,418
Charges for services	5,135,797	4,879,252	8,516,405	7,556,578	3,683,683
Investment earnings	161,622	133,926	194,118	342,127	518,982
Rental Income	-	-	-	-	-
Other revenues	13,520	187,136	713	62,558	13,263
Total revenues	$ 11,331,600	$ 11,466,285	$ 15,615,129	$ 15,361,942	$ 12,292,794
Expenditures					
Salaries and employee benefits					
transferred from district-wide	$ 2,631,352	$ 2,535,779	$ 2,252,655	$ 2,455,453	$ 1,961,724
Services and supplies	3,498,544	2,650,121	2,821,192	3,354,938	4,187,243
Equipment and capital structures	451,740	14,503,864	107,500	-	2,809,252
Other	2,006	-	-	-	-
Total Expenditures	$ 6,583,642	$ 19,689,764	$ 5,181,347	$ 5,810,391	$ 8,958,219
Excess of revenues over/(under) expenditures	$ 4,747,958	$ (8,223,479)	$ 10,433,782	$ 9,551,551	$ 3,334,575
Other Financing Sources (Uses)					
Transfers Out	$ -	$ (13,334)	$ (13,333)	$ (13,333)	$ (12,445)
Total other financing sources (uses)	$ -	$ (13,334)	$ (13,333)	$ (13,333)	$ (12,445)
Net change in fund balances	$ 4,747,958	$ (8,236,813)	$ 10,420,449	$ 9,538,218	$ 3,322,130

(a) The Agency implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Changes in Fund Balance of Governmental Funds (Continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2018	2019	2020	2021 (b)	2022
Revenues					
Property taxes	$ 8,518,064	$ 9,144,785	$ 9,834,264	$ 10,344,149	$ 10,791,532
Intergovernmental	1,413,239	196,321	568,380	556,049	483,324
Charges for services	4,652,449	3,522,081	1,694,933	2,624,628	1,690,497
Investment earnings	897,199	1,485,504	1,745,490	956,235	268,495
Rental Income	-	-	-	7,987	23,961
Other revenues	34,267	179,069	1,579,824	97,889	232,582
Total revenues	$ 15,515,218	$ 14,527,760	$ 15,422,891	$ 14,586,937	$ 13,490,391
Expenditures					
Salaries and employee benefits transferred from district-wide	$ 2,292,919	$ 2,332,437	$ 2,205,357	$ 2,401,207	$ 2,484,861
Services and supplies	11,014,697	8,612,252	8,008,597	6,966,093	10,873,497
Equipment and capital structures	1,129,750	208,151	13,059	1,407	411,426
Other	-	-	-	-	-
Total Expenditures	$ 14,437,366	$ 11,152,840	$ 10,227,013	$ 9,368,707	$ 13,769,784
Excess of revenues over/(under) expenditures	$ 1,077,852	$ 3,374,920	$ 5,195,878	$ 5,218,230	$ (279,393)
Other Financing Sources (Uses)					
Transfers Out	$ (12,444)	$ (12,444)	$ (11,890)	$ (11,890)	$ (11,890)
Total other financing sources (uses)	$ (12,444)	$ (12,444)	$ (11,890)	$ (11,890)	$ (11,890)
Net change in fund balances	$ 1,065,408	$ 3,362,476	$ 5,183,988	$ 5,206,340	$ (291,283)

(b) Fiscal year 2021 balances were restated due to retroactive application of GASB Statement 87 which was implemented in fiscal year 2022.

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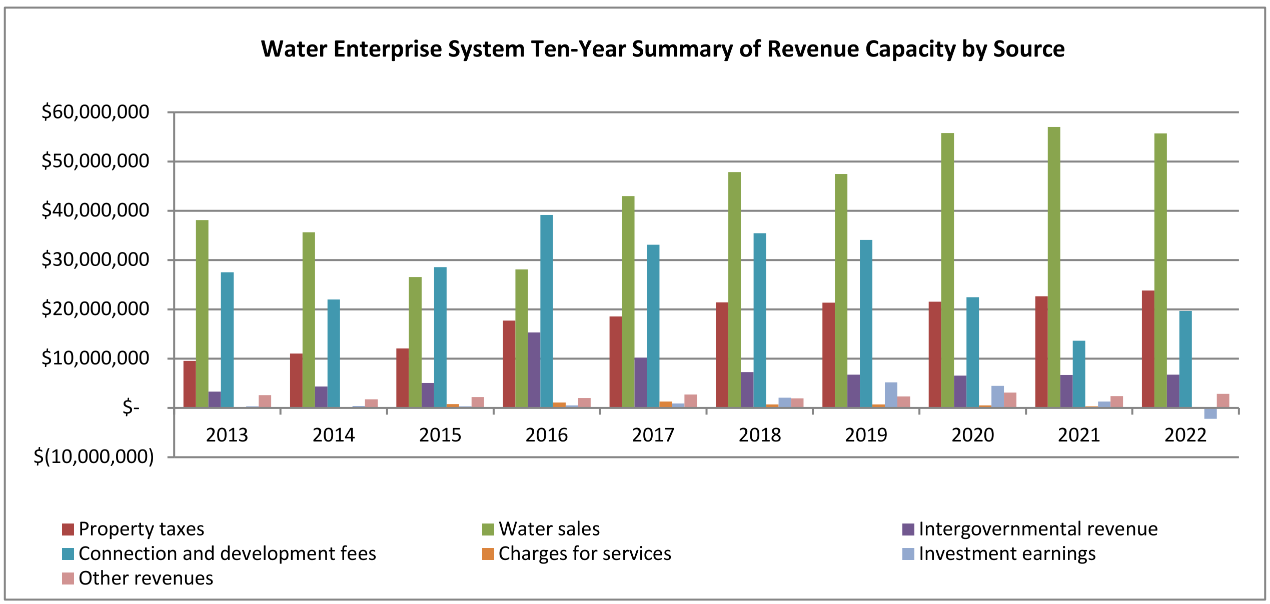
Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Revenue Capacity - Water Enterprise System
Ten-Year Summary of Revenue by Source
Fiscal Year Ended June 30

Water Enterprise System

	Fiscal Year									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Revenues										
Property taxes	$ 9,517,243	$ 11,016,532	$ 12,060,478	$ 17,716,841	$ 18,524,750	$ 21,385,641	$ 21,353,809	$ 21,553,508	$ 22,616,173	$ 23,836,161
Water sales	38,130,264	35,616,588	26,552,568	28,110,974	42,975,960	47,860,145	47,440,592	55,777,208	57,012,484	55,670,511
Intergovernmental revenue	3,263,820	4,347,890	5,012,899	15,285,044	10,179,114	7,235,940	6,723,525	6,509,157	6,640,850	6,710,435
Connection and development fees	27,483,527	21,973,245	28,521,399	39,135,444	33,128,280	35,434,462	34,068,092	22,461,926	13,609,527	19,669,509
Charges for services	101,587	49,734	771,485	1,050,070	1,276,122	665,688	687,569	500,371	277,722	144,160
Investment earnings	331,588	390,865	314,297	496,700	915,090	2,021,455	5,187,260	4,468,253	1,261,160	(2,209,267)
Other revenues	2,571,311	1,733,172	2,172,307	2,000,146	2,716,835	1,944,121	2,310,887	3,080,792	2,361,815	2,806,002
Total Revenues	**$ 81,399,340**	**$ 75,128,026**	**$ 75,405,433**	**$ 103,795,219**	**$ 109,716,151**	**$ 116,547,452**	**$ 117,771,734**	**$ 114,351,215**	**$ 103,779,731**	**$ 106,627,511**

Note: Fiscal year 2021 balances were restated due to retroactive application of GASB Statement 87 which was implemented in fiscal year 2022.



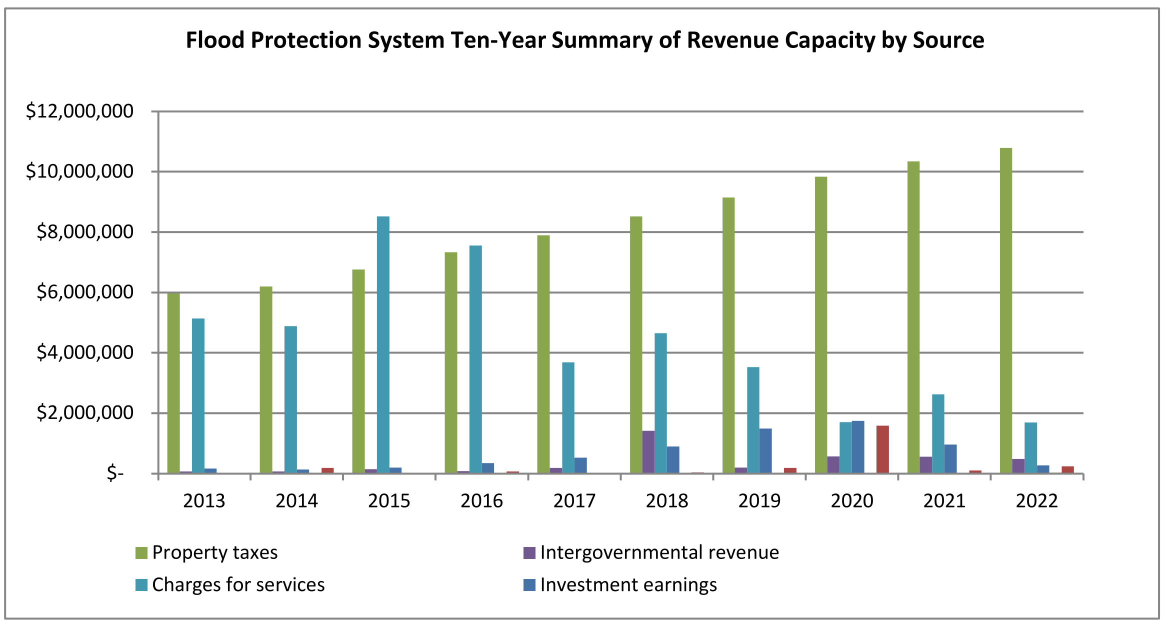
Source: Finance

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Revenue Capacity - Flood Protection System
Ten-Year Summary of Revenue by Source
Fiscal Year Ended June 30

Flood Protection System

	Fiscal Year									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Revenues										
Property taxes	$ 5,959,083	$ 6,201,653	$ 6,759,202	$ 7,329,117	$ 7,895,448	$ 8,518,064	$ 9,144,785	$ 9,834,264	$ 10,344,149	$ 10,791,532
Intergovernmental revenue	61,578	64,318	144,691	71,562	181,418	1,413,239	196,321	568,380	556,049	483,324
Charges for services	5,135,797	4,879,252	8,516,405	7,556,578	3,683,683	4,652,449	3,522,081	1,694,933	2,624,628	1,690,497
Investment earnings	161,622	133,926	194,118	342,127	518,982	897,199	1,485,504	1,745,490	956,235	268,495
Rental Income									7,987	23,961
Other revenues	13,520	187,136	713	62,558	13,263	34,267	179,069	1,579,824	97,889	232,582
Total Revenues	**$ 11,331,600**	**$ 11,466,285**	**$ 15,615,129**	**$ 15,361,942**	**$ 12,292,794**	**$ 15,515,218**	**$ 14,527,760**	**$ 15,422,891**	**$ 14,586,937**	**$ 13,490,391**

Note: Fiscal year 2021 balances were restated due to retroactive application of GASB Statement 87 which was implemented in fiscal year 2022.

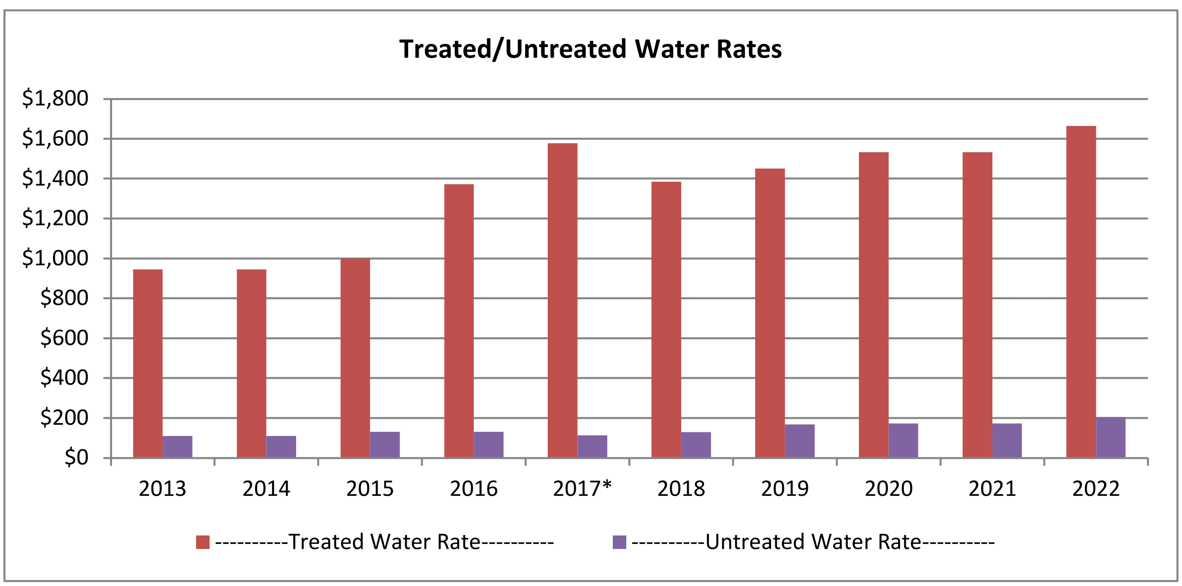


Source: Finance

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Treated and Untreated Water Rates
Ten-Year History
(In Acre Feet)

	----------Treated Water Rate----------		----------Untreated Water Rate----------	
Calendar Year	**Rate/AF**	**% Change Year Over Year**	**Rate/AF**	**% Change Year Over Year**
2013	$945	0.0%	$110	19.6%
2014	$945	0.0%	$110	0.0%
2015	$999	5.7%	$130	18.2%
2016	$1,372	37.3%	$130	0.0%
2017*	$1,577	14.9%	$113	-13.1%
2018	$1,385	-12.2%	$129	14.2%
2019	$1,451	4.8%	$167	29.5%
2020	$1,533	5.7%	$173	3.6%
2021	$1,533	0.0%	$173	0.0%
2022	$1,664	8.5%	$204	17.9%

*In 2017, the agency changed its rates structure to include volume-based and fixed-based components.

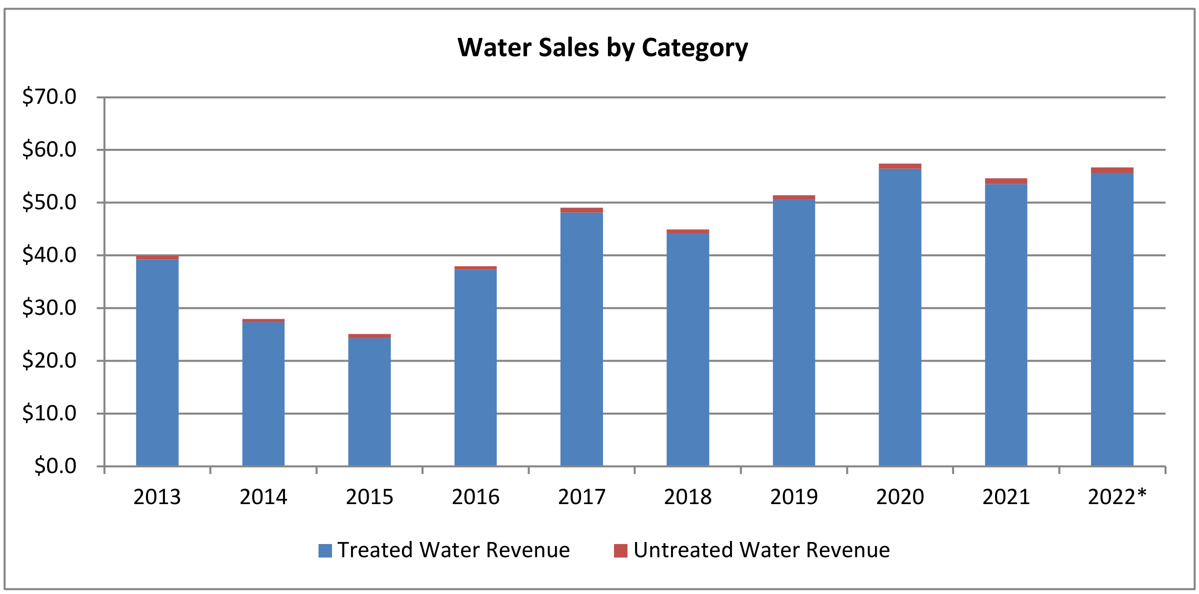


Source: Zone 7 Finance Department

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Water Sales by Category
Ten-Year History
(amounts expressed in millions)

Calendar Year	Municipal/Industrial (Treated) Water Revenue	Untreated Water Revenue	Total
2013	$39.2	$0.7	$39.9
2014	$27.3	$0.6	$27.9
2015	$24.3	$0.8	$25.1
2016	$37.3	$0.6	$37.9
2017	$48.1	$0.9	$49.0
2018	$44.2	$0.7	$44.9
2019	$50.6	$0.8	$51.4
2020	$56.4	$1.0	$57.4
2021	$53.5	$1.0	$54.6
2022*	$55.6	$1.0	$56.7

*Calendar Year 2022 revenue is forecasted.



Source: Zone 7 Finance Department

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Principal Treated Water Customers
Current Complete Year Comparison to Nine Years Ago
(Calendar Year)

2021				2012			
Customer	**Annual Consumption (AF)**	**Rank**	**Percentage of Total Annual Consumption**	**Customer**	**Annual Consumption (AF)**	**Rank**	**Percentage of Total Annual Consumption**
Dublin San Ramon Services District	10,652	1	30%	City of Pleasanton	13,803	1	36%
City of Pleasanton	10,626	2	30%	Dublin San Ramon Services District	10,254	2	27%
California Water Service Company	7,744	3	22%	California Water Service Company	7,540	3	20%
City of Livermore	6,293	4	18%	City of Livermore	6,552	4	17%
All other treated water customers[1]	211	5	1%	All other treated water customers[2]	483	5	1%
Total Annual Consumption (AF)	35,526		100%	Total Annual Consumption (AF)	38,632		100%

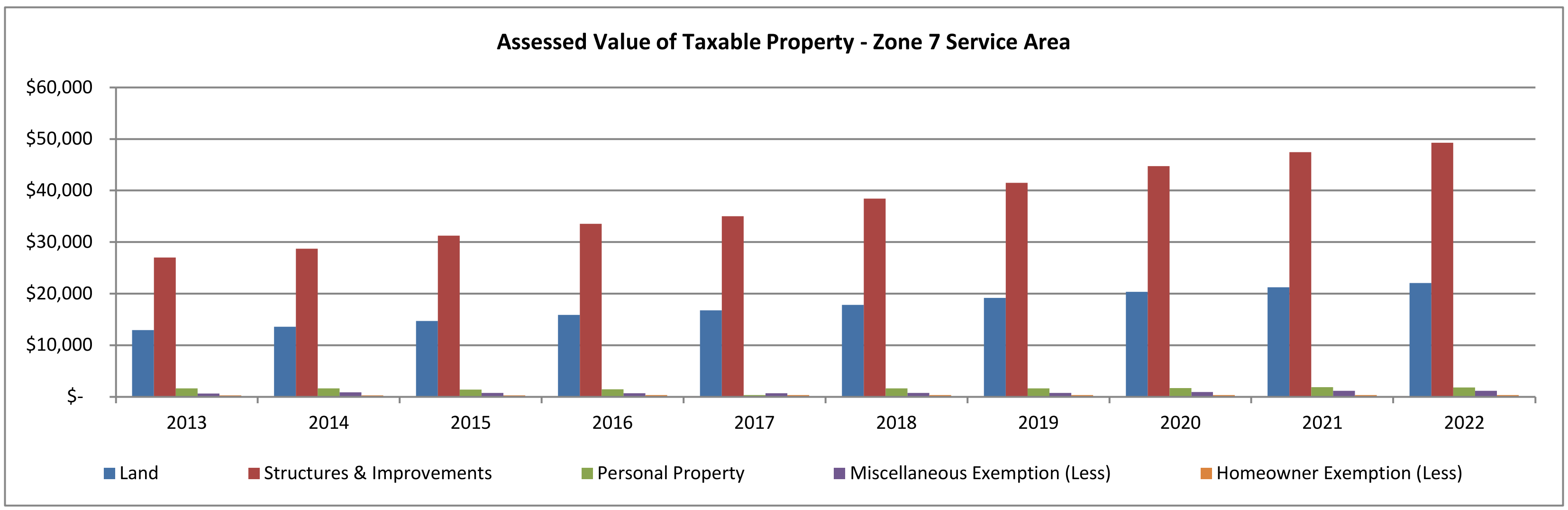
Source: Zone 7 Finance Department

[1] Other treated customers in 2021 include Lawrence Livermore Lab., Livermore Area Recreation and Park District, Veterans Hospital, Wente and East Bay Regional Park District.

[2] Other treated customers in 2012 include Lawrence Livermore Lab., Livermore Area Recreation and Park District, Veterans Hospital, Wente and East Bay Regional Park District and State of California.

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Assessed Value of Taxable Property - Zone 7 Service Area
Last Ten Fiscal Years - Fiscal Year Ended June 30
(expressed in millions)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value of Taxable Property										
Land	$ 12,905	$ 13,587	$ 14,680	$ 15,861	$ 16,766	$ 17,825	$ 19,166	$ 20,359	$ 21,220	$ 22,068
Structures & Improvements	27,029	28,695	31,246	33,555	35,024	38,434	41,506	44,764	47,473	49,260
Personal Property	1,652	1,611	1,419	1,473	326	1,625	1,622	1,667	1,858	1,829
Miscellaneous Exemption (Less)	599	867	755	661	664	769	769	921	1,130	1,167
Subtotal	40,987	43,026	46,590	50,228	51,452	57,115	61,525	65,869	69,421	71,990
Homeowner Exemption (Less)	297	299	300	303	304	306	307	309	308	305
Net Total	$ 40,690	$ 42,727	$ 46,290	$ 49,925	$ 51,148	$ 56,809	$ 61,218	$ 65,560	$ 69,113	$ 71,685



Source: Alameda County Assessor's Office

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Property Tax Rates[1]
Direct and Overlapping Governments
Last Ten Fiscal Years
(Rates per $1,000 of Assessed value)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Direct Rates:										
City of Livermore	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
County GO Bond							0.0112%	0.0108%	0.0036%	0.0041%
Overlapping Rates[2]:										
School District	0.0607%	0.0596%	0.0497%	0.0404%	0.0886%	0.0803%	0.0771%	0.0743%	0.0691%	0.0706%
Community College	0.0219%	0.0214%	0.0217%	0.0198%	0.0246%	0.0445%	0.0443%	0.0422%	0.0214%	0.0458%
Bay Area Rapid Transit	0.0043%	0.0075%	0.0045%	0.0026%	0.0080%	0.0084%	0.0070%	0.0120%	0.0139%	0.0060%
Zone 7 Flood Control	0.0228%	0.0257%	0.0250%	0.0343%	0.0333%	0.0359%	0.0332%	0.0309%	0.0309%	0.0307%
Total Direct and Overlapping Rates	**1.1097%**	**1.1142%**	**1.1009%**	**1.0971%**	**1.1545%**	**1.1691%**	**1.1728%**	**1.1702%**	**1.1389%**	**1.1572%**

Source: Alameda County Auditor-Controller Agency

Note:

(1) The above data represents a single tax area within the Agency's jurisdiction and is presented herein to show readers general trends of property tax rates.

(2) Overlapping rates are those local and county governments that apply to property owners within the City of Livermore. Not all overlapping rates apply to all property owners. For an overlapping rate to apply, the property has to be located within that district's geographic boundary.

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Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied	Amount Collected Within Fiscal Year	Percentage of Levy	Delinquent Tax Collections
2013	$ 15,476,326	$ 15,476,326	100%	0%
2014	17,218,185	17,218,185	100%	0%
2015	18,819,680	18,819,680	100%	0%
2016	25,045,958	25,045,958	100%	0%
2017	26,420,199	26,420,199	100%	0%
2018	28,225,563	28,225,563	100%	0%
2019	28,991,052	28,991,052	100%	0%
2020	29,433,103	29,433,103	100%	0%
2021	30,722,352	30,722,352	100%	0%
2022	32,008,443	32,008,443	100%	0%

Source: Finance

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Principal Property Tax Payers
Current Year and Nine Years Ago
(Fiscal Year)

Taxpayer	2022 [1] Taxable Assessed Value	2022 [1] Rank	2022 [1] Percentage of Total Taxable Assessed Value	2013 [2] Taxable Assessed Value	2013 [2] Rank	2013 [2] Percentage of Total Total Assessed Value
Kaiser Foundation Hospitals	$ 280,812,848	1	0.40%	$ 119,526,864	10	0.30%
Stoneridge Creek Pleasanton CCRC LLC	277,833,957	2	0.39%			
Stoneridge Properties	274,605,281	3	0.39%	236,951,995	2	0.60%
Rosewood Commons Property Owner LLC	271,938,629	4	0.39%			
Kaiser Foundation Health Plan Inc.	248,757,692	5	0.35%	246,104,924	1	0.62%
OAK Owens 20172020 LLC	239,925,764	6	0.34%			
Livermore Premium Outlets LLC	224,809,590	7	0.32%			
6200 Stoneridge Mall Road Investors LLC	220,398,153	8	0.31%	188,309,598	4	0.47%
Workday Inc.	213,745,017	9	0.30%			
Essex Pleasanton Owner L P	202,369,200	10	0.29%			
Pleasanton Property LLC				214,666,953	3	0.54%
Applera Corporation				153,137,016	5	0.39%
Safeway Inc.				138,988,630	6	0.35%
PeopleSoft Properties				123,443,765	7	0.31%
Stoneridge Residential LLC				122,680,777	8	0.31%
Tishman Speyer Archstone Smith				120,342,856	9	0.30%
	$ 2,455,196,131		3.48%	$ 1,664,153,378		4.19%

Source:

[1] County of Alameda 2021-22 FY Top 10 Taxpayers by Primary Tax Code Area (Secured)

[2] FY 2012-13 City of Livermore, City of Pleasanton, and City of Dublin's Comprehensive Annual Financial Reports

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Water Enterprise Outstanding Debt by Type
Last Ten Fiscal Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018 [1]	2019	2020	2021	2022
Line of Credit	$30,500,000	-	-	-	-	-	-	-	-	-
2018 Water Revenue Bond	-	-	-	-	-	$71,376,744	$70,735,844	$68,705,423	$66,661,411	$64,592,816
Total	$30,500,000	$ -	$ -	$ -	$ -	$71,376,744	$70,735,844	$68,705,423	$66,661,411	$64,592,816
Total Debt Per Capita	$ 133.19	-	-	-	-	$ 275.41	$ 272.06	$ 264.25	$ 256.39	$ 242.83

Source: Finance

[1] On March 11, 2018, the Agency, via the Livermore Valley Water Financing Authority, issued the 2018 Water Revenue Bonds in the amount of $64,010,000.

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Legal Debt Margin Information
Last Ten Fiscal Years
(In Millions)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	$ 2,035	$ 2,136	$ 2,315	$ 2,496	$ 2,668	$ 2,840	$ 3,056	$ 3,278	$ 3,456	$ 3,584
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 2,035	$ 2,136	$ 2,315	$ 2,496	$ 2,668	$ 2,840	$ 3,056	$ 3,278	$ 3,456	$ 3,584
Total net debt applied to the limit as a percentage of the debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Alameda County Assessor's Office and Zone 7 Finance Department

Alameda County Flood Control and Water Conservation District, Zone 7
Zone 7 Water Agency
Demographic and Economic Statistics
For Alameda County and the Zone 7 Service Area
Last Ten Fiscal Years

Fiscal Year	Zone 7 Service Area (Acres)	Population Served within Zone 7's Service Area[1]	Total Population Alameda County[2]	Total Personal Income Alameda County (billions)[2]	Per Capita Income Alameda County[2]	Unemployment Rate Alameda County	Consumer Price Index Alameda County (% change in CPI)
2012	272,000	229,000	1,539,145	84.5	57,739	9.5	2.7
2013	272,000	233,000	1,563,495	87.4	57,473	7.4	2.2
2014	272,000	239,000	1,583,979	92.4	58,364	5.8	2.7
2015	272,000	245,000	1,611,318	104.4	64,466	5.2	3.2
2016	272,000	247,000	1,629,738	111.5	65,045	4.7	3.1
2017	272,000	255,023	1,646,405	118.7	69,350	4.0	3.0
2018	272,000	259,165	1,656,884	127.7	75,045	3.1	4.3
2019	272,000	260,000	1,666,753	134.8	76,644	3.1	2.7
2020	272,000	260,000	1,670,834	130.80	76,837	13.5	1.6
2021	272,000	260,000	1,656,591	138.70	78,805	6.6	3.2
2022	272,000	266,000	1,651,979	155.30	87,575	3.0	6.8

Source:

[1] Population of Service Area are estimates and includes the cities of Livermore, Pleasanton, Dublin and Dougherty Valley (Dougherty Valley figures are estimated as 3.36% of City of San Ramon) .

[2] Figures are estimates

Source: State of California Department of Finance

State of California Department of Transportation

U.S. Bureau of Labor Statistics

Employment Development Department Labor Market Information

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Principal Employers In Alameda County
Current Year and Nine Years Ago

		----------2021*----------	
Company/Organization	**Business Type**	**Number of Employees June 30, 2021** [1]	**Percentage of Total County Employment** [2]
Kaiser Permanente Medical Group Inc.[3]	Health Care	34,666	4.62%
Tesla [3]	Electric Vehicle Manufacturer	13,000	1.73%
Safeway [3]	Supermarkets & Other Grocery	9,731	1.30%
County of Alameda	Local Government	9,424	1.26%
Sutter Health [3]	Health Care	9,377	1.25%
John Muir Health [3]	Health Care	6,300	0.84%
PG&E Corporation [3]	Energy Production	5,100	0.68%
Workday [3]	Enterprise Cloud Applications	5,098	0.68%
Chevron Corporation [3]	Energy Production	4,700	0.63%
Wells Fargo Bank [3]	Financial Services	4,354	0.58%
Total		101,750	13.56%

Note:*Number of Employees and Percent of Total Employment unavailable for 2022.

[1]The number of employees, except for County of Alameda and City of Oakland include Alameda County and Contra Costa County employees.

Total employment within County of Alameda is unavailable.

[2]Percentage calculated based on Alameda County's Employment of 750,200 for June 2021 and 678,700 for 2012 (Source: Employment Development Department)

[3]Information from SFBT research from September 2021. Information as of June, 2021 is not available, except for County of Alameda employer.

[4]Information from County of Alameda's database as of June 30, 2021.

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Principal Employers In Alameda County (Continued)
Current Year and Nine Years Ago

Company/Organization	Business Type	----------2013---------- Number of Employees June 30, 2013 [1]	Percentage of Total County Employment [2]
University of California Berkeley	Education	20,319	2.61%
Kaiser Permanente Medical Group Inc.	Health Care	10,914	1.40%
County of Alameda	Local Government	8,735	1.12%
Lawrence Livermore National Laboratory	Small Arms Ammunition Manufacturing	8,000	1.03%
Safeway Inc.	Supermarkets & Other Groucery	7,599	0.97%
Oakland Unified School Dist	Elementary and Secondary Schools	7,200	0.92%
Novartis Vaccines & Diagnostics	Research & Development in Biotech	5,400	0.69%
City of Oakland	Local Government	5252	0.67
Alta Bates Summit Medical Center	Hospitals	4,628	0.59%
Tesla Motors	General Automotive Repair	4,500	0.58%
		82,547	76.91%

Alameda County Flood and Water Conservation District, Zone7
Zone 7 Water Agency
Full-time Equivalent Agency Employees by Function/Program Budget
Last Ten Fiscal Years

	Fiscal Year									
Division/Function	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Office of the General Manager	14	7	7	8	9	9	9	10	10	10
Integrated Planning		7.5	7.5	8.5	9.5	9.5	6.5	8.5	9.5	8.5
Finance:										
Finance and Accounting	11	9	9	10	10	10	10	11	11	11
Employee Services	6	7	7	7	4	4	3	3	3	3
Engineering:										
Facilities Engineering	15	13	14	12	13	13	10	12	11	11
Groundwater	8	7	7	8.5	7.5	7.5	7.5	7.5	7	7
Water Quality	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7	7
Flood Protection	6	5	5	6	7	7	8	7	5.5	5.5
Operations	24	24	24	24	27	27	28	29	30	30
Maintenance	19	19	19	20	20	20	19	19	21	22
Total FTE	110.5	106	107	111.5	114.5	114.5	108.5	114.5	115.0	115.0

Source: Finance

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Operating Indicators
Fiscal Years 2013-2022

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	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Enterprise System										
Total Groundwater pumped (AF) [1]	9,555	8,782	2,565	2,002	2,300	4,700	8,200	10,100	16,400	15,200
Total Artificial Stream Recharge (AF)	7,887	3,826	3,766	8,910	8,300	9,100	3,100	4,040	830	110
New water connections	1,187	928	1,196	1,600	1,338	1,301	1,214	796	470	643
Total drilling permits issued	159	176	171	133	155	165	154	119	130	136
Flood Protection System										
Flood Protection area managed (sq. miles)	425	425	425	425	425	425	425	425	425	425
Flood Protection channels (miles)	37	37	37	37	37	37	37	37	37	37
Flood Protection encroachment permits issued	36	30	31	34	24	32	37	44	23	18
Flood Protection development referrals	18	13	13	15	20	15	11	18	26	45

Source: Flood Protection, Groundwater and Integrated Planning departments.

[1] Calculated on a Water Year basis (October 1 - September 30)

Alameda County Flood and Water Conservation District, Zone 7
Zone 7 Water Agency
Operating Information
Capital Asset Statistics
Fiscal Years 2013-2022

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of pipeline	41	41	41	41	41	41	41	41	41	41
Number of treated water pumping stations	2	2	2	2	2	2	2	2	2	2
Number of wells operated	9	10	10	10	10	10	10	10	10	10
Total Groundwater storage (AF)[1,2]	220,000	209,000	213,000	226,000	248,000	249,000	252,000	246,000	230,000	218,000
Total Groundwater operational storage-water year (AF)[2]	92,000	81,000	85,000	98,000	120,000	121,000	124,000	118,000	102,000	90,000

Source: Groundwater and Operations

[1] 2020 Total and Operational Groundwater Storage are estimates based on mid-September water levels. Actual values get calculated at end of each year.

[2] Calculated on a Water Year basis (October 1 - September 30).

Central Coast Water Authority
A California Joint Powers Authority

Annual Comprehensive Financial Report
Fiscal Years Ended June 30, 2022 and 2021

Central Coast Water Authority
A California Joint Powers Authority

Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2022 and 2021

Prepared by Dessi Mladenova

Cover photo by Jeff Tice

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STATISTICAL SECTION

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INTRODUCTORY SECTION

December 15, 2022

Members of the Board
Central Coast Water Authority

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022. The Annual Comprehensive Financial Report ("ACFR") of the Central Coast Water Authority for the fiscal year ("FY") ended June 30, 2022 is submitted as prepared by the Authority's Finance and Administration Departments. The report is published to provide to our project participants, the Authority Board, and the investment community detailed information about the financial condition and operating results of the Authority as measured by the financial activity of the Authority.

Responsibility for both the accuracy of the financial report and the completeness and fairness of the presentation rests with the Authority. To the best of our knowledge, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities.

The Authority requires that its financial statements be audited by a Certified Public Accountant selected by the Authority's Board of Directors, and Glenn Burdette, Certified Public Accountants, have issued an unmodified ("clean") opinion on Central Coast Water Authority's financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE AUTHORITY

The Central Coast Water Authority ("CCWA" or "Authority") is a public entity organized under a Joint Exercise of Powers Agreement dated August 1, 1991 and operates as a Joint Powers Authority ("JPA"). CCWA is a wholesale water provider to 13 water purveyors and private companies in Santa Barbara County, and another 11 water purchasers in San Luis Obispo County.

255 Industrial Way
Buellton, CA 93427-9565
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FAX: (805) 686-4700

CCWA is presently composed of eight members, all of which are public agencies within Santa Barbara County: the Cities of Buellton, Guadalupe, Santa Barbara and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and Santa Ynez River Water Conservation District, Improvement District No. 1 (in which the City of Solvang is located). Each member agency is represented on the CCWA Board of Directors by one individual and an alternate. In addition, CCWA has one associate member, the La Cumbre Mutual Water Company and three non-member, private water users, Raytheon Systems Company, Morehart Land Company, and Golden State Water Company. Water service is also provided to Vandenberg Space Force Base through a Utility Agreement.

The member agencies are represented on the CCWA Board of Directors by an individual chosen by each public entity's Board or City Council. Each vote on the Authority's Board of Directors is weighted roughly in proportion to the entity's allocation of State water entitlement.

The Authority also provides supplemental water to certain entities within San Luis Obispo County: California Men's Colony, County of San Luis Obispo, Cuesta College, City of Morro Bay, Avila Beach Community Services District, Avila Valley Mutual Water Company, Oceano Community Services District, City of Pismo Beach, San Luis Coastal Unified School District and San Miguelito Mutual Water Company.

Facilities

The Authority's facilities include a water treatment plant located at Polonio Pass in northeastern San Luis Obispo County and a distribution system that delivers water from the State Water Project to project participants in Santa Barbara and San Luis Obispo Counties. The distribution system consists of an approximate 130 mile long pipeline, treated water tanks at the water treatment plant, three interim storage facilities, one energy dissipation facility, ten turnouts, four isolation valve facilities, a chloramines removal and water pumping facility and Cachuma Lake inlet monitoring facility.

Central Coast Water Authority is innovative and forward thinking in its methods to provide high-quality water, through an efficient and reliable system that is capable of delivering supplemental water from other water sources in addition to allocations through the State Water Project for our project participants. During the recent and ongoing drought in California, this delivery system was instrumental in allowing our project participants to maintain adequate water resources for their communities by providing a link to the statewide water supply system.

The Authority receives its water through the State Water Project, which is a network of canals, pipelines, tunnels and reservoirs. The State Water Project is managed by the California Department of Water Resources ("DWR"), a State agency which protects, conserves, develops, and manages much of California's water supply including the State Water Project which provides water for more than 27 million residents and businesses, and irrigates about 750,000 acres of farmland. Through the Santa Barbara County Flood Control and Water Conservation District ("SBCFC&WCD"), the Authority holds a contract with DWR to purchase up to 45,486 acre-feet of water per year. The costs for this water are charged to the Authority's Santa Barbara County project participants. San Luis Obispo County pays DWR directly for its DWR costs.

LOCAL ECONOMY

Santa Barbara County is dominated by three principal economic activities: tourism, Vandenberg Space Force Base, and education, and is characterized by three geographically diverse regions. The Santa Barbara Project Participants are located in all three different geographic areas of Santa Barbara County:

North County (City of Santa Maria, City of Guadalupe, Golden State Water Company and Vandenberg Space Force Base); the Santa Ynez Valley (City of Buellton and Santa Ynez River Water Conservation District, Improvement District No. 1, which includes within its boundaries the City of Solvang); and the South Coast (City of Santa Barbara, Goleta Water District, Montecito Water District, Carpinteria Valley Water District, La Cumbre Mutual Water Company, Raytheon Systems Company and Morehart Land Company).

Historically the North County has been an agricultural area, but it has experienced significant urban development in the last twenty-six years and expects additional urban development in the future; the Santa Ynez Valley is a rural agricultural area and tourist destination; and the South Coast is a generally developed urban area which does not expect significant growth in the future. The general location of certain of the Santa Barbara Project Participants and of the major components of the Authority Project in Santa Barbara County is shown on the map under the caption "Project Map" in the end of the Introductory Section of the Annual Comprehensive Financial Report.

LONG-TERM FINANCIAL PLANNING

To assist our project participants, the Authority prepares a Ten-Year Financial plan to provide pro forma projections of the Authority's expenditures and includes projections for both the Authority and the Department of Water Resources portions of the budget. The Department of Water Resources provides projections for each of these years for both the fixed and variable costs, and the Authority expenses are generally projected with a 3% inflation factor to all operating expenses.

The Ten-Year Financial Plan is prepared only as an informational tool and is used by the member agencies and other project participants for their planning and long-term budgeting purposes.

RELEVANT FINANCIAL POLICIES AND CONTROLS

The Authority has adopted a comprehensive set of financial policies governing Reserves, Purchasing, Budget, Investments, Debt Management, and Capital Improvements. Following is a brief discussion on the policies that were relevant this year:

Capital Improvement Projects and Carryover

The Capital Improvements Projects ("CIP") is a component of the non-operating expenses section of the budget. Certain capital expenditures included in the Fiscal year 2021/22 budget were not expended due to timing and scheduling.

When appropriate, capital improvements will be paid through current revenue sources rather than financing capital projects over a period of time. In September 2021 the Board approved $761,416 in carryover funds to Fiscal Year 2021/22 to be used for capital projects not completed in Fiscal Year 2020/21. Also approved by the Board was $1,306,545 of carryover funds for capital projects funded for Fiscal Year 2021/22 and carried over into Fiscal Year 2022/23 for completion.

Investment Policy

The Authority will operate its idle cash investments in compliance with Government Code Section 16045-16054 Uniform Prudent Investor Act which states: "…in investing...property for the benefit of another, a trustee shall exercise judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs....".

As such, the Board has adopted an Investment Policy governing cash investments.

Section XV of the CCWA Investment Policy states the "…investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends." The Authority reviews the Investment Policy and relevant Government Code Sections annually to ensure the policy is up to date and in compliance with the Government Code. There were found to be no significant changes in Government Code Section 53630-53686 during Fiscal Years' 2020/21 and 2021/22 which required modification of the policy.

Debt Management Policy

Central Coast Water Authority is authorized to incur indebtedness to finance Authority facilities and to assign and pledge to the repayment by its participants. The Debt Management Policy adopted by the Board in 2017 establishes parameters for issuing debt, covers general provisions for periodic review, conditions for debt issuance, standards for use of debt financing, financing criteria, refinancing outstanding debt, outstanding debt limitations, security for debt, a covenant for bond coverage, method of issuance, debt administration and reporting requirements.

Accounting System

In developing and maintaining the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding: a) the safeguarding of assets against losses from unauthorized use or disposition, and b) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control procedure should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. Management believes that the Authority's controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

MAJOR INITIATIVES FOR THE FISCAL YEAR

The activities of the Board and staff at the Authority are driven by our mission statement: To provide San Luis Obispo and Santa Barbara Counties with reliable, high quality supplemental water.

Response to Unprecedented Drought Conditions

In the next year, CCWA will continue its extensive work to identify additional sources of water to offset the extremely dry conditions in this historic drought. We will implement the 2023 Supplemental Water Purchase Program to find additional water supplies for those CCWA Project Participants that require additional water supplies to meet their demand in 2023. Additionally, we will seek other opportunities to potentially enter into multi-year or long-term contracts to ensure CCWA and its participants have sufficient supplies to meet their demand into the future.

Water Storage Opportunities

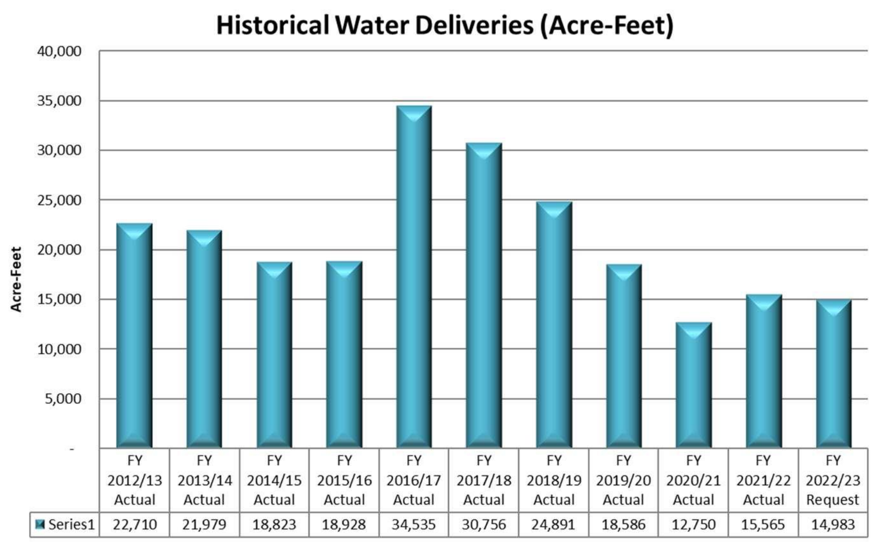
The CCWA Board of Directors has approved retaining the services of consultants to assist in identifying various ways in which CCWA can store water in wet years when the demand is low and to draw upon those supplies when demand is high. We have begun exploring water banking opportunities and will further those efforts into the next fiscal year.

Water Quality Concerns

Due to the unprecedented low delivery allocations from the State of California because of the historic drought conditions, coupled with other issues increasing the water age in the CCWA system, CCWA has had to implement significant infrastructure changes and operational enhancements to maintain water potability. It is hoped that through the combination of these efforts, CCWA will be able to continue to maintain high quality water in 2023, but anticipate that unless allocations increase from the State of California and the drought conditions ease, the challenges will continue to be significant.

Water Deliveries

Total deliveries during FY 2021/22 by CCWA to the Santa Barbara and San Luis Obispo County project participants were 15,565 acre-feet compared to the actual FY 2020/21 deliveries of 12,750 acre-feet. The graph below shows water deliveries for the last ten fiscal years and the requested water deliveries for FY 2022/23.



THE FUTURE

Water Delivery Projections

For calendar years 2022 and 2023, Santa Barbara and San Luis Obispo County project participants have requested State water deliveries of 11,634 acre-feet and 9,001 acre-feet respectively.

Drought

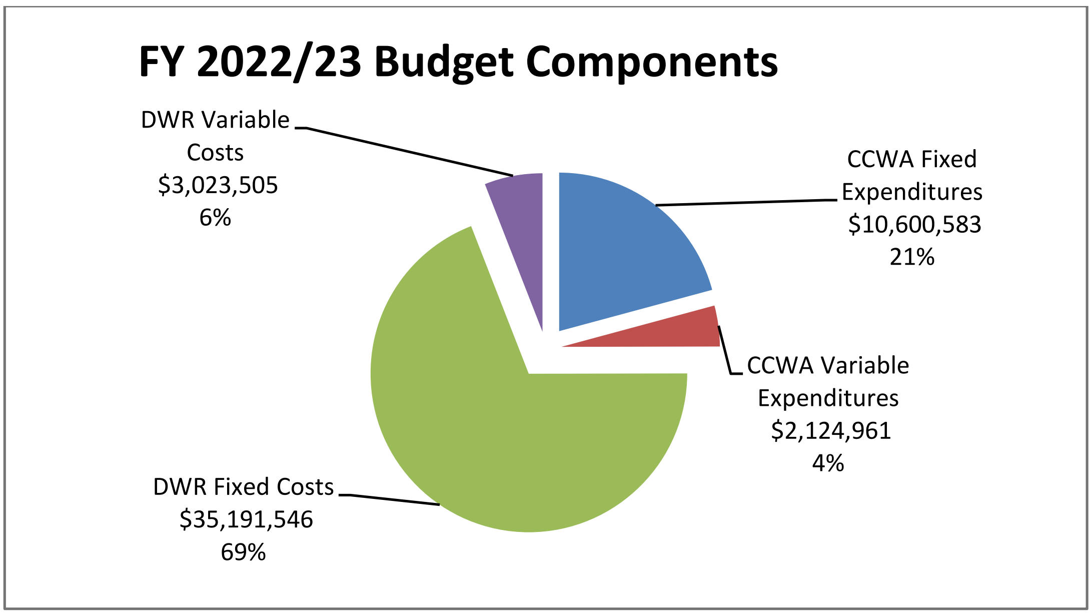
Similar to the prior three calendar years, the initial allocation of water available for calendar year 2023 is five percent. While this allocation percentage may change in 2023 if the precipitation improves, the unprecedented drought means that meeting the water supply needs of CCWA's project participants will be even more difficult, especially in light of the fact that other State Water Project Contractors are increasingly unlikely to be able to sell excess supplies to CCWA.

Department of Water Resources ("DWR") Activities and Related Costs

During FY 2022/23, CCWA staff will continue to work through the State Water Contractor ("SWC") board and committees that interact with the DWR which impact CCWA and the California water agencies as a whole. There are many significant issues on which DWR and the SWC are working which have water supply, operational, and fiscal impacts on CCWA. Some of these activities could potentially have a significant fiscal impact to CCWA in the current and future years. Therefore, staff will place a high priority on working through the various available venues to minimize the fiscal impacts to CCWA and ensure that we continue to meet our goal of providing reliable, high quality supplemental water.

Fiscal Year 2022/23 Budget Summary

The FY 2022/23 budget calls for total project participant payments of $49.5 million compared to the FY 2021/22 budget of $69.5 million, a $20.1 million decrease. These amounts include $1.5 million in CCWA credits for FY 2022/23. The following graph shows the breakout of the various cost components in the CCWA FY 2022/23 budget:



AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Central Coast Water Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the twenty-fourth year the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Authority had to publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one fiscal year. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting to the GFOA to determine its eligibility for another certificate.

The authority also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated April 28, 2022. This was the twenty-sixth consecutive year the Authority has achieved this prestigious award. To qualify for the Distinguished Budget Presentation Award, the Authority's budget document had to be judged proficient as a policy document, financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department. We wish to thank each member of both departments for their assistance in providing the data necessary to prepare this report. Credit is also due to Senior Management and the Board of Directors for leadership and support in maintaining the highest standards of professionalism in the management of Central Coast Water Authority's finances.

I am pleased to present this report to the Board for formal adoption.

Respectfully submitted,

Ray A Stokes

Ray A. Stokes
Executive Director

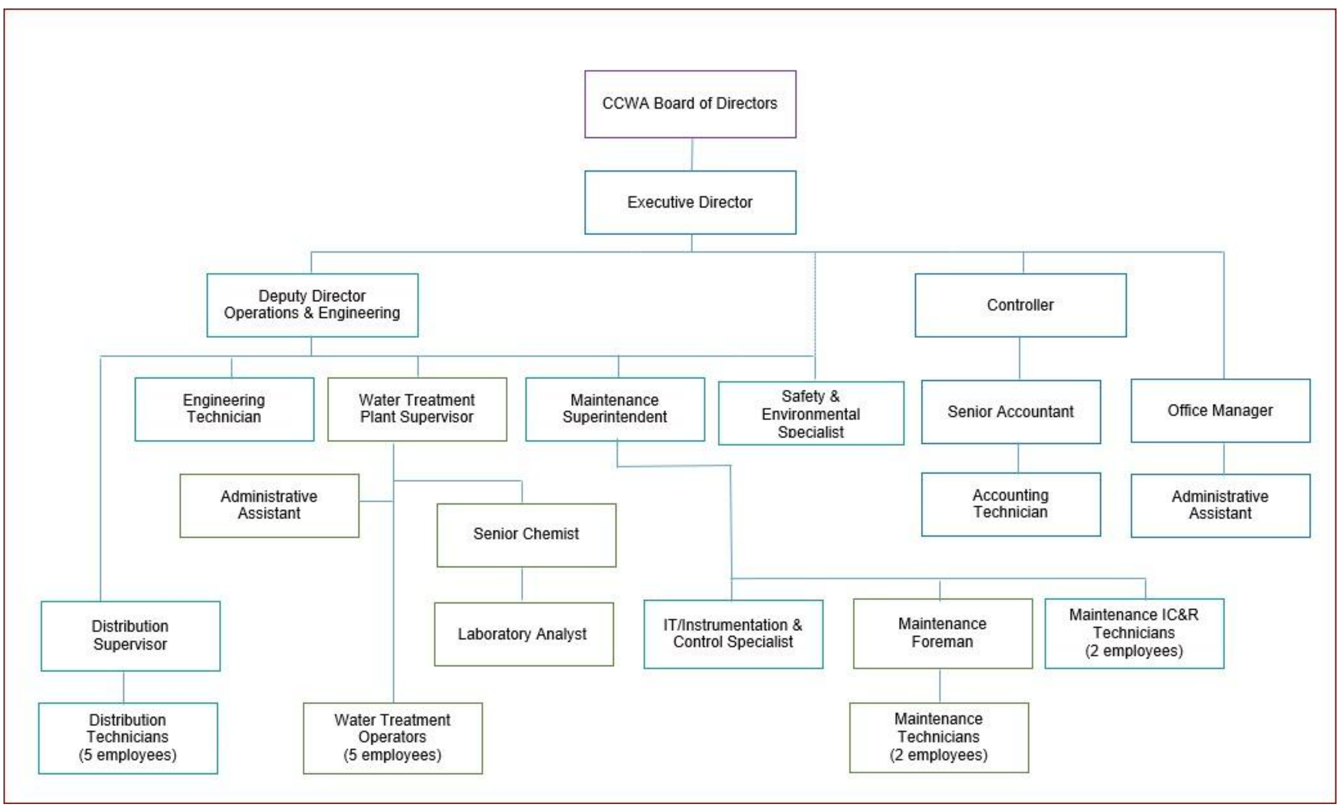
June 30, 2022

Central Coast Water Authority
Board of Directors

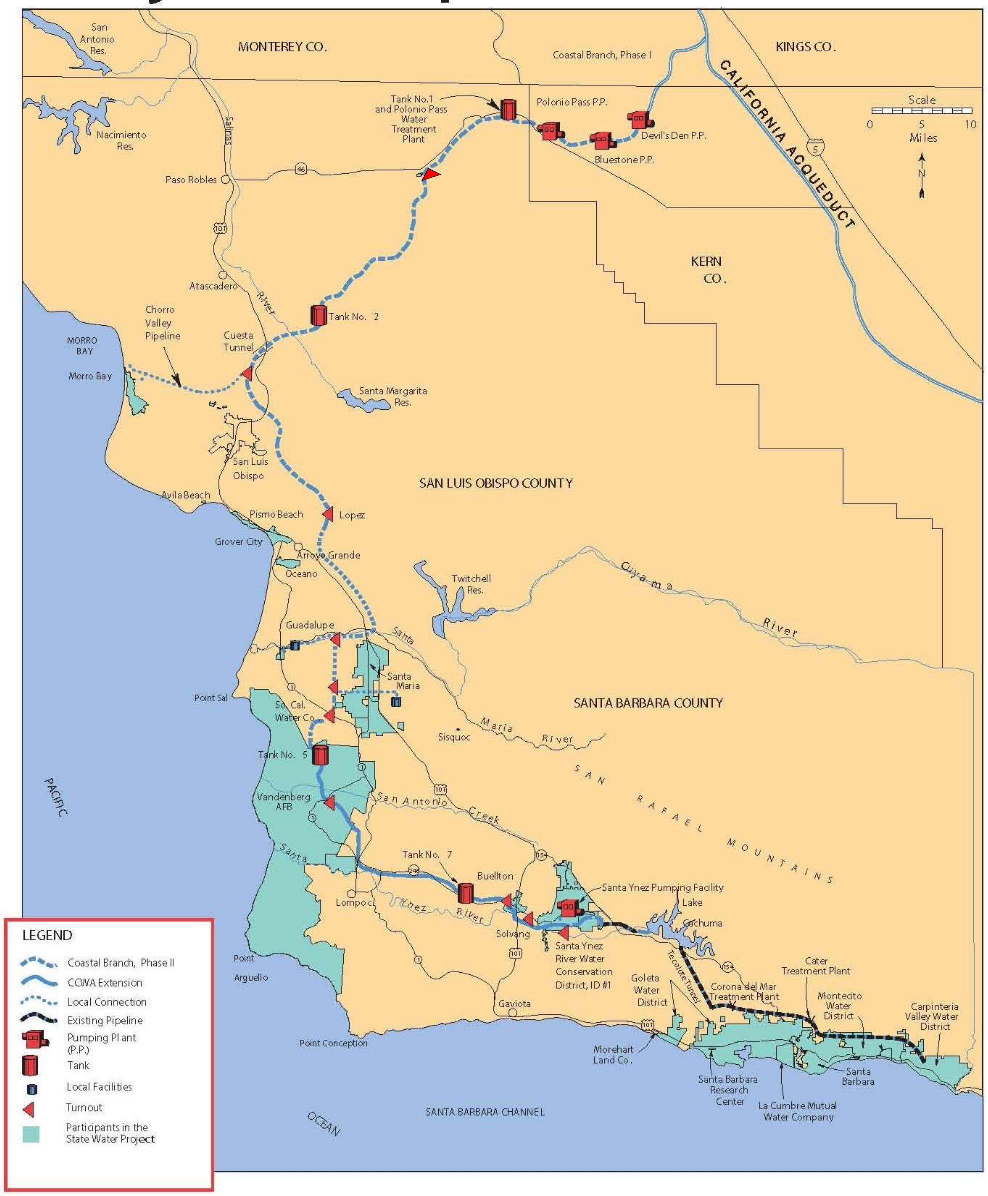
Eric Friedman, Chairman	City of Santa Barbara
Ed Andrisek	City of Buellton
Etta Waterfield	City of Santa Maria
Ken Coates	Montecito Water District
Jeff Clay	Santa Ynez River Water Conservation District, Improvement District #1
Farfalla Borah	Goleta Water District
Ariston Julian	City of Guadalupe
Shirley Johnson	Carpinteria Valley Water District

Authority Staff

Ray Stokes	Executive Director
John Brady	Deputy Director Operations /Engineering



Project Map



MONTEREY CO.
KINGS CO.
Coastal Branch, Phase I
CALIFORNIA ACQUEDUCT
San Antonio Res.
Nacimiento Res.
Tank No.1 and Polonio Pass Water Treatment Plant
Polonio Pass P.P.
Devil's Den P.P.
Bluestone P.P.
Scale
0 5 10
Miles
N
Paso Robles
KERN CO.
Atascadero
Chorro Valley Pipeline
Tank No. 2
Cuesta Tunnel
MORRO BAY
Morro Bay
Santa Margarita Res.
San Luis Obispo
SAN LUIS OBISPO COUNTY
Avila Beach
Pismo Beach
Lopez
Grover City
Arroyo Grande
Oceano
Twitchell Res.
Cuyama River
Guadalupe
Santa Maria
Point Sal
So. Cal. Water Co.
SANTA BARBARA COUNTY
Sisquoc
Maria River
Tank No. 5
SAN RAFAEL MOUNTAINS
PACIFIC
Vandenberg AFB
San Antonio Creek
Tank No. 7
Buellton
Santa Ynez Pumping Facility
Lake Cachuma
Lompoc
Santa Ynez River
Solvang
Santa Ynez River Water Conservation District, ID #1
Point Arguello
Goleta Water District
Corona del Mar Treatment Plant
Cater Treatment Plant
Montecito Water District
Carpinteria Valley Water District
Tecolote Tunnel
Gaviota
Point Conception
Morehart Land Co.
Santa Barbara Research Center
Santa Barbara
La Cumbre Mutual Water Company
SANTA BARBARA CHANNEL
OCEAN
LEGEND
Coastal Branch, Phase II
CCWA Extension
Local Connection
Existing Pipeline
Pumping Plant (P.P.)
Tank
Local Facilities
Turnout
Participants in the State Water Project

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Central Coast Water Authority
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

GLENN BURDETTE
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors and Members of the
Central Coast Water Authority
Buellton, California

Opinion

We have audited the accompanying financial statements of the business-type activities of Central Coast Water Authority (the Authority), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 net position of Central Coast Water Authority, as of June 30, 2022 and 2021, and the changes in its net position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Authority 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

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 Authority'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.

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SANTA MARIA
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Santa Maria, CA 93454
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f 805 922 4286

Auditor's Responsibility 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 opinion. 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 generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted 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 the Authority'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 Authority'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.

Board of Directors and Members of the
Central Coast Water Authority
Page 3

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion 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 out 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.

Glenn Burdette Attest Corporation

Glenn Burdette Attest Corporation
San Luis Obispo, California

December 15, 2022

Fiscal Year Ended June 30, 2022

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2022. This information should be read in conjunction with the financial statements and the additional information that we have included in our letter of transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

All proprietary fund-types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

Summary of Organization and Business

The Central Coast Water Authority is a public entity duly organized and existing under a Joint Exercise of Powers Agreement – Central Coast Water Authority, dated as of August 1, 1991, by and among nine public agencies in Santa Barbara County, two of which have subsequently merged. The members entered into the Agreement to exercise their common power to acquire, construct, operate and maintain works and facilities for the development and use of water resources and water rights including without limitation, works and facilities to divert, store, pump, treat and deliver water for beneficial uses. In particular, the members expressed their desire to create the Authority to finance, develop, operate, and maintain the Authority facilities for their mutual benefit and to act on behalf of the members with respect to the Department of Water Resources ("DWR") facilities. The Authority currently has a staff of twenty-eight full-time employees and two part-time employees.

The Authority is presently composed of eight members, all of which are public agencies: the Cities of Buellton, Guadalupe, Santa Barbara and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and Santa Ynez River Water Conservation District, Improvement District No. 1 (in which the City of Solvang is located). (A founding member of the Authority, the Summerland Water District, merged into the Montecito Water

District.) In addition, the Authority has an Associate Member, La Cumbre Mutual Water Company. Each member appoints a representative to the Authority's Board of Directors. San Luis Obispo County Flood Control and Water Conservation District ("SLOCFCWCD" and/or San Luis Obispo Water Purchasers) has expressed an interest in joining the Authority. However, any decision to do so must be approved by the unanimous vote of the present members.

The member agencies are represented on the CCWA Board of Directors by an individual chosen by each public entity's Board or City Council. Each vote on the Authority Board of Directors is weighted roughly in proportion to the entity's allocation of State water entitlement.

The following table shows the voting percentage for each member of the CCWA Board of Directors.

City of Guadalupe	1.15%
City of Santa Maria	43.19%
City of Buellton	2.21%
Santa Ynez R.W.C.D., Improvement District #1	7.64%
Goleta Water District	17.20%
City of Santa Barbara	11.47%
Montecito Water District	9.50%
Carpinteria Valley Water District	7.64%
TOTAL	100.00%

CCWA Committees

There are currently three Central Coast Water Authority committees. They are the Finance, Operating, and Personnel Committees.

The Operating Committee is composed of the general managers, city administrators or water supply managers from each of the various water districts and cities served by the Authority. The Operating Committee typically meets quarterly to act on matters such as construction, operations, and financial issues and recommends actions to the Authority Board of Directors.

The Finance and Personnel Committees are composed of CCWA Board members appointed by the CCWA Board Chairman. The Committees review and recommend actions to the Authority Board of Directors with regard to finance and personnel related matters.

Santa Barbara County Project Participants

Each Santa Barbara County project participant is a water purveyor or user located in Santa Barbara County which obtained contractual rights to receive water from the State Water Project prior to 1991. Those rights have been assigned to the Authority pursuant to the terms of the Water Supply Agreements.

San Luis Obispo County Water Purchasers

Each San Luis Obispo County water purchaser is a water purveyor or user located in San Luis Obispo County which obtained contractual rights from SLOCFCWCD to receive water from the State Water Project.

FINANCIAL HIGHLIGHTS

The following table shows a condensed version of the Authority's balance sheet with corresponding analysis regarding significant variances.

Condensed Balance Sheet

	June 30, 2022	June 30, 2021	June 30, 2020	2021-22 Change	2020-21 Change
Current Assets	$ 75,063,806	$ 78,027,347	$ 60,852,086	$ (2,963,541)	$ 17,175,261
Non-Current Restricted Assets	6,467,524	14,790,638	12,999,504	(8,323,114)	1,791,134
Capital Assets	88,327,445	90,153,116	91,599,700	(1,825,671)	(1,446,584)
Other Assets	-	2,117	1,282,591	(2,117)	(1,280,474)
Total Assets	$ 169,858,775	$ 182,973,218	$ 166,733,881	$ (13,114,443)	$ 16,239,337
Revenue Bond Deferred Amount	$ -	$ 35,027	$ 208,496	$ (35,027)	$ (173,469)
Pension Plan Deferred Amount	1,063,319	1,132,520	1,169,839	(69,201)	(37,319)
OPEB Plan Deferred Amount	713,055	36,785	170,603	676,270	(133,818)
Total Deferred Outflows of Resources	$ 1,776,374	$ 1,204,332	$ 1,548,938	$ 572,042	$ (344,606)
Total Assets and Deferred Outflows of Resources	$ 171,635,149	$ 184,177,550	$ 168,282,819	$ (12,542,401)	$ 15,894,731
Current Liabilities	$ 62,940,024	$ 85,157,786	$ 67,872,595	$ (22,217,762)	$ 17,285,191
Non-current Liabilities	18,828,648	18,851,671	27,311,501	(23,023)	(8,459,830)
Total Liabilities	81,768,672	104,009,457	95,184,096	(22,240,785)	8,825,361
Revenue Bond Deferred Amount	$ -	$ 18,215	$ 108,424	$ (18,215)	$ (90,209)
Pension Plan Deferred Amount	1,452,602	69,695	164,951	1,382,907	(95,256)
OPEB Deferred Amount	217,291	165,725	174,140	51,566	(8,415)
Total Deferred Inflows of Resources	1,669,893	253,635	447,515	1,416,258	(193,880)
Net investment in capital assets	$ 88,327,445	$ 80,060,233	$ 73,172,291	$ 8,267,212	$ 6,887,942
Restricted	-	10,378,495	10,423,636	(10,378,495)	(45,141)
Unrestricted	(130,861)	(10,524,271)	(10,944,719)	10,393,410	420,448
Total Net Position	88,196,584	79,914,457	72,651,208	8,282,127	7,263,249
Total Liabilities and Net Position	$ 171,635,149	$ 184,177,550	$ 168,282,819	$ (12,542,400)	$ 15,894,730

BALANCE SHEET ANALYSIS

June 30, 2022 Comparison to June 30, 2021

- Total assets as of June 30, 2022 are $170 million, or $13.1 million less than the amount on June 30, 2021. This is due to a $10.4 million decrease in cash and investments held for debt service payments and a $3.7 million decrease in cash and investments held for payment to DWR.
- Capital and other assets are $1.8 million lower than the prior year amount due to depreciation of the Authority's capital assets.
- Current liabilities are $22.2 million less than the prior year. This is largely due to a $10 million decrease in debt due within 1 year related to the annual Bond principal payment, $10.2 million decrease in project participant deposits and unearned revenue and $3.7 million decrease in deposits held for payment to DWR . This is partially offset by a $1.9 million increase in deposits for supplemental water purchases related to the reacquisition of Suspended Table A water (see Note 1 for more information on Suspended Table A water).

June 30, 2021 Comparison to June 30, 2020

- Total assets as of June 30, 2021 are $183 million, or $16.2 million more than the amount on June 30, 2020. This is due to a $15.5 million increase in cash and investments held for payment to DWR. The Board allowed participants to pay the DWR portion of their annual fixed assessment in two installments due to COVID-19 pandemic-related revenue decreases experienced by some of the participants in FY 19/20.
- Capital and other assets are $2.7 million lower than the prior year amount due to depreciation of the Authority's capital assets and decrease in long-term account receivable and amortization of the CCWA 2016A revenue bond issuance costs.
- Current liabilities are $17.3 million more than the prior year. This is largely due to a $15.4 million increase in deposits for payment to DWR. This is partially offset by a decrease of $0.5 million in Project Participant Deposits and unearned revenue, a $1.67 million increase in deposits for supplemental water purchases related to the reacquisition of Suspended Table A water (see Note 1 for more information on Suspended Table A water), and a $0.5 million increase in debt due within one year related to the annual Bond principal payment.
- Non-current liabilities are $8.5 million lower due to the revenue bond principal payment during the year.

The following table shows a condensed version of the Authority's Statement of Revenues, Expenses and Changes in Net Position with corresponding analysis regarding significant variances.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2022	June 30, 2021	June 30, 2020	2021-22 Change	2020-21 Change
Operating Revenues	$ 20,205,148	$ 20,030,436	$ 18,868,291	$ 174,712	$ 1,162,145
Operating Expenses excluding depreciation and amortization	(9,345,554)	(9,941,535)	(8,995,179)	595,981	(946,356)
Depreciation and Amortization	(2,451,231)	(2,123,816)	(1,659,217)	(327,415)	(464,599)
Operating Income	8,408,363	7,965,085	8,213,895	443,278	(248,810)
Non-operating Revenues	206,054	278,253	1,141,562	(72,199)	(863,309)
Non-operating Expenses	(332,290)	(980,089)	(2,241,562)	647,799	1,261,473
Change in Net Postion	8,282,127	7,263,249	7,113,895	1,018,878	149,354
Net position at beginning of year	79,914,457	72,651,208	65,537,313	7,263,249	7,113,895
Net position at end of year	$ 88,196,585	$ 79,914,457	$ 72,651,208	$ 8,282,127	$ 7,263,249

June 30, 2022 Comparison to June 30, 2021

Operating revenues for the period ending June 30, 2022 are about $0.2 million higher than the prior year amount, primarily due to increased operating costs related to increases in professional services and utilities.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments, or as deposits to the DWR Reserve Fund (See Note 1, item M for further information on the DWR Reserve Fund). For FY 2021/22, this credit totaled $0.8 million for the fixed component of the O&M assessments, as compared to the FY 2020/21 credit of $1.2 million. Credits for the variable assessment component were applied throughout the fiscal year with each quarterly variable assessment when applicable.

Operating expenses, excluding depreciation and amortization expense are about $0.6 million lower than the prior year amount due to:

1. Increase in utilities of $0.4 million for higher electrical and chemical costs.
2. Increase in professional service expenses of $0.3 million for increased legal/litigation costs.
3. Increase in supplies and equipment of $ 0.25 million
4. Decrease in personnel expenses of $ 1 million, decrease in unexpended operating reimbursements of $0.4 and decrease in other expenses of 0.2 million

Non-operating revenues are lower by about $0.07 million due to the decrease of interest income from lower interest rates.

Non-operating expenses are $0.65 million lower due to reduced interest expense of the Series 2016A bond.

June 30, 2021 Comparison to June 30, 2020

Operating revenues for the period ending June 30, 2021 are about $1.2 million higher than the prior year amount, primarily due to increased operating costs related to unexpended operating reimbursements and increases in professional services.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments, or as deposits to the DWR Reserve Fund (See Note 1, item M for further information on the DWR Reserve Fund). For FY 2020/21, this credit totaled $1.2 million for the fixed component of the O&M assessments, as compared to the FY 2019/20 credit of $0.35 million. Credits for the variable assessment component were applied throughout the fiscal year with each quarterly variable assessment when applicable.

Operating expenses, excluding depreciation and amortization expense are about $0.94 million higher than the prior year amount due to:

1. Increase in unexpended operating reimbursements of $0.8 million due to an increase in the budget surplus for FY 2020/21 which is payable back to the Authority's project participants.
2. Increase in utilities and monitoring expenses of $0.1 million for higher electrical costs associated with an increase in kilowatt hour charges.
3. Increase in professional service expenses of $0.37 million for increased legal/litigation costs.

Non-operating revenues are lower by about $0.9 million due to the decrease of interest income from lower interest rates.

Non-operating expenses are $1.3 million lower due to reduced interest expense of the Series 2016A bond.

Capital Assets

The following table provides a summary of the Authority's capital assets and changes from the prior year.

	June 30, 2022	June 30, 2021	June 30, 2020	2021-22 Change	2020-21 Change
Land	$ 3,178,700	$ 3,178,700	$ 3,178,700	$ -	$ -
Furniture fixtures and equipment	871,224	862,125	862,125	9,099	-
Lab, transportation, plant and pipeline equipment	31,020,946	30,884,450	30,385,484	136,496	498,966
Buildings and structures	48,985,248	48,946,358	48,946,358	38,890	-
Underground pipeline	59,925,077	59,925,077	59,925,077	-	-
Land improvement	62,266	62,266	62,266	-	-
Construction in progress	1,034,593	515,648	245,991	518,945	269,657
Total property, plant and equipment	145,078,054	144,374,624	143,606,001	703,430	768,623
Accumulated depreciation	(56,750,609)	(54,221,508)	(52,006,301)	(2,529,101)	(2,215,207)
Net property, plant and equipment	$ 88,327,445	$ 90,153,116	$ 91,599,700	$ (1,825,671)	$ (1,446,584)

Please refer to Note 3 on Capital Assets in the Notes to the Financial Statements for additional information regarding the Authority's capital assets.

Debt Administration

On September 28, 2006, the Authority issued Series 2006A refunding revenue bonds in the amount of $123,190,000, which refunded the outstanding $142,985,000 Series 1996A revenue bonds. The 2006A revenue bonds were issued at a true interest cost of 4.24% for the purpose of reducing the Authority's total debt service payments over the next 15 years by $4.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $3.4 million. At June 30, 2016, the Authority had $59,645,000 of outstanding 2006A revenue bonds.

The Authority's 2006 revenue bond indenture and the Water Supply Agreements require that certain CCWA project participants and contractors maintain a ratio of net revenues to contract payments of at least 1.25. Additionally, the Authority has complied with the Securities and Exchange Commission Rule 15c12, which requires all local governments that bring municipal debt to market after July 3, 1995 to provide specified financial and operating information on an annual basis which mirrors the information provided in the 2006 revenue bond official statement.

On June 28, 2016 the Authority issued Series 2016A refunding revenue bonds in the amount of $45,470,000, which refunded the outstanding $59,645,000 Series 2006A revenue bonds on October 1, 2016. The 2016A refunding revenue bonds were issued for the purpose of reducing the Authority's total debt service payments over the next 5 years by $5.6 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $5.4 million. The Authority also realized the benefits of lower interest rates, which were issued at a true interest cost of 1.355% compared to the 4.24% true interest costs of the 2006A bonds. The bond refunding transaction was completed at the close of escrow on July 21, 2016.

At June 30, 2022, the Authority had no outstanding 2016A revenue bonds.

Please refer to Note 5 in the Notes to the Financial Statements for additional information regarding the Authority's long-term debt.

STATEMENT OF NET POSITION

ASSETS	June 30, 2022	June 30, 2021
Current Assets		
Unrestricted Current Assets		
Cash and investments (Note 2)	$ 29,713,296	$ 28,973,826
Interest receivable	35,168	14,074
Prepaid Expenses	90,517	176,524
Inventory	154,688	103,922
Total Unrestricted Current Assets	29,993,669	29,268,346
Restricted Current Assets		
Cash and investments held for payment to DWR	45,070,137	48,759,001
Total Current Assets	75,063,806	78,027,347
Non-Current Assets		
Restricted Assets		
Cash and investments for debt service payments	-	10,378,495
Cash and investments for DWR Reserve (Note 1)	5,912,421	3,875,650
Cash and investments for Escrow Deposits	514,284	515,760
Interest receivable	40,819	20,733
Total Restricted Non-Current Assets	6,467,524	14,790,638
Capital Assets (Note 3)		
Capital assets, net of accumulated depreciation	85,148,745	86,974,416
Land, not depreciated	3,178,700	3,178,700
Total Capital Assets	88,327,445	90,153,116
Unamortized bond insurance costs, net	-	2,068
Long-term accounts receivable	-	49
Total Non-Current Assets	94,794,969	104,945,871
Total Assets	169,858,775	182,973,218
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	-	35,027
Deferred amount from pension plan (Note 6)	1,063,319	1,132,520
Deferred amount from OPEB (Note 7)	713,055	36,785
Total Deferred Outflows of Resources	1,776,374	1,204,332

The notes to the financial statements are an integral part of these statements.

Continued

LIABILITIES AND NET POSITION	June 30, 2022	June 30, 2021
Current Liabilities		
Accounts payable	$ 578,083	$ 620,500
Deposits for payment to DWR	45,111,262	48,777,017
Accrued interest payable	-	126,189
Deposits for supplemental water purchases	3,839,796	1,920,352
Other liabilities	171,782	148,491
Compensated absences payable	255,668	254,571
Debt due within one year	-	10,095,000
Project participant deposits and unearned revenue	12,983,433	23,215,666
Total Current Liabilities	62,940,024	85,157,786
Non-Current Liabilities		
Bonds payable, net (Note 5)	-	99,443
OPEB liability (Note 7)	1,302,894	833,401
Rate coverage reserve fund (Note 1)	9,495,379	9,495,379
DWR reserve fund (Note 1)	5,912,421	3,875,650
Escrow Deposits	513,000	513,000
Net pension liability (Note 6)	1,604,954	4,034,798
Total Non-Current Liabilities	18,828,648	18,851,671
Total Liabilities	81,768,672	104,009,457
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on refunding	-	18,215
Deferred amount from pension plan (Note 6)	1,452,602	69,695
Deferred amount from OPEB (Note 7)	217,291	165,725
Total Deferred Inflows of Resources	1,669,893	253,635
Net Position		
Net investment in capital assets	88,327,445	80,060,233
Restricted - future payment of debt service	-	10,378,495
Unrestricted	(130,861)	(10,524,271)
Total Net Position	$ 88,196,584	$ 79,914,457

The notes to the financial statements are an integral part of these statements.

Statement of Revenues, Expenses and Change in Net Position

	For the fiscal year ended June 30, 2022	June 30, 2021
Operating Revenues		
Operating reimbursements from project participants	$ 20,032,136	$ 19,799,243
Other revenues	173,012	231,193
Total Operating Revenues	20,205,148	20,030,436
Operating Expenses		
Personnel expenses	4,306,535	5,344,296
Office expenses	17,973	17,763
General and administrative	186,865	158,273
Professional services	1,154,068	886,754
Supplies and equipment	970,342	715,686
Monitoring expenses	97,097	106,373
Repairs and maintenance	296,986	230,310
Utilities	892,269	471,610
Unexpended operating reimbursements (Note 1)	718,282	1,123,428
Depreciation and amortization	2,451,231	2,123,816
Other expenses	705,139	887,043
Total Operating Expenses	11,796,786	12,065,352
Operating Income	8,408,363	7,965,084
Non-Operating Revenues		
Interest income	206,054	278,253
Total Non-Operating Revenues	206,054	278,253
Non-Operating Expenses		
Interest expenses	126,186	624,938
Interest income paid to project participants	206,054	278,253
Loss on disposal of assets	49	76,899
Total Non-Operating Expenses	332,290	980,090
Increase in net position	8,282,127	7,263,249
Refund of capital contributions	-	-
Change in Net Position	8,282,127	7,263,249
Net position, at beginning of year	79,914,457	72,651,208
Net position, at end of year	$ 88,196,584	$ 79,914,457

The notes to the financial statements are an integral part of these statements.

Statement of Cash Flows

	For the fiscal year ended June 30, 2022	June 30, 2021
Cash Flows From Operating Activities		
Cash received from project participants and other operating activities	$ 12,184,603	$ 21,467,625
Cash payments to employees	(3,452,794)	(3,305,399)
Cash payments to suppliers	(7,413,642)	(5,214,534)
Net cash provided by operating activities	1,318,167	12,947,692
Cash Flows from Investing Activities		
Interest and dividends on investments	164,875	374,674
Net cash provided by investing activities	164,875	374,674
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(706,175)	(1,153,116)
Interest paid on long-term debt	(252,375)	(745,125)
Principal payments on long-term debt	(10,095,000)	(9,615,000)
Net cash (used) for capital and related financing activities	(11,053,549)	(11,513,241)
Cash Flows from Non-Capital Financing Activities		
Proceeds received for DWR and Warren Act charges	42,568,454	60,373,592
Payments of DWR and Warren Act charges	(46,234,208)	(44,971,366)
Proceeds received for supplemental water purchases	3,918,765	1,950,700
Payments for supplemental water purchases	(1,975,097)	(92,625)
Net cash provided (used) by non-capital financing activities	(1,722,086)	17,260,301
Net increase (decrease) in cash and cash equivalents	(11,292,593)	19,069,426
Cash and cash equivalents, beginning of year	92,502,731	73,433,305
Unrestricted cash and investments	29,713,296	28,973,826
Restricted cash and investments other	514,284	515,760
Restricted cash and investments held for payment to DWR	45,070,137	48,759,001
Restricted cash and investments - DWR Reserve	5,912,421	3,875,650
Restricted cash and investments for debt service payments	-	10,378,495
Cash and cash equivalents, end of year	$ 81,210,138	$ 92,502,731

	June 30, 2022	June 30, 2021
Cash Flows From Operating Activities		
Operating Income (Note 11)	$ 8,408,363	$ 7,965,085
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,451,231	2,123,816
Unexpended operating reimbursements payable to project participants	(10,438,287)	(747,262)
Operating revenues paid from credits and unearned revenue (Note 11)	2,012,596	2,960,547
Increase (decrease) on other assets and liabilities	59,628	50,881
Increase (decrease) in other post-employment liability and deferred items	(155,211)	83,897
Increase (decrease) in net pension liability and deferred items	(977,736)	231,856
Increase (decrease) in accounts payable	(42,417)	278,873
Net cash provided by operating activities	$ 1,318,167	$ 12,947,692

Supplemental Disclosures of Cash Flow Information

	For the fiscal year ended June 30, 2022	June 30, 2021
Schedule of Non-Cash Capital and Related Financing Activities		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	$ 187,179	$ 883,459
The Authority disposed of certain property, plant and equipment which were determined to no longer be usable. The aggregate original purchase cost of the assets was disposed.	$ 2,694	$ 384,493
Difference between cost and fair value of investments held by the Authority at the end of the fiscal year.	$ 945,107	$ (6,478)

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Central Coast Water Authority ("Authority") conform to Generally Accepted Accounting Principles ("GAAP"). The following summary of the Authority's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The primary purpose of the Authority is to provide for the development, financing, construction, operation and maintenance of certain local (non-state owned) facilities required to deliver water from the State Water Project ("SWP") to certain water purveyors and users in Santa Barbara County.

The Authority was created by its members in August 1991. The Authority is presently composed of eight members, all of which are public agencies, as follows: the cities of Buellton, Guadalupe, Santa Barbara, and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and the Santa Ynez River Water Conservation District, Improvement District No. I (SYRWCD, ID#1, in which the City of Solvang is located). (A founding member of the Authority, the Summerland Water District, merged into the Montecito Water District.) In addition, the Authority has one associate member, the La Cumbre Mutual Water Company (together with the members, the "Purveyor Participants"). Each of the Purveyor Participants has entered into a Water Supply Agreement with the Authority, as have non-members: Vandenberg Space Force Base ("Vandenberg SFB"), Raytheon Systems Company (formerly Santa Barbara Research Center), Morehart Land Company and Golden State Water Company (the "Consumer Participants").

The Authority Participants are located in three different geographic areas of Santa Barbara County: North County (Guadalupe, Santa Maria, Golden State Water Company and Vandenberg SFB); the Santa Ynez Valley (Buellton and SYRWCD, ID#l); and the South Coast (Carpinteria, Goleta, La Cumbre Mutual Water Company, Montecito, Morehart Land Company, Santa Barbara and Raytheon Systems Company, formerly Santa Barbara Research Center).

Historically, the North County has been an agricultural area but has seen significant urban development in the last twenty-seven years and expects additional urban development in the future; the Santa Ynez Valley is a rural agricultural area and tourist destination; and the South Coast is a generally developed urban area which does not expect significant growth in the future.

In October 1992, the Central Coast Water Authority entered into an agreement with San Luis Obispo ("SLO") County to treat water delivered through the SWP. The entities covered by the agreement include: Avila Beach Community Services District, Avila Valley Mutual Water Company, California Men's Colony, City of Morro Bay, City of Pismo Beach, County of San Luis Obispo Community Services Area #16, Irrigation District #1, Cuesta College, Oceano Community Services District, San Luis Obispo County Operations Center, San Luis Coastal Unified School District and San Miguelito Mutual Water Company.

Facilities Constructed by the Authority

The facilities constructed by the Authority include a water treatment plant located at Polonio Pass in northern San Luis Obispo County and two pipeline extensions: (1) the Mission Hills Extension, a buried pipeline approximately eleven miles long running from the terminus of the Coastal Branch (Phase II) southerly to the vicinity of the Lompoc Valley, and (2) the Santa Ynez Extension, a buried pipeline approximately thirty-two miles long running from the terminus of the Mission Hills Extension easterly through the Santa Ynez Valley, to a terminus at Cachuma Lake and includes one pumping plant near Santa Ynez and one storage tank. Water transported to Lake Cachuma is transported through the existing Tecolote Tunnel, which traverses the Santa Ynez Mountains, to the South Coast of Santa Barbara County.

The water treatment plant receives raw water from the SWP and delivers treated water to purveyors and users located in San Luis Obispo and Santa Barbara Counties.

Contractual Relationships

The State of California Department of Water Resources ("DWR") entered into contracts (the "State Water Supply Contracts") with San Luis Obispo and Santa Barbara Counties in 1963 pursuant to which the counties received Table A amounts of water from the SWP. San Luis Obispo County's Table A amount was 25,000 acre-feet per year and Santa Barbara County's Table A amount was 57,700 acre-feet per year. In 1981, Santa Barbara County amended its contract to reduce its Table A amount to 45,486 acre-feet per year, thereby leaving 12,214 set aside, or "suspended" as it was determined this amount was in excess of the needs of the various Santa Barbara County water purveyors. DWR agreed to suspend this water and agreed that the County could reacquire the water at a future date.

CCWA has requested, and DWR has agreed to allow CCWA, through the County, to reacquire the 12,214 acre-feet of suspended contract allotment. CCWA is currently pursuing this option with the County of Santa Barbara.

In 1983, Santa Barbara County entered into a series of Water Supply Retention Agreements ("WSRAs") with local water purveyors and users within Santa Barbara County. These WSRAs initially granted the purveyors and users an option to obtain an assignment of Santa Barbara County's State Water Supply Contract rights and, as of July 1, 1989, actually granted the full assignment of those rights. Thereafter, certain of the local water purveyors and users holding the WSRA rights transferred those rights to the Authority, a newly formed Joint Powers Authority, in consideration for Water Supply Agreements dated August 1, 1991, which provide for the delivery of SWP water by the Authority and the payment of required costs by the transferors. The Authority's obligation to make such payments to DWR from the payments it receives pursuant to the Water Supply Agreements is senior to its obligation to make payments with respect to the Bonds. These transfers have been consented to by DWR and were validated by an agreement between Santa Barbara County and the Authority on November 12, 1991 (the "Transfer of Financial Responsibility Agreement").

The Water Supply Agreements

Each Project Participant has entered into a Water Supply Agreement to provide for the development, financing, construction, operation and maintenance of the Project. The purpose of the Water Supply Agreements is to assist in carrying out the purposes of the Authority with respect to the Project by: (1) requiring the Authority to sell, and the Project Participants to buy, a specified amount of water from the project, and (2) assigning the Project Participants' Table A amount rights in the Project to the Authority.

In accordance with the provisions of each Water Supply Agreement, the Authority fixes charges for each Project Participant to produce revenues from the Project equal to the amounts anticipated to be needed by the Authority to meet the costs of the Authority to deliver to each Project Participant its pro rata share of water from the Project as set forth in each Water Supply Agreement. Each Project Participant is required to pay to the Authority an amount equal to its share of the total Fixed Project Costs and certain other costs in the proportion established in accordance with the applicable Water Supply Agreement, including the Santa Barbara Project Participant's share of payments to DWR under the State Water Supply Contract, as amended (including capital, operation, maintenance, power and replacement costs of the DWR Facilities), debt service on the Bonds and all Authority operating and administrative costs. Such obligation is to be honored by each Project Participant whether or not water is furnished to it from the Project at all times or not at all and whether or not the Project is completed, operable, operated or retired. Such payments are not subject to any reduction and are not conditioned upon performance by the Authority or any other Project Participant under any agreement.

The Water Supply Agreements set forth detailed provisions concerning the time and method of payment by each Contractor of certain costs, including Fixed Project Costs and other operation and maintenance costs, as well as the method of allocation of such costs and expenses and the remedies available to the Authority in the event a project participant defaults in its payments to the Authority.

B. Basis of Accounting

The Authority operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheets. Where appropriate, net total position (i.e., fund equity) is segregated into net position invested in capital assets, net of related debt and unrestricted net assets. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

All proprietary fund-types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

This report has been prepared in conformance with Generally Accepted Accounting Principles ("GAAP") as promulgated by the Governmental Accounting Standards Board ("GASB").

C. Investments

The Authority has developed an investment policy that exceeds the minimum requirements established by the State of California. The Authority believes that it has adhered to established policies for all investment activities.

As of June 30, 2022, the investment portfolio has a weighted average maturity of 0 days and a yield to maturity of 0.82%

The Authority reports investments with a maturity at the time of purchase of less than one year at amortized cost. Investments with a maturity greater than one year at the time of purchase are reported at fair value. As of June 30, 2022 all investments are reported at amortized cost.

D. Capital Assets

Capital assets, consisting of property, plant and equipment purchased or constructed by the Authority which meet or exceed the Authority's capitalization threshold of $10,000 and an estimated useful life of five years or more, are stated at cost. Depreciation has been computed over the estimated useful life of each asset using the straight-line method. Interest costs have been capitalized based on the average outstanding capital expenditures. In addition, certain technical and engineering related studies associated with the Project have also been capitalized and included in the basis of the assets. The ranges of depreciation rates are:

Furniture fixtures and equipment	5-10 years
Equipment	10-50 years
Buildings and structures	30-50 years
Underground pipeline	75 years
Land Improvements	15 years

E. Inventories

Certain chemical purchases for use at the water treatment plant have been recorded to an inventory account to be expensed in proportion to the amount of water treated at the water treatment plant on a monthly basis.

F. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position and/or the balance sheet will sometimes report a separate section for deferred outflows and inflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position and/or the balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. See Note 4 for a detailed listing of the deferred outflows and inflows of resources the Authority has recognized.

G. Deposits

Deposits include cash receipts from project participants for amounts payable to the Department of Water Resources ("DWR") and Warren Act Charges payable to the U.S. Bureau of Reclamation and the Cachuma Operations and Maintenance Board ("COMB").

H. Operating Reimbursements from Project Participants

Operating reimbursements from project participants include amounts paid for Authority operating expenses and debt service payments. Debt service operating assessment receipts for both principal and interest are recorded as operating revenues.

I. Unexpended Operating Assessments

Prior to fiscal year 2015/16, it was the Authority's policy to return unexpended fixed and variable operating assessments and interest income to the project participants after the close of each fiscal year. Beginning fiscal year 2015/16 the Authority revised this policy with respect only to the variable operating assessment component. A quarterly true-up process of variable operating costs was implemented to help avoid over and under collections due to changes in water deliveries. For fiscal year 2018/19, the unexpended fixed operating assessments and the investment income earned on the Authority's unrestricted cash balances are recorded as unearned revenue and returned to the project participants as credits. Beginning fiscal year 2018/19, credits for Participants electing to participate in the newly established and voluntary DWR Reserve Fund were transferred to their DWR Reserve Fund balances. Credits for Participants not electing to participate in the DWR Reserve Fund will be applied to their following year's operating assessments. See Note 1, item M for further information on the DWR Reserve Fund.

J. Operating and Non-Operating Revenues and Expenses

Project participant assessment payments for operations and maintenance expenses, revenue bond debt service payments and miscellaneous revenues are considered operating revenues. Interest income and gains on sale of capital assets and investments are considered non-operating revenues.

Operations and maintenance expenses and depreciation and amortization expenses are considered operating expenses. Revenue bond interest expenses and other extraordinary expenses are considered non-operating expenses.

K. Long-Term Accounts Receivable

Certain project participants requested that the Authority finance local facilities and other costs associated with the State water project owned and operated by the individual project participants. These costs are recorded as a long-term receivable on the Authority's statement of net position, and repaid by the project participants in the form of revenue bond debt service payments to the Authority.

L. Rate Coverage Reserve Fund

In December 1997, the Authority adopted the rate coverage reserve fund policy to provide a mechanism to allow the Authority's project participants to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement to impose rates and charges sufficient to collect 125% of their contract payments as defined in the Water Supply Agreement.

Under the rate coverage reserve fund policy, a project participant may deposit with the Authority up to twenty five percent (25%) of its State water contract payments in a given year. Amounts on deposit in the rate coverage reserve fund are used to satisfy a portion of the rate coverage obligation found in the Water Supply Agreement.

The following table shows a summary of project participant deposits in the rate coverage reserve fund as of June 30, 2022.

Project Participant	June 30, 2022
City of Buellton	$ 275,549
Carpinteria Valley Water District	861,934
City of Guadalupe	191,491
La Cumbre Mutual Water Company	401,356
Montecito Water District	1,497,694
City of Santa Maria	5,179,567
Shandon (SLO County)	15,748
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	633,682
Santa Ynez WCD,ID #1	462,093
Total	$9,519,114

M. Department of Water Resources (DWR) Reserve Fund

In March 2019, the Authority adopted the DWR reserve fund policy to provide a mechanism to provide the Authority's project participants with a funding source for payments to the State of California Department of Water Resources ("DWR") when there is a difference between estimates used to prepare the DWR portion of the annual CCWA budget and the actual amounts billed to the Authority by DWR.

Contributions to the DWR Reserve Fund are voluntary with Project Participants electing to participate in the reserve fund notifying the Authority. Funding of each participating Project Participant's share of the DWR Reserve Fund will come from a combination of (1) CCWA Operating Expense budget surpluses, if any (2) Interest earnings on funds held in all other accounts on behalf of the participating Project Participant and (3) excess amounts, if any , from any of the DWR Statement of Charges cost components.

The following table shows a summary of project participant deposits in the DWR reserve fund as of June 30, 2022.

Project Participant	June 30, 2022
City of Buellton	$ 148,241
City of Guadalupe	141,151
La Cumbre Mutual Water Company	201,227
Morehart Land Company	51,289
City of Santa Barbara	539,814
Raytheon	12,822
City of Santa Maria	4,154,256
Golden State Water Company	99,181
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	384,671
Santa Ynez WCD,ID #1	179,767
Total	$5,912,421

N. Self-Funded Dental/Vision Insurance Plan

The Authority maintains a self-insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee was provided $3,738 this fiscal year to pay dental and vision expenses for the employee and their qualified dependents.

The following table shows a summary of the claims liability and claims paid for the plan years ended June 30, 2022 and 2021.

	2022	2021
Maximum claims liability	102,172	103,152
Actual claims paid	(66,569)	(56,816)

O. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. As a result, actual results may differ from those estimates.

P. New and Future Accounting Pronouncements

In FY 2020/21 or 2021/22 the GASB Pronouncements listed below were implemented.

GASB 98 –The Annual Comprehensive Financial Report, effective for fiscal years ending after December 15, 2021. The statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Implementation of this statement did not have a material impact on the authority's financial statements.

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, effective for certain requirements for fiscal years beginning after June 15, 2021. Requirements as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans are effective immediately. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this Statement did not have a material impact on the authority's financial statements.

GASB 90 – Majority Equity Interests – an amendment of GASB Statements 14 and 61, effective for periods beginning after December 15, 2019, postponed to December 15, 2020 by GASB Statement No. 95. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Implementation of this Statement did not have a material impact on the Authority's financial statements.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period, effective for periods beginning after December 15, 2020, postponed to December 15, 2021 by GASB Statement No. 95. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Implementation did not have a material impact on the Authority's financial statements.

GASB 87 – Leases, effective for periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Implementation of this statement did not have a material impact on the Authority's financial statements.

GASB 84 – Fiduciary Activities, effective for periods beginning after December 15, 2019, postponed to December 15, 2020 by GASB Statement No. 95. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Implementation of this Statement did not have a material impact on the Authority's financial statements.

Future GASB Pronouncements which may affect the Authority's financial statements:

GASB 101 –Compensated Absences, effective for fiscal years ending after December 15, 2023. The statement requires liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. Management has not yet determined the impact of this statement on its financial statements

GASB 100 –Accounting Changes and Error Corrections - An amendment of GASB Statement No.62, effective for fiscal years beginning after June 15, 2023. The statement defines accounting changes as changes in accounting principles, accounting estimates. The statement addresses corrections of errors in previously issued financial statements. Management has not yet determined the impact of this statement on its financial statements.

GASB 99 – Omnibus 2022, effective for fiscal years beginning after June 15, 2023, effective for certain statement requirements for fiscal years beginning after June 15, 2022 and requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. The Statement enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Management has not yet determined the impact of this statement on its financial statements

GASB 96 – Subscription-Based Information Technology Arrangements, effective for periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Management has not yet determined the impact of this statement on its financial statements.

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for periods beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Management has not yet determined the impact of this statement on its financial statements.

GASB 93 – Replacement of Interbank Offered Rates, effective for periods beginning after June 15, 2021, postponed to December 15, 2022 by GASB Statement No. 95. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Management has not yet determined the impact of this statement on its financial statements.

GASB 92 – Omnibus 2020, effective for periods beginning after June 15, 2021, postponed to December 15, 2022 by GASB Statement No. 95. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has not yet determined the impact of this statement on its financial statements.

GASB 91 – Conduit Debt Obligations, effective for periods beginning after December 15, 2021, postponed to December 15, 2022 by GASB Statement No. 95. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Management has not yet determined the impact of this statement on its financial statements.

Q. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office, and are in accordance with the implementation of GASB Statement No. 68. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

R. Other Post Employment Benefit ("OPEB") Liability

In measuring the net OPEB liability, deferred outflows and inflows of resources related to the OPEB benefit and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been prepared in accordance with GASB Statement No. 75. The valuation for the fiscal year 2021/22 was actuarially prepared and was based on the Authorities Plan provisions, participant data, and asset information provided by the Authority. As permitted under GASB 75, the total OPEB liability has been calculated using the June 30, 2021 actuarial valuation.

S. Fair Value Measurements

The Authority's investments are carried at fair value and its fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority used valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. For fiscal year June 30, 2022 and 2021 the application of valuation techniques applied to the Authority's financial statements has been consistent.

T. Net Position

GASB Statement No. 34, amended by GASB Statement No. 63, adds the concept of net position, which is measured on the full accrual basis. Net position is the Authority's excess of all of the Authority's assets over all its liabilities. Net position is divided into three categories and are described as follows:

Net Investment in Capital Assets: Describes the portion of the net position which is represented by the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance those assets.

Restricted Net Position: Describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. These principally include debt service requirements.

Unrestricted Net Position: Describes the portion of net position which is not restricted to use.

U. Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Note 2: Cash and Investments

A. Pooling

The Authority follows the practice of pooling cash and investments for all funds under its direct daily control. Funds held by outside fiscal agents under provisions of the bond indenture are maintained separately. Interest income from cash and investments with fiscal agents is credited directly to the related accounts. The Authority considers all pooled cash and investments to be cash equivalents.

B. Demand Deposits

The custodial credit risk for deposits is the risk that the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that of the total bank balance, $250,000 is insured by Federal depository insurance.

The California Government Code requires California banks and savings and loan associations to secure the Authority's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the Authority's deposits. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total deposits.

As of June 30, 2022, the reported amount of the Authority's demand deposits was $1,637,627 and the bank balance was $1,828,504. The difference of $190,877 was principally due to checks which had not yet cleared the bank.

As of June 30, 2021, the reported amount of the Authority's demand deposits was $513,613 and the bank balance was $744,385. The difference of $230,772 was principally due to checks which had not yet cleared the bank.

C. Cash and Investments

The Authority is authorized by its investment policy, in accordance with Section 53601 of the California Government Code, to invest in the following instruments: securities issued or guaranteed by the Federal Government or its agencies, commercial paper, money market funds, and the State Treasurer's Local Agency Investment Funds ("LAIF").

All of the Authority's deposits, except certain cash balances held by fiscal agents, are entirely insured or collateralized. The California Government Code requires California banks and savings and loans to secure the Authority's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal 110% of the Authority's deposits. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes equal to 150% of the Authority's deposits. The Authority may waive collateral requirements for deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC").

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1: Investments reflect prices quoted in an active market;

Level 2: Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active; and,

Level 3: Investments reflect prices based upon unobservable sources.

The fair value of pooled investments is determined annually and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with State statutes. LAIF invests in Bonds, debentures, and notes issued by corporations organized and operating within the United States. Securities eligible for investment under this subdivision shall within the top three ratings of a nationally recognized rating service. The State LAIF pool credit quality is unrated and not subject to the fair value hierarchy.

At June 30, 2022, the carrying value of the Authority's position in LAIF was $73,408,694 and the fair value was $72,463,588, with an overall average maturity of 0 days.

At June 30, 2021, the carrying value of the Authority's position in LAIF was $78,082,145 and the fair value was $78,088,623, with an overall average maturity of 291 days.

The Authority did not hold any U.S. Treasury Notes as of June 30, 2022 or June 30, 2021.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Treasurer mitigates these risks by holding a diversified portfolio of high-quality investments. The policy sets specific parameters by type of investment for credit quality, maturity length, and maximum percentage investment.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Treasurer mitigates this risk by investing in shorter-term investments that are not subject to significant adjustments due to interest rate fluctuations.

Note 3: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022:

	Beg Balance June 30, 2021	Additions/ Transfers	Deletions/ Transfers	End Balance June 30, 2022
Capital Assets, not depreciated				
Land	$ 3,178,700	$ -	$ -	$ 3,178,700
Construction-in-process	515,648	706,125	(187,179)	1,034,593
Total Capital Assets, not depreciated	3,694,348	706,125	(187,179)	4,213,293
Depreciable Assets:				
Furniture fixtures and equipment	862,126	11,793	(2,694)	871,226
Lab Equipment	336,522	32,376		368,898
Transportation Equipment	903,364			903,364
Plant Equipment	17,254,484			17,254,484
Pipeline Equipment	12,390,081	104,120		12,494,201
Buildings and structures	48,946,358	38,890		48,985,248
Underground pipeline	59,925,077			59,925,077
Land improvement	62,266			62,266
Total depreciable assets	140,680,278	187,179	(2,694)	140,864,765
Accumulated Depreciation:				
Furniture fixtures and equipment	(572,103)	(89,485)	2,694	(658,894)
Lab Equipment	(261,802)	(13,508)		(275,310)
Transportation Equipment	(813,287)	(54,998)		(868,285)
Plant Equipment	(8,251,337)	(427,633)		(8,678,970)
Pipeline Equipment	(8,384,720)	(413,581)		(8,798,302)
Buildings and structures	(16,904,291)	(724,371)		(17,628,662)
Underground pipeline	(19,029,475)	(804,067)		(19,833,542)
Land Improvement	(4,497)	(4,151)		(8,648)
Total Accumulated Depreciation	(54,221,512)	(2,531,795)	2,694	(56,750,613)
Total Depreciable Capital Assets, net	86,458,766	(2,344,616)	-	84,114,152
Total Capital Assets, net	$ 90,153,116	$ (1,638,491)	$ (187,179)	$ 88,327,445

Capital asset activity for the fiscal year ended June 30, 2021:

	Beg Balance June 30, 2020	Additions/ Transfers	Deletions/ Transfers	End Balance June 30, 2021
Capital Assets, not depreciated				
Land	$ 3,178,700	$ -	$ -	$ 3,178,700
Construction-in-process	245,991	1,153,116	(883,459)	515,648
Total Capital Assets, not depreciated	3,424,691	1,153,116	(883,459)	3,694,348
Depreciable Assets:				
Furniture fixtures and equipment	862,126			862,127
Lab Equipment	267,902	68,620		336,522
Transportation Equipment	862,315	41,049		903,365
Plant Equipment	17,178,514	305,370	(229,400)	17,254,484
Pipeline Equipment	12,076,754	468,420	(155,093)	12,390,081
Buildings and structures	48,946,358			48,946,358
Underground pipeline	59,925,077			59,925,077
Land improvement	62,266			62,266
Total depreciable assets	140,181,312	883,459	(384,493)	140,680,280
Accumulated Depreciation:				
Furniture fixtures and equipment	(478,983)	(93,120)		(572,103)
Lab Equipment	(257,665)	(4,137)		(261,802)
Transportation Equipment	(750,087)	(63,200)		(813,287)
Plant Equipment	(8,017,197)	(417,660)	183,520	(8,251,337)
Pipeline Equipment	(8,100,305)	(408,489)	124,074	(8,384,720)
Buildings and structures	(16,176,312)	(727,979)		(16,904,291)
Underground pipeline	(18,225,408)	(804,067)		(19,029,475)
Land Improvement	(346)	(4,151)		(4,497)
Total Accumulated Depreciation	(52,006,303)	(2,522,803)	307,594	(54,221,512)
Total Depreciable Capital Assets, net	88,175,009	(1,639,344)	(76,899)	86,458,768
Total Capital Assets, net	$ 91,599,700	$ (486,228)	$ (960,358)	$ 90,153,116

Note 4: Deferred Outflows of Resources and Deferred Inflows of Resources

Beginning in fiscal year 2014/2015, the Authority reported deferred outflows and inflows of resources in connection with its issue of revenue bonds in 2006 & 2016 and pension-related adjustments in accordance with GASB 68, and in fiscal year 2017/2018 began reporting OPEB related adjustments in accordance with GASB 75.

The table below presents the balances of deferred outflows and deferred inflows of resources as of June 30, 2022.

		Deferred Outflows of Resources
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt	$	13,195,235
Accumulated Amortization		(13,195,235)
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt, net	$	-
Pension-related adjustments		1,063,319
OPEB-related adjustments		713,055
Total Deferred Outflows of Resources, Net	$	1,776,374

		Deferred Inflows of Resources
Deferred amount on refunding	$	-
Pension-related adjustments		1,452,602
OPEB-related adjustments		217,291
Total Deferred inflows of Resources	$	1,669,893

The table below presents the balances of deferred outflows and deferred inflows of resources as of June 30, 2021.

		Deferred Outflows of Resources
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt	$	13,195,235
Accumulated Amortization		(13,160,208)
Difference Between the Reacquisition Price of New Debt and the Net Carrying Value of the Old Debt, net	$	35,027
Pension-related adjustments		1,132,520
OPEB-related adjustments		36,785
Total Deferred Outflows of Resources, Net	$	1,204,332

		Deferred Inflows of Resources
Deferred amount on refunding	$	18,215
Pension-related adjustments		69,695
OPEB-related adjustments		165,725
Total Deferred inflows of Resources	$	253,635

Note 5: Long-Term Debt

On September 28, 2006, the Authority issued $123,190,000 in revenue bonds with an average interest rate of 4.24% to refund $142,985,000 of outstanding 1996 Revenue Bonds with an average interest rate of 5.47%.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $8.25 million. This difference, reported in the accompanying financial statements as deferred outflow of resources, is being charged to operations through the year 2022 in proportion to the bond interest expense incurred for each fiscal year. The Authority completed the refunding to reduce its total debt service payments over the next 15 years by $4.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $3.4 million.

The 1996 Revenue Bonds were issued to advance refund the 1992 Revenue Bonds. The 1992 Revenue Bonds were issued by the Authority for the benefit of its participants to finance a portion of the costs of developing a pipeline and water treatment plant, to reimburse certain project participants for costs incurred in connection with the State Water Project, and to finance certain other facilities. Each of the participants in the financing held elections authorizing issuance of revenue bonds for the construction of the State Water Project. In order to reduce issuance costs and ensure the proceeds are available on a timely basis, the Authority issued the bonds for all participants requiring financing.

The City of Santa Maria, Golden State Water Company, Vandenberg SCFB, Avila Valley Mutual Water Company, San Luis Coastal Unified School District, and San Miguelito Mutual Water Company contributed cash for their proportionate share of capital costs. Such net contributions totaling $22,562,433 at June 30, 2016 and June 30, 2015 have been accounted for as contributed capital. Under the Water Supply Agreements, each project participant is obligated to make payments to the Authority, with the payments pledged to secure the payment of the principal and interest of the bonds. The 2006 bonds are backed by a municipal bond insurance policy issued by Financial Security Assurance.

On June 28, 2016 the Authority issued Series 2016A refunding revenue bonds in the amount of $45,470,000, which refunded the outstanding $59,645,000 Series 2006A revenue bonds on October 1, 2016. The 2016A refunding revenue bonds were issued for the purpose of reducing the Authority's total debt service payments over the subsequent 5 years by $5.6 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $5.4 million. The Authority also realized the benefits of lower interest rates, which were issued at a true interest cost of 1.355% compared to the 4.24% true interest costs of the 2006A bonds. The bond refunding transaction was completed at the close of escrow on July 21, 2016. Aggregate savings between the 2006A and 2016A Bond debt service at the time of the refunding is shown below:

	Refunding Revenue Bond Savings		
	2016A Series Revenue Bond	2006A Series Revenue Bond	Refunding Savings
Fiscal Year	Principal and Interest Due		(Costs)
2017 (1)	$ 1,578,819	$ 1,224,175	$ (354,644)
2018	9,956,500	11,528,050	1,571,550
2019	10,381,500	11,476,750	1,095,250
2020	10,374,500	11,467,625	1,093,125
2021	10,360,125	11,453,750	1,093,625
2022	10,347,375	11,439,000	1,091,625
Total	$ 52,998,819	$ 58,589,350	$ 5,590,531

(1) Fiscal Year 2017 only reflects the increase cost of interest due to the timing of refunding.

As of June 30, 2022 there are is no outstanding debt.

The long-term liability activity for the year ended June 30, 2022 is as follows:

Revenue Bonds:	Balance July 1, 2021	Additions	Reductions	Balance June 30,2022
Series 2016A Revenue Bonds	$ 10,095,000		$ (10,095,000)	$ -
Premium on issuance of 2016 Series A	99,443	-	(99,443)	-
Total	10,194,443	-	(10,194,443)	-
Less: Current Portion	(10,095,000)	-	10,095,000	-
Total Bonds Payable, net	99,443	-	(99,443)	-
OPEB Liability	833,401	(280,453)	749,946	1,302,894
Rate Coverage Reserve Fund	9,495,379			9,495,379
DWR Reserve Fund	3,875,650	2,736,759	(699,988)	5,912,421
Escrow Deposits	513,000			513,000
Net Pension Liability	4,034,798	(2,429,844)		1,604,954
Total Non-Current Liabilities	$ 18,851,671	$ 26,462	$ (49,485)	$ 18,828,648

The long-term liability activity for the year ended June 30, 2021 is as follows:

Revenue Bonds:	Balance July 1, 2020	Additions	Reductions	Balance June 30,2021
Series 2016A Revenue Bonds	$ 19,710,000	$ -	$ (9,615,000)	$ 10,095,000
Premium on issuance of 2016 Series A	591,930	-	(492,487)	99,443
Total	20,301,930	-	(10,107,487)	10,194,443
Less: Current Portion	(9,615,000)	-	(480,000)	(10,095,000)
Total Bonds Payable, net	10,686,930	-	(10,587,487)	99,443
OPEB Liability	874,907	(41,506)		833,401
Rate Coverage Reserve Fund	9,495,379			9,495,379
DWR Reserve Fund	1,996,280	1,879,370		3,875,650
Escrow Deposits	513,000			513,000
Net Pension Liability	3,745,005	289,793		4,034,798
Total Non-Current Liabilities	$ 27,311,501	$ 2,127,657	$ (10,587,487)	$ 18,851,671

Note 6: Pension Plan

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

A. General Information about the Pension Plans

Plan Description - All qualified employees and probationary employees are required to participate in the Authority's cost-sharing multiple-employer defined benefit pension plan ("Plan") administered by the California Public Employees' Retirement System ("CalPERS"). The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pools. Accordingly, rate plans are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The Authority currently sponsors one miscellaneous rate plan. Benefit provisions under the Plan are established by State statute and the Authority's resolution. Requests for detailed plan provisions and copies of CalPERS' annual financial report can be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA, 94229-2703 or http://www.calpers.ca.gov.

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. Classic and PEPRA members with five years of total service are eligible to retire at age 50 or 52 respectively with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Authority Plan	
	Classic Member*	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.0%	7.25%
Required employer contribution rates	11.60%	7.73%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The Authority's required contribution for the unfunded liability was $300,268 in fiscal year 2021/22. The Authority's required contribution for the unfunded liability was $263,061 in fiscal year 2020/21.

*A Classic PERS member is an employee who qualifies under one of the following categories: An employee who was brought into CalPERS membership for the first time prior to January 1, 2013. An employee that was hired on or after January 1, 2013, yet is eligible for reciprocity with another public retirement system. An employee who is brought back by the same CalPERS employer, regardless of the length of break in service.

Contributions - Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The Authority's contributions to the Plan for the year ended June 30, 2022 were $762,353.

The Authority's contributions to the Plan for the year ended June 30, 2021 were $722,313.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, the Authority reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

Proportionate Share of Net Pension Liability/(Asset)
Fiscal Year Ending

	June 30, 2022	June 30, 2021
Total	$ 1,604,954	$ 4,034,798

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Proportionate Share of Net Pension Liability

	Percentage Share of Plan 6/30/2022	Percentage Share of Plan 6/30/2021	Change: Increase (Decrease)
Measurement Date	6/30/2021	6/30/2020	
Percentage of Plan (PERF C) NPL	0.02968%	0.03708%	-0.00740%

Pension Expense for Fiscal Year

	2021/22
Total pension expense(income) for fiscal year	$ (215,383)

For the year ending June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 179,978	$ -
Net differences between projected and actual earnings on plan investments	-	(1,401,040)
Change in employer's proportion	120,988	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(51,562)
Pension contributions subsequent to measurement date	762,353	-
Total	$ 1,063,319	$ (1,452,602)

$762,353 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Deferred Outflows/Inflows of Resources
2023	$ (222,790)
2024	(245,487)
2025	(296,184)
2026	(387,175)
Thereafter	-
	$ (1,151,636)

Actuarial Assumptions - For the measurement period ending June 30, 2021, the total pension liabilities were determined from the June 30, 2020 actuarial valuation date. The June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

	Plan
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Inflation	2.50%
Projected salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

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

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the December 2017 experience study report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 valuation (found in the CalPERS Annual Comprehensive Financial Report for June 30, 2021 here: https://www.calpers.ca.gov/docs/forms-publications/acfr-2021.pdf
were based on the results of *the CalPERS Experience Study and Review of Actuarial Assumptions December 2017*. The Experience Study report may be accessed on the CalPERS website at http://www.calpers.ca.gov under Forms and Publications.

Change in Assumptions **–** In 2018, demographic assumptions and the inflation rate were changed in accordance to the *CalPERS Experience Study and Review of Actuarial Assumptions December 2017*. The Experience Study report may be accessed on the CalPERS website at http://www.calpers.ca.gov under Forms and Publications.

Discount Rate No changes were made in the discount rate in fiscal year 2021-22 and 2020-21. In Fiscal Year 2016-17, the financial reporting discount rate used by CalPERS was reduced from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board of Administration approved lowering the funding discount rate used from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuation. The discount rate used in the actuarial valuation reflects the long-term expected rate of return for the plan. Lowering the discount rate means the Authority will see increases in both normal costs (the cost of pension benefits accruing in one year for active members) and the accrued liabilities. These increases will result in higher required employer contributions. In addition, active members hired after January 1, 2013, under the PEPRA may also see their contributions rates rise.

To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, the amortization and smoothing methods adopted by the CalPERS Board in 2013 were used. CalPERS conducted cash flow projections to determine if assets would run out under the assumed discount rate. CalPERS refers to these projections as "crossover tests". Based on crossover testing of the plan, the tests revealed the assets would not run out. Therefore the 7.15% long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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 ("PERF") cash flows. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 PERF fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate.

Asset Class [(a)]	Assumed Target Allocation	Real Return Years 1–10 [(b)]	Real Return Years 11+ [(c)]
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92)%
Total	100.00%		

[(a)] In the System's Annual Comprehensive Financial Report, 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.

Sensitivity of the Net Pension Liability(Asset) to Changes in the Discount Rate – The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Miscellaneous	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	$4,367,159	$1,604,954	$(678,521)

Pension Plan Fiduciary Net Position – Detail information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Note 7: Post-Employment Benefits Other Than Pensions

A. General Information about OPEB

The Authority provides other post-employment benefits ("OPEB"), to qualified employees who retire within 120 days of separation from employment with the Authority, and are eligible to receive medical services under a plan offered through the California Public Employees' Medical and Hospital Care Act ("PEMHCA") at the time of retirement. The CalPERS PEMHCA Plan is a cost sharing single-employer defined benefit healthcare plan providing benefits to active and retired employees. The healthcare plan is administered by CalPERS. Copies of the CalPERS annual financial report can be found online at www.calpers.ca.gov.

Plan Description - Eligibility: For full time employees retired prior to September 22, 2016, or retiring with less than 10 years of service with the Authority, the benefit will be the minimum contribution as required by PEMCHA. Vesting will be applied to an enhanced retiree benefit that is provided for employees retired after September 22, 2016, who are at least 62 years of age at retirement and have at least 10 years of service with the Authority. This vesting schedule ranges from 50% to 80% of the retiree premium only and is based on years of CCWA service. The enhanced contribution requirements are established and may be amended by the Board of Directors. Plan information is summarized in the table below:

Plan Information

	Fiscal Year End June 30, 2022
Plan Type	Single Employer
OPEB Trust	Yes
Special Funding Situation	No
Non-employer contributing entities	No

Covered Participants as of June 30, 2021 Measurement Date	
In-actives currently receiving benefits	6
In-actives entitled to but not yet receiving benefits	3
Active Employees	30
Total	39

Applicable Dates and Periods

	Fiscal Year End June 30, 2022
Measurement date (MD)	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021
Actuarial Valuation Date	June 30, 2021

Actuarial Assumptions - For the measurement period ending June 30, 2021, the total OPEB liabilities were determined from the June 30, 2021 actuarial valuation date. For the measurement period ended June 30, 2020, the total OPEB liabilities were determined by rolling forward the June 30,2020 total OPEB liability from the June 30, 2019 actuarial valuation date. The June 30,2021 total OPEB liability was based on the following actuarial methods and assumptions:

Significant Actuarial Assumptions used for Total OPEB Liability

Actuarial Assumption	June 30, 2021 Measurement Date
Actuarial Valuation Date	June 30, 2021
Contribution Policy	Authority Contributes full ADC
Discount Rate and Long Term Expected Rate of Return on Assets	5.75% at June 30, 2021 6.50% at June 30, 2020 Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.50%
Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study*
Mortality Improvement	Mortality projected fully generational with scale MP-2021
Salary Increases	Aggregate – 2.75% Merit – CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare-6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser)-5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser)-4.6% for 2023, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA Minimum Increases	4%
Cap Increases	Medical Trend
Active Employee/Spouse Participation at Retirement	45% elect single coverage 35% elect dual coverage (spouses pay full premium, no Authority cash subsidy except for survivors)
Medical Plan at Retirement	Remain in their current plan upon retirement

Changes of Assumptions	CalPERS Experience Study updated to 2000-2019 Discount rate updated based on newer capital market assumptions General inflation lowered by 0.25% Participation at retirement assumption updated Decreased medical trend rate for Kaiser Senior Advantage Mortality improvement scale was updated to Scale MP-2021
Changes of benefit terms	None

*The CalPERS Experience Study reports may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Funding Policy: PEMHCA determines the amount contributed by the Authority toward retiree health insurance. In January 2022, the minimum required contribution the Authority pays toward the cost of retiree health insurance increased from $143 per month to $149 per month. The balance of the retiree premium, averaging approximately $302 per month, is paid directly by the retirees to CalPERS. The mandatory employer contribution for active and retiree health insurance is increased annually in accordance with PEMHCA regulations. Beginning in calendar year 2009, the contribution amount increases by the change in the annual consumer price index. During the 2021-22 fiscal year, $14,605 was recognized for post-retirement health insurance contribution on a pay-as-you-go basis. During the 2020-21 fiscal year $11,935 was recognized for post-retirement health insurance contribution on a pay-as-you-go basis.

Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2022, is shown below:

	Net OPEB Liability Fiscal Year Ending 6/30/2022 Measurement Date 6/30/2021	6/30/2021 Measurement Date 6/30/2020
Total OPEB Liability	$ 1,984,821	$ 1,374,044
Fiduciary Net Position	681,927	540,643
Net OPEB Liability	$ 1,302,894	$ 833,401
Funded Status	34.4%	39.3%

Annual OPEB Cost: For fiscal year ended June 30, 2022, the Authority recorded the OPEB expense as indicated below. This cost is comprised by calculating service cost, interest on the Total OPEB Liability, projected earnings on investments, and any return of assets:

OPEB Expense for Fiscal Year 2021/22 Measurement Period 2020/21		
OPEB Expense	$	148,068

Deferred Outflows/Inflows	Balances at June 30,2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$105,933	$ 124,917
Changes of assumptions	303,843	16,001
Net differences between projected and actual earnings on plan investments*	-	76,373
Employer contributions made subsequent to the measurement date**	303,279	-
Total	$ 713,055	$ 217,291

* Deferred Inflows and Outflows combined for footnote disclosure

** Contributions to trust of $303,279 comprising of $14,485 on cash benefits and $8,222 in implied subsidy benefits paid by the Authority.

$21,761 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources	
2023	$	17,173.00
2024		17,376
2025		17,217
2026		14,249
2027		35,597
Thereafter		90,873
	$	192,485

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Changes in Net OPEB Liability during the fiscal year are shown below:

Changes in the Net OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/21 (6/30/20 measurement date)	$ 1,374,044	$ 540,643	$833,401
Changes for the year:			
Service Cost	74,239	-	74,239
Interest	93,434	-	93,434
Benefit changes	-	-	-
Actual vs. expected exp.	121,511	-	121,511
Assumption changes	343,274	-	343,274
Contributions–employer *	-	21,761	(21,761)
Contributions–employee	-	-	-
Net investment income**	-	141,867	(141,867)
Benefit payments	(21,681)	(21,681)	-
Administrative Exp.	-	(663)	663
Net Changes	610,777	141,284	469,493
Balance at 6/30/22 (6/30/21 measurement date)	$1,984,821	$681,927	$1,302,894

*Contributions to trust of $303,279 comprising of $14,485 cash benefits and $8,222 in implied subsidy benefits paid by the Authority.

** Adjusted for rounding issues

Sensitivity of the Net OPEB Liability to Changes in the Interest Rate and Healthcare Trend Rate– The following presents the Authority's net OPEB liability for the Plan, illustrating sensitivity based on changes in the discount rate and changes in the Healthcare Trend Rate:

Changes in the Discount Rate

	1% Decrease (6.15%)	Current Rate (7.15%)	1% Increase (6.75%)
Net OPEB Liability	$4,367,159	$ 1,604,954	$ (678,521)

Changes in the Healthcare Trend Rate

	1% Decrease	Current Trend	1% increase
Net OPEB Liability	$ 1,002,900	$ 1,302,894	$1,680,396

Expected Long-Term Rate of Return

	Portfolio Weight * ICMA-RC	Expected Real Rate of Return
Asset Class Component		
US Short Duration Govt/Credit	6.14%	0.24%
US Aggregate Bonds	17.83%	0.78%
TIPS	4.75%	-0.08%
US High Yield Bonds	4.78%	3.00%
US Large Cap	46.58%	3.87%
US Mid Cap	2.11%	3.92%
US Small Cap	1.84%	4.55%
Int'l Equity – Developed	10.18%	4.49%
Int'l Equity – Emerging Markets	5.79%	5.25%
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return**		5.75%

* For VT II Model Portfolio Moderate Fund
** Rounded

Note 8: Commitments and Uncertainties

The Authority entered into a water exchange agreement (SWPAO# 15-005) with Antelope Valley-East Kern Water Agency ("AVEK") in 2015 on behalf of certain project participants for a total of 9,600 acre-feet (AF) of water. This exchange was an even 1:1 exchange with participants responsible for the transportation charges for returning the water. Transportation charges include the Variable Operation, Maintenance, Power, and Replacement Component of the Transportation Charge and the Off-Aqueduct Power Facilities Cost for each acre-foot of water returned to AVEK, and are estimated to be $250 per AF. As of June 2021, 7,100 AF had been returned, leaving a balance of 2,500 AF to be returned in the future. Estimated transportation costs for that water are $625,000. Actual costs and timing of the return are not known at this time, however all water in this exchange must be returned by December 31, 2025.

The Authority entered into an additional exchange agreement (SWPAO# 16-017) with AVEK in 2016 on behalf of certain project participants to allow for delivery of 10,000 AF of water. That agreement was an unbalanced 2:1 exchange requiring return of 5,000 AF, with no obligation to pay transportation charges. As of June 2022, a total of 3,000 AF has been returned, leaving a balance of 2,000 to be returned. Actual timing of the return is not known at this time, however all water in the 2016 AVEK exchange must be returned no later than December 31, 2026.

The Authority entered into a water exchange agreement (SWPAO# 20-004) in March 2020 with the Mojave Water Agency ("MWA") on behalf of certain project participants for a total of up to 1,000 acre-feet ("AF") of water at the cost of $320 per AF plus administrative costs. Only one participant took part in the agreement for a total of 400 AF of water. This exchange was an unbalanced 4:1 exchange requiring return of 100 AF, with the participant responsible for the transportation charges for returning the water. Transportation charges include the Variable Operation, Maintenance, Power, and Replacement Component of the Transportation Charge and the Off-Aqueduct Power Facilities Cost for each acre-foot of water returned to MWA, and are estimated to be $250 per AF. As of June 30, 2022, 80 AF of water was taken, incurring a liability of 20 AF to be returned. Estimated transportation costs for that water are $5,000. The additional 100 AF of exchange has been completed. Actual timing of the return is not known at this time, however all water in this exchange must be returned by December 31, 2028.

The Authority is involved in various legal proceedings, lawsuits and claims of a nature considered normal for its activities. It is the Authority's policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable. For the period ending June 30, 2022 and June 30, 2021, the Authority estimates no liability for claims or judgments. Subsequent to June 30, 2022 and as of the report date, the Authority was made aware of potential claims over disputed costs. Management disagrees with the potential claims and is unable to determine the nature, potential magnitude or potential timing of any loss contingency.

All of the accounts receivable recorded by the Authority are payable by its local participants and the DWR under the agreements more fully described in Note 1.

Note 9: Joint Powers Insurance Authority

The Authority participates in the liability, property and fidelity bond insurance program organized by the

Association of California Water Agencies Joint Powers Insurance Authority ("ACWA - JPIA"). ACWA - JPIA is a joint powers insurance authority created to provide a self-insurance program to water agencies in the State of California.

ACWA-JPIA provides liability, property, workers' compensation, fidelity, boiler and machinery insurance for approximately 300 water agencies for losses in excess of the members' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. ACWA - JPIA is governed by a board composed of members from participating members. The board controls the operations of ACWA - JPIA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board.

Each member shares surpluses and deficiencies proportionately to its participation in ACWA - JPIA. The Authority has not incurred any settlements which exceeded insurance coverage for the past three fiscal years.

Note 10: Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the terms of this plan, in calendar year 2022 and 2021 these limits were one hundred percent of salary or $20,500 per year in 2022 and $19,500 in 2021, whichever is less. Additionally, employees over the age of 50 are permitted to defer up to an additional $6,500 per year for those years in which they did not fully contribute the annual maximum prior to age 50.

Note 11: Subsequent Events

Events subsequent to June 30, 2022, have been evaluated through December 15, 2022, which is the date the financial statements were available to be issued. Other than the potential claims discussed in Note 8, management did not identify any additional subsequent events for the year ending June 30, 2022 that required disclosure.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EIGHT YEAR REVIEW [1]
As of June 30, 2022

	Fiscal Year End							
	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	06/30/2017	06/30/2017	06/30/2015	06/30/2014
Authority's Proportion of the Net Pension Liability	0.029680%	0.037080%	0.036550%	0.036260%	0.037875%	0.038348%	0.037178%	0.040196%
Authority's Proportionate Share of the Net Pension Liability	$1,604,954	$4,034,798	$3,745,005	$3,494,467	$3,756,159	$3,318,324	$2,551,875	$2,501,206
Authority's covered Payroll	3,166,519	3,088,204	3,014,603	2,980,919	2,835,039	2,771,667	2,713,663	2,860,537
Authority's Proportionate Share of the net pension liability as percentage of covered payroll	50.69%	130.65%	124.23%	117.23%	132.49%	119.72%	94.04%	87.44%
Plan's fiduciary net position as a percentage of the plan's total pension liability	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.28%

(1) Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in the future fiscal years until 10 years of data is presented.

SCHEDULE OF PENSION PLAN CONTRIBUTIONS - EIGHT YEAR REVIEW [1]
As of June 30, 2022

Miscellaneous Plan

	2021-22[1]	2020-21[1]	2019-20[1]	2018-19[1]	2017-18[1]	2016-17[1]	2015-16[1]	2014-15[1]
Actuarial determined contributions (ADC)	$ 637,353	$ 597,313	$ 533,106	$ 481,354	$ 444,625	$ 423,429	$ 395,321	$ 392,033
Contributions in relation to the actuarially determined contribution [2]	(762,353)	(722,313)	(658,106)	(606,354)	(569,625)	(548,429)	(395,321)	(392,033)
Contribution deficiency (excess)	$ (125,000)	$ (125,000)	$ (125,000)	$ (125,000)	$ (125,000)	$ (125,000)	$ -	$ -
Authority's covered payroll [3, 4]	$ 3,207,311	$ 3,166,519	$ 3,088,204	$ 3,014,603	$ 2,980,919	$ 2,835,039	$ 2,771,667	$ 2,713,663
Contributions as a percentage of covered payroll [3]	23.77%	22.81%	21.31%	20.11%	19.11%	19.34%	14.26%	14.45%

[1] This is a 10-year schedule. Information in this schedule is not available prior to 2014. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such

[3] Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total covered earnings, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculated the required payroll-related ratios.

[4] Fiscal Payroll from prior year was assumed to increase by the 2.5% payroll growth assumption

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS - FIVE YEAR REVIEW [1]
As of June 30, 2022

	2021-22[1]	2020-21[1]	2019-20[1]	2018-19[1]	2017-18[1]
Actuarial determined contributions (ADC)	$ 149,950	$ 145,414	$ 156,800	$ 152,227	$ 147,785
Contributions in relation to the actuarially determined contribution[2]	(303,279)	(21,761)	(164,391)	(59,449)	(53,122)
Contribution deficiency (surplus)	$ (153,329)	$ 123,653	$ (7,591)	$ 92,778	$ 94,663
Authority's covered payroll[3]	$ 3,495,032	$ 3,452,453	$ 3,335,171	$ 3,224,398	$ 3,273,043
Contributions as a percentage of covered payroll	8.7%	0.6%	4.9%	1.8%	1.6%

[1] This is a 10-year schedule. Information in this schedule is not available prior to 2017/18. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

[2] Actual Fiscal Year contribution

[3] For the 12 month period ending on June 30 (fiscal year end)

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	16-year fixed period for 2021/22
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.50%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality Improvement Society of Actuaries Scale MP-2019
Changes in Assumptions	Demographic assumptions updated to those from CalPERS 1997-2015 Experience Study
Changes of Benefit Terms	None

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - FIVE YEAR REVIEW [1]
AND RELATED RATIOS
As of June 30, 2021

	2021/22 Measurement Period 2020/21	2020/21 Measurement Period 2019/20	2019/20 Measurement Period 2018/19	2018/19 Measurement Period 2017/18	2017/18 Measurement Period 2016/17
Changes in Total OPEB Liability					
Service Cost	$ 74,239	$ 73,120	$ 81,735	$ 79,354	$ 77,043
Interest	93,434	85,512	87,696	77,709	68,416
Actual vs. Expected Experience	121,511		(191,838)	-	-
Assumption Changes	343,274	(21,001)	7,029	-	-
Benefit Payments	(21,681)	(12,085)	(7,124)	(4,464)	(5,123)
Changes of benefit terms	-	-	-	-	-
Net Changes	$ 610,777	$ 125,546	$ (22,502)	$ 152,599	$ 140,336
Total OPEB Liability (beginning of year)	1,374,044	1,248,498	1,271,000	1,118,401	978,065
Total OPEB Liability (end of year)	1,984,821	1,374,044	1,248,498	1,271,000	1,118,401
Changes in Plan Fiduciary Net Position					
Contributions - employer	$ 21,761	$ 164,391	$ 59,449	$ 53,122	$ 43,201
Contributions - employee	-	-	-	-	-
Net Investment income	141,867	15,262	20,816	17,801	24,237
Benefit payments	(21,681)	(12,085)	(7,124)	(4,464)	(5,123)
Administrative Expenses	(663)	(516)	(323)	(256)	(122)
Other Changes	-	-	-	-	-
Net Changes	141,284	167,052	72,818	66,203	62,193
Plan Fiduciary Net Position (beginning of year)	540,643	373,591	300,773	234,570	172,377
Plan Fiduciary Net Position (end of year)	$ 681,927	$ 540,643	$ 373,591	$ 300,773	$ 234,570
Net OPEB Liability	$ 1,302,894	$ 833,401	$ 874,907	$ 970,227	$ 883,831
Fiduciary Net Position as a percentage of Total OPEB Liability	34.4%	39.3%	29.9%	23.7%	21.0%
Covered Payroll [2]	3,452,453	3,335,171	3,224,398	3,273,043	3,194,536
Net OPEB Liability as a percentage of covered payroll	37.7%	25.0%	27.1%	29.6%	27.7%

[1] This is a 10-year schedule. Information in this schedule is not available prior to 2017/18. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.
[2] For the 12-month period ending on the Measurement Date

STATISTICAL SECTION

STATISTICAL SECTION NARRATIVE SUMMARY

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the annual comprehensive financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

Financial Trends

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt.

Economic and Demographic Information

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

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the activities performed by the Authority.

TABLE 1

General Governmental Revenues by Source

Fiscal Year	Operating Assessments [1]	Debt Service Assessments	Other Revenues	Non-Operating Revenue	Total Revenues
2012/13	7,504,558	10,758,676	125,443	139,554	18,528,231
2013/14	8,642,389	10,669,540	329,292	120,693	19,761,914
2014/15	9,100,035	10,620,321	146,713	118,755	19,985,824
2015/16	8,702,151	10,560,476	108,915	176,276	19,547,818
2016/17	9,667,165	10,857,086	307,089	328,130	21,159,470
2017/18	9,901,333	8,966,976	157,546	635,825	19,661,680
2018/19	9,997,429	9,286,980	158,036	1,281,897	20,724,342
2019/20	9,544,645	9,224,616	99,030	1,141,562	20,009,853
2020/21	10,891,111	8,908,132	231,193	278,253	20,308,689
2021/22	11,009,867	9,022,269	173,012	206,054	20,411,203

Source: Central Coast Water Authority

1 Operating Assessments exclude year-end credits for unexpended operating reimbursements.

Total Revenue Comparison

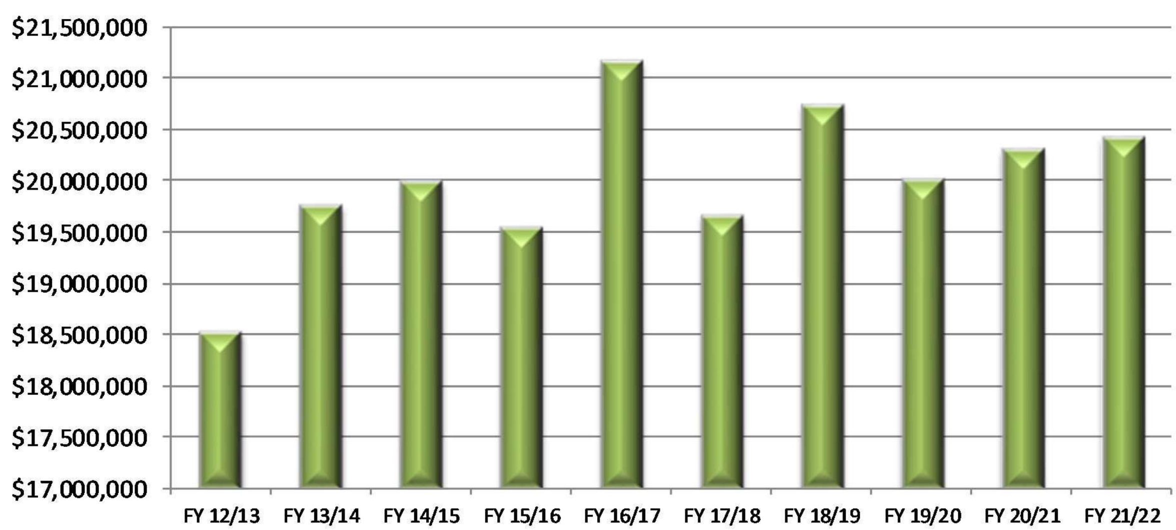


TABLE 2

General Governmental Expenses by Function

Fiscal Year	Operating Expenses [1]	Capital Improvements [2]	Interest Expense	Interest paid to Participants [1]	Total Expenses
2012/13	9,908,687	459,637	4,169,532	139,500	14,677,356
2013/14	10,937,701	749,170	3,805,662	120,693	15,613,226
2014/15	11,671,645	314,087	3,409,975	118,755	15,514,462
2015/16	10,633,214	629,440	2,994,662	176,276	14,433,592
2016/17	11,205,868	254,360	2,869,594	301,630	14,631,452
2017/18	10,591,135	811,276	1,978,000	635,927	14,016,338
2018/19	10,443,568	992,965	1,552,500	1,168,698	14,157,731
2019/20	10,654,396	1,072,316	1,100,000	1,141,562	13,968,274
2020/21	12,065,351	1,153,116	624,938	278,253	14,121,658
2021/22	11,796,786	706,125	126,186	206,054	12,835,151

Source: Central Coast Water Authority

[1] Operating Expenses include year-end credits for unexpended operating reimbursements, and interest credits paid to project participants are shown on a separate line.

[2] Capital Improvements are excluded from Statement of Revenues and Expenses but included in this table as they are a pass through expense.

Total Expenditures Comparison

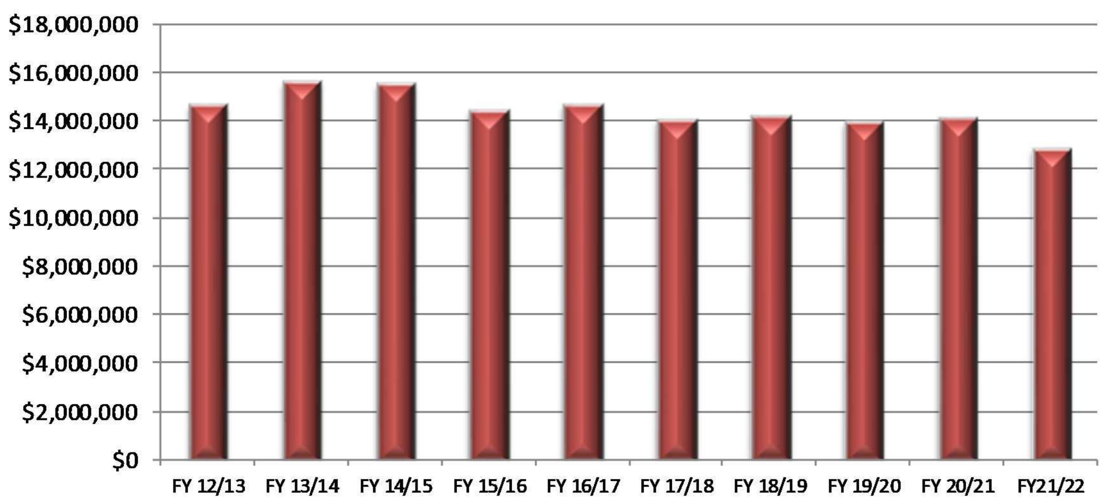


TABLE 3

Change in Net Position and Net Position Components

Last Ten Fiscal Years

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Net position, at beginning of year	$ 28,570,625	$ 32,843,775	$ 37,640,493	$ 39,694,735	$ 45,427,613
Operating revenues	18,383,991	19,641,221	19,831,984	19,334,566	20,825,040
Operating Expenses					
Operating expenses	6,451,537	7,261,549	7,805,038	7,592,444	9,448,706
Depreciation and amortization	2,770,306	2,715,546	2,710,711	2,710,417	1,027,928
Unexpended operating reimbursements	686,844	960,606	1,155,896	330,353	729,234
Total operating expenses	9,908,687	10,937,701	11,671,645	10,633,214	11,205,868
Operating Income	8,475,304	8,703,520	8,160,339	8,701,352	9,619,172
Non-operating revenues					
Interest income and miscellaneous	144,240	120,693	153,840	213,252	334,430
Non-Operating Expenses					
Interest expense	4,169,532	3,805,662	3,409,975	2,994,662	2,869,594
Bond issuance expenses	-	-	-	-	576,155
Interest income to project participants	139,500	120,693	118,755	176,276	301,630
Other expenses	37,362	101,140	88,164	10,788	28,156
Total non-operating expenses	4,346,394	4,027,495	3,616,894	3,181,726	3,775,535
Increase in Net Position	4,273,150	4,796,718	4,697,285	5,732,878	6,178,067
Refund of capital contributions	-	-	-	-	-
Restatement of net position	-	-	(2,643,043)	-	-
Net position, at end of year	32,843,775	37,640,493	39,694,735	45,427,613	51,605,680
Net investment in capital assets	28,134,152	33,258,360	38,420,586	44,108,951	55,164,579
Restricted - capital projects	-	-	-	-	-
Restricted - debt service	11,540,588	11,537,581	11,522,948	11,513,337	9,978,731
Unrestricted	(6,830,965)	(7,155,448)	(10,248,799)	(10,194,675)	(13,537,630)
Total Net Postion	$ 32,843,775	$ 37,640,493	$ 39,694,735	$ 45,427,613	$ 51,605,680

Continued

TABLE 3 (*continued*)

Change in Net Position and Net Position Components

Last Ten Fiscal Years

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Net position, at beginning of year	$ 51,605,680	$ 57,977,737	$ 65,537,313	$ 72,651,208	$ 79,914,457
Operating revenues	19,025,855	19,442,445	18,868,291	20,030,436	20,205,148
Operating Expenses					
Operating expenses	8,858,438	8,234,624	8,647,847	8,818,108	8,627,273
Depreciation and amortization	1,061,706	1,299,198	1,659,217	2,123,816	2,451,231
Unexpended operating reimbursements	670,991	909,746	347,332	1,123,428	718,282
Total operating expenses	10,591,135	10,443,568	10,654,396	12,065,352	11,796,786
Operating Income	8,434,720	8,998,877	8,213,895	7,965,084	8,408,362
Non-operating revenues					
Interest income and miscellaneous	635,825	1,281,897	1,141,562	278,253	206,054
Non-Operating Expenses					
Interest expense	1,978,000	1,552,500	1,100,000	624,938	126,186
Bond issuance expenses	-	-	-	-	-
Interest income to project participants	635,927	1,168,698	1,141,562	278,253	206,054
Other expenses	84,561	-	-	76,899	49
Total non-operating expenses	2,698,488	2,721,198	2,241,562	980,090	332,290
Increase in Net Position	6,372,057	7,559,576	7,113,895	7,263,249	8,282,127
Refund of capital contributions	-	-	-	-	-
Restatement of net position	-	-	-	-	-
Net position, at end of year	57,977,737	65,537,313	72,651,208	79,914,457	88,196,584
Net investment in capital assets	60,312,509	66,554,791	73,172,291	80,060,233	88,327,445
Restricted - capital projects	-	-	-	-	-
Restricted - debt service	10,411,593	10,418,498	10,423,636	10,378,495	-
Unrestricted	(12,746,365)	(11,435,976)	(10,944,719)	(10,524,271)	(130,861)
Total Net Postion	$ 57,977,737	$ 65,537,313	$ 72,651,208	$ 79,914,457	$ 88,196,584

TABLE 4

Fiscal Year Gross Budget History (Excludes Credits)

Fiscal Year	CCWA Charges	DWR (State) Charges	Total	Increase (Decrease)	Percentage Change
FY 01/02	$ 12,732,473	$ 29,872,420	$ 42,604,893	$ 1,573,801	4%
FY 02/03	15,923,396	28,667,780	44,591,176	1,986,283	5%
FY 03/04	15,826,610	33,290,820	49,117,430	4,526,254	9%
FY 04/05	16,309,830	33,576,516	49,886,346	768,916	2%
FY 05/06	16,898,682	30,918,963	47,817,645	(2,068,701)	-4%
FY 06/07	17,665,638	33,887,106	51,552,744	3,735,099	7%
FY 07/08	17,368,381	34,383,152	51,751,533	198,789	0%
FY 08/09	18,866,218	32,712,348	51,578,566	(172,967)	0%
FY 09/10	19,113,716	34,400,137	53,513,853	1,935,287	4%
FY 10/11	18,542,903	37,656,903	56,199,806	2,685,953	5%
FY 11/12	19,000,056	36,704,353	55,704,409	(495,397)	-1%
FY 12/13	18,871,714	32,473,910	51,345,624	(4,358,785)	-8%
FY 13/14	19,303,293	36,720,999	56,024,292	4,678,668	8%
FY 14/15	19,905,931	38,928,105	58,834,036	2,809,744	5%
FY 15/16	21,408,675	44,258,987	65,667,662	6,833,626	10%
FY 16/17	22,991,413	34,730,498	57,721,911	(7,945,751)	-14%
FY 17/18	21,280,493	40,494,796	61,775,289	4,053,378	7%
FY 18/19	21,485,218	50,494,069	71,979,287	10,203,998	14%
FY 19/20	22,618,490	52,066,151	74,684,641	2,705,355	4%
FY 20/21	22,317,186	49,225,756	71,542,942	(3,141,699)	-4%
FY 21/22	25,199,531	44,541,636	69,741,167	(1,801,775)	-3%

Note: Excludes CCWA credits.

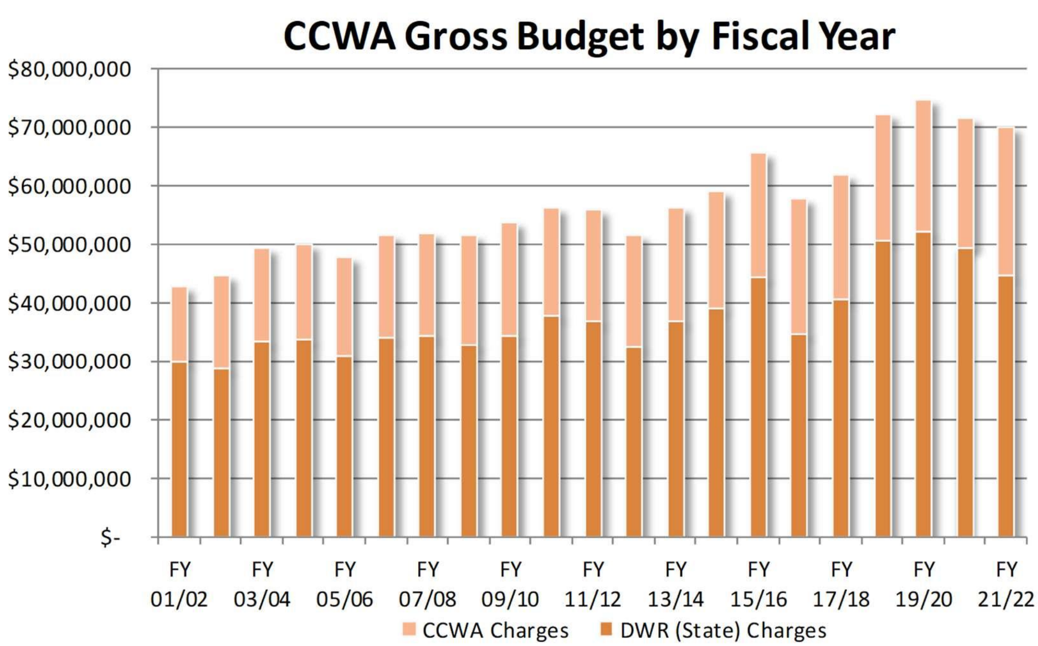


TABLE 5

FY 2021/22 Total Payments by Project Participant

Project Participant	FY 2021/22 Operating Expenses (1)	FY 2021/22 Debt Service Payments	FY 2021/22 DWR Costs	FY 2021/22 Warren Act Charges (2)	FY 2021/22 CCWA Credits	FY 2021/22 Total Payments
Guadalupe	$ 172,746	$ 146,624	644,830	$ -	$ -	$ 964,200
Santa Maria	4,731,795	0	18,453,719	-	-	23,185,513
Golden State Water Co.	160,259	0	620,300	-	-	780,559
Vandenberg SFB	1,658,168	0	6,370,341	-	-	8,028,510
Buellton	203,711	259,578	702,512	-	-	1,165,800
Santa Ynez (Solvang)	513,886	797,830	1,681,201	-	-	2,992,916
Santa Ynez	758,708	299,628	586,684	-	(1,782)	1,643,239
Goleta	1,535,332	2,514,368	4,799,144	77,836	(40,921)	8,885,758
Morehart Land	65,242	115,465	217,836	2,784	-	401,326
La Cumbre	464,158	552,767	1,144,583	34,742	-	2,196,251
Raytheon	20,153	24,165	57,008	1,276	-	102,603
Santa Barbara	1,477,054	1,545,811	3,619,899	120,350	-	6,763,114
Montecito	1,477,054	1,816,592	2,923,440	120,350	(32,711)	6,304,724
Carpinteria	966,922	1,038,582	2,285,254	77,546	(21,358)	4,346,945
Shandon	14,016	11,664	N/A	-	-	25,679
Chorro Valley	363,440	929,167	N/A	-	(14,432)	1,278,174
Lopez	324,386	240,263	N/A	-	(31,011)	533,638
TOTAL:	$ 14,907,029	$ 10,292,502	$ 44,106,750	$ 434,884	$ (142,215)	$ 69,598,951

(1) Adjusted for Santa Ynez Exchange Agreement Modifications and Regional WTP Treatment Allocation.
(2) Adjusted for Santa Ynez Exchange Agreement Modifications.
This schedule represents the budgeted amounts plus the increase or decrease in charges for certain participants due to changes in delivery requests which were not included in the original fiscal year 2020/21budget.

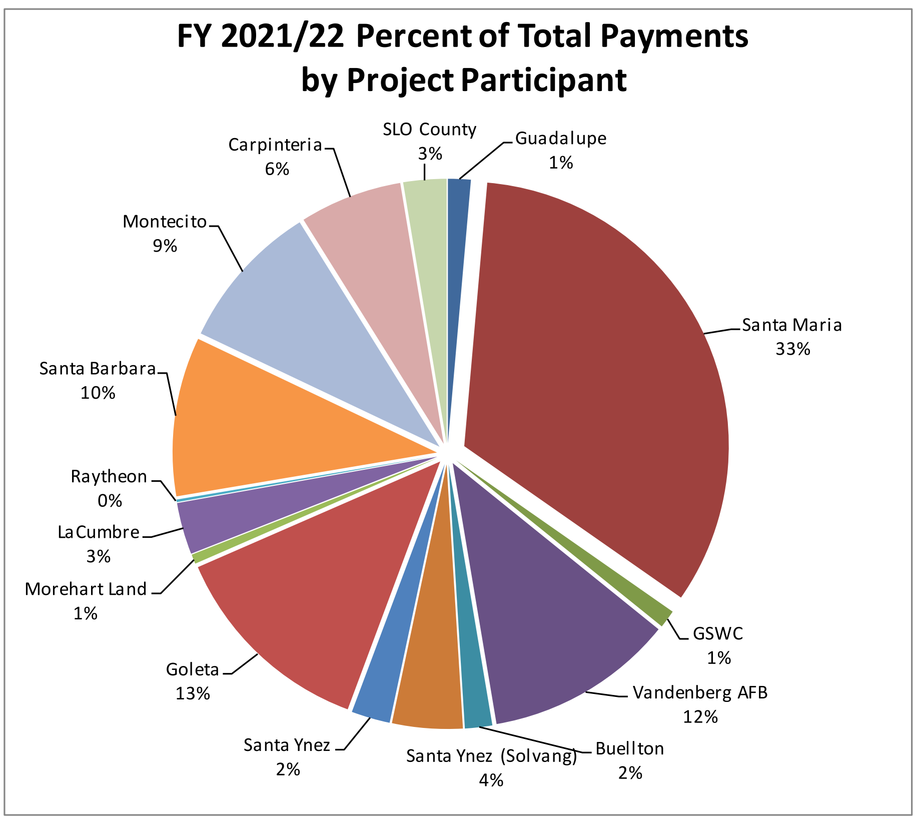


TABLE 6

Ratio of Outstanding Debt by Type
For Total Bonded Debt to Total Expenses

Fiscal Year	Bond Issue	Principal	Interest (1)	Total Debt Service	Total Expenses	Ratio of Debt Service to Total Expenses
2012/13	2006 Bonds	7,335,000	4,247,463	11,582,463	14,677,356	78.91%
2013/14	2006 Bonds	7,625,000	3,900,975	11,525,975	15,613,226	73.82%
2014/15	2006 Bonds	8,010,000	3,510,100	11,520,100	15,514,462	74.25%
2015/16	2006 Bonds	8,405,000	3,099,725	11,504,725	14,433,592	79.71%
2016/17	06 & 16 Bonds	8,825,000	3,023,619	11,848,619	13,963,559	84.85%
2017/18	2016 Bonds	7,880,000	2,076,500	9,956,500	14,016,338	71.03%
2018/19	2016 Bonds	8,720,000	1,661,500	10,381,500	14,157,731	73.33%
2019/20	2016 Bonds	9,160,000	1,214,500	10,374,500	13,968,274	74.27%
2020/21	2016 Bonds	9,615,000	745,125	10,360,125	14,121,658	73.36%
2021/22	2016 Bonds	10,095,000	252,375	10,347,375	12,835,151	80.62%

(1) Represents actual cash payment without regard to payments from the capitalized interest fund.

Source: Central Coast Water Authority

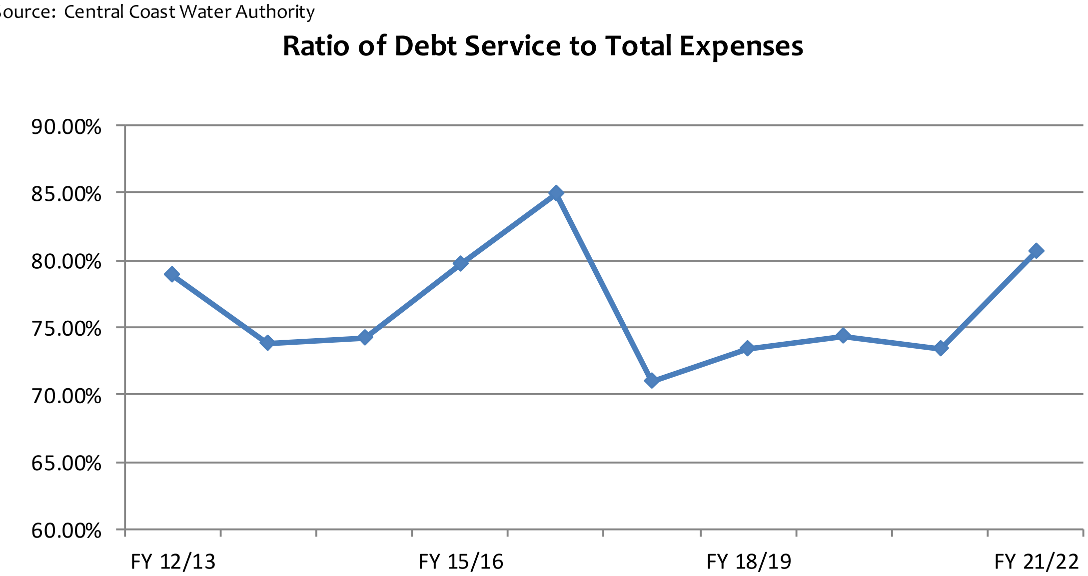


TABLE 7
Selected Demographic Information
Santa Barbara County

Santa Barbara County is located on the Pacific coast of the southern portion of the U.S. state of California, just west of Ventura County. The estimated total population of the County as of August 2020 was 451,840 according to the Santa Barbara County 2019/20 CAFR. The county seat is Santa Barbara and the largest city is Santa Maria.

For thousands of years, the area was home to the Chumash tribe of Native Americans, complex hunter-gathers who lived along the coast and in interior valleys leaving rock art in many locations including Painted Cave. European contact had devastating effects on the Chumash Indians, including a series of disease epidemics that drastically reduced Chumash population. The Chumash survived, however, and thousands of Chumash descendants still live in the Santa Barbara area or surrounding counties.

The County has a total area of 2,737 square miles and four of the Channel Islands – San Miguel Island, Anacapa Island, Santa Cruz Island and Santa Rosa Island – are in Santa Barbara County. They form the largest part of the Channel Islands National Park.

Santa Barbara County has a mountainous interior abutting a coastal plains area. The largest concentration of people is on this coastal plain, referred to as the south coast – the part of the county south of the Santa Ynez Mountains – which includes the cities of Santa Barbara, Goleta and Carpinteria, as well as the unincorporated areas of Hope Ranch, Mission Canyon, Montecito and Isla Vista. North of the mountains are the towns of Santa Ynez, Solvang, Buellton, Lompoc; the unincorporated towns of Los Olivos and Ballard; the unincorporated areas of Mission Hills and Vandenberg Village; and Vandenberg Space Force Base, where the Santa Ynez River flows out to the sea. North of the Santa Ynez Valley are the cities of Santa Maria and Guadalupe.

Santa Barbara County is home to a beautiful landscape and great climate for living, playing and working. The County is well known for its strong sense of community, prime agricultural land, award winning wineries, and attractive cultural and tourism opportunities. However, Santa Barbara County also touts its talented and highly skilled workforce and business sectors, from high tech to health care to design. Quality institutions like UC Santa Barbara and Vandenberg Airforce Base continue to attract high quality individuals to the County. It is these attributes that attract and retain businesses in the area.

TABLE 8
Miscellaneous Statistical Information

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	30.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
Number of water storage tanks	7
Number of turnouts	10

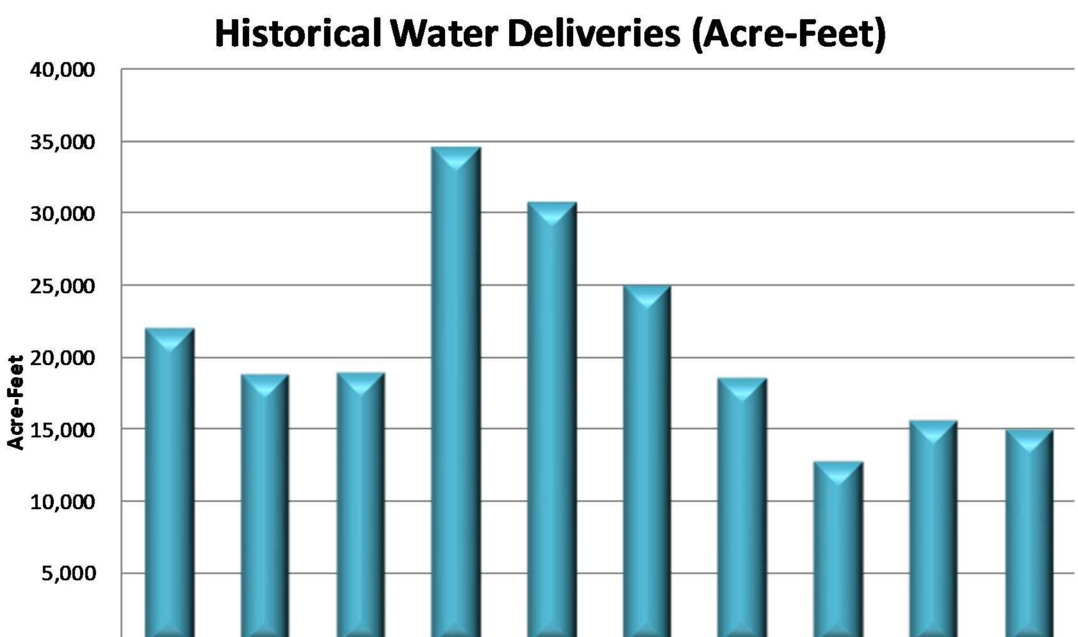
Agency	Table A Amount (AFY)
City of Buellton	578
Carpinteria Valley Water District	2,000
Goleta Water District	4,500
City of Guadalupe	550
La Cumbre Mutual Water Co.	1,000
Montecito Water District	3,000
Morehart Land Co.	200
City of Santa Barbara	3,000
Raytheon Systems Company	50
City of Santa Maria	16,200
Santa Ynez River W.C.D. #1	2,000
Southern California Water Co.	500
Vandenberg Space Force Base	5,500
Total Santa Barbara County *	39,078
Avila Beach C.S.D	100
Avila Valley Mutual Water Co., Inc.	20
California Mens Colony (State)	400
County of SLO C.S.A. No. 16 I.D. #1	100
County of SLO (Op. Center & Reg. Park)	425
City of Morro Bay	1,313
Oceano CSD	750
City of Pismo Beach	1,240
San Luis Coastal Unified School District	7
San Miguelito Mutual Water Co.	275
SLO Co. Comm. Coll. District (Cuesta College)	200
Total San Luis Obispo County	4,830
TOTAL TABLE A AMOUNT	43,908

Note: * Excludes CCWA drought buffer of Table A amount of 3,908 AFY and Goleta Water District additional Table A amount of 2,500 AFY.

TABLE 9

FY 2021/22 Actual State Water Deliveries (acre feet)

Project Participant	Table A Deliveries	Exchange Agreement Deliveries	Total Deliveries
Shandon Turnout (SLO County)	-	N/A	-
Lopez Turnout (SLO County)	2,367	N/A	2,367
Chorro Valley Turnout (SLO County)	2,023	N/A	2,023
City of Guadalupe	12	N/A	12
City of Santa Maria	2,033	N/A	2,033
Golden State Water Company	37	N/A	37
Vandenberg Space Force Base	1,048	N/A	1,048
City of Buellton	123	N/A	123
Santa Ynez ID #1 (City of Solvang)	557	N/A	557
Santa Ynez ID #1	-	1,127	1,127
Goleta Water District	4,019	(437)	3,582
Morehart Land Company	83	N/A	83
La Cumbre Mutual Water Company	370	N/A	370
Raytheon Systems Company	8	N/A	8
City of Santa Barbara	584	(292)	292
Montecito Water District	203	(203)	-
Carpinteria Valley Water District	2,098	(195)	1,903
TOTAL:	15,565	-	15,565



	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Actual	FY 2017/18 Actual	FY 2018/19 Actual	FY 2019/20 Actual	FY 2020/21 Actual	FY 2021/22 Actual	FY 2022/23 Request
Series1	21,979	18,823	18,928	34,535	30,756	24,891	18,586	12,750	15,565	14,983

TABLE 10

Historical Water Availability Compared to Actual Deliveries & Costs

Santa Barbara County Project Participants Only

(Acre-Feet)

Calendar Year	Available Water	Actual Deliveries	Total CCWA Actual Costs
1998	38,986	18,618	$ 36,225,479
1999	45,486	20,137	24,898,645
2000	40,937	22,741	50,707,485
2001	23,734	18,945	39,445,139
2002	34,715	27,600	37,237,621
2003	41,476	26,970	43,929,781
2004	30,793	29,705	44,152,940
2005	41,092	23,343	43,750,040
2006	49,506	23,275	47,067,848
2007	31,516	27,740	45,660,843
2008	22,036	18,391	46,236,486
2009	24,162	15,452	48,521,830
2010	24,033	17,775	50,707,485
2011	38,389	21,050	51,876,819
2012	29,566	19,474	45,904,819
2013	22,430	18,018	54,450,977
2014 (1)	9,955	15,942	59,621,280
2015 (2)	14,691	11,673	67,372,895
2016 (3)	45,774	28,807	53,704,188
2017 (4)	51,622	29,696	61,352,586
2018 (5)	34,883	28,165	76,476,705
2019 (6)	39,195	22,959	74,197,973
2020 (7)	25,470	18,586	72,644,178
2021 (8)	17,961	14,495	70,344,668
2022 (9)	12,172	7,497	59,529,359
Total:	790,580	527,054	$ 1,306,018,068
Avg. Cost per Acre-foot:	$ 1,652	$ 2,478	
Percent of Table A:	79.00%	52.67%	

(1) 2014 amounts include CCWA Supplemental Water Purchase Program costs of $4.2 million for 5,909 AF.
(2) 2015 amounts include CCWA Supplemental Water Purchase Program costs of $4.8 million for 9,600 AF.
(3) 2016 amounts include CCWA Supplemental Water Purchase Program costs of $2.9 million for 11,500 AF.
(4) No requests were made for CCWA Supplemental Water Purchase Program (SWPP) in 2017.
(5) 2018 amounts include CCWA Supplemental Water Purchase Program costs of $1.8 millon for 5,633 AF.
(6) No requests were made for CCWA Supplemental Water Purchase Program (SWPP) in 2019.
(7) No requests were made for CCWA Supplemental Water Purchase Program (SWPP)in 2020.
(8) 2021 amounts include CCWA Supplemental Water Purchase Program costs of $1.9 million for 2,258 AF.
(9) Water deliveries are estimated and include CCWA Supplemental Water Purchase Program (SWPP)in 2022.

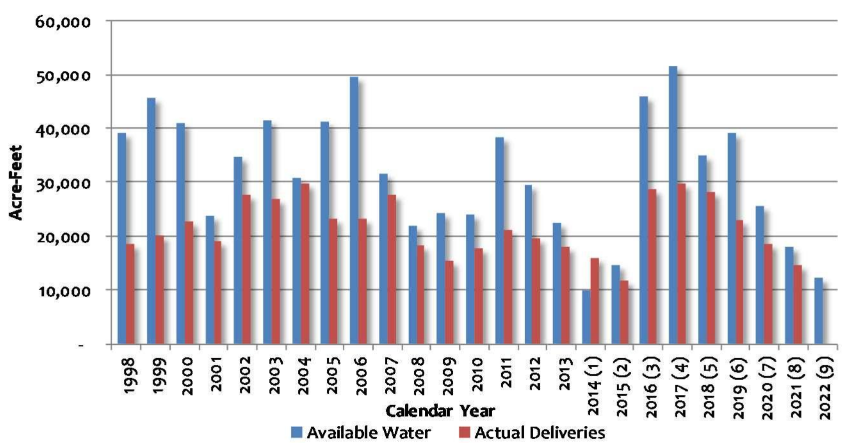


TABLE 11

Schedule of Insurance

Valued June 30, 2022

Company	Policy Period	Insurance Type	Limits	Coverages
Hartford Fire Insurance Company through Alliant Insurance Services	7-1-21 to 7-1-22	Excess Crime Coverage	$ 7,000,000	Dishonesty, faithful performance, forgery, computer fraud, pension plans including ERISA
ACWA Joint Powers Insurance Authority	7-1-21 to 7-1-22	Crime Coverage	$ 100,000	Public employee theft, depositors forgery or alterations, computer and funds transfer fraud
ACWA Joint Powers Insurance Authority	7-1-21 to 7-1-22	Property Insurance	$ 97,580,149	Buildings ($37,173,137); Personal property ($1,793,234); Fixed Equipment ($50,179,058); Business Interruption ($8,434,720)
ACWA Joint Powers Insurance Authority	10-1-21 to 10-1-22	General and Auto Liability	$ 5,000,000	Liability JPIA pooled layer
Safety National Casualty Corporation	10-1-21 to 10-1-22	General and Auto Liability	$ 5,000,000	Liability reinsurance policy
California Water Insurance Fund	10-1-21 to 10-1-22	General and Auto Liability	$ 10,000,000	Liability reinsurance policy
Everest Reinsurance Company/ Continental Indemnity Company/ Upland Specialty Insurance Company (quota share)	10-1-21 to 10-1-22	General and Auto Liability	$ 9,500,000	Liability reinsurance policy
Great American Insurance Company	10-1-21 to 10-1-22	General and Auto Liability	$ 5,500,000	Liability reinsurance policy
Allied World National Assurance Co	10-1-21 to 10-1-22	General and Auto Liability	$ 10,000,000	Liability excess policy
Hallmark Specialty Insurance Company	10-1-21 to 10-1-22	General and Auto Liability	$ 5,000,000	Liability excess policy
General Security Indemnity Company of Arizona	10-1-21 to 10-1-22	General and Auto Liability	$ 5,000,000	Liability excess policy

TABLE 12

Full-time Equivalent Employees by Position

Position Title	Number Authorized FY 2019/20	Number Authorized FY 2020/21	Number Authorized FY 2021/22	Change Over FY 2019/20	Change Over FY 2020/21
Executive Director	1.00	1.00	1.00	-	-
Deputy Director of Operations	1.00	1.00	1.00	-	-
Safety & Environmental Specialist	1.00	1.00	1.00	-	-
Controller	1.00	1.00	1.00	-	-
Senior Accountant	1.00	1.00	1.00	-	-
Deputy Controller	-	-	-	-	-
Office Manager	1.00	1.00	1.00	-	-
Accounting Technician	0.75	0.75	0.75	-	-
Administrative Assistant	1.50	1.50	1.50	-	-
WTP Supervisor	1.00	1.00	1.00	-	-
Distribution Supervisor	1.00	1.00	1.00	-	-
Maintenance Manager	1.00	1.00	1.00	-	-
Maintenance Foreman	1.00	1.00	1.00	-	-
Senior Chemist	1.00	1.00	1.00	-	-
Laboratory Analyst	1.00	1.00	1.00	-	-
IT/Instrumentation & Control Specialist	1.00	1.00	1.00	-	-
Engineering Technician	1.00	1.00	1.00	-	-
Maintenance Technician	2.00	2.00	2.00	-	-
Maintenance/IC&R Technician	2.00	2.00	2.00	-	-
WTP Operator	5.00	5.00	5.00	-	-
Distribution Technician	5.00	5.00	5.00	-	-
TOTAL:	30.25	30.25	30.25	-	-

TABLE 13
Santa Barbara County Largest Employers

Company or Organization	Jobs [1]	Percent of Total County Employment
County of Santa Barbara	4,307	1.81%
University of California, Santa Barbara	4,250	1.79%
Cottage Health System	3,245	1.36%
Vandenberg Space Force Base	2,500	1.05%
Santa Maria-Bonita School District	2,010	0.85%
Chumash Casino Resort	2,000	0.84%
Mission Linen Supply	2,000	0.84%
Marian Regional Medical Center	1,486	0.62%
Allen Hancock College	1,400	0.59%
AppFolio	1,350	0.57%
Total ten largest	24,548	10.32%
Total all other	213,300	89.68%
Total companies or organizations	237,848	100.00%

[1] Source: County of Santa Barbara Budget FY 2022/23

TABLE 14

State Water Payment Coverage Calculations

Fiscal Year Ending June 30, 2021	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Adjusted Net Revenues	State Water Payments	Parity Debt Service	Coverage
City of Guadalupe	$ 2,762,056	$ 956,464	$ 191,013	$ 1,996,605	$ 842,390	-	2.37
City of Santa Maria	56,580,949	16,999,445	5,166,640	44,748,144	20,802,769	-	2.15
City of Buellton	2,695,554	887,508	274,861	2,082,907	1,121,124	-	1.86
Santa Ynez ID #1, City of Solvang	5,113,075	1,960,989	632,101	3,784,187	2,969,874	-	1.27
Santa Ynez Water Conservation District, ID #1	13,253,217	4,528,498	460,943	9,185,662	1,889,919	-	4.86
Goleta Water District	41,685,845	26,268,353	-	15,417,492	7,862,907	-	1.96
La Cumbre Mutual Water Company(1)	5,991,570	2,902,457	400,354	3,489,467	2,017,258	-	1.73
City of Santa Barbara	65,885,930	33,430,891	-	32,455,039	4,552,079	$ 7,895,116	2.61
Montecito Water District	24,192,488	10,794,626	1,493,966	14,891,829	4,927,319	-	3.02
Carpinteria Valley Water District	15,611,318	7,092,217	859,791	9,378,892	3,455,937	-	2.71

(1) La Cumbre Mutual Company uses a Calendar year for reporting purposes.

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

Santa Barbara County, CA

COUNTY OF SANTA BARBARA CALIFORNIA

one COUNTY one FUTURE

Betsy M. Schaffer, CPA, CPFO
Auditor-Controller

C. Edwin Price, Jr., CPA, CPFO
Assistant Auditor-Controller

DEDICATION:

This ACFR is dedicated to the traditions and festivals of our County that celebrate the historic, the unique, the wonder, and the abundance of our community.

Photo By Mike Eliason

COUNTY OF SANTA BARBARA
STATE OF CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2022

one COUNTY | one FUTURE

PREPARED UNDER THE SUPERVISION OF

BETSY M. SCHAFFER, CPA, CPFO
Auditor-Controller

C. EDWIN PRICE, JR., CPA, CPFO
Assistant Auditor-Controller

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CALIFORNIA

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COUNTY OF SANTA BARBARA
CALIFORNIA

Office of the Auditor-Controller

County of Santa Barbara

One Office. One County. One Future.

Betsy M. Schaffer, CPA
Auditor-Controller

C. Edwin Price, Jr., CPA
Assistant Auditor-Controller

December 2, 2022

To the Honorable Board of Supervisors and the Citizens of Santa Barbara County:

The Annual Comprehensive Financial Report (ACFR) of the County of Santa Barbara (County) for the fiscal year ended June 30, 2022, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Independent Auditor's Report is located at the front of the financial section of this report. Brown Armstrong Accountancy Corporation has issued an unmodified ("clean") opinion on the County's financial statements for the year ended June 30, 2022. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

Policymaking and legislative authority is vested in the County Board of Supervisors (Board), which consists of an elected supervisor from each of the five districts. The Board is responsible for, among other things, passing ordinances, adopting budgets and appointing committees, the County Executive Officer (CEO), and non-elected department directors. Supervisors are elected to four-year staggered terms with two supervisors elected in even-years and three supervisors elected in odd-years. The County has five elected department directors serving four-year terms: Auditor-Controller, Clerk-Recorder-Assessor, District Attorney, Sheriff-Coroner, and Treasurer-Tax Collector-Public Administrator. The organization chart on the following page reflects the various functional categories reported in the governmentwide Statement of Activities as well as identifies principal officials.

Geography and Industry

The County, located approximately 100 miles north of Los Angeles and 300 miles south of San Francisco, was established by an act of the State Legislature on February 18, 1850. It occupies 2,734 square miles, one-third of which is located in the Los Padres National Forest. The County has a population of 445,164 and it includes four of the eight Channel Islands: San Miguel, Santa Cruz, Santa Rosa, and Santa Barbara.

Eight incorporated cities are within the County: Buellton, Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, and Solvang. The largest employment categories include the government sector, education and health services, defense, recreation and hospitality, textiles and facility services, and software developers. The mild climate, picturesque coastline, scenic mountains, and numerous parks and beaches make the County a popular tourist and recreational area.

Policy & Executive

Das Williams
First District
Supervisor

Gregg Hart
Second District
Supervisor

Joan Hartmann
Third District
Supervisor

Bob Nelson
Fourth District
Supervisor

Steve Lavagnino
Fifth District
Supervisor

Mona Miyasato
County Executive Officer (CEO)
General County Revenues & Programs

Rachel Van Mullem
County Counsel

Public Safety

Joyce E. Dudley
District Attorney*

William F. Brown
Sheriff-Coroner*

Darrel E. Parker
Court Special Services

Mark A. Hartwig
Fire

Tanja Heitman
Probation

Tracy M. Macuga
Public Defender

*Elected Official

Health & Human Services

Toni Navarro LMFT
Behavioral Wellness

Joni Maiden, MPA
Child Support Services

Daniel Nielson, MPA
Public Health Services (Interim)

Daniel Nielson, MPA
Social Services

Community Resources & Public Facilities

Cathleen Fisher
Agriculture Commissioner / Weights & Measures

George Chapjian
Community Services

Lisa Plowman
Planning & Development

Scott McGolpin
Public Works

General Government & Support Services

Betsy M. Schaffer, CPA, CPFO
Auditor-Controller*

Joseph E. Holland, CPFO
Clerk-Recorder-Assessor*

Harry E. Hagen, CPA, CPFO
Treasurer-Tax Collector & Public Administrator*

Janette Pell
General Services

Maria Elena De Guevara
Human Resources

Component Units

The County, with an average of 4,153 full-time equivalent employees, provides a full range of services to its residents as the organization chart on the previous page depicts. Included in operations are various component units which provide specific services Countywide or to distinct geographic areas within the County. They include Flood Control and Water Conservation Districts, Santa Barbara County Fire Protection District, In-Home Supportive Services Public Authority, County Service Areas, Community Facilities Districts, Lighting Districts, Sandyland Seawall Maintenance District, Water Agency, Santa Barbara County Finance Corporation, Laguna County Sanitation District, First 5 Children and Families Commission (First 5) (separately presented and not included in the County's operations), and Santa Barbara County Employees' Retirement System (SBCERS) (fiduciary component unit).

While these entities are legally separate from the County, the County is financially accountable for them as their governing bodies are substantially the same as the County Board (except for First 5 and SBCERS). Other entities, such as the Air Pollution Control District, and Santa Barbara County Association of Governments conduct their own day-to-day operations, answer to their own governing boards, and thus are not included in the County's financial statements.

Budget

The County is required by state law to adopt a final budget each year. This annual budget serves as the foundation for the County's financial planning and control. Budgets are adopted for all governmental and proprietary funds and are prepared in accordance with generally accepted accounting principles (GAAP) as required in the United States of America. The legal level of budgetary control is maintained at the fund, department, and object level with more stringent control over capital assets and fund balance categories, which are maintained at the line item level.

The Board must approve amendments or transfers of appropriations between funds or departments as well as items related to capital assets or fund balances. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. The Board has delegated authority to approve transfers of appropriations between object levels within the same department to the CEO.

Tax Abatement

The County administers its Agriculture Preserve Program under the California Land Conservation Act of 1965, better known as the Williamson Act. The purpose of the Williamson Act is the long-term conservation of agricultural and open space lands. Conservation of agricultural and open space land benefits the general public by discouraging premature conversion of land to urban land uses, thereby curtailing sprawl and promoting logical urban growth and provision of urban services. The Agricultural Preserve Program both protects agriculture and retains open space for its scenic qualities and value as a wildlife habitat. Most directly, it contributes to the County's agricultural economy and the availability of fresh, nutritious, varied, and affordable food.

FACTORS AFFECTING ECONOMIC CONDITION

The following highlights and graphs are indications of the changing economy on a Countywide basis that includes both the unincorporated area and the eight incorporated cities.

During Fiscal Year (FY) 2021-22, with the COVID-19 pandemic waning, the County experienced increases in employment with a decrease in the corresponding unemployment rate to pre-pandemic levels and modest wage gains; housing price growth increased significantly along with a strong rebound in tourism related taxes.

> **"The median sale price for a house ... on the South Coast increased from \$1.53 million in March 2021 to \$2.18 million in March 2022."**
>
> Santa Barbara Independent March 20, 2022

Employment

- The County's average unemployment rate during FY 2021-22 decreased from 7.3% to 4% with a relative steady decline from peak unemployment rate at the beginning of FY 2020-21.
- The June 2022 County unemployment rate of 2.8% was below the State unemployment rate of 4% and below the national unemployment rate of 3.8%.
- As of June 2022, Leisure and Hospitality employment increased by 11.7% from last year to 28,100 jobs.

Income

- The County's average annual wages increased to \$62,020 in the 2021 calendar year from \$59,500 in 2020.

Retail Sales

- Countywide estimated retail sales increased 18% to \$9.94 billion during FY 2021-22.
- California retail sales had increased by 22.06% between January 1 and December 30, 2021.

Real Estate

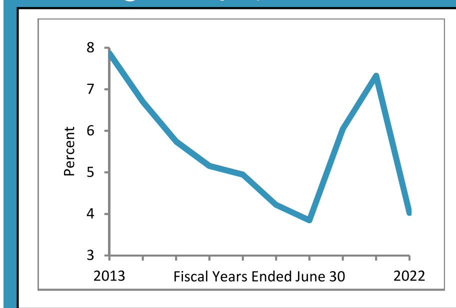
- According to the Zillow Home Value Index for Santa Barbara County, the median home value increased 25.2% to \$879,426.
- The real estate market continued its upward trend, with significant growth in price increases.

Tourism

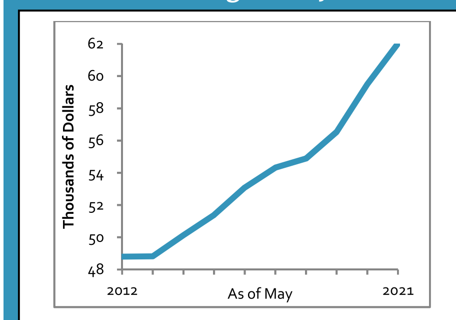
- Countywide estimated room sales increased by 53.9% to \$696.4 million.
- Countywide estimated Transient Occupancy Tax (TOT) revenue increased by 54.3% to \$82.3 million.
- Southern Santa Barbara County hotel room rates increased by 32.6% while available hotel rooms decreased by 1.3% from the previous fiscal year with a hotel occupancy rate of 72.9%.

Most of the information about the local economy is derived from the California Employment Development Department and the Bureau of Labor Statistics.

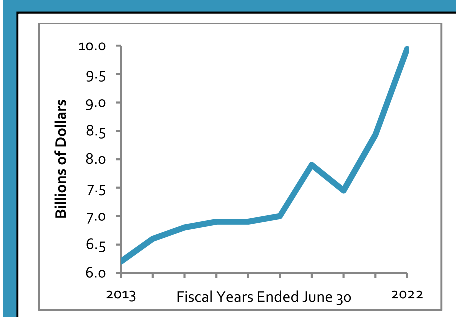
Avg. Unemployment Rate



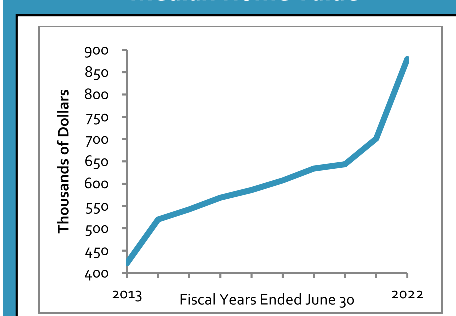
Average Salary



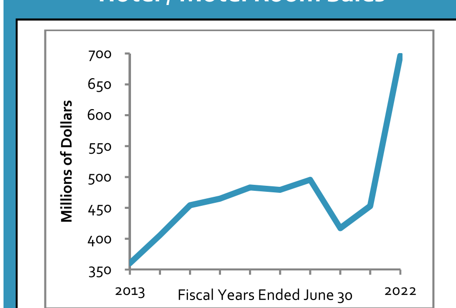
Retail Sales



Median Home Value



Hotel / Motel Room Sales



ECONOMIC INDICATORS

The ongoing global pandemic and its disparate health and economic impacts on Californians, saw state revenues grow at historic rates, with an estimated state surplus (the difference between projected revenues and spending under current law and policy) of $31 billion in FY 2021-22. Revenue growth was due in large part to a significant increase of several measures of economic activity including double digit growth in retail sales, the rebound in stock market investments, and historically high earnings by several major firms, resulting in much higher tax revenues in FY 2021-22 as compared to budget act estimates.

Several COVID-19 related Federal legislations continue to impact the State Budget. The American Rescue Plan Act (ARPA) Fiscal Relief Funds provided about $27 billion to California's state government and also included a temporary enhanced federal match rate for Home & Community-Based Services (HCBS) which reduced the state's share of base program costs for these services by $3 billion. The federal government required states to "reinvest" these freed-up state funds on expanded, enhanced, or strengthened HCBS services, thus $1 billion in net California General Fund savings between FY 2020-21 and FY 2021-22 was associated with the enhanced Medicaid HCBS match. The Enhanced Federal Match for Medicaid provided a temporary 6.2 percentage point increase in the federal government's share of cost for state Medicaid programs until the end of the national public health emergency declaration.

The State realizes that the pace of growth seen recently could slow in the coming months, though periods of strong economic and revenue growth have historically been followed by continued growth. Much of the revenue gains are in the form of more stable revenue streams including sales tax and income tax withholding.

Higher inflation affects the State in many ways. For revenues, increases in collections due in part to higher wages occur. Higher inflation also upsets stability in the financial markets and the economy as a whole, which then may lead to a decrease in revenues. Increased inflation increases the costs of delivering services, and as interest rates rise, the costs of federal government loans and bond debt service will also increase.

The State's unemployment rate has fallen steadily over the course of the ongoing recovery, with the July 2022 rate of 3.9% actually .2% lower than before the pandemic in February 2020. California has enjoyed steady and rapid job growth over the course of its ongoing recovery with over 97% of the pandemic-related job losses regained. California's job gains over the course of the April 2020-July 2022 recovery has been well distributed across industry sectors with the hard-hit leisure and hospitality sector gaining more jobs than any other sector.

The California labor market continues to be robust, as the economy continues its recovery from the economic downturn brought on by the pandemic. California is enjoying historically low unemployment statewide with jobs continuing to be added across most industry sectors and economic regions, though the growth rate has slowed as the labor market normalizes.

High inflation continues to endure as the looming threats of a pandemic resurgence and unstable geopolitical environment upsets economic stability. In response, the U.S. Federal Reserve has been using available monetary tools, including aggressive interest rate increases, in an attempt to bring inflation under control. The interest rates hikes are projected to moderate labor markets as increased borrowing costs on businesses and consumers will soften the pressures of increasing prices.

The Federal Reserve must keep a careful watch to ensure that its policies achieve their intended results. If monetary policy is too aggressive, the risk of the economy falling into recession is high, while an inadequate response would fail to rein in current inflationary trends. Although the economy continues to remain strong, signs of slowdown are appearing, indicating an increased risk that a recession in the next 12 to 18 months may occur.

MAJOR INITIATIVES

During the last fiscal year, under the leadership of the Board, many outstanding key programs, projects, and initiatives were successfully undertaken by the County:

- June 2022 marks the end of the County's five-year Renew 2022 (Renew '22) initiative, embarked upon in 2017 to address financial and organizational challenges and make decisions that will transform the County for success well into the future. Over the past five years, departments prepared and positioned themselves to adopt new practices, be responsive and resilient, and rethink what the public needs and expects of the County. The pandemic caused an acceleration of Renew '22, which was initiated in part to fortify the organization against the next economic or natural emergency. The last five years have seen departments pursue efficiencies and improvements in the way they do business through Renew '22 initiatives to help position them to mitigate or avoid the difficult funding choices that were necessary during the last recession. The next Countywide strategic initiative, which will build upon the successes of Renew '22, is currently under development.

- The County continues to implement major initiatives to reduce the numbers of mentally ill individuals entering the criminal justice system and increase referrals to appropriate mental health services. Criminal justice partners and the Department of Behavioral Wellness established a new prefiling/pre-arraignment diversion program (CREDO 47) through Proposition 47 grant funding. The Department of Behavioral Wellness also expanded the Mental Health Rehabilitation Center (MHRC) to 34 beds, with two beds designated for people determined Incompetent to stand trial.

- Several County departments have been involved in providing services to prevent, address, mitigate or house homeless individuals. Homeless programs continue to increase in their complexities but have received renewed interest and effort at the federal, state, and local levels. There has been an overall increase by 42% in the number of people accessing shelter and services. The County has been successful in applying for and administering available homeless funding and provides additional support for this population including anticipated $1.5 million in General Fund Contribution for FY 2022-23. The bulk of homelessness funding is managed within the Community Services Department, consisting of approximately $30.6 million in state and federal sources for programs such as the Emergency Rental Assistance Program (ERAP) ($17 million), federal Emergency Solutions Grant Coronavirus (ESG-CV) ($5.3 million), and the Homeless Housing Assistance and Prevention Program (HHAP) ($5.3 million). Additionally, the Board has allocated $25.4 million in ARPA funding for facilities, services, and encampment strategies. This is the largest amount ever allocated by the County to combat homelessness.

- The Board adopted a budget policy that prioritizes funding for critical information technology needs to ensure residents and other County customers receive a necessary and evolving level of service. $2 million is being set aside annually to assist with technology replacement that is prioritized through the Executive Information Technology Committee (EITC). This critical funding supports several information technology needs including the migration of Information Technology Services from on-premises to internet service providers (cloud), cybersecurity projects, the website replacement project to redesign and replace County intranet sites for standardization, and other projects that benefit several service departments. Additionally, the budget continues funding for the implementation of the County Enterprise Resource Planning (ERP) system.

- More than $27 million in infrastructure spending is planned for maintaining County buildings, roads and parks, the most since the County set a funding policy in 2014. Of this amount, almost $16 million is for road maintenance projects. In addition, other improvements are planned for the Santa Maria Health Care Center, Cachuma Lake Park, Arroyo Burro Beach, Lookout Park, and Goleta Beach. Construction of the Modoc Multiuse Path extension, and various bridge improvements and replacements are expected next year. Federal funding was also awarded recently for seismic and accessibility upgrades for the Veteran's Memorial Building in Santa Barbara and the Lompoc Healthcare Center.

- Construction on the Tajiguas ReSource Center was completed in March 2022 with a total cost of $133.9 million. This new, state-of-the-art recycling facility and large-scale anaerobic digester will convert commercial and residential waste into resources by recovering recyclable materials, transforming organics into landscape nutrients, and creating renewable energy in the process. With this new technology, approximately 60% of additional waste from our trash cans will be diverted from the landfill, bringing our region's diversion rate above 85% while significantly reducing greenhouse gas emissions.

- Additional energy efficiency upgrades in public facilities and electric vehicles in the County fleet are planned for FY 2022-23 as the County adapts to climate change. Increasing participation in the Home Energy Savings energy efficiency retrofit program, and energy assurance and auditing services will provide technical assistance to critical facilities to improve energy resiliency. Continued participation in Central Coast Community Energy has already increased customers' use of renewable energy and puts the County on the path to achieve 100% renewable energy by 2030.

- Several high-priority capital projects were identified in early 2019 for funding through Certificates of Participation (COP), which are expected to be issued within the next year. Funding for debt service payments is carved out in the recommended budget in anticipation of this issuance. These capital projects include:
    - Public Safety Radio System Replacement
    - Probation Department Headquarters
    - Main Jail Renovations
    - Cachuma Lake Park Infrastructure Upgrades
    - Regional/ Fire Communications Center Facility
    - Fire Station 27 Rebuild

SIGNIFICANT CAPITAL PROJECTS

The County completed $270.6 million in capital projects in FY 2021-22. Planned Projects in the FY 2022-23 Capital Budget Summary include:

- $66 million for the Laguna County Sanitation District - Phase I Plant Upgrade with anticipated completion in January 2024;
- $16 million for replacement of the 580-foot-long Floradale Avenue Bridge with anticipated completion by the end of 2022;
- Approximately $18 million for replacement of the 1,430-foot-long Foothill Road Bridge in the Cuyama Valley;
- $3 million for replacement of the Fernald Point Road Bridge in Montecito expected to be completed Summer 2022;
- Approximately $3.3 million of improvements to 32 lane miles via the Countywide Pavement Preservation Project;
- Approximately $27.2 million is planned for maintaining County buildings, roads and parks with over $16 million of that going towards road maintenance projects.

Additional FY 2022-23 capital and capital maintenance projects, equipment, software, and information systems projects can be found in Section E "Capital Budget Summary" of the County's Recommended Budget (available at https://www.countyofsb.org/3317/2022-2023).

LONG-TERM FINANCIAL PLANNING

In the FY 2022-23 Recommended Budget the County is projecting modest local property tax revenue growth of 4.5%, a 12% increase in retail sales tax, and an increase of 20.1% related to TOT taxes. The County has committed to building and maintaining a strategic reserve equal to 8% of annual General Fund revenues, or approximately 30 days working capital. During FY 2021-22, the strategic reserve balance remained level at $38.8 million and an additional $1.8 million has been budgeted for FY 2022-23 to increase strategic reserves. The County is also addressing capital needs by continuing to incorporate a policy which earmarks 18% of available discretionary General Fund revenue growth for deferred maintenance.

RELEVANT FINANCIAL POLICIES

The County benchmarks its financial policies to a set of Best Financial Management Practices for Governmental Issuers of Municipal Debt published by Fitch Ratings.

Fund Balance Reserve

The County is committed to building a strategic reserve as discussed previously in Long-Term Financial Planning.

Multiyear Financial Forecasting

The County prepares a five-year financial forecast annually focusing on discretionary revenues and their uses to aid in current year decisions.

Quarterly Financial Reporting and Monitoring

The CEO and Budget Director review each department's year-to-date actual and projected revenues and expenditures quarterly. These meetings also focus on their operations and performance measures.

Contingency Planning

The County does not have a formal contingency policy and maintains only a small operating contingency of less than 1% in the General Fund. However, the County has established a strategic reserve policy, and is in the process of building a strategic reserve that will equal 8% of annual General Fund revenues (approximately 30 days working capital). The County also has other significant fund balances in its special revenue funds. The most noteworthy is the Flood Control District fund balance used to hedge against storm related disasters.

Nonrecurring Revenue

One of the principal budget tenets is that nonrecurring revenue should be used for one-time needs and that ongoing expenditures should have identified ongoing sources. Additionally, the County's General Fund Allocation Policy states that "Requests for additional FTE's … will identify the ongoing funding source."

Financial Reporting Awards

The Government Finance Officers Association (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to the County for its ACFR annually since 1991, and the Certificate of Achievement in Popular Annual Financial Reporting for the Financial Highlights annually since 1995. The GFOA awards were applied for on January 31, 2022, however delays in the review process have resulted in the GFOA taking up to 9 months to review, thus at the time of publishing, the June 30, 2021 GFOA Awards for the ACFR and PAFR have not yet been issued.

Debt Affordability

The County established a Debt Advisory Committee (DAC) to provide advice to the Board on debt issuance and management. The DAC looks at repayment sources as one of the key criteria for approval of new debt issues. In addition, all long-term equipment or real property leases are reviewed for lease vs. purchase decisions.

Superior Debt Disclosure Practices

The County maintains a complex set of debt disclosures in the County's Recommended Budget and the ACFR statistical section. We believe that time is of the essence in the publication of these documents. The budget is adopted before June 30 and loaded into the financial system before the close of the first month of the new fiscal year. The County's major financial documents are available on the web at www.countyofsb.org.

Capital and Maintenance Funding

The County has an informal pay-as-you-go policy for funding capital. However, many of the County's funds only utilize pay-as-you-go financing. Beginning in FY 2015-16, the Board established a budget policy to set aside 18% of general revenue growth to address aging infrastructure and facilities.

Debt Repayment Plan

The County's current outstanding debt schedule features a debt repayment plan that will reduce debt by 55% over the next ten years with 100% reduction in 19 years.

Five-Year Capital Improvement Program

The County's Five-Year Capital Improvement Program provides for an integration of capital projects and operating impacts in the recommended operating budget for each budget cycle.

Budgeting Awards

The GFOA has presented the Distinguished Budget Presentation Award to the County annually since 1998.

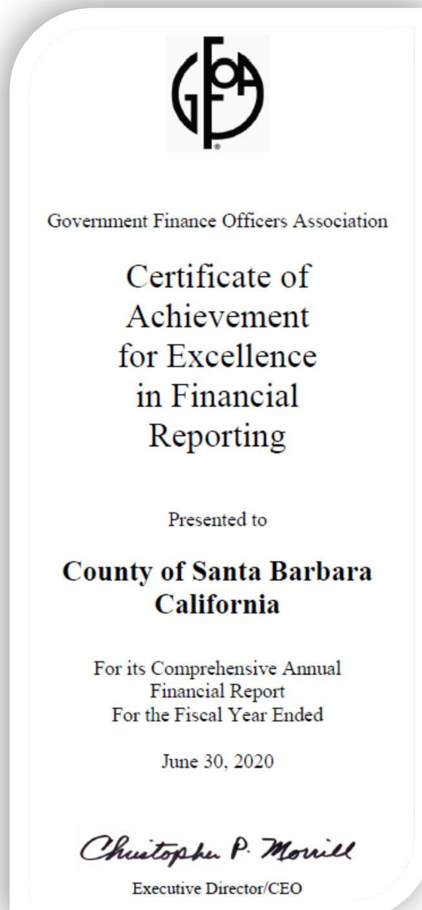
AWARDS AND ACKNOWLEDGMENTS

We are very proud of this ACFR and all of the County's award-winning financial reporting publications. Each publication has been prepared with great care and expertise with a goal of meeting the highest level of financial reporting preparation standards.

GFOA Financial Reporting Certificate of Achievement

The County of Santa Barbara has applied for but not yet received the GFOA award for Certificate of Achievement for Excellence in Financial Reporting to the County's ACFR for the fiscal year ended June 30, 2021. The GFOA award was applied for on January 31, 2022, however delays in the review process have resulted in the GFOA taking up to 9 months to review. This award has been achieved annually since 1991 through 2020. To receive this prestigious award, a government must publish an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable legal requirements.

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



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Santa Barbara California

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

GFOA Budget Presentation Award

The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2021. This award has been achieved annually since 1998. To receive this prestigious award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

GFOA Popular Annual Financial Reporting Award

The County has applied for but not yet received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Financial Highlights publication for the fiscal year ended June 30, 2021. The GFOA award was applied for on January 31, 2022, however delays in the review process have resulted in the GFOA taking up to 9 months to review. This award has been achieved annually since 1995 through 2020. To receive this prestigious award, a government must publish a Popular Annual Financial Report that conforms to program standards of creativity, presentation, understandability, and reader appeal.

Acknowledgments

The preparation of the ACFR and its timely issuance is the result of a concentrated, dedicated, and coordinated effort by the entire Auditor-Controller staff. We would like to acknowledge the special efforts of the Financial Reporting Division for their assistance in the report's preparation. We would also like to thank all County departments who participated in its preparation.

Respectfully submitted,

Mona Miyasato
County Executive

Betsy M. Schaffer, CPA, CPFO
Auditor-Controller

FINANCIAL SECTION

COUNTY OF SANTA BARBARA

CALIFORNIA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
County of Santa Barbara, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Santa Barbara, California (the County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County'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 the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County 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.

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 County'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.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
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10 River Park Place East, Suite 208
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STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95219
209-451-4833

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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 the County'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 County'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 Santa Barbara County Employees' Retirement System Schedule of the County's Proportionate Share of the Net Pension Liability, the Santa Barbara County Employees' Retirement System Schedule of the County's Contributions, Other Postemployment Benefits (OPEB) Plan Schedule of Changes in the County's Net OPEB Liability and Related Ratios, and the respective budgetary comparison for the General and Special Revenue Funds 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and budgetary comparison for the Capital Projects Fund 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the budgetary comparison for the Capital Projects Fund are 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 auditor's 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 2, 2022, on our consideration of the County'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 County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 2, 2022

TABLE OF CONTENTS – MANAGEMENT'S DISCUSSION AND ANALYSIS

Page

The information in this section is not covered by the Independent Auditor's Report, but is presented as required supplementary information for the benefit of the readers of the ACFR.

As management of the County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's Basic Financial Statements, which immediately follow this section. All dollar amounts are expressed in thousands.

FINANCIAL HIGHLIGHTS

Governmentwide Financial Analysis

During the fiscal year ended June 30, 2022, several major projects and revenue sources were of special significance to the County's operations and net position. Over time net position can be a useful indicator of the County's financial condition. Net position increased this year by $181,434 (see page 22). The major elements that impacted the financial position during the year are detailed below.

Changes to Net Investment in Capital Assets +$50.2M (represents the County's investment in capital assets, less (1) accumulated depreciation, (2) related outstanding debt used to acquire those assets, and (3) related deferred inflows of resources) were primarily due to:

- Laguna Sanitation District Plant Expansion (Net impact = +26.8M)
  Construction continued on the first phase of the $54 million Laguna Sanitation District upgrade project. The plant upgrade is intended to extend the useful life of the plant and the work is funded by capital reserves and debt. More information on this project can be found in the work in progress section on page 29.

- Increases to Bridge Infrastructure (Net impact = +$16.1M)
  Construction continued on the replacement of the 580-foot-long Floradale Avenue Bridge, the 1,430-foot-long Foothill Road Bridge in the Cuyama Valley, and 1,320-foot-long Fernald Point Bridge.

- ReSource Center (Net impact = +$4.8M)
  The ReSource Center became operational at the beginning of the fiscal year on July 16, 2021.

Changes to Unrestricted Net Position +$101.2M (represents the County's available resources for ongoing obligations related to programs with external restrictions of their use) were primarily due to:

- Pension and Other Post-Employment Benefits (OPEB) (Net impact = +$103.4M)
  Pension and OPEB experienced higher than usual investment returns (reported by Santa Barbara County Employees' Retirement System (SBCERs) from FY 2020-21) decreasing net pension and OPEB liabilities while increasing unrestricted net position.

- COVID-19 Pandemic Response (Net impact = +$27.3M)
  The following receipt of federal funds were used for cost reimbursement primarily for COVID-19 related programs:
    - $5.6 million from the American Rescue Plan Act (ARPA)
    - $4.2 million from the Federal Emergency Management Agency (FEMA)
    - $17.5 million from the Emergency Rental Assistance Program (ERAP)

- Litigation case settlement (Note 21) (Net impact = -$4.4M)
  On October 11, 2022, the County reached a settlement with the United States Department of Justice for reimbursement of specialty mental services through California's Medi-Cal program. Under the settlement agreement, the County will pay $28 million in FY 2022-23 with $23.6M attributable to Net Position Restricted for

General County Programs and \$4.4M attributable to Unrestricted Net Position. The settlement was approved by the Department of Justice and the County Board of Supervisors.

- Collection of Cannabis Tax (Net impact = -\$3.1M)
  Cannabis tax revenues received was \$8.7M, a decrease of \$7.0M from \$15.7M in the prior fiscal year. Cannabis tax revenues during the fiscal year were spent on discretionary programs.

- Enterprise Resource Planning (ERP) System Implementation (Net impact = -\$1.0M)
  Spending for the implementation of the County ERP System to support the migration of Information Technology Services from on-premises to internet service providers (cloud) increased expenses.

Detailed information and analysis of the changes in net position can be found in the subsequent sections and reflect the impact of these major financial highlights.

DESCRIPTION OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the County's Basic Financial Statements which include the following three components:

- Governmentwide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

Governmentwide Financial Statements

The Governmentwide Financial Statements provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the County's *Assets and Deferred Outflows of Resources and Liabilities and Deferred Inflows of Resources* with the difference reported as *Net Position.*

Net Position = (Assets + Deferred Outflows of Resources) – (Liabilities + Deferred Inflows of Resources)

The S*tatement of Activities* presents the most recent fiscal year's changes in the County's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (Accrual Basis of Accounting). The statement reports items resulting in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave) as revenues and expenses.

The Governmentwide Financial Statements distinguish functions of the County principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities grouped by function of the County include Policy and Executive, Public Safety, Health and Human Services, Community Resources and Public Facilities, General Government and Support Services, and General County Programs. The business-type activities of the County include Resource Recovery and Waste Management (Resource Recovery) and Laguna County Sanitation District (Laguna Sanitation).

Component units are included in the financial statements and are legally separate entities for which the County is financially accountable. If a component unit's total debt is expected to be repaid entirely by the County, if the component unit provides services entirely to the County, or if the component unit has substantially the same governing board as the County and there is a financial benefit or burden relationship or County management has operational responsibility for a component unit, then the component unit will be classified as a blended component unit. If a component unit does not meet any of the preceding requirements it will be presented as a discrete component unit.

The following is a list of the County's blended component units:

- Flood Control and Water Conservation Districts
- Santa Barbara County Fire Protection District
- In-Home Supportive Services Public Authority
- County Service Areas
- Community Facilities Districts
- Lighting Districts
- Sandyland Seawall Maintenance District
- Water Agency
- Santa Barbara County Finance Corporation
- Laguna County Sanitation District

The County's only discretely presented component unit is the First 5 Children and Families Commission. The County's only fiduciary component unit is the Santa Barbara County Employees' Retirement System (SBCERS).

Pages 39-40 of this report display the Governmentwide Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County's funds are divided into three types:

- Governmental funds
- Proprietary funds
- Fiduciary funds

Governmental Funds

Governmental funds account for essentially the same functions reported as governmental activities in the Governmentwide Financial Statements. However, unlike the Governmentwide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year (Modified Accrual Basis of Accounting). Such information may be useful in evaluating the County's near-term financing requirements. To understand the long-term impact of the County's near-term financing decisions, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Governmentwide Financial Statements. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Over time, increases or decreases in *fund balance* are a useful indicator of the County's near-term financial condition and are broken into four categories:

- Nonspendable – Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact,
- Restricted – restricted by law or externally imposed requirements,
- Committed – committed by the highest level of authority of the government is binding unless removed in the same manner, and
- Unassigned – balances that are not nonspendable, restricted, or committed.

The County maintains 80 individual governmental funds combined into 32 funds for financial reporting purposes. The County segregates from the General Fund a number of significant functions in 9 major funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General; Roads; Public Health; Social Services; Behavioral Wellness; Flood Control District; Affordable Housing; Fire Protection District; and Capital Projects funds, all considered major funds. Data for the other 23 governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for all of its operating funds. The budget and actual comparison schedules provided for the General Fund and major special revenue funds demonstrate performance against this budget.

Pages 41-44 of this report display the Governmental Funds Financial Statements.

Proprietary Funds

The County maintains two different types of proprietary funds: enterprise funds and internal service funds. The County has two enterprise funds, both qualify as major funds.

Enterprise Funds report the same functions presented as business-type activities in the Governmentwide Financial Statements. The County uses enterprise funds to account for Resource Recovery and Laguna Sanitation.

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County's internal service funds account for information technology services, vehicle operations and maintenance, risk management and insurance, communications services, and utilities. Since these services predominantly benefit governmental rather than business-type functions, they are consolidated within governmental activities in the Governmentwide Financial Statements.

Proprietary funds provide the same type of information as the Governmentwide Financial Statements, but in more detail. The proprietary funds financial statements provide separate information for the Resource Recovery Fund and the Laguna Sanitation Fund. Data for the five internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

Pages 45-47 of this report display the Proprietary Funds Financial Statements.

Fiduciary Funds

Fiduciary funds account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the Governmentwide Financial Statements because the resources of those funds are *not* available to support the County's own programs. Fiduciary fund accounting is similar to proprietary fund accounting. Fiduciary funds report the external portions of the Treasurer's investment pool, a private-purpose trust fund, and custodial funds. SBCERS is reported as a fiduciary component unit and is reported under Fiduciary Funds in the basic financial statements. A fiduciary component unit is an organization that meets the component unit criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, and is a fiduciary activity of the County.

Pages 48-49 of this report display the Fiduciary Funds Financial Statements.

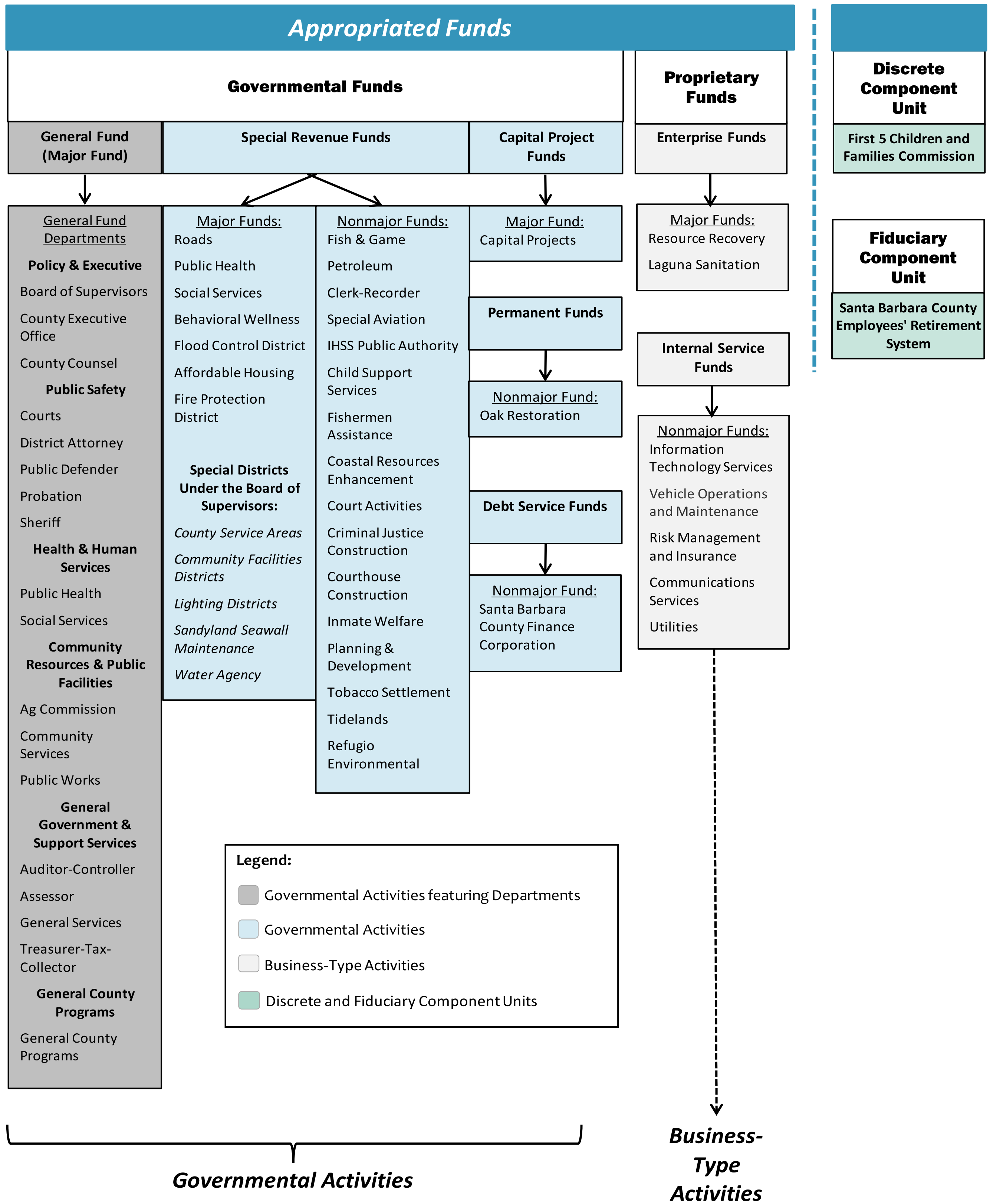
Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Governmentwide and Fund Financial Statements. Information in the Notes to the Financial Statements is described as follows:

- Note 1 provides a general description of the County's Significant Accounting Policies.
- Note 2 provides a Reconciliation for Governmentwide and Fund Financial Statements.
- Notes 3 to 7 provide detailed notes on cash and investments, restricted cash and investments, receivables, capital and right-to-use leased assets, and service concession arrangements.
- Notes 8 to 13 provide detailed notes on advances from grantors and third parties, leases, long-term liabilities, risk management, commitments and contingencies, and landfill closure and postclosure care.
- Notes 14 to 15 provide detailed notes on fund balances and restricted component of net position.
- Notes 16 to 17 provide detailed notes on interfund transactions and tax abatements.
- Notes 18 to 20 provide detailed notes on pensions, other postemployment benefits, and deferred compensation plans.
- Note 21 provides detailed notes on subsequent events.

Pages 50-133 of this report display the Notes to the Financial Statements.

The following diagram is a visual depiction of the Governmentwide financial structure.



GOVERNMENTWIDE FINANCIAL ANALYSIS

Summary of Net Position (in thousands)

	Governmental Activities 2021*	Governmental Activities 2022	Business-Type Activities 2021*	Business-Type Activities 2022	Total 2021*	Total 2022	Total Dollar Change	Total Percent Change
Assets:								
Current and other assets	$ 827,049	$ 935,343	$ 169,947	$ 136,263	$ 996,996	$1,071,606	$ 74,610	7.5%
Capital assets, net of depreciation	843,621	877,484	252,160	284,653	1,095,781	1,162,137	66,356	6.1%
Right-to-use lease assets, net of amortization	--	13,799	--	--	--	13,799	13,799	100.0%
Total assets	1,670,670	1,826,626	422,107	420,916	2,092,777	2,247,542	154,765	7.4%
Deferred outflows of resources:	345,899	232,159	6,165	4,166	352,064	236,325	(115,739)	(32.9%)
Liabilities:								
Current and other liabilities	152,945	230,717	19,581	11,910	172,526	242,627	70,101	40.6%
Long-term liabilities	1,152,423	620,437	248,146	234,098	1,400,569	854,535	(546,034)	(39.0%)
Total liabilities	1,304,894	851,154	267,727	246,008	1,573,095	1,097,162	(475,933)	(30.3%)
Deferred inflows of resources:	68,879	396,358	672	6,718	69,551	403,076	333,525	479.5%
Net position:								
Net investment in capital assets	782,419	819,198	98,539	111,953	880,958	931,151	50,193	5.7%
Restricted for:								
Policy & executive	1,392	1,641	--	--	1,392	1,641	249	17.9%
Public safety	77,606	77,573	--	--	77,606	77,573	(33)	(.0%)
Health & human services	61,204	88,134	--	--	61,204	88,134	26,930	44.0%
Community resources & public facilities	191,632	208,806	--	--	191,632	208,806	17,174	9.0%
General government & support services	8,304	7,723	--	--	8,304	7,723	(581)	(7.0%)
General county programs	24,649	10,978	--	--	24,649	10,978	(13,671)	(55.5%)
Total Restricted	364,787	394,855	--	--	364,787	394,855	30,068	8.2%
Unrestricted	(504,884)	(402,780)	61,334	60,403	(443,550)	(342,377)	101,173	22.8%
Total net position	$ 642,322	$ 811,273	$ 159,873	$ 172,356	$ 802,195	$ 983,629	$ 181,434	22.6%

* No financial restatement for GASB 87 lease implementation as it was impractical.

As noted earlier, over time, net position may serve as a useful indicator of a government's financial condition. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $983,629 at the close of the current fiscal year.

Analysis of Net Position

The County's total net position increased by $181,434 or 22.6%, during the fiscal year. The significant changes are detailed below by the classification of net position that was affected by each. This increase is higher than the prior five-year average of net position increases of $71,186, primarily due to Coronavirus Aid, Relief and Economic Security (CARES) Act receipts and the implementation of GASB Statement No. 87. Please see Statistical section page 205 for a 10-year trend on changes in net position.

Assets

Current and other assets increased by $74,610 or 7.5% due primarily to the receipt of CARES funding.

Deferred outflows of resources

Deferred outflows of resources decreased by $115,739 or 32.9% due primarily to the higher than expected returns on net investments for pension and other post-employment benefits investments.

Liabilities

Total liabilities decreased by $475,934 or 30.3% due primarily to a $540,702, or 55.2%, decrease to the net pension liability and $13,777, or 14.0%, decrease to the net OPEB liability, both as result of better than expected investment returns with a measurement date of FY 2020-21, and a $7,317, or 3.49%, decrease in long-term certificates of participation (COP) payables over the prior year as a result of certificates coming to maturity. Simultaneously, liabilities increased due primarily to a $36,062, or 81.5%, increase due to advances from grantors and third parties, a one-time $28,000 increase in litigation settlement payable, a $14,281, or 100%, increase to short-term and long-term lease liabilities, a $5,517, or 19.6%, increase in accrued expenses and a $4,844, or 14.3%, increase in short-term compensated absences.

Deferred inflows of resources

Total deferred inflows of resources increased by $333,525, or 479.5%, due primarily to the higher than expected returns on net investments for pension and OPEB investments which had the measurement date of June 30, 2021.

Net Investment in Capital Assets

The largest portion of the County's net position is invested in capital assets (e.g., land, buildings, roads, bridges, flood control channels and debris basins, machinery, equipment, and intangible assets), less the related and outstanding debt used to acquire those assets, related payables, and related deferred inflows of resources. The County uses these capital assets to provide services to citizens; as such, these assets are not available for future spending. Although the County's net investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's net investment in capital assets increased $50,193, or 5.7%, to $931,151 at year-end, and consisted of the following:

	2021*	2022	Dollar Change	Precentage Change
Investment in Capital Assets (net of accumulated depreciation)	$ 1,095,781	$ 1,175,936	$ 80,155	7.3%
Less:				
Related Debt	183,969	209,415	25,446	13.8%
Related Payables	-	5,376	5,376	100.0%
Related Deferred Inflows of Resources	30,854	29,994	(860)	(2.8%)
Net Investment in Capital Assets	$ 880,958	$ 931,151	$ 50,193	5.7%

* No financial restatement for GASB 87 lease implementation as it was impractical.

Detailed information on capital can be found under the Capital Assets section on page 28.

Restricted Net Position

Restricted net position of $394,855 represents resources that are subject to external restrictions on their use or by enabling legislation. Due to the unique nature of funding sources and the unrestricted impact of the net pension and OPEB liabilities, the County has significantly more restricted net position dollars than unrestricted net position dollars. Restricted net position is comprised of the following:

- $141,066 (35.73%) for property taxes dedicated to specific services such as flood control and fire protection;
- $81,482 (20.64%) for federally imposed restrictions for health and housing programs;
- $81,348 (20.60%) for federal and State allocations for roads and health services;
- $62,118 (15.73%) for numerous State imposed restrictions;
- $20,042 (5.08%) for grant, land use, and permit agreements;

UNAUDITED AND IN THOUSANDS 23 MANAGEMENT'S DISCUSSION & ANALYSIS

- $7,646 (1.93%) for various other restrictions imposed on the County; and
- $1,153 (0.29%) for donations.

Restricted net position increased $30,068 or 8.2%. Significant changes to restricted net position, by function, include:

- The Health and Human Services function increased $26,930 due primarily to:
  - $24,018 of mental health services funding restricted for mental health purposes; and
  - $2,055 of intergovernmental transfer options with CenCal Health, a local healthcare partner, which brought additional federal funding to support public health services.

- The Community Resources and Public Facilities function increased $17,174 due primarily to:
  - $13,107 of community resource services funding restricted for general community resource and public facilities purposes;
  - $2,363 from Measure A funding intended for high priority transportation projects and programs; and
  - $1,052 allocated for public facilities capital outlay.

- The General County Programs function decreased $13,671 due primarily to the restricted portion of the litigation case settlment (Note 21) and offset by receipt of Proposition 172 sales tax allocations which are to be used for public safety.

Unrestricted Net Position

Due primarily to funding related to the Public Safety Realignment Act of 2011 and Highway and Bridge Infrastructure programs (see page 26), unrestricted net position changed favorably by $101,173, or 22.8% from negative $443,550 to negative $342,377. The majority of the balance of negative unrestricted net position is the result of the County's unfunded net pension liabilities ($438,825) and net OPEB liabilities ($84,449).

Analysis of Governmental Activities

The net position of the County's governmental activities increased by $168,951 to $811,273, or 26.3% over the prior year as a result of operating revenues exceeding operating expenses and prior period adjustments due to the implementation of GASB 84.

Changes in Net Position (in thousands)

	Governmental Activities 2021*	Governmental Activities 2022	Total Dollar Change	Total Percent Change
Revenues				
Program revenues:				
Charges for services	$ 243,167	$ 244,395	$ 1,228	0.5%
Operating grants and contributions	490,869	498,469	7,600	1.5%
Capital grants and contributions	523	144	(379)	(72.5%)
Total program revenues	734,559	743,008	8,449	1.2%
General revenues:				
Property taxes	323,795	343,092	19,297	6.0%
Sales taxes	21,104	25,664	4,560	21.6%
Transient occupancy tax	12,535	16,984	4,449	35.5%
Cannabis	15,747	8,719	(7,028)	(44.6%)
Payments in lieu of taxes	2,017	2,069	52	2.6%
Franchise fees	3,323	4,158	835	25.1%
Unrestricted investment earnings	(783)	(9,735)	(8,952)	1143.3%
Other	2,305	425	(1,880)	(81.6%)
Total general revenues	380,043	391,376	11,333	3.0%
Total revenues	1,114,602	1,134,384	19,782	1.8%
Expenses				
Policy & executive	19,661	13,207	(6,454)	(32.8%)
Public safety	389,249	328,392	(60,857)	(15.6%)
Health & human services	412,050	375,447	(36,603)	(8.9%)
Community resources & public facilities	147,650	133,562	(14,088)	(9.5%)
General government & support services	48,950	38,517	(10,433)	(21.3%)
General county programs	9,583	46,135	36,552	381.4%
Interest on long-term debt	1,619	2,173	554	34.2%
Total expenses	1,028,762	937,433	(91,329)	(8.9%)
Excess (deficiency) of revenues over (under) expenses	85,840	196,951	111,111	129.4%
Transfers	(77)	--	77	(100.0%)
Change in net position before special item	85,763	196,951	111,188	130%
Special item (Note 21)	--	(28,000)	(28,000)	100%
Change in net position	85,763	168,951	83,188	97.0%
Net position - beginning	534,566	642,322	107,756	20.2%
Prior period adjustment	21,993	--	(21,993)	
Net position - beginning, as restated	556,559	642,322	85,763	15.4%
Net position - ending	$ 642,322	$ 811,273	$ 168,951	26.3%

* No financial restatement for GASB 87 lease implementation as it was impractical.

Revenues

Total revenues for the County's Governmental Activities had an overall increase from the prior year of $19,782 or 1.8%, to $1,134,384. Revenues are divided into two categories: Program Revenues, which are the revenues derived directly from the functional programs or from parties outside the County's taxpayers or community; and General Revenues, which are the revenues that do not meet the requirements of program revenues, most of which are taxes.

Program Revenues had an overall increase of $8,449, or 1.2%, to $743,008 from the prior year. As an arm of the State government, a significant portion of charges for services and operating grants and contributions are tied to mandated programs such as public assistance, health, and behavioral wellness services. Total program revenues represent 65.5% of the County's funding for governmental activities.

- Charges for services increased a net $1,228, or 0.5%, to $244,395 primarily due to:
  - $3,654 increase of one-time Medi-Cal revenue received; and
  - $1,896 increase in fire incident reimbursements; and
  - $4,307 decrease in grant, audit and other settlements from the prior year.

- Operating grants and contributions *(intergovernmental revenues)* increased a net $7,600, or 1.5%, to $498,469 primarily due to:
  - $14,208 increase of funding related to Public Safety Realignment Act of 2011; and
  - $13,924 increase of funding related to Highway and Bridge Infrastructure programs; and
  - $12,619 increase of funding from ARPA for disaster response; and
  - $8,552 increase of funding from State Proposition 172 intended for public safety; and
  - $42,447 decrease in various state operating grants and contributions.

- Capital grants and contributions *(intergovernmental revenues)* decreased $379, or 72.5%, to $144 primarily due to planned capital maintenance road projects and other capital outlay grants reduced in comparison to the prior year.

General Revenues had an overall increase of $11,333, or 3.0%, to $391,376. These revenues included general taxes which provided the Board of Supervisors with the most discretionary spending ability. Since the formation of Santa Barbara County government in 1850, basic public safety services such as sheriff, fire, probation, and district attorney consume most of the general revenues. The increase in general revenues is due primarily to the following changes:

- *Property Tax Revenue* increased $19,297, or 6.0%, to $343,092 primarily from assessed valuation growth;
- *Transient Occupancy Tax* increased $4,449, or 35.5%, to $16,984 primarily from increased hotel demand after pandemic restrictions were lessened;
- *Cannabis Tax* decreased $7,028, or 44.6%, to $8,719 primarily due to decreased cannabis related operations; and
- Unrestricted investment earnings decreased by $8,952 primarily due to a decrease in the fair market value of investments. However, since the Treasury generally holds investments until maturity this loss will not be realized.

Expenses had an overall decrease for governmental activities of $91,329, or 8.9%, to $937,433 from the prior year. This change was mainly driven by a $128,304, or 1,251.4% decrease in accrued pension expenses and a $3,124, or 712.5%, decrease in structures and ground maintenance expenses.

As a service delivery entity, the County's major cost component is salaries and benefits, amounting to 57.5% of the total County expenses. The average full-time equivalent (FTE) count for the County (including business-type activities) had a net decrease of 52 FTEs from 4,205 in the prior year to 4,153 at June 30, 2022. A 10-year trend chart on average FTEs can be found in the Statistical section on page 218.

Analysis of Business-type Activities

The net position of business-type activities increased by $12,483, or 7.8%, to $172,356 which indicates these activities generated revenues sufficient to cover the costs of operations.

Changes in Net Position (in thousands)

	Business-Type Activities 2021*	Business-Type Activities 2022	Bus Total Dollar Change	Bus Total Percent Change
Revenues				
Program revenues:				
Charges for services	$ 52,180	$ 58,912	$ 6,732	12.9%
Operating grants and contributions	3,488	7,406	3,918	112.3%
Total program revenues	55,668	66,318	10,650	19.1%
General revenues:				
Unrestricted investment earnings	(185)	(3,933)	(3,748)	2025.9%
Other	701	(568)	(1,269)	(181.0%)
Total general revenues	516	(4,501)	(5,017)	(972.3%)
Total revenues	56,184	61,817	5,633	10.0%
Expenses				
Resource recovery	34,030	40,528	6,498	19.1%
Laguna sanitation	8,736	8,806	70	0.8%
Total expenses	42,766	49,334	6,568	15.4%
Excess (deficiency) of revenues over (under) expenses	13,418	12,483	(935)	(7.0%)
Transfers	77	--	(77)	(100.0%)
Change in net position	13,495	12,483	(1,012)	(7.5%)
Net position - beginning	146,378	159,873	13,495	9.2%
Net position - ending	$ 159,873	$ 172,356	$ 12,483	7.8%

* No financial restatement for GASB 87 lease implementation as it was impractical.

- Charges for services increased by $6,732, or 12.9%, to $58,912 primarily due to increases in charges for sanitation services in Resource Recovery and Laguna Sanitation from increases in commercial related revenues.

- Operating grants and contributions increased by $3,918, or 112.3%, to $7,406 primarily due to insurance proceeds for the repairs and remediation work at the Tajiguas Landfill and the ReSource Center due to fire damages sustained during the Alisal Fire event.

- Unrestricted investment earnings decreased by $3,748, or 2,025.9%, to ($3,933) primarily due unrealized losses on investments in the County treasury.

- Expenses increased by $6,568, or 15.4%, to $49,334 primarily due to an increase in both accrued pension and accrued OPEB expenses.

Analysis of Capital and Right-to-use Lease Assets

Capital and Right-to-use Lease Assets (net of depreciation, in thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2021*	2022	2021*	2022	2021*	2022	Dollar Change	Percent Change
Land	$ 61,651	$ 63,940	$ 15,654	$ 15,654	$ 77,305	$ 79,594	$ 2,289	3.0%
Land easements	53,133	53,133	--	--	53,133	53,133	--	0.0%
SCA assets	40,729	40,782	--	--	40,729	40,782	53	0.1%
Work in progress	188,914	110,914	156,580	53,866	345,494	164,780	(180,714)	(52.3%)
Capital assets, not being depreciated	344,427	268,769	172,234	69,520	516,661	338,289	(178,372)	(34.5%)
Land improvements	19,853	20,443	229	218	20,082	20,661	579	2.9%
Structures and improvements	141,838	252,145	17,542	96,136	159,380	348,281	188,901	118.5%
Equipment and software	60,786	64,780	15,086	71,010	75,872	135,790	59,918	79.0%
Infrastructure	276,717	271,347	47,069	47,769	323,786	319,116	(4,670)	(1.4%)
Capital assets, net of accumulated depreciation	499,194	608,715	79,926	215,133	579,120	823,848	244,728	42.3%
Right-to-use lease assets, net of amortization	--	13,799	--	--	--	13,799	13,799	100.0%
Total	$ 843,621	$ 891,283	$ 252,160	$ 284,653	$1,095,781	$ 1,175,936	$ 80,155	7.3%

* No financial restatement for GASB 87 lease implementation as it was impractical.

During the fiscal year, the County's investment in capital assets increased by $80,155, or 7.3%, to $1,175,936 (net of accumulated depreciation/amortization). This investment is in a broad range of capital assets including land, land easements, Service Concession Arrangement (SCA) assets, work in progress (WIP), land improvements, structures and improvements, equipment and software, and infrastructure. Major capital additions include:

- Land: The County capitalized $2,289 in land. The significant additions include:
  - $1,316 for property in Isla Vista to be used for the operation of an emergency shelter (Land portion); and
  - $973 for the purpose of building a new fire station (Station 25) in Orcutt.

- SCA Asset: The County capitalized $53 in total for SCA assets for Lake Cachuma Café, Santa Barbara County Bowl, and the Boathouse Restaurant.

- Land Improvements: The County capitalized $1,352 of land improvements for Kellogg Tennis Courts, Santa Maria Garden, and Cachuma Marina renovations net of $773 in related depreciation, for a total increase of $579 or 2.9%.

- Structures and Improvements: The County capitalized $200,234 of structures and improvements, net of $9,848 in depreciation and $1,485 in disposals, for a total increase of $188,901 or 118.5%. Significant increases include:
  - $113,103 for the completion of the Northern Branch Jail;
  - $80,835 for the completion of the Resource Center; and
  - $5,000 for property in Isla Vista to be used for the operation of an emergency shelter (structure portion).

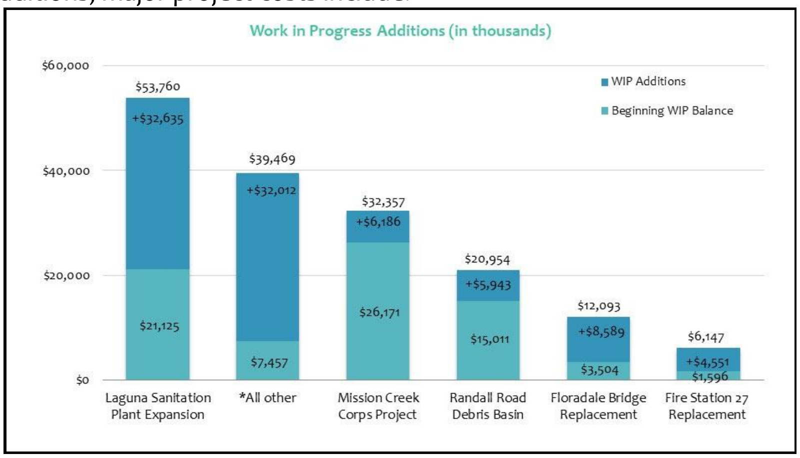
- Equipment and Software: The County capitalized $76,760 of equipment and software, net of $16,006 in related depreciation and $836 of deletions, for a total increase of $59,918 or 79.0%. Significant equipment and software additions include:
  - $58,631 for various equipment components at the Resource Center, such as landfill gas engines;
  - $6,676 for the completion of a Fire Hawk helicopter within the fire department;
  - $540 for a Caterpillar bulldozer; and
  - $10,913 for the acquisition of over 100 assets all of which were individually under $400 in value.

- Infrastructure: The County capitalized additional infrastructure of $3,533, and recognized $8,203 in depreciation, for a total decrease of $4,670 or 1.4%. Significant projects include:
  - $1,121 for phase 2 of the North Trunk Line Rehabilitation project at Laguna Sanitation District;
  - $1,012 for phase 3 of the North Trunk Line Rehabilitation project at Laguna Sanitation District; and
  - $703 for the Obern Trail light replacement in Goleta.

- Right-to-use lease assets: The County implemented GASB Statement No. 87, reporting $13,799 in right-to-use lease assets as intangible capital assets. The assets represent the right to use underlying assets identified in lease contracts, as specified for a period of time.

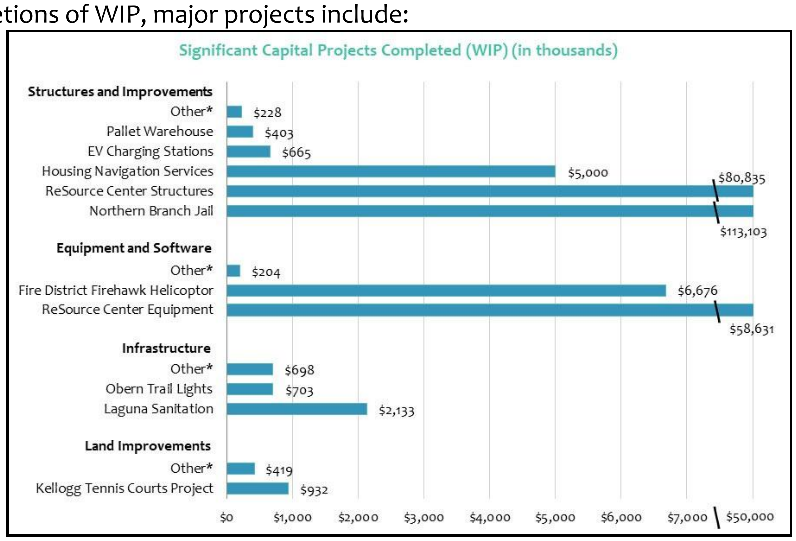
- Work in Progress (WIP): When a capital project will be completed in a subsequent fiscal year, related project costs are recorded as WIP. In the year of completion, a project's WIP is allocated to the appropriate capital asset classification(s). In the current fiscal year, WIP had a net decrease of $180,714 or 52.3%. Total WIP additions of $89,916 were offset by $270,630 in WIP deletions which were primarily composed of $139,466 for the capitalized ReSource Center structures and equipment and $113,103 for the capitalized Northern Branch Jail.

Of the $89,916 in WIP additions, major project costs include:



*All other represents individual projects that have total WIP balances under $5,000.

Of the $270,630 completions of WIP, major projects include:



*Other represents individual projects that have total completed WIP balances under $400.

Additional capital asset information, including depreciation, amortization, and outstanding WIP by project as of June 30, 2022, can be found in Note 6 of the Notes to the Financial Statements.

Analysis of Bonds, Notes, and Certificates of Participation (COP)

Outstanding Bonds, Notes, and COP (in thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2021	2022	2021	2022	2021	2022	Dollar Change	Percent Change
Bonds and notes payable	$ 5,928	$ 4,481	$ 2,674	$ 1,811	$ 8,602	$ 6,292	$ (2,310)	(26.9%)
Certificates of participation	23,490	22,014	191,451	186,164	214,941	208,178	(6,763)	(3.1%)
Total	$ 29,418	$ 26,495	$ 194,125	$ 187,975	$ 223,543	$ 214,470	$ (9,073)	(4.1%)

The County's total balance of bonds, notes, and COP decreased by $9,073, or 4.1%, during the fiscal year. The net decrease was primarily due to payments for bonds from direct borrowings, notes for direct placements, and various COP for capital projects.

The County maintains a Standard & Poor's 'SP-1+' rating for short-term notes (this scale ranges from SP-1, the highest, to D, the lowest) and a Standard & Poor's 'AA+' for long-term COP (this scale ranges from AAA, the highest, to D, the lowest). In addition, the County maintains a Moody's 'A1' rating (this scale ranges from Aaa1, the highest, to Caa3, the lowest) and an S&P 'AA+' rating on its most recent series 2020 COP. The County's strong credit ratings with Standard & Poor's and Moody's results in reduced borrowing costs for new capital asset construction (e.g.: the Tajiguas ReSource Center).

The rationale behind the ratings reflects the rating agencies' view of:

- The long-term general creditworthiness of the County;
- The County's covenants to budget and appropriate lease payments;
- A stable, moderately growing economic base with access to the broader Ventura and Los Angeles area economies;
- Consistent maintenance of very strong unreserved General Fund balances despite limited financial flexibility due to State mandates;
- An experienced management team that has implemented strong financial policies and prudent expenditure controls;
- Low overall debt levels; and
- The County's very strong underlying general credit characteristics.

Additional information on the County's long-term liabilities can be found in Note 10 in the Notes to the Financial Statements.

FINANCIAL ANALYSIS OF THE COUNTY'S FUND BALANCES

Fund Balances (in thousands)

	Nonspendable	Restricted	Committed	Unassigned	Total		Total	
							Dollar	Percent
	2022				2022	2021*	Change	Change
General Fund	$ 56	$ 79,433	$ 169,714	$ 13,518	$ 262,721	$ 263,573	$ (852)	(0.3%)
Major Funds								
Roads	--	41,535	--	(1,220)	40,315	31,011	9,304	30.0%
Public Health	--	30,568	-	(727)	29,841	28,167	1,674	5.9%
Social Services	--	7,028	2,656	(485)	9,199	7,157	2,042	28.5%
Behavioral Wellness	--	46,737	--	(1,636)	45,101	25,258	19,843	78.6%
Flood Control	4	72,600	--	(2,397)	70,207	70,369	(162)	(0.2%)
Affordable Housing	--	11,689	--	(875)	10,814	8,595	2,219	25.8%
Fire Projection	-	24,194	--	(275)	23,919	30,107	(6,188)	(20.6%)
Capital Projects	--	7,775	16,130	(621)	23,284	23,127	157	0.7%
Other Governmental Funds	700	45,142	11,260	(1,935)	55,167	54,281	886	1.6%
Total Fund Balances	$ 760	$ 366,701	$ 199,760	$ 3,347	$ 570,568	$ 541,645	$ 28,923	5.3%

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term (See Note 1 on page 54) inflows, outflows, and balances of spendable resources (modified accrual basis of accounting). Such information is useful in assessing the County's financing requirements. In particular, total fund balance less the nonspendable portion is a useful measure of a government's resources available for spending at the end of the fiscal year.

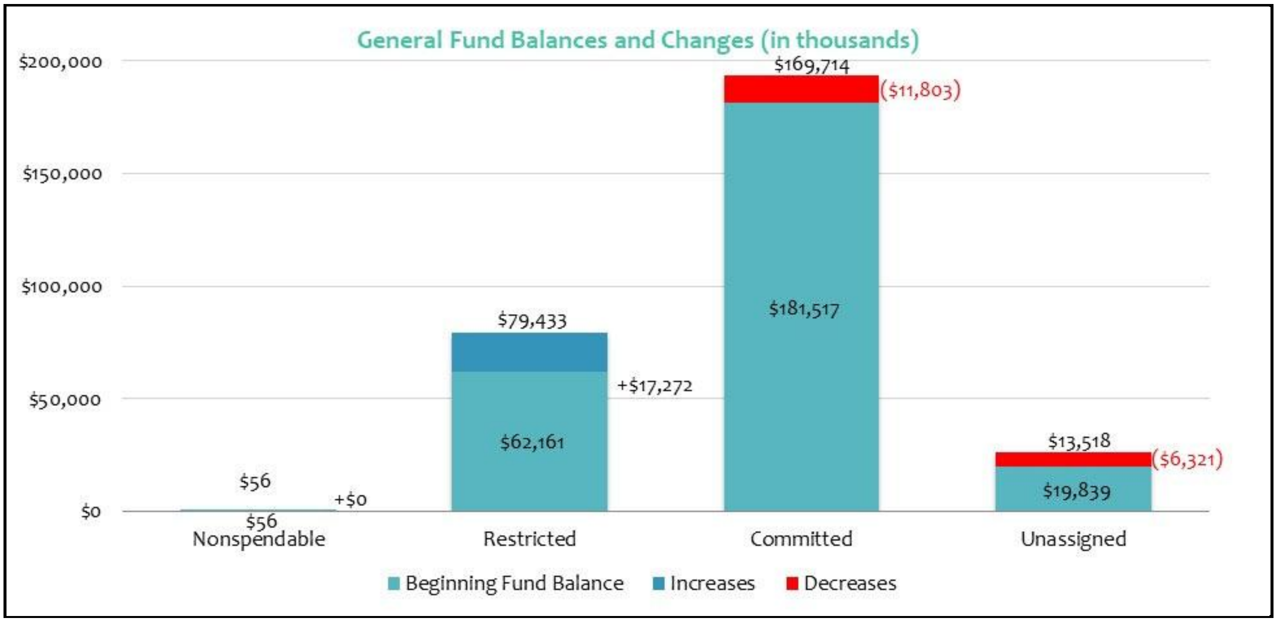
At June 30, 2022, the County's Governmental Funds reported total fund balance of $570,568, a $28,923 increase in comparison with the prior year's total ending fund balance. The components of total fund balance are as follows (for more information see Note 14 – Fund Balances):

- *Nonspendable Fund Balance*, $760 are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of long-term receivables, and prepaid expenses and deposits.
- *Restricted Fund Balance*, $366,701 consists of amounts with constraints put on their use by creditors, grantors, contributors, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control), (2) grants for capital outlay, and (3) reserved legislated amounts (i.e., healthcare).
- *Committed Fund Balance*, $199,760, consists of amounts for specific purposes determined by the Board, which are binding unless removed by the Board in the same manner.
- *Unassigned Fund Balance*, $3,347 represents the residual balance for the County's General Fund.

Approximately 99.87%, or $569,808, of the total fund balance is in restricted, committed, and unassigned (spendable fund balances) which means it is available to meet the County's current and future needs. With the approval of the Board, County management can earmark a portion of fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, fund balances are available for appropriation at any time.

General Fund

The General Fund is the main operating fund of the County. As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total General Fund balance, essentially all of which is available in spendable form, equates to 62.2% of total General Fund expenditures.



Included in the balances above are the following:

- Nonspendable fund balance primarily includes $50 for Prepaids and Deposits.

- Some significant restricted fund balance amounts of the General Fund include:
  - $26,699 for Realignment funds for public safety, health, and social programs;
  - $16,181 for Public Safety Proposition 172;
  - $11,926 for Property Tax Loss Reserves in Purpose of Fund; and
  - $5,380 for Probation Youth Offender Block Grant.

- Some significant committed fund balance amounts of the General Fund include:
  - $41,295 for Accumulated Capital Outlay for future capital projects;
  - $38,785 Strategic Reserve earmarked for severe economic downturns and emergencies;
  - $13,568 for Cannabis funded projects; and
  - $11,753 for new North Branch Jail Operations.

- Unassigned fund balance of $13,518 is available for future discretionary appropriation by the Board.

The remaining $83,566 of fund balances for the General Fund are comprised of over 60 components of nonspendable, restricted and committed fund balances (see Note 14 – Fund Balances).

Changes to General Fund Balances

Nonspendable fund balance remained unchanged at $56 as the release of impounded taxes associated with the resolution of property tax assessment appeals occurred in the prior year and no new prepaids and deposits or receivables were reported in the current year.

The General Fund's total fund balance decreased by 0.3%, or $852, to $262,721 at June 30, 2022. The spendable fund balances decreased $852 to $262,665 primarily in the following areas:

- Restricted fund balance
  - $7,728 increase from public safety Prop 172 sales tax allocation;
  - $6,696 increase from local realignment for public safety, health, and social programs;
  - $1,399 increase for supplemental law enforcement services.

- Committed fund balance
  - $8,957 increase for various County capital projects;
  - $4,899 increase for emerging issues; and
  - $23,562 decrease for litigation case settlement (Note 21)

- Unassigned fund balance
  - General Fund unassigned fund balance decreased $6,321 from the prior year. The decrease is primarily attributable to the decrease of receipt of CARES Act funding related to COVID-19 recovery from the prior year and the litigation case settlement (Note 21) applicable to the unassigned fund balance.

Major Funds *(exclusive of General Fund)*

As compared with the prior year, the total fund balances of the major funds increased 12.9%, or $28,889, to $252,680 with the following significant changes:

- The Behavioral Wellness Fund, with expenditures of $127,683, had a positive $19,843 change in fund balance primarily due to increases in intergovernmental state revenue, increases in Medi-Cal charges for services and receipt of alcoholism/drug abuse programs funds.

- The Roads Fund, with expenditures of $55,246, had a positive $9,304 change in fund balance primarily due to increases in source of funding for highway and bridge programs and Measure A funding intended for high priority transportation projects and programs.

- The Fire Protection District Fund, with expenditures of $98,239, had a negative $6,188 change in fund balance primarily due to an increase in transfers out to other funds in comparison to the prior year.

- The remaining net increases totaled $5,930 across the other five major funds and were principally related to the receipt of funding for CARES funding and the Public Safety Realignment Act of 2011.

Other Governmental Funds

The fund balances of nonmajor governmental funds as a whole increased $886, or 1.6%, to $55,167. The following were significant changes:

- Planning & Development operations had an ending fund balance of $3,895, a $1,035 decrease from the prior fiscal year due to an increase in community resources and public facilities expenditures.

- The Criminal Justice Construction special revenue fund had an ending fund balance of $585, a $585 increase from the prior year due to revenue increases in fines, forfeitures and penalties and no transfers in or out this fiscal year.

- The remaining net increases totaled $1,336 across the other 21 nonmajor funds and were principally related to positive results of operations and the implementation of GASB Statement No. 87.

Proprietary Funds

Proprietary funds are County activities that operate like a business as opposed to government services, and are primarily supported by customer fees. They include two types of funds; enterprise funds, whose customers are mainly external to the primary government (citizens); and internal services funds, whose customers are predominantly the primary government itself.

The County has two enterprise funds: Resource Recovery and Laguna Sanitation. These funds are reported on the governmentwide statements as business-type activities. The only difference between what is reported in the proprietary fund financial statements and the governmentwide statements for the business-type activities is that the business-type activities include an allocation of the net position and activities of the Internal Service Funds. For a detailed analysis on Resource Recovery and Laguna Sanitation, please refer to page 27.

The County has five internal services funds: Information Technology Services, Vehicle Operations and Maintenance, Risk Management and Insurance, Communications Services, and Utilities. The net position and activities of the internal services funds are proportionally allocated between governmental and business-type activities in the governmentwide statements based on the fund rates charged to each activity type.

Total internal service funds' net position increased by $3,434, or 5.2%, to $69,054. The total increase in net position is primarily due to increased operating revenues related to charges for services.

GENERAL FUND BUDGETARY HIGHLIGHTS

The variance between General Fund final budget and actual expenditures resulted in $59,421 of unspent appropriations. Key variances in unspent appropriations are primarily due to: $13,806 for services and supplies, $11,745 for salaries and benefits due to unfilled positions; $2,043 from other charges; and $927 resulting from capital assets budgeted but not procured in this fiscal cycle.

The primary difference between budgeted revenues and expenditures is mainly attributable to General Fund Contribution transfers to the County's special revenue funds. These transfers out are shown as other financing sources and uses which are not included as expenditures.

**Fund balances are used to balance budgets.*

Expenditures: The County's final budget appropriations for the General Fund differed from the original budget by $3,592, or 0.1%. The major changes were as follows:

- Salaries and employee benefits increased by $4,174 primarily due to increases in Public Safety salaries and retirement contributions.

- Services and supplies decreased $5,826 primarily due to decreases in professional and special services and special department expense.

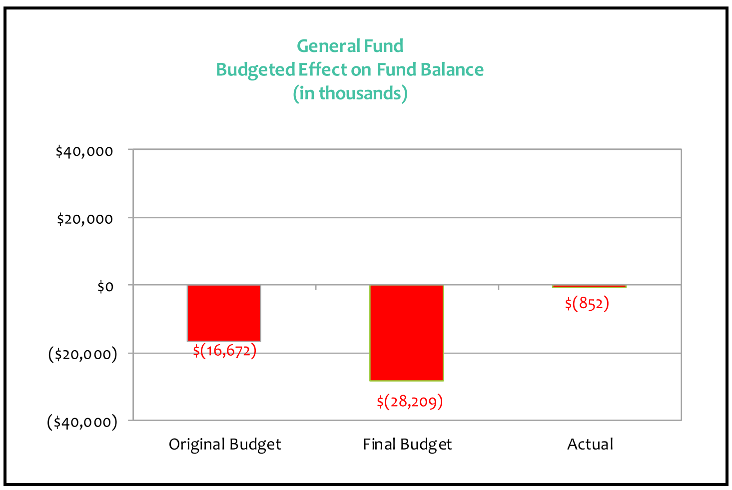
- Other Charges increased $448 primarily due to increases in Public Safety liability insurance.

- Capital Assets increased $4,796 primarily due to the purchase of a multifamily building in Goleta, CA.

Revenues: The County's General Fund final budgeted revenues were greater than the original budget by $24,822, or 4.7%, due to increases in property tax and intergovernmental revenue related to the Public Safety Realignment Act of 2011.

The General Fund Budget and Actual schedule can be found on page 140 of this report.

Fund Balance: The General Fund's fund balance decreased by $852, versus the final budget plan to decrease fund balance by $28,209. By year-end, the increase to fund balance was more than the budget plan as departmental savings and positive operating results exceeded estimates. The decrease in the General Fund's equity position was primarily due to the litigation case settlement (Note 21).



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered in preparing the County's recommended budget for FY 2022-23:

The goals for the upcoming year are building upon lessons learned during the pandemic by leveraging technology, striving for greater inclusion, and reconnecting with community members to provide effective service that meets their needs. The recommended budget for FY 2022-23 is based on the assumptions that projected revenues will remain stable and that cannabis tax revenue is declining and will not be used for any new ongoing budgetary purposes. Cannabis tax revenue will continue to be used to fully fund enforcement, program compliance and administrative cost, commitments approved by the Board in prior years and one-time budgetary needs.

Total Governmental Fund revenues show an increase of 4.4%, or $52,959 comparing FY 2022-23 budget to FY 2021-22 actual revenues. The FY 2022-23 budget shows an increase in General Fund total revenues of 0.7%, or $3,674, compared to FY 2021-22 actual revenues.

The adopted budget appropriations for total Governmental Fund expenditures for FY 2022-23 includes a 16.98%, or $190,491, increase when compared to FY 2021-22 actuals. The primary reason for the increase is that the County's adopted budget includes the $38.4M final allocation in federal ARPA funding that will be passed through from the State to the County for various recovery efforts. The ARPA monies will continue to allow the County to invest in local programs to help homelessness and other allowable improvement initiatives. Overall, the focus of the FY 2022-23 budget is to continue to provide mandated and essential services, meet debt service obligations, and address critical deferred maintenance and infrastructure needs, address Board priorities, and adhere to the Board's financial management policies.

As of June 30, 2022, the recommended available spendable General Fund balance is projected to be $251,129. Of this amount, $57,467 is Restricted and $182,506 is Committed but remains available for appropriation. The County's General Fund is projected to end with $11,156 of Unassigned fund balance. The County's Recommended performance-based FY 2022-23 budget and the County's Five-Year Capital Improvement Program can be found at Budget Documents Page | Santa Barbara County, CA - Official Website (countyofsb.org).

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Santa Barbara County Auditor-Controller, PO Box 39, Santa Barbara, CA 93102-0039. The County's Annual Comprehensive Financial Report and Financial Highlights publications can also be found on the County's website at https://www.countyofsb.org/375/Publications.

A separately issued financial report for the County's discretely presented component unit, the First 5 Children and Families Commission, can be obtained online at http://first5santabarbaracounty.org or by writing to: First 5 Children and Families Commission, 5385 Hollister Avenue, Building 10, Suite 110, Santa Barbara, CA 93111.

A separately issued financial report for the County's fiduciary component unit, SBCERS, can be obtained online at https://www.sbcers.org/ under "Resources" or by writing to: SBCERS, 130 Robin Hill Road, Suite 100, Goleta, CA 93117.

Basic Financial Statements

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET POSITION
GOVERNMENTWIDE
June 30, 2022 (in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 Children and Families Commission
Assets				
Cash and investments (Note 3)	$ 689,923	$ 88,448	$ 778,371	$ 6,968
Accounts receivable, net:				
Taxes	41,420	--	41,420	--
Licenses, permits, and franchises	957	301	1,258	--
Fines, forfeitures, and penalties	188	--	188	--
Use of money and property	1,272	180	1,452	11
Intergovernmental	75,377	--	75,377	247
Charges for services	29,278	5,579	34,857	--
Lease receivables	3,113	238	3,351	--
Other	2,611	1	2,612	257
Internal balances	593	(593)	--	--
Inventories	356	382	738	--
Prepaid items	438	--	438	--
Notes receivable (Note 5)	8,160	--	8,160	--
Other receivables	1,889	1,001	2,890	7
Restricted cash and investments (Note 4)	28,813	40,726	69,539	--
Housing loans receivable, net (Note 5)	40,922	--	40,922	--
Housing loans interest receivable, net (Note 5)	10,033	--	10,033	--
Capital assets, not being depreciated/amortized (Note 6)	268,769	69,520	338,289	--
Capital assets, net of accumulated depreciation/amortization (Note 6)	608,715	215,133	823,848	--
Right-to-use lease assets, net of accumulated amortization (Note 9)	13,799	--	13,799	533
Total assets	1,826,626	420,916	2,247,542	8,023
Deferred outflows of resources				
Deferred payables (Note 1)	705	--	705	--
Deferred pensions (Note 18)	216,981	3,866	220,847	371
Deferred OPEB (Note 19)	14,473	300	14,773	43
Total deferred outflows of resources	232,159	4,166	236,325	414
Liabilities				
Accounts payable	44,295	5,561	49,856	436
Salaries and benefits payable	34,451	704	35,155	65
Interest payable	127	682	809	--
Other payables	25,670	4,938	30,608	--
Litigation settlement payable (Note 21)	28,000	--	28,000	--
Advances from grantors and third parties (Note 8)	80,308	--	80,308	--
Unearned revenue	1,582	--	1,582	--
Customer deposits payable	16,284	25	16,309	--
Long-term liabilities (Note 10):				
Portion due within one year:				
Compensated absences (Note 10)	37,811	814	38,625	62
Lease liabilities (Note 9 & 10)	2,542	--	2,542	78
Certificates of participation, net (Note 10)	1,545	4,245	5,790	--
Other long-term obligations (Note 10)	283	--	283	--
Bonds and notes payable (Note 10)	1,472	881	2,353	--
Liability for self-insurance claims (Notes 10 & 11)	5,313	--	5,313	--
Landfill closure/postclosure care costs (Note 13)	--	1,706	1,706	--
Portion due in more than one year:				
Compensated absences (Note 10)	7,011	88	7,099	20
Lease liabilities (Note 9 & 10)	11,739	--	11,739	474
Certificates of participation, net (Note 10)	20,469	181,919	202,388	--
Other long-term obligations (Note 10)	7,522	--	7,522	--
Bonds and notes payable (Note 10)	3,009	930	3,939	--
Liability for self-insurance claims (Notes 10 & 11)	7,646	--	7,646	--
Estimated litigation liability (Note 12)	200	--	200	--
Landfill closure/postclosure care costs (Note 13)	--	34,116	34,116	--
Net pension liability (Note 18)	431,142	7,683	438,825	738
Net OPEB liability (Note 19)	82,733	1,716	84,449	245
Total liabilities	851,154	246,008	1,097,162	2,118
Deferred inflows of resources				
Deferred service concession arrangements (Note 7)	31,026	--	31,026	--
Deferred pensions (Note 18)	353,688	6,303	359,991	605
Deferred OPEB (Note 19)	8,531	177	8,708	25
Deferred lease proceeds	3,113	238	3,351	--
Total deferred inflows of resources	396,358	6,718	403,076	630
Net position				
Net investment in capital assets	819,198	111,953	931,151	(19)
Restricted for (Note 15):				
Policy & executive	1,641	--	1,641	--
Public safety	77,573	--	77,573	--
Health & human services	88,134	--	88,134	--
Community resources & public facilities	208,806	--	208,806	--
General government & support services	7,723	--	7,723	--
General county programs	10,978	--	10,978	--
Unrestricted	(402,780)	60,403	(342,377)	5,708
Total net position	$ 811,273	$ 172,356	$ 983,629	$ 5,689

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF ACTIVITIES
GOVERNMENTWIDE
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

							Net (Expense) Revenue and Changes in Net Position			
				Program Revenues			Primary Government			Component Unit
Functions/Programs	Direct Expenses	Indirect Expenses	Total Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	First 5 Children and Families Commission
Governmental activities:										
Policy & executive	$ 20,281	$ (7,074)	$ 13,207	$ 727	$ 20,851	$ --	$ 8,371	$ --	$ 8,371	
Public safety	317,222	11,170	328,392	63,061	99,803	--	(165,528)	--	(165,528)	
Health & human services	365,905	9,542	375,447	109,439	297,200	--	31,192	--	31,192	
Community resources & public facilities	129,058	4,504	133,562	36,445	66,467	58	(30,592)	--	(30,592)	
General government & support services	57,484	(18,967)	38,517	16,877	2,901	86	(18,653)	--	(18,653)	
General county programs	46,182	(47)	46,135	17,846	11,247	--	(17,042)	--	(17,042)	
Interest on long-term debt	2,173	--	2,173	--	--	--	(2,173)	--	(2,173)	
Total governmental activities	938,305	(872)	937,433	244,395	498,469	144	(194,425)	--	(194,425)	
Business-type activities:										
Resource Recovery	39,822	706	40,528	43,516	5,553	--	--	8,541	8,541	
Laguna Sanitation	8,640	166	8,806	15,396	1,853	--	--	8,443	8,443	
Total business-type activities	48,462	872	49,334	58,912	7,406	--	--	16,984	16,984	
Total primary government	$ 986,767	$ --	$ 986,767	$ 303,307	$ 505,875	$ 144	$ (194,425)	$ 16,984	$ (177,441)	
Component unit:										
First 5 Children and Families Comm.	$ 3,156	$ --	$ 3,156	$ 424	$ 3,862	$ --				$ 1,130
General Revenues:										
Taxes:										
Property							245,283	--	245,283	--
Sales							20,576	--	20,576	--
Transient occupancy							16,984	--	16,984	--
Cannabis							8,719	--	8,719	--
Payments in-lieu of taxes							2,069	--	2,069	--
Franchise fees							4,158	--	4,158	--
Other general revenues							412	--	412	--
Restricted for community resources and public facilities:										--
Sales tax, allocated to roads							5,088	--	5,088	--
Property tax, levied for flood control districts							13,159	--	13,159	--
Property tax, levied for county service areas							1,713	--	1,713	--
Property tax, levied for water agency							3,426	--	3,426	--
Property tax, levied for lighting districts							628	--	628	--
Property tax, levied for community facilities districts							958	--	958	--
Property tax, residual distribution from the redevelopment property tax trust fund							15,967	--	15,967	--
Restricted for public safety:										
Property tax, levied for fire district							61,958	--	61,958	--
Unrestricted investment loss							(9,735)	(3,933)	(13,668)	(214)
Gain on sale of capital assets							263	(568)	(305)	--
Loss on disposal of capital asset/lease termination							(250)	--	(250)	--
Total general revenues and transfers							391,376	(4,501)	386,875	(214)
Change in net position before special item							196,951	12,483	209,434	916
Special item (Note 21)							(28,000)	--	(28,000)	--
Change in net position							168,951	12,483	181,434	916
Net position - beginning							642,322	159,873	802,195	4,773
Net position - ending							$ 811,273	$ 172,356	$ 983,629	$ 5,689

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022 (in thousands)

	General	Roads	Public Health	Social Services	Behavioral Wellness
Assets and deferred outflows of resources					
Assets:					
Cash and investments (Note 3)	$ 300,612	$ 35,366	$ 22,753	$ 14,421	$ 60,024
Accounts receivable, net:					
Taxes	41,420	--	--	--	--
Licenses, permits, and franchises	637	--	11	--	--
Fines, forfeitures, and penalties	--	--	--	--	--
Use of money and property	616	50	33	34	105
Intergovernmental	15,811	7,705	10,238	17,283	10,297
Charges for services	4,476	2,481	1,870	--	10,476
Lease receivables	2,933	--	--	--	180
Other	1,843	--	--	59	36
Due from other funds (Note 16)	6,502	--	--	1,807	31
Prepaid items	50	--	--	290	--
Other receivables	--	--	--	--	479
Advances to other funds (Note 16)	5	--	--	--	--
Restricted cash and investments (Note 4)	11,483	--	--	--	--
Housing loans receivable	--	--	--	--	2,410
Housing loans interest receivable	--	--	--	--	276
Total assets	386,388	45,602	34,905	33,894	84,314
Deferred outflows of resources:					
Deferred payables (Note 1)	--	--	--	705	--
Total deferred outflows of resources	--	--	--	705	--
Total assets and deferred outflows of resources	$ 386,388	$ 45,602	$ 34,905	$ 34,599	$ 84,314
Liabilities, deferred inflows of resources, and fund balances					
Liabilities:					
Accounts payable	$ 14,539	$ 3,048	$ 1,164	$ 2,141	$ 11,141
Salaries and benefits payable	16,709	827	3,440	4,564	2,748
Other payables	13,001	222	258	130	18,675
Litigation settlement payable (Note 21)	28,000	--	--	--	--
Advances from grantors and third parties (Note 8)	44,794	1,134	--	18,529	227
Unearned revenue	1,582	--	--	--	--
Due to other funds (Note 16)	1,409	3	202	31	3,556
Customer deposits payable	700	53	--	--	--
Advances payable (Note 16)	--	--	--	5	--
Total liabilities	120,734	5,287	5,064	25,400	36,347
Deferred inflows of resources:					
Deferred housing loan payments (Note 5)	--	--	--	--	2,686
Deferred lease proceeds	2,933	--	--	--	180
Total deferred inflows of resources	2,933	--	--	--	2,866
Fund balances (Note 14):					
Nonspendable	56	--	--	--	--
Restricted	79,433	41,535	30,568	7,028	46,737
Committed	169,714	--	--	2,656	--
Unassigned	13,518	(1,220)	(727)	(485)	(1,636)
Total fund balances	262,721	40,315	29,841	9,199	45,101
Total liabilities, deferred inflows of resources, and fund balances	$ 386,388	$ 45,602	$ 34,905	$ 34,599	$ 84,314

The notes to the financial statements are an integral part of this statement.

	Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets and deferred outflows of resources						
Assets:						
Cash and investments (Note 3)	$ 69,518	$ 25,383	$ 18,647	$ 22,739	$ 55,166	$ 624,629
Accounts receivable, net:						
Taxes	--	--	--	--	--	41,420
Licenses, permits, and franchises	--	--	--	--	309	957
Fines, forfeitures, and penalties	--	--	--	--	188	188
Use of money and property	111	34	35	30	118	1,166
Intergovernmental	1,707	5,355	1,074	4,872	1,035	75,377
Charges for services	356	--	9,102	1	420	29,182
Lease receivables	--	--	--	--	--	3,113
Other	--	--	--	--	673	2,611
Due from other funds (Note 16)	12	--	--	--	1,446	9,798
Prepaid items	--	--	--	--	6	346
Other receivables	--	--	--	--	--	479
Advances to other funds (Note 16)	--	--	--	--	--	5
Restricted cash and investments (Note 4)	--	--	--	--	17,320	28,803
Housing loans receivable	--	45,476	--	--	--	47,886
Housing loans interest receivable	--	10,336	--	--	--	10,612
Total assets	71,704	86,584	28,858	27,642	76,681	876,572
Deferred outflows of resources:						
Deferred payables (Note 1)	--	--	--	--	--	705
Total deferred outflows of resources	--	--	--	--	--	705
Total assets and deferred outflows of resources	$ 71,704	$ 86,584	$ 28,858	$ 27,642	$ 76,681	$ 877,277
Liabilities, deferred inflows of resources, and fund balances						
Liabilities:						
Accounts payable	$ 1,049	$ 4,534	$ 944	$ 1,566	$ 2,508	$ 42,634
Salaries and benefits payable	280	--	3,993	--	1,317	33,878
Other payables	131	--	--	720	55	33,192
Litigation settlement payable (Note 21)	--	--	--	--	--	28,000
Advances from grantors and third parties (Note 8)	--	15,041	--	--	--	79,725
Unearned revenue	--	--	--	--	--	1,582
Due to other funds (Note 16)	37	383	--	2,072	2,105	9,798
Customer deposits payable	--	--	2	--	15,529	16,284
Advances payable (Note 16)	--	--	--	--	--	5
Total liabilities	1,497	19,958	4,939	4,358	21,514	245,098
Deferred inflows of resources:						
Deferred housing loan payments (Note 5)	--	55,812	--	--	--	58,498
Deferred lease proceeds	--	--	--	--	--	3,113
Total deferred inflows of resources	--	55,812	--	--	--	61,611
Fund balances (Note 14):						
Nonspendable	4	--	--	--	700	760
Restricted	72,600	11,689	24,194	7,775	45,142	366,701
Committed	--	--	--	16,130	11,260	199,760
Unassigned	(2,397)	(875)	(275)	(621)	(1,935)	3,347
Total fund balances	70,207	10,814	23,919	23,284	55,167	570,568
Total liabilities, deferred inflows of resources, and fund balances	$ 71,704	$ 86,584	$ 28,858	$ 27,642	$ 76,681	$ 877,277

Amounts reported for governmental activities in the Statement of Net Position are different because (Note 2):

Total fund balances - governmental funds	$ 570,568
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance Sheet.	845,083
Right-to-use lease assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance Sheet.	13,799
Note receivable for governmental activities from the RDA Successor Agency private-purpose trust fund.	8,160
Housing loan and loan interest receivable forgivable portion.	(7,543)
Other receivable not due in the current period is not a current financial resource, therefore, it is not reported in the Balance Sheet.	1,030
Deferred outflows of resources reported in the Statement of Net Position.	227,809
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Balance Sheet.	(588,058)
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds and recognized as revenue in the Statement of Activities.	61,611
Deferred inflows of resources reported in the Statement of Net Position.	(390,706)
Internal Service Funds are used by management to charge the costs of fleet management, information technology, risk management, communications, and utility services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.	69,054
Adjustment for Internal Service Funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the Internal Service Funds' costs for the year.	593
Net position of governmental activities	$ 811,273

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	General	Roads	Public Health	Social Services	Behavioral Wellness
Revenues					
Taxes	$ 297,812	$ 10,322	$ --	$ --	$ --
Licenses, permits, and franchises	5,939	559	668	118	--
Fines, forfeitures, and penalties	9,322	--	489	21	45
Use of money and property	(9,504)	(1,081)	(690)	(257)	(1,079)
Intergovernmental	137,662	38,495	34,097	160,984	83,471
Charges for services	68,628	1,156	49,656	193	55,783
Other	4,484	74	512	655	(34)
Total revenues	514,343	49,525	84,732	161,714	138,186
Expenditures					
Current:					
Policy & executive	22,040	--	--	--	--
Public safety	256,965	--	--	--	--
Health & human services	4,883	--	92,218	175,616	127,258
Community resources & public facilities	31,487	55,142	--	--	--
General government & support services	60,106	--	--	--	--
General county programs	46,293	--	--	--	--
Debt service:					
Principal	367	66	43	1,559	298
Interest	131	38	2	384	127
Capital outlay	--	--	--	--	--
Total expenditures	422,272	55,246	92,263	177,559	127,683
Excess (deficiency) of revenues over (under) expenditures	92,071	(5,721)	(7,531)	(15,845)	10,503
Other financing sources (uses)					
Transfers in (Note 16)	8,151	14,164	10,455	9,013	7,613
Transfers out (Note 16)	(76,551)	(30)	(1,304)	(319)	(1,246)
Gain on sale of capital assets	58	18	--	--	--
Leases issued	3,419	873	54	9,193	2,973
Total other financing sources (uses)	(64,923)	15,025	9,205	17,887	9,340
Net change in fund balances before special items	27,148	9,304	1,674	2,042	19,843
Special Item					
Litigation settlement (Note 21)	(28,000)	--	--	--	--
Total special items	(28,000)	--	--	--	--
Net change in fund balances	(852)	9,304	1,674	2,042	19,843
Fund balances - beginning	263,573	31,011	28,167	7,157	25,258
Fund balances - ending	$ 262,721	$ 40,315	$ 29,841	$ 9,199	$ 45,101

The notes to the financial statements are an integral part of this statement.

	Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 14,009	$ --	$ 64,665	$ --	$ 6,976	$ 393,784
Licenses, permits, and franchises	16	--	29	--	13,681	21,010
Fines, forfeitures, and penalties	--	--	2	--	2,788	12,667
Use of money and property	(2,061)	(813)	(537)	(655)	(1,452)	(18,129)
Intergovernmental	6,811	17,146	2,019	4,724	25,606	511,015
Charges for services	4,454	161	33,079	191	7,602	220,903
Other	2	1,670	98	135	8,323	15,919
Total revenues	23,231	18,164	99,355	4,395	63,524	1,157,169
Expenditures						
Current:						
Policy & executive	--	--	--	--	--	22,040
Public safety	--	--	98,239	--	16,767	371,971
Health & human services	--	--	--	--	21,252	421,227
Community resources & public facilities	23,411	31,192	--	--	26,677	167,909
General government & support services	--	--	--	--	4,218	64,324
General county programs	--	--	--	--	64	46,357
Debt service:						
Principal	--	--	--	--	2,801	5,134
Interest	--	--	--	--	1,416	2,098
Capital outlay	--	--	--	14,716	--	14,716
Total expenditures	23,411	31,192	98,239	14,716	73,195	1,115,776
Excess (deficiency) of revenues over (under) expenditures	(180)	(13,028)	1,116	(10,321)	(9,671)	41,393
Other financing sources (uses)						
Transfers in (Note 16)	39	17,936	1,356	11,137	16,689	96,553
Transfers out (Note 16)	(25)	(2,689)	(8,701)	(659)	(6,380)	(97,904)
Gain on sale of capital assets	4	--	41	--	--	121
Leases issued	--	--	--	--	248	16,760
Total other financing sources (uses)	18	15,247	(7,304)	10,478	10,557	15,530
Net change in fund balances before	(162)	2,219	(6,188)	157	886	56,923
Special Item						
Litigation settlement (Note 21)	--	--	--	--	--	(28,000)
	--	--	--	--	--	(28,000)
Net change in fund balances	(162)	2,219	(6,188)	157	886	28,923
Fund balances - beginning	70,369	8,595	30,107	23,127	54,281	541,645
Fund balances - ending	$ 70,207	$ 10,814	$ 23,919	$ 23,284	$ 55,167	$ 570,568

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	$ 28,923
Capital assets:	
The acquisition of capital assets uses current financial resources but has no effect on net position.	72,764
The cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense in the Statement of Activities.	(21,226)
Proceeds from the sale of capital assets provide current financial resources but have no effect on net position.	(121)
Net gain on the disposal of capital assets does not affect current financial resources but increases net position.	121
Loss on disposal of capital asset/lease termination	(250)
Lease acquisitions provide current financial resources but have no effect on net position.	(16,760)
Lease amortization expense does not use current financial resources but has an effect on net position.	(2,961)
Long-term debt:	
Principal payments on long-term debt use current financial resources but have no effect on net position.	2,656
Lease principal payments on long-term debt use current financial resources but have no effect on net position.	2,478
Measurement focus:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(2,312)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in interest payable liability	15
Change in compensated absences liability	(1,333)
Change in estimated litigation liability	273
Change in accrued net OPEB liability	11,609
Change in accrued net pension liability	91,714
Amortization of bond premiums/discounts and issuance costs	(10)
Internal service funds:	
Internal service funds are used by management to charge the costs of information technology, fleet management, risk management, communication services, and utilities to individual funds. The net revenue of internal service funds is reported within governmental activities.	3,371
Change in net position of governmental activities	$ 168,951

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022 (in thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Assets				
Current assets:				
Cash and investments (Note 3)	$ 48,303	$ 40,145	$ 88,448	$ 65,294
Accounts receivable, net:				
Licenses, permits, and franchises	301	--	301	--
Use of money and property	112	68	180	106
Charges for services	5,540	39	5,579	96
Lease receivables	--	238	238	--
Other	--	1	1	--
Inventories	341	41	382	356
Prepaid items	--	--	--	92
Total current assets	54,597	40,532	95,129	65,944
Noncurrent assets:				
Other receivables (Note 5)	990	11	1,001	380
Restricted cash and investments (Note 4)	40,109	617	40,726	10
Capital assets, not being depreciated/amortized (Note 6)	12,071	57,449	69,520	639
Capital assets, net of accumulated depreciation/amortization (Note 6)	184,322	30,811	215,133	31,762
Total noncurrent assets	237,492	88,888	326,380	32,791
Total assets	292,089	129,420	421,509	98,735
Deferred outflows of resources				
Deferred pensions (Note 18)	3,099	767	3,866	3,365
Deferred OPEB (Note 19)	249	51	300	280
Total deferred outflows of resources	3,348	818	4,166	3,645
Liabilities				
Current liabilities:				
Accounts payable	1,263	4,298	5,561	1,661
Salaries and benefits payable	561	143	704	573
Interest payable	602	80	682	--
Other payables	4,836	102	4,938	--
Advances from grantors and third parties (Note 8)	--	--	--	583
Customer deposits payable	--	25	25	--
Compensated absences (Note 10)	640	174	814	737
Certificates of participation payable (Note 10)	3,425	820	4,245	--
Other short - term liabilities	--	--	--	283
Bonds and notes payable (Note 10)	--	881	881	432
Liability for self-insurance claims (Note 11)	--	--	--	5,313
Landfill closure/postclosure care costs (Note 13)	1,706	--	1,706	--
Total current liabilities	13,033	6,523	19,556	9,582
Noncurrent liabilities:				
Compensated absences (Note 10)	83	5	88	214
Certificates of participation payable, net (Note 10)	155,823	26,096	181,919	--
Bonds and notes payable (Note 10)	--	930	930	1,939
Liability for self-insurance claims (Note 11)	--	--	--	7,646
Landfill closure/postclosure care costs (Note 13)	34,116	--	34,116	--
Net pension liability (Note 18)	6,158	1,525	7,683	6,688
Net OPEB liability (Note 19)	1,423	293	1,716	1,605
Total noncurrent liabilities	197,603	28,849	226,452	18,092
Total liabilities	210,636	35,372	246,008	27,674
Deferred inflows of resources				
Deferred pensions (Note 18)	5,052	1,251	6,303	5,486
Deferred OPEB (Note 19)	147	30	177	166
Deferred lease proceeds	--	238	238	--
Total deferred inflows of resources	5,199	1,519	6,480	5,652
Net position				
Net investment in capital assets	52,622	59,331	111,953	30,030
Unrestricted	26,980	34,016	60,996	39,024
Total net position	$ 79,602	$ 93,347	172,949	$ 69,054
Adjustment to reflect the allocation of the internal service funds' cumulative net loss			(593)	
Net position of business-type activities			$ 172,356	

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Operating revenues				
Charges for services	$ 38,656	$ 15,377	$ 54,033	$ 79,752
Sale of scrap and recyclables	106	--	106	--
Self-insurance recovery	--	--	--	1,926
Other operating revenues	4,754	19	4,773	464
Total operating revenues	43,516	15,396	58,912	82,142
Operating expenses				
Salaries and benefits	8,740	2,119	10,859	8,497
Services and supplies	8,061	3,966	12,027	51,075
Self-insurance claims	--	--	--	8,909
Contractual services	8,867	473	9,340	845
Depreciation and amortization	6,357	1,508	7,865	6,095
County overhead allocation	706	166	872	3,542
Closure/postclosure care costs	1,706	--	1,706	--
Total operating expenses	34,437	8,232	42,669	78,963
Operating income	9,079	7,164	16,243	3,179
Non-operating revenues (expenses)				
Use of money and property	(2,823)	(1,110)	(3,933)	(1,825)
Interest expense	(6,102)	(572)	(6,674)	(82)
Gain (loss) on sale of assets	(514)	(54)	(568)	274
Settlements and damages	(50)	--	(50)	--
State and federal aid	66	--	66	--
Other non-operating revenues	5,487	1,852	7,339	537
Total non-operating revenues (expenses), net	(3,936)	116	(3,820)	(1,096)
Income before transfers	5,143	7,280	12,423	2,083
Transfers in (Note 16)	--	--	--	1,351
Total transfers, net	--	--	--	1,351
Change in net position	5,143	7,280	12,423	3,434
Total net position - beginning	74,459	86,067	160,526	65,620
Total net position - ending	$ 79,602	$ 93,347	$ 172,949	$ 69,054

Change in net position - total enterprise funds	$ 12,423
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	60
Change in net position of business-type activities	$ 12,483

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Resource Recovery	Laguna Sanitation	Total	
Cash flows from operating activities				
Receipts from interfund services provided	$ --	$ --	$ --	$ 80,207
Receipts from self-insurance recovery	--	--	--	1,926
Receipts from customers and users	47,432	15,448	62,880	--
Payments to employees	(10,092)	(2,455)	(12,547)	(10,019)
Payments to suppliers	(19,857)	(7,639)	(27,496)	(52,441)
Payments for self-insurance claims	--	--	--	(7,727)
Payments for landfill closure/postclosure costs	(101)	--	(101)	--
County overhead allocation payments to the General Fund	(706)	(166)	(872)	(3,542)
Other receipts	5,479	1,805	7,284	537
Net cash provided by operating activities	22,155	6,993	29,148	8,941
Cash flows from noncapital financing activities				
Transfers from other funds	--	--	--	1,351
Payment on landfill settlement	(50)	--	(50)	--
State and federal aid	66	--	66	--
Net cash provided by noncapital financing activities	16	--	16	1,351
Cash flows from capital and related financing activities				
Purchase of capital assets	(9,599)	(32,982)	(42,581)	(6,399)
Proceeds from sale of capital assets	--	--	--	387
Principal paid on certificates of participation	(2,970)	--	(2,970)	--
Interest and fees paid on certificates of participation	(7,272)	--	(7,272)	--
Principal paid on bonds and notes payable	--	(1,643)	(1,643)	(427)
Interest and fees paid on bonds and notes payable	--	--	--	(82)
Proceeds from certificates of participation premiums	--	(953)	(953)	--
Federal interest subsidy on bonds payable	--	47	47	--
Net cash used by capital and related financing activities	(19,841)	(35,531)	(55,372)	(6,521)
Cash flows from investing activities				
Use of money and property received	438	292	730	392
Changes in fair value of investments	(3,310)	(1,421)	(4,731)	(2,265)
Net cash used by investing activities	(2,872)	(1,129)	(4,001)	(1,873)
Net change in cash and cash equivalents	(542)	(29,667)	(30,209)	1,898
Cash and cash equivalents - beginning	88,954	70,429	159,383	63,406
Cash and cash equivalents - ending	$ 88,412	$ 40,762	$ 129,174	$ 65,304
Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and investments per Statement of Net Position	$ 48,303	$ 40,145	$ 88,448	$ 65,294
Restricted cash and investments per Statement of Net Position	40,109	617	40,726	10
Total cash and cash equivalents per Statement of Net Position	$ 88,412	$ 40,762	$ 129,174	$ 65,304
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 9,079	$ 7,164	$ 16,243	$ 3,179
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	6,357	1,508	7,865	6,095
Other non-operating revenue	5,479	1,805	7,284	537
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:				
Accounts and other receivables	3,920	52	3,972	(7)
Inventories	(121)	(4)	(125)	(130)
Prepaid items	--	--	--	(92)
Accounts payable	(2,812)	(3,193)	(6,005)	(299)
Salaries and benefits payable	(1,352)	(336)	(1,688)	(1,524)
Customer deposits	--	(3)	(3)	--
Liability for self-insurance claims	--	--	--	1,182
Landfill closure/postclosure care cost liability	1,605	--	1,605	--
Net cash provided by operating activities	$ 22,155	$ 6,993	$ 29,148	$ 8,941
Noncash investing, capital, and financing activities				
Lease proceeds - deferred inflows of resources	$ --	$ 238	$ 238	$ --

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022 (in thousands)

	Pension and Other Postemployment Employee Benefits Trust Funds (1)	Investment Trust Fund	Private-purpose Trust Fund	Other Custodial Funds
Assets				
Cash and investments (Note 3)	$ --	$ 1,324,931	$ 1,475	$ 29,639
Other cash and cash equivalents (Note 3)	19,177	--	--	--
Collateral held for securities lent	13,609	--	--	--
Short-term investments	53,491	--	--	--
Total other cash and cash equivalents	86,277	1,324,931	1,475	29,639
Investments:				
Private equity	493,546	--	--	--
Domestic equity	789,478	--	--	--
Core fixed income	611,150	--	--	--
Developed markets non-US equity	406,768	--	--	--
Emerging market equity	318,037	--	--	--
Non-core fixed income	287,020	--	--	--
Private credit	90,111	--	--	--
Real assets/real return	604,896	--	--	--
Real estate	348,687	--	--	--
Total Investments	3,949,693	--	--	--
Prepaids and receivables				
Prepaid assets	3,402	--	--	--
Contributions	9,630	--	--	--
Accrued interest	2,162	--	1	--
Dividends	3,812	--	--	--
Security sales	24,097	--	--	--
Other receivables	--	2,114	--	159
Total prepaids and receivables	43,103	2,114	1	159
Restricted cash and investments (Note 4)	--	--	1,346	--
Total assets	4,079,073	1,327,045	2,822	29,798
Liabilities				
Accounts payable	736	23,361	--	--
Collateral held for securities lent	13,609	--	--	--
Benefits payable	14,083	--	--	--
Security purchases	13,277	--	--	--
Long-term debt:				
Due in more than one year	--	--	8,160	--
Total liabilities	41,705	23,361	8,160	--
Net position				
Restricted for:				
Pensions	3,990,899	--	--	--
Postemployment benefits other than pensions	46,469	--	--	--
Pool participants	--	1,303,684	--	--
Redevelopment agency dissolution	--	--	(5,338)	--
Individuals, organizations, and other governments	--	--	--	29,798
Total net position (deficit)	$ 4,037,368	$ 1,303,684	$ (5,338)	$ 29,798

(1) The June 30, 2022 information was not readily available at the time of issuance so that June 30, 2021 information has been presented.

The notes to the financial statements are an integral part of this statement.

COUNTY OF SANTA BARBARA, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

Other Postemployment	Pension and Other Postemployment Employee Benefits Trust Funds (1)	Investment Trust Fund	Private-purpose Trust Fund	Other Custodial Funds
Additions				
Property tax collections	$ --	$ --	$ 1,406	$ 3,775,351
Other taxes and fees collected for other governments	--	--	--	38,210
Contributions:				
Employer	164,761	--	--	--
Plan members	35,520	--	--	--
Private contributions	--	6,078,178	--	2,382
Total contributions	200,281	6,078,178	--	2,382
Investment earnings:				
Net increase (decrease) in the fair value of investments	809,283	(46,069)	(134)	(300)
Interest	9,933	5,256	11	--
Dividends	26,586	--	--	--
Total net investment earnings (losses)	845,802	(40,813)	(123)	(300)
Less investment expense	(15,434)	--	--	--
Net investment earnings (losses)	830,368	(40,813)	(123)	(300)
Net securities income	179	--	--	--
Total miscellaneous income	600	--	--	--
Total additions	1,031,428	6,037,365	1,283	3,815,643
Deductions				
Beneficiary payments	213,331	--	--	2,919
Member withdrawals	1,578	--	--	--
Administrative expenses	5,919	--	3	--
Distributions from pooled investments	--	5,807,786		--
Property tax distributions	--	--	--	3,768,775
Payments to other local governments	--	--	--	38,590
Interest on note payable	--	--	401	--
Total deductions	220,828	5,807,786	404	3,810,284
Net increase in fiduciary net position	810,600	229,579	879	5,359
Net position (deficit) - beginning	--	1,074,105	(6,217)	24,439
Prior period adjustment (Pension / OPEB only)	3,226,768	--	--	--
Net position (deficit) - beginning, as restated	3,226,768	1,074,105	(6,217)	24,439
Net position (deficit) - ending	$ 4,037,368	$ 1,303,684	$ (5,338)	$ 29,798

(1) The June 30, 2022 information was not readily available at the time of issuance so that June 30, 2021 information has been presented.

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The County of Santa Barbara (County), which was established by an act of the California legislature on February 18, 1850, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a five-member Board of Supervisors (Board) which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles (GAAP) in the United States of America, the accompanying financial statements present the activities of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units

While each of these component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is primarily demonstrated by the County's Board acting as, or appointing, the governing board for each of the component units and its ability to impose its will. Because of their relationship with the County and the nature of their operations, component units are, in substance, part of the County's operations and, accordingly, the activities of these component units are combined, or blended, with the activities of the County for purposes of reporting in the accompanying basic financial statements.

Additional detailed information of the County's component units can be obtained from the County Auditor-Controller's office located at 105 East Anapamu Street, Room 303, Santa Barbara, CA 93101.

Descriptions of the County's blended component units are as follows:

Component Unit	**Included in the Reporting Entity Because:**	**Separate Financial Statements**
Flood Control and Water Conservation Districts: established to control flood and storm waters and to conserve such waters for beneficial public use. Revenues consist primarily of property taxes and aid from other governmental units.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Santa Barbara County Fire Protection District: established to provide a full range of fire services to most of the unincorporated territory of Santa Barbara County; the cities of Buellton, Solvang, and Goleta; and private lands within the National Forest. Revenues consist primarily of property taxes.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available

In-Home Supportive Services Public Authority (IHSS): established to act as the employer of record for IHSS individual providers. As an administrative unit, IHSS carries out functions prescribed in Welfare & Institutions Code Section 12301.6. Those functions include a provider screening process, a registry that will match eligible providers and consumers, and collective bargaining with providers and their representatives. IHSS also offers access to training for providers and consumers while continuing to allow for consumer choice in the selection of providers.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
County Service Areas: established to provide specific services to distinct geographical areas within the County. These services include street lighting, open space maintenance, library, community sewer sanitation and maintenance, and road maintenance. Revenues consist primarily of property taxes and benefit assessments.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Community Facilities Districts: established to allow for financing of public improvements and services. The services and improvements that can be financed include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums, and other cultural facilities. Revenues consist primarily of Mello-Roos property taxes.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Lighting Districts: established to provide operation and maintenance of streetlights in certain areas of the County. Revenues consist primarily of property taxes and benefit assessments.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Sandyland Seawall Maintenance District: established to provide for maintenance of a seawall constructed in the Sandyland Cove area. Revenues consist primarily of benefit assessments levied against those properties adjacent to that beachfront area.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available

Water Agency: established to prepare investigations and reports on the County's water requirements, project development, and importation of water from the State Water Project. The Water Agency provides technical assistance to County departments, water districts, and the public relative to ground water availability and water-well locations and design. The Water Agency also administers the Cachuma Project and Twitchell Project contracts with the U.S. Bureau of Reclamation.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available
Santa Barbara County Finance Corporation: established on July 28, 1983, this corporation is a nonprofit public benefit corporation and, in general, its purpose is to: purchase, lease or otherwise acquire real property; construct, install or acquire public improvements; operate, maintain, repair or improve real or personal property; and borrow money and become indebted for the purpose of acquiring and improving such property. The corporation facilitates financing for the County and other public entities.	1) Unit provides services almost entirely to the County	Not available
Laguna County Sanitation District: established to provide water and sewage treatment services to users. The costs of operating this district are charged to the users in the form of water charges and sewer fees.	1) Unit's board is the same as the Board and 2) County Management has operational responsibility	Not available

The accompanying financial statements include an Investment Trust Fund that holds assets of numerous self-governed school and special districts for which the County Treasurer acts as custodian. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments, and other assets, and the related fiduciary responsibility of the County for disbursement of these assets. The County Auditor-Controller makes disbursements upon the request of the responsible school or special district officers. Activities of the school and special districts are administered by separate boards and are independent of the County Board. The Board has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, or to appropriate surplus funds available in these entities.

The accompanying financial statements also include a statutorily required Private-Purpose Trust Fund for the Santa Barbara County Redevelopment Successor Agency (Successor Agency). The Successor Agency was created to serve, in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency (RDA). The Successor Agency operates under the auspices of a legislatively formed oversight board who has authority over its financial affairs and supervises its operations and timely dissolution. Its assets are held in trust for the benefit of the taxing entities within the former RDA boundaries and as such are not available for County use.

Discrete Component Unit

The First 5 Children and Families Commission (Commission) was established by the California Children and Families Act of 1998 (Proposition 10). The Commission invests tobacco tax revenues in programs that improve the lives of children prenatal through age 5 and their families. The Commission is governed by a nine-member Board of Commissioners, appointed by the County Board. The Board of Commissioners, as the governing body of the Commission, is responsible for the operation of the Commission. The Commission is discretely presented because its board is not substantively the same as the County's. A separately issued financial report can be obtained online at http://first5santabarbaracounty.org/ or by writing to: First 5 Children and Families Commission, 5385 Hollister Avenue, Building 10, Suite 110, Goleta, CA 93111.

Fiduciary Component Unit

The County pension plan is administered by the Santa Barbara County Employees' Retirement System (SBCERS), which was established on January 1, 1944, and is administered by the Board of Retirement to provide service retirement, disability, death, and survivor benefits for employees of the County and participating districts. SBCERS also administers the County's agent multiple-employer defined benefit postemployment healthcare plan (OPEB Plan). The Santa Barbara County Board of Supervisors and the governing boards of the participating districts adopt resolutions, as permitted by the California State Government Code §31450 (County Employees' Retirement Law of 1937 (CERL)), which affect the benefits of the SBCERS members. SBCERS is governed by the California Constitution; CERL; and the bylaws, policies and procedures adopted by the SBCERS' Board of Retirement. SBCERS is reported in the Pension and OPEB Trust Funds on the Statement of Fiduciary Net Position - Fiduciary Funds of the basic financial statements and has been included because there is a financial benefit or burden relationship and the County appoints a voting majority of the Board of Retirement. SBCERS issues its own Annual Comprehensive Financial Report (ACFR) that may be obtained by writing to SBCERS at 130 Robin Hill Road, Suite 100, Goleta, CA 93117 or on the SBCERS website at: http://cosb.countyofsb.org/sbcers.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following GASB Statements have been implemented in the current financial statements:

Statement No. 87	*"Leases"*	The requirements of this statement are effective for reporting periods beginning after December 15, 2020. (FY 21/22)
Statement No. 92	*"Omnibus 2020"*	The requirements of this statement are effective for reporting periods beginning after June 15, 2021. (FY 21/22)
Statement No. 93	*"Replacement of Interbank Offered Rates"*	The requirements of this statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. (FY 21/22)
Statement No. 97	*"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"*	The requirements of this statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. (FY 21/22) Portions of this statement related to GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. (FY 20/21)
Statement No. 99	*"Omnibus 2022"*	The requirements related to extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance. (FY 21/22)

Financial Statements

The County's financial statements consist of the following:

- Governmentwide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

The governmentwide financial statements consist of the Statement of Net Position and the Statement of Activities and report information on all of the nonfiduciary activities of the primary government and its component units. All internal balances in the Statement of Net Position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. The Statement of Activities presents function revenue and expenses of governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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In the Statement of Activities, internal service funds' revenue and expenses related to interfund services have been eliminated. Revenue and expenses related to services provided to external customers have not been eliminated and are presented within governmental activities. As a general rule, interfund activities (e.g., interfund transfers and interfund reimbursements) have been eliminated in the governmentwide Statement of Activities. Exceptions to the general rule are interfund services provided and used between functions, such as mental health services provided to certain inmates at the County jail. Elimination of these interfund activities would distort the direct costs and program revenues reported for the various functions concerned.

The governmentwide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities of the County include policy and executive, public safety, health and human services, community resources and public facilities, general government and support services, and general County programs. The business-type activities of the County include resource recovery and waste management and sanitation operations.

The Statement of Activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual Countywide Cost Allocation Plan which allocates the cost of central service departments to service user departments. Costs allocated in the Cost Allocation Plan include administrative and support costs such as budget preparation and oversight, County counsel, landscaping, payroll, utilities, and facilities maintenance. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the governmentwide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The governmentwide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds' financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as a deferred inflow of resources as soon as all eligibility requirements have been met, except for the timing requirement.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County, in general, considers revenues available if they are collected within 180 days after fiscal year-end, except for property taxes, which the County considers available if they are collected within 60 days after fiscal year-end. Grants, Medi-Cal reimbursements and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures that meet accrual criteria are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments which are recognized when payment is due. General capital asset acquisitions, including entering into contracts giving the County the right-to-use leased assets, are reported as expenditures in governmental funds. Financing through leases are reported as other financing sources.

For the governmental funds financial statements, the County considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services and other miscellaneous revenue are all considered to be susceptible to accrual, and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All expenditure-driven grants are recorded at the time of receipt or earlier. If qualifying expenditures have been incurred and all other eligibility requirements have been met, expenditure-driven grants are recognized as revenue. When all eligibility requirements are met, except for the timing requirement, a deferred inflow of resources is reported until time requirements have passed.

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained, consistent with legal and managerial requirements.

In accordance with GAAP, the County reports on each major governmental fund. By definition, the general fund is always considered a major fund. Governmental funds other than the general fund must be reported as major funds if they meet both the ten percent and five percent criterion, defined respectively, 1) An individual governmental fund reports at least ten percent of any of the following: a) total governmental fund assets and deferred outflows of resources, b) total governmental fund liabilities and deferred inflows of resources, c) total governmental fund revenues, or d) total governmental fund expenditures; 2) an individual governmental fund reports at least five percent of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the ten percent criterion. In addition, a fund may be reported as major if it is believed to be of particular importance to financial statement users.

The County reports the following major governmental funds:

- The **General Fund** is the County's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the County except those required to be accounted for in specialized funds.

- The **Roads Fund** is used to account for the planning, design, construction, maintenance and administration of County roads. It is also used to account for traffic safety and other transportation planning activities. Funding comes primarily from local sales and state highway user taxes, along with state and federal highway improvement grants.

- The **Public Health Fund** accounts for a variety of preventative health programs, outpatient services and inmate health programs. The fund is also used to account for Environmental Health and Emergency Medical Services. Revenue sources are primarily state and federal grants and vehicle license fees.

- The **Social Services Fund** accounts for a variety of public assistance and social service programs that are funded primarily from state and federal grants.

- The **Behavioral Wellness Fund** is used to account for mandated community health services under the California Mental Health Act including a mandated responsibility to "guarantee and protect public safety." Revenue sources are primarily charges for services, sales tax revenue and state grants.

- The **Flood Control District Fund** is used to account for the provision of flood protection activities. Revenues come from a variety of sources including property taxes, charges for services, benefits assessments, and federal grants.

- The **Affordable Housing Fund** is used to account for the various affordable housing programs administered by the County and provides local match to leverage federal funding for the creation of affordable housing.

- The **Fire Protection District Fund** is used to account for the finances of the Santa Barbara County Fire Department. The Fire Department utilizes property tax revenues, which are collected for public safety within the district's boundaries. The Fire Department provides a full range of emergency services for most of the unincorporated territory of Santa Barbara County; the Cities of Buellton, Solvang, and Goleta; and private lands within the National Forest. The National Forest and military installations provide their own fire protection.

- The **Capital Projects Fund** is used to account for financial resources used in constructing major facilities.

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 in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Resource Recovery and Laguna Sanitation enterprise funds and of the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following proprietary funds:

- The **Resource Recovery and Waste Management Fund (Resource Recovery)** accounts for the activities of refuse collection, disposal, landfill operations, and recycling programs.

- The **Laguna County Sanitation District Fund (Laguna Sanitation)** accounts for the activities of sewer collection and sewage treatment in the Orcutt area.

- **Internal Service Funds** account for information technology, vehicle operations, risk management, communications operations, and utilities operations that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

Fiduciary funds include all Trust and Custodial funds, which account for assets held by the County as a trustee or as a custodian for individuals or other government units.

The County reports the following fiduciary funds:

- **Pension and Other Postemployment Employee Benefits Trust Funds** account for the activities of the SBCERS pension plans and Other Postemployment Benefit Trusts Funds, which accumulate resources for pension and other postemployment benefit payments to qualified beneficiaries. The County reports on 4 different pension trust funds.

- The **Investment Trust Fund** accounts for the external portion of the County Treasurer's investment pool, which commingles resources of legally separate local governments within the County in an investment portfolio for the benefit of all participants. These entities include school and community college districts, other special districts governed by local boards, and regional boards and authorities. The County separately maintains these entities' money in 377 individual funds; these funds represent the assets, primarily cash and investments.

- The **Private-Purpose Trust Fund** is a fiduciary fund type used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Santa Barbara County Redevelopment Successor Agency (Successor Agency).

- **Custodial Funds – Other** are funds held by the County in a custodial capacity for individuals or other government units. The County reports on 135 different custodial funds.

Cash and Investments

The County's cash and cash equivalents for Statement of Cash Flows purposes are considered to be cash on hand, demand deposits, restricted cash, and investments held by the County Treasurer in a cash management investment pool (Pool). The County has stated required investments at fair value in the accompanying financial statements using the fair value measurement within the fair value hierarchy established by GAAP.

The Pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the County Treasurer must follow.

The Air Pollution Control District and the Santa Barbara County Association of Governments, as well as the public school districts, cemetery districts, fire protection districts, pest control districts, recreation and park districts, and resource conservation districts within the County are required by legal provisions to participate in the County's investment pool. The deposits held for these districts are included in the Investment Trust Fund.

Accounts Receivable and Payable

The County only accrues revenues at fiscal year-end and accrues only those revenues it deems collectible; as such, the County has no allowance for uncollectible accounts. The County expects to collect all accounts receivable within one year. County policy requires that all revenues and expenditures greater than $5 be accrued at fiscal year-end, while revenues and expenditures under $5 may be accrued at fiscal year-end at the discretion of individual departments.

The County levies, collects, and apportions property taxes for all taxing jurisdictions within the County including school and special districts. Article XIIIB of the State of California Constitution limits the property tax levy to support general government services of the various taxing jurisdictions to one dollar per 100 dollars of full cash value. Taxes levied to service voter-approved debt are excluded from this limitation.

Secured property taxes are levied in September of each year based upon the assessed valuation as of the previous January 1 (lien date). They are payable in two equal installments due on November 1 and February 1 and are considered delinquent with penalties after December 10 and April 10, respectively. Unsecured property taxes are due on the January 1 lien date and become delinquent with penalties after August 31.

Since Fiscal Year (FY) 1993-94, the County has used an alternative property tax distribution method referred to as the "Teeter Plan." This method allows for a 100% distribution of the current tax levy to California entities electing the alternative method, as compared to the previous method where only the current levy less any delinquent taxes was distributed. This results in the General Fund receiving distributions of approximately 50-55% in December, 40-45% in April and the remaining 5% in June of each year. This method also provides that all of the delinquent penalties and redemption penalties of the participating entity flow to the County's General Fund. All County entities receiving property taxes were required by statute to participate once the alternative method was elected. All delinquent taxes are recorded as accounts receivable in the General Fund. At June 30, 2022, property taxes receivables of $41,420 are recorded in the General Fund. In addition, the Teeter Plan requires that a property tax loss reserve be maintained in an amount equal to 1% of the current year's secured tax levy, which is shown as a restricted portion of fund balance in the General Fund (see Note 14).

Deferred Outflows and 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 position by the County that is applicable to a future reporting period and will not be recognized as an outflow of resources (expense/expenditures) until that time. The County, including its discretely presented component unit, recognized deferred outflows of resources related to:

1) Social Services benefit payments that did not meet the grant eligibility timing requirement to be recorded as an expenditure, 2) changes in the net pension liability, and 3) changes in the net OPEB liability.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position by the County that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue or a credit to expense) until that time. The County recognized deferred inflows of resources in the governmentwide Statement of Net Position related to: 1) assets and future installment payments of the Service Concession Arrangements 2) inflows from changes related to the net pension and net OPEB liabilities, and 3) inflows from right-to-use leases where the County is the lessor.

Under the modified accrual basis of accounting, it is not enough that expenditures are incurred; they must also meet all eligibility requirements other than timing. The County recognized deferred outflows of resources on the Governmental Funds Balance Sheet from Social Service benefit payments. In addition, revenue that is earned must also be available to finance expenditures in the current period under the modified accrual basis of accounting. The County recognized deferred inflows of resources on the Governmental Funds Balance Sheet related to total housing loan principal and interest receivable amounts as well as lease proceeds where the County is the lessor.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmentwide financial statements as "internal balances." In the governmental funds financial statements, advances between funds are offset by a corresponding nonspendable portion of fund balance in the General Fund, restricted portion in all other funds, to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventories for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using the first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmentwide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reported as nonspendable.

Capital Assets

Capital assets include land, land improvements, structures and improvements (e.g., office buildings and building improvements), equipment (e.g., vehicles, machinery and computers), infrastructure (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., land easements and computer software). The County also includes capital assets held by Service Concession Arrangements (SCA). Capital assets are reported in the applicable governmental or business-type activities columns in the governmentwide financial statements. If purchased or constructed, the capital assets are reported at historical or estimated historical cost. Capital assets received by the County in an SCA and donated capital assets, including works of art and historical treasures, are recorded at the estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization thresholds are $0 for land, $5 for equipment, and $100 for land improvements, buildings and improvements, infrastructure, and computer software.

Capital assets, with the exception of non-depreciable land, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Land improvements:	Parking lots, sidewalks, outdoor lighting, landscaping, drainage and irrigation systems	5 to 50 years
Buildings & improvements:	Office buildings	20 to 100 years
	Building improvements	5 to 50 years
Equipment:	Automobiles and light trucks	5 to 10 years
	Construction and maintenance vehicles	5 to 20 years
	General machinery and office equipment	2 to 25 years
Infrastructure:	Pavement and traffic signals	15 to 30 years
	Bridges	40 to 75 years
	All other	20 to 99 years
Intangible assets:	Computer software	2 to 10 years
	Right-to-use leased assets	2 to 40 years

Outlays for capital assets and improvements are capitalized, as projects are constructed, in accordance with the County's capitalization policy. Interest and indirect costs incurred during the construction phase of capital assets of proprietary funds are reflected in the capitalized value of the asset constructed. Depreciation/amortization expense is allocated to functions/programs and included as a direct expense in the Statement of Activities. Capital assets that are under construction or development and have not been completed are put into Work in Progress and are presented as a capital asset not being depreciated on the Statement of Net Position.

Right-to-use Lease Assets

Right-to-use lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payment made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

Right-to-use lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life on the underlying asset, unless the lease contains a purchase option that the County has determined is reasonably certain of being exercised.

Long-term Debt

In the governmentwide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds Statement of Net Position. Bond premiums and discounts are amortized over the life of the bond and issuance costs are expensed in the year incurred.

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In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e., portion that has come due for payment) is reported as a liability in the fund financial statement of the related fund.

Compensated Absences

County policy permits employees to accumulate earned but unused vacation, holiday, and sick pay benefits. County policy states that unused sick leave shall not be cashed out at time of separation from service with the County; therefore, no liability for unpaid accumulated sick leave exists. Employees eligible for full retirement benefits, however, may convert their unused sick leave to up to one year's service credit in determining their retirement benefits.

All vacation and holiday pay is accrued when incurred in the governmentwide and proprietary funds' financial statements. In the governmental funds financial statements, a liability for these amounts is reported only if they have matured, for example, as a result of employee resignations or retirements prior to year-end, and payment of the liability is made subsequent to year-end.

Pensions

In governmentwide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 18 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the County recognizes a net pension liability, which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Santa Barbara County Employees' Retirement System (SBCERS). The net pension liability is measured as of the County's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

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

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

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 OPEB expense, information about the fiduciary net position of the County's OPEB Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by Santa Barbara County Employees' Retirement System (SBCERS). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form; or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Assigned fund balance* – amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds. This classification is currently not used by the County.
- *Unassigned fund balance* – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Board establishes, modifies or rescinds fund balance appropriations for commitments and assignments by passage of an ordinance or resolution (ordinances and resolutions are considered of equal authority with respect to fund balance). This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the County's policy to use Restricted fund balance resources first, followed by the unrestricted resources in the Committed and Unassigned fund balances, as they are needed.

Fund Balance Policy

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County needs to maintain unrestricted fund balance in its County funds sufficient to fund cash flows of the County and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed and unassigned fund balances are considered unrestricted.

The purpose of the County's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

The County has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 15% of operating revenue (approximately 60 days working capital) at the close of each fiscal year, consistent with the recommended level promulgated by the Government Finance Officers Association (GFOA).

Additional detailed information, along with the complete *Fund Balance Policy,* can be obtained from the County Auditor-Controller's office located at 105 East Anapamu Street, Room 303, Santa Barbara, CA 93101.

Strategic Reserve Policy

The County has established a separate committed fund balance account known as the Strategic Reserve. The target funding level for the Strategic Reserve is an amount equivalent to 8% of operating revenue (approximately 30 days working capital) for the General Fund. Funding for the Strategic Reserve is appropriated annually by the Board as part of the budget approval process.

The purpose of the County's Strategic Reserve is to:

1. Mitigate economic downturns that reduce County general revenue;
2. Mitigate state or federal budget actions that may reduce County revenue;
3. Maintain core service levels essential to public health, safety, and welfare;
4. Front-fund or completely fund, if necessary, disaster costs or costs associated with emergencies. Only those events that have been legally declared to be a disaster at the local, state, or federal level are eligible for funding from the Strategic Reserve; and
5. Absorb liability settlements in excess of available resources in the County's committed litigation fund balance.

The monies in the Strategic Reserve are separate monies used only for the purposes stated above. The funds are used only to support the operating budget when general revenue increases less than 3% from the prior fiscal year. Any transfer of funds is approved by the Board and does not exceed the amount sufficient to balance the General Fund. Transfers require approval by 3/5 vote during budget hearings and 4/5 vote at all other times during the fiscal year in accordance with the County Budget Act.

As of June 30, 2022, the County's Strategic Reserve fund balance was $38,785.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Future Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements will be implemented in future financial statements:

Statement No. 91	*"Conduit Debt Obligations"*	The requirements of this statement are effective for reporting periods beginning after December 15, 2021. (FY 22/23)
Statement No. 94	*"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"*	The requirements of this statement are effective for reporting periods beginning after June 15, 2022. (FY 22/23)
Statement No. 96	*"Subscription-Based Information Technology Arrangements"*	The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (FY 22/23)
Statement No. 99	*"Omnibus 2022"*	The requirements related to leases, Public-Private and Public-Public Partnerships (PPPs), and Subscription Based Information Technology Arrangements (SBITAs) are effective for fiscal year beginning after June 15, 2022 and all reporting periods thereafter. (FY 22/23) The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. (FY23/24)
Statement No. 100	*"Accounting Changes and Error Corrections"*	The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. (FY23/24)
Statement No. 101	*"Compensated Absences"*	The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. (FY24/25)

IN THOUSANDS 68 NOTES TO THE FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENTWIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the Statement of Net Position are different from those reported on the Balance Sheet for governmental funds. The following two schedules provide a reconciliation of those differences:

	Total Governmental Funds (Page 42)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 45)	Adjustments (3)	Total Governmental Activities (Page 39)
Assets & deferred outflows of resources:					
Assets					
Cash and investments	$ 624,629	$ --	$ 65,294	$ --	$ 689,923
Accounts receivable, net:					
Taxes	41,420	--	--	--	41,420
Licenses, permits, and franchises	957	--	--	--	957
Fines, forfeitures, and penalties	188	--	--	--	188
Use of money and property	1,166	--	106	--	1,272
Intergovernmental	75,377	--	--	--	75,377
Charges for services	29,182	--	96	--	29,278
Lease receivables	3,113	--	--	--	3,113
Other	2,611	--	--	--	2,611
Due from other funds	9,798	--	--	(9,798)	--
Internal balances	--	--	--	593	593
Inventories	--	--	356	--	356
Prepaid items	346	--	92	--	438
Note receivable	--	8,160	--	--	8,160
Other receivables	479	1,030	380	--	1,889
Advances to other funds	5	--	--	(5)	--
Restricted cash and investments	28,803	--	10	--	28,813
Housing loans receivable	47,886	(6,964)	--	--	40,922
Housing loans interest receivable	10,612	(579)	--	--	10,033
Capital assets	--	845,083	32,401	--	877,484
Right-of-use lease assets	--	13,799	--	--	13,799
Total assets	876,572	860,529	98,735	(9,210)	1,826,626
Deferred outflows of resources					
Deferred social services	705	--	--	--	705
Deferred pensions	--	213,616	3,365	--	216,981
Deferred OPEB	--	14,193	280	--	14,473
Total deferred outflows of resources	705	227,809	3,645	--	232,159
Total assets & deferred outflows of resources	$ 877,277	$ 1,088,338	$ 102,380	$ (9,210)	$ 2,058,785

IN THOUSANDS 69 NOTES TO THE FINANCIAL STATEMENTS

The Reconciliation of Governmentwide and Fund Financial Statements for the year ended June 30, 2022 continued:

	Total Governmental Funds (Page 42)	Long-term Assets and Liabilities (1)	Internal Service Funds (2) (Page 45)	Adjustments (3)	Total Governmental Activities (Page 39)
Liabilities, deferred inflows of resources, & fund balances/net position:					
Liabilities					
Accounts payable	$ 42,634	$ --	$ 1,661	$ --	$ 44,295
Salaries and benefits payable	33,878	--	573	--	34,451
Interest payable	--	127	--	--	127
Other payables and long-term obligations	33,192	--	--	--	33,192
Litigation settlement payable (Note 21)	28,000	--	--	--	28,000
Advances from grantors and third parties	79,725	--	583	--	80,308
Unearned revenue	1,582	--	--	--	1,582
Due to other funds	9,798	--	--	(9,798)	--
Customer deposits payable	16,284	--	--	--	16,284
Advances payable	5	--	--	(5)	--
Compensated absences	--	43,871	951	--	44,822
Lease liability	--	14,281	--	--	14,281
Capital lease obligations	--	--	--	--	--
Certificates of participation (COP)	--	22,014	--	--	22,014
Other short-term obligations	--	--	283	--	283
Bonds and notes payable	--	2,110	2,371	--	4,481
Liability for self-insurance claims	--	--	12,959	--	12,959
Estimated litigation liability	--	200	--	--	200
Net pension liability	--	424,454	6,688	--	431,142
Net OPEB liability	--	81,128	1,605	--	82,733
Total liabilities	245,098	588,185	27,674	(9,803)	851,154
Deferred inflows of resources					
Deferred service concession arrangements	--	31,026	--	--	31,026
Deferred housing loan payments	58,498	(58,498)	--	--	--
Deferred pensions	--	348,202	5,486	--	353,688
Deferred OPEB	--	8,365	166	--	8,531
Deferred miscellaneous unavailable revenue	--	--	--	--	--
Deferred lease proceeds	3,113	--	--	--	3,113
Total deferred inflows of resources	61,611	329,095	5,652	--	396,358
Fund balances/net position:					
Total fund balances/net position	570,568	171,058	69,054	593	811,273
Total liabilities, deferred inflows of resources, & fund balances/net position	$ 877,277	$ 1,088,338	$ 102,380	$ (9,210)	$ 2,058,785

IN THOUSANDS 70 NOTES TO THE FINANCIAL STATEMENTS

(1) Note receivable for governmental activities from the RDA Successor Agency Private-Purpose Trust Fund.		$ 8,160
Other receivables		1,030
Housing loans receivable		(6,964)
Housing loans interest receivable		(579)
Capital assets used in governmental activities (excluding Internal Service Funds) are not current financial resources and, therefore, are not reported in the Balance Sheet (Note 6).		845,083
Right-to-use Lease Assets		13,799
Deferred outflows of resources reported in the Statement of Net Position (Note 1).		227,809
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Balance Sheet (Note 10):		
Compensated absences (excluding Internal Service Funds)	(43,871)	
Lease liability	(14,281)	
Certificates of participation	(22,014)	
Bonds and notes payable (excluding Internal Service Funds)	(2,110)	
Estimated liability for litigation	(200)	
Net pension liability (excluding Internal Service Funds)	(424,454)	
Net OPEB liability (excluding Internal Service Funds)	(81,128)	
Total long-term liabilities		(588,058)
Accrued interest on long-term debt		(127)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds and recognized as revenue in the Statement of Activities (Note 1).		61,611
Deferred inflows of resources (excluding Internal Service Funds) reported in the Statement of Net Position (Note 1).		(390,706)
		$ 171,058
(2) Internal Service Funds are used by management to charge the costs of information technology, reprographics and digital imaging services, vehicle operations and maintenance, risk management and insurance, communications and utility services to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.		$ 69,054
(3) Adjustment for Internal Service Funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the Internal Service Funds' costs for the year. Also included are immaterial rounding adjustments.		$ 593

3. CASH AND INVESTMENTS

Cash and investments include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer. The Santa Barbara County Treasury Pool (Pool) is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool.

Custodial Credit Risk Related to Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pool will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that, of the County's total bank balance, $250 is insured by the Federal Deposit Insurance Corporation (FDIC). The remaining $100,818 on deposit is collateralized with securities held by the pledging financial institution's agent. Per Government Code Section 53652, the depository is required to maintain a market value of at least 110% of the pledged collateral.

At June 30, 2022, the carrying amount of the Pool's deposits was $101,068 and the corresponding bank balance was $92,853. The difference of $8,215 was principally due to deposits in transit.

Investments

Pursuant to Section 53646 of the Government Code, the County Treasurer prepares an Investment Policy Statement annually, presents it to the Treasurer's Oversight Committee (TOC) for review and to the Board of Supervisors for approval.

IN THOUSANDS 71 NOTES TO THE FINANCIAL STATEMENTS

The Investment Policy Statement provides the basis for the management of a prudent, conservative investment program. Public funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the Treasurer's Investment Policy is more restrictive than state law. Types of securities in which the Treasurer may invest include U.S. Treasury and U.S. Government agency securities; state and/or local agency bonds, notes, warrants or certificates of indebtedness; bankers' acceptances; commercial paper; corporate notes; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; the State of California Local Agency Investment Fund (LAIF); Federally Insured Cash Accounts (FICA); and the investment pools managed by a Joint Powers Authority. As of June 30, 2022, all investments are in compliance with State law and with the Treasurer's Investment Policy.

Investments are stated at fair value. Fair value is established quarterly based on quoted market prices received from the securities custodian. Fair value of investments held fluctuates with interest rates. The fair value of participants' position in the Pool is the same as the value of the Pool shares. The value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal.

The Pool participates in LAIF and the California Asset Management Program (CAMP). Investments in LAIF and CAMP are governed by state statutes and overseen by a five member Local Investment Advisory Board and a seven member Board of Trustees, respectively. The Pool participates in the Federally Insured Cash Account (FICA) program which is governed by state and federal statutes and overseen by a seven member Board of Directors.

The California State Treasurer's Office operates the LAIF. LAIF is available for investment of funds administered by California local governments and special districts and is not registered with the SEC as an investment company. The enabling legislation for LAIF is Section 16429.1 et seq. of the California Government Code. The Local Investment Advisory Board (LIAB) provides oversight for LAIF.

CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p).

FICA is managed by StoneCastle Cash Management, LLC (StoneCastle) and is registered with the SEC as a Registered Investment Advisor. This program places the County's cash in deposit accounts at banks and savings institutions (Insured Depositories) in a manner that maintains full insurance of the funds by the FDIC. FICA is open to participants that are (a) both "accredited investors" under the Securities Act of 1933 and "qualified purchasers" under the Investment Company Act of 1940 as amended and/or (b) U.S. governmental units.

LAIF, CAMP, and FICA operate and report to participants on an amortized cost basis. For both LAIF and CAMP, the income, gains, and losses, net of administration fees, are allocated based upon the participant's average daily balance. CAMP and LAIF participants share proportionally in any realized gains or losses on investments. For FICA, interest is accrued daily on each Insured Depository and paid monthly. Deposits in LAIF and CAMP are not insured or otherwise guaranteed by the State of California, while the FICA deposit accounts are insured by the FDIC and are fully guaranteed by the U.S. Government. The fair value of the LAIF and CAMP investment pools are approximately equal to the value of the pool shares. The fair value of FICA is approximately equal to the value of all cash on deposit with the Insured Depositories.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Treasurer mitigates these risks by holding a diversified portfolio of high quality investments.

The following is a summary of the concentration of credit risk distribution by investment type as a percentage of fair value as June 30, 2022:

	Fair Value	% of Portfolio	Max % of Portfolio Pool Policy
Treasurer's Pooled Investments:			
CAMP	$ 5,000	0.24%	Limited by CAMP
LAIF	74,999	3.55%	Limited by LAIF
FICA	5,000	0.24%	Limited by FICA
US Treasuries	895,890	42.42%	100%
Government Agency Bonds	247,201	11.71%	100%
Government Agency Discount Notes	104,207	4.93%	100%
Government Agency Bonds - Callable	779,485	36.91%	50%
	$ 2,111,782	100.00%	

The Treasurer's Investment Policy sets specific parameters by type of investment to be met at the time of purchase. Commercial paper obligations and negotiable certificates of deposit shall be rated by at least two of the three major rating services at a minimum of F1 by Fitch, P-1 by Moody's and A-1 by Standard & Poor's (S&P). Corporate notes, with a maturity greater than three years, shall be rated at a minimum of AA by at least two of the three major rating services. Corporate notes, with a maturity of three years or less, shall be rated at a minimum of AA- by at least two of the three major ratings services. Corporate Temporary Liquidity Guarantee Program (TLGP) notes shall be rated AAA by one of three major ratings services.

The following is a summary of the credit quality distribution by investment type as a percentage of fair value at June 30, 2022:

	Moody's	S&P	Fitch	% of Portfolio
Treasurer's Pooled Investments:				
CAMP	NR*	AAA	NR*	0.24%
LAIF	NR*	NR*	NR*	3.55%
FICA	NR*	NR*	NR*	0.24%
Government Agency Bonds and Notes	Aaa	AA+	AAA	31.25%
Government Agency Bonds and Notes	Aaa	AA+	NR*	22.30%
US Treasury Bills and Notes	Aaa	AA	AAA	42.42%
Total Treasurer's Pooled Investments				100.00%

* Not Rated

Instruments in any one issuer that represent 5% or more of the County's investments as of June 30, 2022 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Issuer	Issuer Type	Fair Value Holdings	Percentage Holdings
Treasurer's Pooled Investments:			
Federal Home Loan Mortgage Corporation	Government Sponsored	$ 112,190	5.07%
Federal Home Loan Bank	Government Sponsored	471,018	21.29%
Federal Farm Credit Bank	Government Sponsored	452,930	20.47%
		$ 1,036,138	46.82%

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Custodial Credit Risk

Custodial credit risk for investments is the risk that the Pool will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the Pool are deposited in trust for safekeeping with a custodial bank different from the County's primary bank. Securities are not held in broker accounts.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pool mitigates this risk by making longer-term investments only with funds that are not needed for current cash flow purposes and holding these securities to maturity. The maturity of investments purchased is governed by a demand for funds analysis of prior periods' revenues and expenditures, and is also determined by current cash flow demands assessed on an ongoing basis. The Treasurer's Investment Policy also dictates that the final maturity date of any individual security shall not exceed five years and that long-term investments (greater than one year), in the aggregate, shall not exceed 75% of the portfolio. At June 30, 2022, the weighted average days to maturity for the Pool was 664 days.

The fair value of investments generally changes with the fluctuations of interest rates. In a rising interest rate market, the fair value of investments could decline below original cost. Conversely, when interest rates decline, the fair value of investments increases. The Treasurer believes liquidity in the portfolio is sufficient to meet cash flow needs for the next six months and will preclude the Treasurer from having to sell investments below amortized cost.

The net realized earnings on investments are apportioned to Pool participants quarterly based upon each participant's average daily cash balance. Unrealized gains and losses are also apportioned quarterly to participants based upon the participant's ending cash balance.

Investment income / (loss) consisted of the following for the year ended June 30, 2022:

Investment earnings	$ 9,855
Net decrease in fair value of investments	(78,320)
Administrative expenses	(2,204)
Net investment income (loss)	$ (70,669)

The Treasurer may purchase securities at a discount from face value to earn higher than nominal rates of return. This discount, when realized, is considered a gain rather than interest.

IN THOUSANDS 74 NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of investments held by the County as of June 30, 2022:

Investment	Cost	Fair Value	Interest Rate Range	Maturity Range	Weighted Average Maturity
Treasurer's pooled investments:					
CAMP	$ 5,000	$ 5,000	0.05%	7/22 - 3/23	28
LAIF	74,999	74,999	0.86%	7/22 - 3/43	311
FICA	5,000	5,000	0.67%	1 Day	1 Day
US Treasury Bills*	179,645	179,694	Discount	7/22 - 11/22	42
US Treasury Notes	739,842	716,196	0.13% - 2.77%	7/22 - 7/26	698
Government Agency Bonds	252,993	247,201	0.17% - 2.70%	7/22 - 6/26	569
Government Agency Discount Notes*	104,393	104,207	0.03% - 1.63%	7/22 - 2/23	111
Government Agency Bonds - Callable	827,664	779,485	0.16% - 3.00%	10/22 - 2/27	1,016
Total pooled and directed investments	$ 2,189,536	2,111,782			
Investments held with fiscal agents:					
US Treasury Notes		17,142	0.063% - 1.13%	11/23 - 10/26	1,515
Cash & Cash Equivalents		4,073	0.01% - 0.05%	Same Day	Same Day
Total Investments held with fiscal agents		21,215			
Cash in banks:					
Non-interest bearing deposits		111,914			
Cash on hand:		65			
Total cash and investments		$ 2,244,976			
Total unrestricted cash and investments		$ 2,174,091			
Total restricted cash and investments (Note 4)		70,885			
Total cash and investments		$ 2,244,976			
Total cash and investments summary:					
Total Governmental activities		$ 718,736			
Total Business-type activities		129,174			
Total Discrete component unit activities		6,968			
Total Fiduciary Funds - Excluding Pension/OPEB		1,357,391			
Total Fiduciary Funds - Pension/OPEB FY 2020-21		19,177			
		2,231,446			
FY 2021-22 change in Pension/OPEB fiduciary Funds		13,530			
Total cash and investments		$ 2,244,976			

* US Treasury Bills and Government Agency Discount Notes are purchased at a discount. The difference between maturity value and principal is apportioned to the investment pool as earnings.

The following is a reconciliation between cash and investments and the Net Position of the Treasurer's Investment Pool as of June 30, 2022:

Total cash and investments	$ 2,244,976
Less: investments held with fiscal agents	(21,215)
Less: cash on hand	(65)
Less: purchase interest	(176)
Less: Proposition 64 cash on hand	(10,670)
Add: cash and investment interest receivable	2,747
Net Position of the Treasurer's Investment Pool	$ 2,215,597

IN THOUSANDS 75 NOTES TO THE FINANCIAL STATEMENTS

The following represents a condensed Statement of Net Position and Changes in Net Position for the Treasurer's Investment Pool as of June 30, 2022:

Statement of Net Position		
Net position held in trust	$	2,215,597
Equity of internal pool	$	890,666
Equity of external pool participants (voluntary and involuntary)		1,324,931
Total equity	$	2,215,597
Statement of Changes in Net Position		
Net position held for pool participants, July 1, 2021	$	1,859,616
Net change in investments by pool		355,981
Net position held for pool participants, June 30, 2022	$	2,215,597

Additional detailed information and/or separately issued financial statements of the County Treasurer's Investment Pool can be obtained by writing to the County Treasurer-Tax Collector's Office located at 105 East Anapamu Street, Room 109, Santa Barbara, CA 93101 or on their website at: https://www.countyofsb.org/418/Treasurer-Tax-Collector-Public-Administr under Annual Reports.

Fair Value Measurements

The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The following is a description of the valuation methods and assumptions used by the County to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2022. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. County management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The County treasury pool's asset market prices are derived from closing bid prices as of the last business day of the month as supplied by IDSI Institutional Bond Quotes. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

For investments classified within Level 2 of the fair value hierarchy, the County's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others. Investments classified at Level 3 represent securities that are entirely owned by the County and have not traded publicly. The securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated.

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The Pool has the following recurring fair value measurements as of June 30, 2022:

		Fair Value Measurements Using		
Investments by fair value level		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
US Treasuries	$ 895,890	$ --	$ 351,408	$ --
Government agency bonds	247,201	--	716,196	--
Government agency discount notes	104,207	--	179,694	--
Government agency bonds - callable	779,485	--	779,485	--
Total investments measured at fair value	2,026,783	$ --	$ 2,026,783	$ --
Investments not subject to fair value hierarchy				
CAMP	5,000			
LAIF	74,999			
FICA	5,000			
Total pooled and directed investments	$ 2,111,782			

Investment held with fiscal agents have the following recurring fair value measurements as of June 30, 2022:

		Fair Value Measurements Using		
Investments held with fiscal agents		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury Notes	$ 17,142	$ 17,142	$ --	$ --
Total investments measured at fair value	17,142	$ 17,142	$ --	$ --
Investments not subject to fair value hierarchy				
Cash & Cash Equivalents	4,073			
Total Investments held with fiscal agents	$ 21,215			

Santa Barbara County Employees' Retirement System (SBCERS or the System) Deposits and Investments

The following narratives, tables, and schedules presented for investments managed by SBCERS are taken directly from SBCERS' financial statements for the fiscal year ended June 30, 2021. The June 30, 2022 information was not readily available at the time of issuance so therefore June 30, 2021 information has been presented (please note that tables and schedules were formatted to conform with the County's presentation). The custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk related to SBCERS investments are different than the related risks on investments held by the County Treasurer.

Investments

The SBCERS Board of Retirement adopts an investment policy statement and reviews that policy periodically. The investment policy statement sets forth the asset allocation and controls for the investment portfolio. The policy was updated in June 2018. The policy statement is available on the SBCERS website at www.sbcers.org.

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Investments are reported at fair value. Investment income is recognized as revenue when earned. Net appreciation in fair value of investments held by the System is recorded as an increase to investment income based on valuation of investments at year-end. Realized gains and losses are recognized upon the maturity or disposition of the security.

Debt and equity securities are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Fair value of investments in commingled funds is based on the fund share price provided by the fund manager, which is based on net asset value.

SBCERS operates under the "Prudent Investor Rule" which authorizes the Board of Retirement, at its discretion, to purchase, hold, or sell any form or type of investment, financial instrument, or enter into any financial transaction when prudent in the informed opinion of the Board of Retirement.

Deposits and Short-Term Investments
Amounts shown as Cash are held as a part of the County Treasurer’s investment pool. Amounts held as Short-Term Investments are held with SBCERS’ Investment Custodian, BNY Mellon Global Securities Services (BNY Mellon). Short-term investments consist of cash held in money market accounts and securities readily convertible to cash. All cash, deposits, and short-term investments are carried at cost, which approximates fair value.

Santa Barbara County Treasurer’s Investment Pool
The funds in the County Treasury are intended to provide for liquidity needed to meet benefit payroll and operating needs of the System. The balances in the County Treasurer’s investment pool are funded by the plan sponsor and employee contributions and transfers from the investment pool. All participants in the County investment pool share earnings and losses. The County Treasury Oversight Committee has regulatory oversight for all monies deposited into the County investment pool. Such amounts are invested in accordance with investment policy guidelines in compliance with California Government Code requirements, established by the County Treasurer and approved by the County Board of Supervisors. Interest earned on pooled investments is apportioned quarterly to participating funds based upon each fund’s average daily deposit balance. The County has not provided or obtained any legally binding guarantees during the fiscal year ending June 30, 2021, to support the value of shares in the pool. More information on the risk of the County Treasurer’s Investment pool and the Treasurer’s policies can be found on the County’s website at www.countyofsb.org.

BNY Mellon Global Securities Services Employee Benefit Temporary Investment Fund (EBTF)
SBCERS’ short-term investments are comprised of funds held with SBCERS’ investment custodian, BNY Mellon Global Securities Services. Balances held by the custodian are held in the BNY Mellon Global Securities Services EBTF. This fund is intended to provide liquidity to fund capital calls, portfolio rebalancing activities and, when needed, replenishment of the funds on account at the County Treasury. The primary sources of these accounts are cash transfers from other investments in the portfolio.

The EBTF is invested primarily in instruments issued by the U.S. Government, Federal agencies, sponsored agencies, and sponsored corporations. The fund must have 10% of its assets in “daily liquid assets,” defined as cash, direct obligations of the U.S. Government, or securities readily convertible to cash within one business day. 30% of the fund’s assets must be in “weekly liquid assets” defined as cash direct obligations of the U.S. Government, including certain government agency securities with remaining maturities of 60 days or less and securities readily convertible to cash within five business days. The fund may invest up to five percent of its assets in illiquid securities. The fund maintains prudent diversification across instruments, market sectors, industries, and specific issuers.

SBCERS maintains balances in EBTF to facilitate funding investment mandates and receiving distributions from investment mandates. Additionally, when underlying managers maintain a tactical position to cash, these amounts are also held in EBTF. Amounts held at SBCERS’ custodian bank are uninsured over $250,000 and uncollateralized.

The following is a summary of SBCERS deposits and short-term investments as of June 30, 2021:

	County Treasury	BNY Mellon
Cash Held for Pension Benefits	$ 19,177	$ -
Cash Held for OPEB Benefits	-	-
Short-term Investments for Pension Benefits	-	49,391
Short-term Investments for OPEB Benefits	-	4,100
Total by custodian	$ 19,177	$ 53,491
Total Deposits and Short-Term Investments	$ 72,668	

Custodial Credit Risk for Deposits and Short-Term Investments

Custodial Credit Risk for deposits is the risk that, in the event of a financial institution's failure, SBCERS would not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. SBCERS does not have a policy on Custodial Credit Risk for Deposits and Short-Term Investments.

Santa Barbara County Treasury

SBCERS' investments held in the name of the County are not specifically identifiable. On June 30, 2021, cost approximated fair value of the SBCERS' share of pooled cash and investments. Deposits with the County Treasury are insured and/or collateralized to the extent the monies are held in its depository institution. The fair value of deposits approximated the bank balances on June 30, 2021.

The following is a summary of SBCERS pension and OPEB investments as of June 30, 2021:

Pension Plan Investments at Fair Value	
Private Equity	$ 493,546
Domestic Equity	761,791
Core Fixed Income	592,979
Developed Markets Non-US Equity	406,768
Emerging Market Equity	318,037
Non-Core Fixed Income	287,020
Real Assets/Real Return	604,896
Real Estate	348,687
Private Credit	90,111
Collateral Held for Securities Lending	13,609
Total Pension Plan Investments at Fair Value	$ 3,917,444
OPEB Plan Investments at Fair Value	
Domestic Equity	$ 27,687
Core Fixed Income	18,171
Total OPEB Plan Investments at Fair Value	$ 45,858
Total All Plans	$ 3,963,302

Fair Value Measurements

SBCERS categorizes fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SBCERS' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The table *Investments Measured at Fair Value* in this footnote (presented on the following page) shows the fair value leveling of the investments for SBCERS.

Bid evaluations may include market quotations, yields, maturities, call features, and ratings.

Level 1 investments are valued using pricing derived from active markets, examples of which include NYSE, NASDAQ, Chicago Board of Trade and Pink Sheets. US Government Treasury Securities are classified at Level 1 due to the reduced risk component and because they are traded more actively than other fixed income instruments. US Government Agency Notes are not classified in Level 1.

Level 2 investments are evaluated using matrix pricing, market corroborated pricing and inputs such as yield curves and indices. Examples of Level 2 investments include Corporate Bonds and Asset Backed Securities and Government Bonds that are not US Treasury Securities.

Level 3 investments are valued using pricing provided by Investment Managers and also information provided by investment management firms. Examples of Level 3 investments include pooled investment funds and term loans.

The following is a summary of SBCERS investments measured at fair value as of June 30, 2021:

	June 30, 2021	Quoted Prices in Active Markets for Identical Assets: Level 1	Significant Other Observable Inputs: Level 2	Significant Unobservable Inputs: Level 3
Pension Investments Measured at Fair Value				
Equity				
Domestic Equity	$ 342,265	$ 342,265	$ -	$ -
International Equity	368,464	368,301	-	163
Total Equity	$ 710,729	$ 710,566	$ -	$ 163
Fixed Income Securities				
Asset Backed Securities	$ 893	$ -	$ 893	$ -
Corporates and Other Credits	127,950	13,226	112,785	1,939
Government Securities	231,436	144,363	87,073	-
Other	(59)	(59)	-	-
Total Fixed Income Securities	$ 360,220	$ 157,530	$ 200,751	$ 1,939
Real Estate				
Real Estate Investment Trusts (REITs)	$ 29,437	$ 29,437	$ -	$ -
Total Real Estate	$ 29,437	$ 29,437	$ -	$ -
Securities Lending	$ 13,609	$ -	$ 13,609	$ -
Total Pension Investments Measured at Fair Value	$ 1,113,995	$ 897,533	$ 214,360	$ 2,102
Pension Investments Measured at Net Asset Value (NAV)				
Commingled Funds	$ 1,597,636			
Real Estate Funds	348,687			
Private Equity Funds	493,546			
Private Credit	90,111			
Private Real Asset Funds	273,469			
Total Pension Investments Measured at NAV	$ 2,803,449			
TOTAL PENSION INVESTMENTS	$ 3,917,444			
Pension Investment Derivative Instruments				
Forward Contracts	$ 3,472	$ -	$ -	$ 3,472
Futures	(59)	-	-	(59)
Participation Certificate	3,596	-	-	3,596
Total Pension Investment Derivative Instruments	$ 7,009	$ -	$ -	$ 7,009
OPEB Trust Investments Measured at Net Asset Value (NAV)				
Equity Commingled Funds	$ 27,687			
Debt Commingled Funds	18,171			
Total OPEB Trust Investments Measured at NAV	$ 45,858			

Investments Measured at the Net Asset Value

The fair values of investments in these types of funds have been determined using the Net Asset Value (NAV) per share of the investments.

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The following is a summary of SBCERS pension and OPEB trust investments measured at the net asset value as of June 30, 2021:

	June 30, 2021	Unfunded Commitments	Redemption Frequency	Notice Period
Pension Investments				
Commingled Funds (1)	$ 1,597,636	$ -	Daily to Monthly	Daily to 90 Days
Private Real Estate Funds (2)	348,687	133,863	Quarterly, Annually or Not Redeemable	Daily to 90 Days
Private Equity Funds (3)	493,546	269,785	Not Redeemable	
Private Credit Funds (4)	90,111	34,103	Annually or Not Redeemable	90 Days
Private Real Asset Funds (5)	273,469	293,660	Not Redeemable	
Total Pension Investments Measured at Net Asset Value	$ 2,803,449			
Total Pension Unfunded Commitments		$ 731,411		
OPEB Trust Investments				
Equity Commingled Funds	$ 27,687	$ -		
Debt Commingled Funds	18,171	-		
Total OPEB Trust Investments Measured at Net Asset Value	$ 45,858			
Total OPEB Trust Unfunded Commitments		$ -		

(1) Commingled Funds (Pension Trust Investments and OPEB)

This investment type consists of commingled funds that invest primarily in equity, debt, or real estate investments. There were 15 commingled funds as of June 30, 2021. The six commingled equity funds in this investment type include foreign, domestic, and emerging market investments. Five commingled debt funds contain Treasury Inflation Protected Securities (TIPS), investment grade bonds, foreign bonds and bank loans. Four real asset commingled funds encompass public infrastructure, global listed natural resources, real estate, and commodities businesses. Each investment fund is benchmarked to an appropriate index and investments can be redeemed with 1 to 90 day advance notice depending on the fund. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

(2) Private Real Estate Funds

This investment type is comprised of investments that are allocated to value added, core and opportunistic real estate strategies. Investments in this type are geographically diversified across the United States and Europe. The fair value of these investments has been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income. The investments in this pool are illiquid and mostly closed end funds.

For the fiscal year ended June 30, 2021, this investment type consists of 35 limited partnership investments ranging in commitment sizes from $4.5 million to $30 million. The remaining commitments outstanding on these funds as of June 30, 2021 are $133.9 million.

Robin Hill Road, LLC NAV is included in this investment type. The NAV used is the appraised price as of June 30, 2020 based on an appraisal as of July 9, 2020. SBCERS hires an appraiser to update this value every two years.

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(3) Private Equity Funds

Investments of this type consist of corporate finance/buy out, distressed debt, venture capital, and secondary funds and are globally diversified. The fair value of these investments have been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income. The investments in this pool are illiquid and mostly closed end funds.

For the fiscal year ended June 30, 2021, this investment type consists of 86 limited partnership investments ranging in commitment size from approximately $2 million to $30 million with $269.8 million remaining commitments outstanding.

(4) Private Credit Funds

Investments of this type include direct lending credit funds. The fair value of these investments have been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income.

For the fiscal year ended June 30, 2021, this investment type of funds consists of six limited partnership investments ranging in commitment sizes from approximately $20 million to $25 million. The remaining commitments outstanding on these funds as of June 30, 2021 are $34.1 million. The investments in this pool are illiquid and contain both closed and open-ended fund structures.

(5) Real Asset Funds

Investments of this type include infrastructure and natural resources oriented partnerships and are globally diversified. The fair value of these investments have been determined by the investment custodian bank by using the last capital account statement from the respective general partner and adjusting for capital calls, management fees inside the commitment, return of capital, gain or loss, and income.

For the fiscal year ended June 30, 2021, these investment type of funds consists of 38 limited partnership investments ranging in commitment sizes from approximately $5 million to $20 million. The remaining commitments outstanding on these funds as of June 30, 2021 are $293.7 million. The investments in this pool are illiquid and contain mostly closed-end fund structures.

Investment Risk

The Board of Retirement's investment policies and guidelines allocate the asset classes of the portfolio investments within ranges. The portfolio is maintained within the ranges and reported each month. The Board of Retirement annually reviews the allocation model and the risk structure of the total portfolio. The investment policy does not address Credit Risk, Concentration of Credit Risk, Interest Rate Risk, or Foreign Currency Risk, as investment managers within their specific mandates are given risk parameters that would result in limiting these types of risk on a total portfolio level. GASB Statement No. 40 requires that investments be evaluated to give an indication of the level of risk assumed at year-end.

Concentration Risk

The System does not hold investments in any one underlying security that represents 5% or more of the System's fiduciary net position.

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SBCERS seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. To control Credit Risk, credit quality guidelines have been established.

The credit quality ratings of SBCERS investments in fixed income securities by a nationally recognized statistical rating organization are shown in the following *Credit Risk by Quality Analysis* table:

S & P Rating	Treasurer Investment Pool	Domestic Fixed Income	International Fixed Income	Total	%
AAA	$ 459	$ -	$ 348	$ 807	0.2%
AA+	-	230,326	-	230,326	65.5%
AA	17,310	-	-	17,310	4.9%
AA-	-	-	-	-	0.0%
A+	-	-	23	23	0.0%
A	-	-	-	-	0.0%
A-	-	27,571	246	27,817	7.9%
BBB+	-	40,294	785	41,079	11.7%
BBB	-	789	-	789	0.2%
BBB-	-	4,777	5,526	10,303	2.9%
BB+	-	1,825	2,040	3,865	1.1%
BB	-	4,050	305	4,355	1.2%
BB-	-	3,354	1,148	4,502	1.3%
B+	-	1,360	209	1,569	0.4%
B	-	1,654	1,082	2,736	0.8%
B-	-	1,075	135	1,210	0.3%
CCC+	-	369	820	1,189	0.3%
CCC	-	134	-	134	0.0%
CCC-	-	-	-	-	0.0%
CC	-	174	-	174	0.0%
C	-	-	-	-	0.0%
NR	1,358	651	1,186	3,195	0.9%
Totals	$ 19,127	$ 318,403	$ 13,853	$ 351,383	100.0%

This table does not tie to Investments Measured at Fair Value because this presentation includes accruals.

Custodial Credit Risk for Investments

Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, SBCERS would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in SBCERS' name, and held by a counterparty. Generally, SBCERS' securities are not exposed to custodial risk as they are held by our custodial bank in our nominee name.

Short-term investments held in the BNY Mellon Global Securities Services EBTF are uninsured over $250,000, and uncollateralized.

Concentrations of Credit Risk

As of June 30, 2021, SBCERS' investment portfolio contained no concentration of investments in any one entity (other than investments guaranteed by the U.S. Government, investments in mutual funds, and external investment pools) that represented 5 percent or more of the total investment portfolio.

Securities Lending

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SBCERS is legally authorized to engage in securities lending transactions pursuant to the CERL, California Government Code §31594. SBCERS participates in securities lending through its custodian BNY Mellon to increase income. Securities are lent to brokers and dealers (borrower) and in turn, SBCERS receives collateral. Collateral can be in the forms of cash (both United States and foreign currency), securities issued or guaranteed by the U.S. Government, sovereign debt of foreign countries, or irrevocable bank letters of credit or such other forms as may be agreed upon. SBCERS pays the borrower a negotiated rebate rate on the collateral received and invests the collateral with the goal of earning a higher yield than the rebate rate paid to the borrower. Earnings generated above and beyond the rebate paid to the borrower represent the net income to SBCERS from the transaction.

At year-end, SBCERS had no credit risk exposure to borrowers because the amount of collateral received exceeded the value of securities on loan. As of June 30, 2021, there were no violations of legal or contractual provisions. SBCERS had no losses on securities lending transactions resulting from the default of a borrower for the fiscal year ended June 30, 2021. Due to the nature of the securities lending program and the custodian bank's collateralization of loans at amounts greater than the fair value of the loaned securities, it is deemed that there were no material credit risks to SBCERS as defined by GASB Statements No. 28 and No. 40 by its participation in the Securities Lending Program. However, similar to any other investment portfolio, there is risk associated with investing cash collateral in securities.

Transactions are collateralized at no less than 100% of the security's fair value. Collateral is marked to market daily. The custodian invests the collateral received in short-term investment funds (maintained by the custodian), money market mutual funds, and other similar investments as the custodian may select.

The average term of all SBCERS' loans is overnight or "on demand." The custodian ensures that there is an absolute right to terminate the agreement without cause, upon short notice and without any penalty. SBCERS cannot pledge or sell collateral securities received unless the borrower defaults. In the event of a borrower default, BNY Mellon indemnifies SBCERS to the extent of replacing the securities loaned.

As of June 30, 2021, the fair value of securities on loan was $53.9 million and the value of collateral received for the securities on loan was $56.6 million, of which $43.0 million was non-cash collateral and $13.6 million was cash collateral from equity and fixed income securities. Non-cash collateral, which SBCERS does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position. SBCERS' income net of expense from securities lending was $179 thousand for the fiscal year ending June 30, 2021.

The following is a summary of SBCERS securities lending program:

Securities on Loan	Fair Value of Securities on Loan	Collateral Received	Collateral Percent
Domestic Equities	$ 6,724	$ 6,914	
International Equities	4,589	5,064	
Domestic Corporate Fixed Income	1,570	1,631	
Total Cash	12,883	13,609	
Total Non-Cash	41,049	43,019	
Total Securities on Loan	$ 53,932	$ 56,628	105%

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average of time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

Foreign Currency Risk

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Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. SBCERS' international equity managers are permitted to invest in authorized countries. Forward currency contracts and currency futures (maturity ranging from at least 20 days and not to exceed one year for either instrument) are permitted for defensive currency hedging.

The following schedule is a summary of SBCERS foreign currency risk:

Currency	Cash	Equity	Fixed Income	Total Fair Value
Australian Dollar	$ 11	$ 15,382	$ -	$ 15,394
Brazilian Real	-	14,039	348	14,387
Canadian Dollar	(10)	16,523	1,020	17,533
Chilean Peso	-	2,760	-	2,760
Chinese Yuan Renminbi	-	11,458	-	11,458
Colombian Peso	-	112	539	651
Czech Koruna	-	476	-	476
Danish Krone	1	10,359	-	10,360
Euro	(2,643)	119,600	125	117,082
Hong Kong Dollar	-	82,128	-	82,128
Hungarian Forint	-	278	-	278
Indian Rupee	-	43,365	-	43,365
Indonesian Rupiah	-	5,582	151	5,733
Israeli Shekel	1	1,150	-	1,152
Japanese Yen	157	53,700	-	53,857
Malaysian Ringgit	-	2,451	316	2,767
Mexican Peso	-	3,778	531	4,309
New Taiwan Dollar	-	51,986	-	51,986
New Zealand Dollar	6	664	-	670
Norwegian Krone	1	1,732	-	1,734
Peruvian Nuevo Sol	-	-	246	246
Philippines Peso	-	4,898	9	4,907
Polish Zloty	-	1,171	-	1,171
Qatari Riyal	-	305	-	305
Saudi Riyal	-	3,469	-	3,469
Singapore Dollar	15	6,341	546	6,901
South African Rand	-	19,591	-	19,591
South Korean Won	-	45,289	907	46,196
Swedish Krona	-	9,457	-	9,457
Swiss Franc	-	29,864	-	29,864
Thai Baht	-	4,570	-	4,570
Turkish Lira	-	2,902	-	2,902
United Arab Emirates Dirham	-	364	-	364
United Kingdom Pound Sterling	(805)	47,803	321	47,319
Total Securities Held in Foreign Currency	$ (3,266)	$ 613,547	$ 5,059	$ 615,341

Derivatives

Derivatives are investments that derive their value, usefulness, and marketability from an underlying instrument, and represents direct ownership of an asset or obligation of an issuer whose payments are based on or "derived" from the performance of an agreed upon benchmark. The notional amount is the nominal or face amount that is used to calculate payments made on that instrument. As of June 30, 2021, SBCERS' derivatives investments were in Forward Contracts, Futures, and Participation Certificates. Investments in commingled funds may provide added exposure to derivatives.

Forward Contracts

A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date.
Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

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Participation Certificates
Participation certificates are equity-linked securities that provide economic exposure to a security of a non-U.S. company without a direct investment in that security.

The following is a summary of SBCERS holdings of derivative securities:

Derivative Type	Notional Amount	Fair Value
Forward Contracts	$ 3,472	$ 3,472
Futures	(2,841)	(59)
Participation Certificates	3,596	3,596
Total	$ 4,227	$ 7,009

Derivative Credit Risk
SBCERS is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to derivative credit risk include collateralized mortgage obligations, swap agreements, and futures contracts. The following Derivative Credit Risk Schedule discloses the counterparty ratings of SBCERS' investment derivatives in asset positions by type as of June 30, 2021. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security, or netting arrangement. The schedule displays the fair value of investments by credit rating. As of June 30, 2021, SBCERS' has a net exposure to derivative credit risk of $7.0 million.

The following schedule is a summary of SBCERS derivative credit risk:

	Derivative Type			
S&P Investment Rating	Forward Contracts	Futures	Participation Certificates	Total Fair Value
Investment Grade				
AA	$ 452	$ -	$ -	$ 452
A	3,020	-	-	3,020
BBB	-	-	-	-
Total Investment Grade	$ 3,472	$ -	$ -	$ 3,472
Not Rated	-	(59)	3,596	3,537
Total Fair Value	$ 3,472	$ (59)	$ 3,596	$ 7,009

Ratings are not applicable to all derivative instruments held. Those presented above are based on the counterparty's S&P rating.

Derivative Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2021, SBCERS did not have any derivatives with material exposure to interest rate risk.

Derivative Foreign Currency Risk
For those dollar-denominated securities issued by foreign countries, there is an exposure to a foreign currency risk. Currency forward contracts represent foreign exchange contracts that are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

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The following schedule is a summary of SBCERS derivative foreign currency risk:

Currency	Forwards	Futures
Euro Currency Unit	$ 2,656	$ -
Pound Sterling	816	-
Japanese Yen	-	-
Total	$ 3,472	$ -

4. RESTRICTED CASH AND INVESTMENTS

Cash and investments at June 30, 2022 that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities		
General Fund		
Property tax loss reserve	$ 10,411	
Deposits by various developers	457	
RDA bond proceeds	377	
Funds for disaster recovery	238	
Total General Fund		$ 11,483
Nonmajor Governmental Funds		
Deposits by various developers	15,926	
Debt service reserves	1,333	
Clean water plan check trust	61	
Total nonmajor governmental funds		17,320
Internal Service Funds		
Funds for underground tank clean-up	10	
Total internal service funds		10
Total governmental activities		28,813
Business-Type Activities		
Resource Recovery Fund		
Funds for landfill site closure and maintenance costs (see Note 13)	23,359	
Debt service reserves	14,465	
Financial assurance for landfill corrective action (see Note 13)	2,285	
Total Resource Recovery Fund		40,109
Laguna Sanitation Fund		
Financial assurance for landfill corrective action	617	
Total Laguna Sanitation Fund		617
Total business-type activities		40,726
Total restricted cash and investments*		$ 69,539

*Governmental and Business-type Activities do not include $1,346 of Fiduciary Private-Purpose Trust Fund restricted cash and investments.

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5. RECEIVABLES

The detail of receivable balances and the portion not expected to be collected within the next fiscal year is as follows:

Notes Receivable
The County has recorded a note receivable for governmental activities from the RDA Successor Agency Private-Purpose Trust Fund. The total balance of the note receivable at June 30, 2022 is $8,160 and the amount not expected to be collected within the next fiscal year is $7,145.

Housing Loans Receivable, Net and Loans Interest Receivable, Net
A total of $40,922 was recorded as housing loans receivable, net and a total of $10,033 was recorded as housing loans interest receivable, net at June 30, 2022.

Affordable Housing recorded $45,476 as loans receivable and $10,336 as interest receivable. A portion of the principal and interest balance, $6,964 and $579 respectively, is for loans containing forgiveness clauses and more than likely will not be repaid back to the County. As a result, the Governmentwide Statement of Net Position reports $38,512 as loans receivable, net and $9,757 as interest receivable, net assuming the entire forgiveness clause is executed. These amounts represent low or no interest mortgage notes and related accrued interest to finance multi-family and single-family construction and rehabilitation projects, as well as homebuyer assistance for low income families, as part of the County's affordable housing program. Loan terms range from 5 to 55 years with interest rates from 0% to 7.02%. The County's primary sources of funding for these loans come from grants from the federal HOME Investment Partnership (HOME) and Community Development Block Grant (CDBG) programs. The HOME and CDBG grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements. Due to the terms of the loans, offsetting deferred inflows of resources of $55,812 have been established in the Governmental Funds Balance Sheet for the housing loan principal and interest payments.

Behavioral Wellness recorded $2,410 as housing loans receivable and $276 as housing loan interest receivable. These represent Mental Health Services Act (MHSA) Housing Program funds to provide assistance in accordance with Welfare and Institutions Code. A 55-year loan of MHSA Housing Program funds for development of The Residences at Depot Street in Santa Maria provides for an 80 unit affordable rental housing project with 35 units dedicated for a term of 35 years for qualified MHSA tenants. The loan bears simple interest at 3% with principal and interest due and payable on the earlier of: 1) 55 years, 2) the date the property is sold or transferred, 3) borrower fails to commence construction, or 4) there is an uncured event of default by the borrower. Due to the terms of the loan, offsetting deferred inflows of resources of $2,686 have been established in the Governmental Funds Balance Sheet for the housing loan principal and interest.

Other Receivables
The County has recorded a total of $1,889 in other receivables for governmental activities; the following amounts are not expected to be received within the next fiscal year:

- $200 deposit with the County's workers' compensation claims administrator.

The County has recorded a total of $1,001 in other receivables for business-type activities for other operating revenues earned in the current period that are not expected to be received within the next fiscal year.

The County's discrete component unit recorded a total of $7 in other receivables that are not expected to be received within the next fiscal year.

6. CAPITAL AND RIGHT-TO-USE LEASED ASSETS

Capital and right-to-use leased asset activity for the year ended June 30, 2022 includes the following adjusted amounts:

	Balance July 1, 2021	Restatements, Transfers & Adjustments, net	Additions	Deletions	Balance June 30, 2022
Governmental activities:					
Capital assets, non-depreciable:					
Land	$ 61,651	$ --	$ 2,289	$ --	$ 63,940
Land easements	53,133	--	--	--	53,133
Service concession arrangements	40,729	--	53	--	40,782
Work in progress	188,914	--	50,918	(128,918)	110,914
Total capital assets, non-depreciable	344,427	--	53,260	(128,918)	268,769
Capital assets, depreciable:					
Land improvements	31,336	--	1,352	--	32,688
Structures and improvements	282,271	(1,485)	119,293	--	400,079
Equipment and software	175,795	--	16,518	(3,385)	188,928
Infrastructure	419,051	--	1,051	--	420,102
Total capital assets, depreciable	908,453	(1,485)	138,214	(3,385)	1,041,797
Less accumulated depreciation for:					
Land improvements	(11,483)	--	(762)	--	(12,245)
Structures and improvements	(140,433)	453	(7,954)	--	(147,934)
Equipment and software	(115,009)	--	(12,281)	3,142	(124,148)
Infrastructure	(142,334)	--	(6,421)	--	(148,755)
Total accumulated depreciation	(409,259)	453	(27,418)	3,142	(433,082)
Total capital assets, depreciable, net	499,194	(1,032)	110,796	(243)	608,715
Right-to-use leased assets, amortizable:					
Structures and improvements	--	16,760	--	--	16,760
Total right-to-use leased assets, amortizable	--	16,760	--	--	16,760
Less accumulated amortization for:					
Structures and improvements	--	--	(2,961)	--	(2,961)
Total accumulated amortization	--	--	(2,961)	--	(2,961)
Total right-to-use leased assets, amortizable net	--	16,760	(2,961)	--	13,799
Sub-total governmental activities	843,621	15,728	161,095	(129,161)	891,283

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Capital and right-to-use leased activity for the year ended June 30, 2022 continued:

	Balance July 1, 2021	Restatements, Transfers & Adjustments, net	Additions	Deletions	Balance June 30, 2022
Business-Type activities:					
Capital assets, non-depreciable:					
Land	15,654	--	--	--	15,654
Work in progress	156,580	--	38,998	(141,712)	53,866
Total capital assets, non-depreciable	172,234	--	38,998	(141,712)	69,520
Capital assets, depreciable					
Land improvements	483	--	--	--	483
Structures and improvements	24,761	--	80,941	--	105,702
Equipment and software	36,653	--	60,242	(3,664)	93,231
Infrastructure	78,016	--	2,482	--	80,498
Total capital assets, depreciable	139,913	--	143,665	(3,664)	279,914
Less accumulated depreciation for:					
Land improvements	(254)	--	(11)	--	(265)
Structures and improvements	(7,219)	29	(2,376)	--	(9,566)
Equipment and software	(21,567)	--	(3,725)	3,071	(22,221)
Infrastructure	(30,947)	(29)	(1,753)	--	(32,729)
Total accumulated depreciation	(59,987)	--	(7,865)	3,071	(64,781)
Total capital assets, depreciable, net	79,926	--	135,800	(593)	215,133
Sub-total business-type activities	252,160	--	174,798	(142,305)	284,653
Total capital and right-to-use lease assets, net	$ 1,095,781	$ 15,728	$ 335,893	$ (271,466)	$ 1,175,936
First 5 Santa Barbara County					
Discrete component unit activities:					
Capital assets, depreciable					
Equipment and software	$ 25	$ --	$ --	$ --	$ 25
Less accumulated depreciation	(25)	--	--	--	(25)
Total capital assets, net	--	--	--	--	--
Right-to-use leased assets, amortizable:					
Structures and improvements	--	626	--	--	626
Less accumulated amortization	--	--	(93)	--	(93)
Total right-to-use leased assets, amortizable	--	626	(93)	--	533
Total capital and right-to-use lease assets, net	$ --	$ 626	$ (93)	$ --	$ 533

IN THOUSANDS 92 NOTES TO THE FINANCIAL STATEMENTS

Capital assets activity for each major enterprise fund for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Restatements, Transfers & Adjustments, net	Additions	Deletions	Balance June 30, 2022
Resource Recovery:					
Capital assets, non-depreciable:					
Land	$ 11,965	$ --	$ --	$ --	$ 11,965
Work in progress	133,506	--	6,066	(139,466)	106
Total capital assets, non-depreciable	145,471	--	6,066	(139,466)	12,071
Capital assets, depreciable:					
Structures and improvements	10,533	--	80,828	--	91,361
Equipment and software	27,654	--	60,191	(3,155)	84,690
Infrastructure	50,138	--	350	--	50,488
Total capital assets, depreciable	88,325	--	141,369	(3,155)	226,539
Less accumulated depreciation for:					
Structures and improvements	(3,278)	29	(1,964)	--	(5,213)
Equipment and software	(16,732)	--	(3,265)	2,641	(17,356)
Infrastructure	(18,491)	(29)	(1,128)	--	(19,648)
Total accumulated depreciation	(38,501)	--	(6,357)	2,641	(42,217)
Total capital assets, depreciable, net	49,824	--	135,012	(514)	184,322
Sub-total Resource Recovery	195,295	--	141,078	(139,980)	196,393
Laguna Sanitation:					
Capital assets, non-depreciable:					
Land	3,689	--	--	--	3,689
Work in progress	23,074	--	32,932	(2,246)	53,760
Total capital assets, non-depreciable	26,763	--	32,932	(2,246)	57,449
Capital assets, depreciable:					
Land improvements	483	--	--	--	483
Structures and improvements	14,228	--	113	--	14,341
Equipment and software	8,999	--	51	(509)	8,541
Infrastructure	27,878	--	2,132	--	30,010
Total capital assets, depreciable	51,588	--	2,296	(509)	53,375
Less accumulated depreciation for:					
Land improvements	(254)	--	(11)	--	(265)
Structures and improvements	(3,941)	--	(412)	--	(4,353)
Equipment and software	(4,835)	--	(460)	430	(4,865)
Infrastructure	(12,456)	--	(625)	--	(13,081)
Total accumulated depreciation	(21,486)	--	(1,508)	430	(22,564)
Total capital assets, depreciable, net	30,102	--	788	(79)	30,811
Sub-total Laguna Sanitation	56,865	--	33,720	(2,325)	88,260
Total capital assets, net - business-type activities	$ 252,160	$ --	$ 174,798	$ (142,305)	$ 284,653

IN THOUSANDS 93 NOTES TO THE FINANCIAL STATEMENTS

Internal Service Funds (ISF) predominantly serve the governmental funds. Accordingly, their capital assets are included within governmental activities. Capital assets activity for Internal Service Funds for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Restatements, Transfers & Adjustments, net	Additions	Deletions	Balance June 30, 2022
Internal Service Funds:					
Capital assets, non-depreciable:					
Construction in progress	$ --	$ --	$ 639	$ --	$ 639
Total capital assets, non-depreciable	-	-	639	-	639
Capital assets, depreciable:					
Structures and improvements	2,606	-	-	-	2,606
Equipment and software	79,826	--	5,759	(1,852)	83,733
Total capital assets, depreciable	82,432	--	5,759	(1,852)	86,339
Less accumulated depreciation for:					
Structures and improvements	(1,345)	--	(66)	--	(1,411)
Equipment and software	(48,878)	--	(6,029)	1,741	(53,166)
Total accumulated depreciation	(50,223)	--	(6,095)	1,741	(54,577)
Total capital assets, depreciable, net	32,209	--	(336)	(111)	31,762
Total capital assets, net - internal service funds	$ 32,209	$ -	$ 303	$ (111)	$ 32,401

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

	Depreciation/ Amortization (excluding ISF)	ISF Depreciation/ Amortization Allocation (1)	Total
Governmental activities:			
Policy & executive	$ 451	$ 135	$ 586
Public safety	5,560	3,189	8,749
Health & public assistance	4,482	1,316	5,798
Community resources & public facilities	8,841	997	9,838
General government & support services	4,877	458	5,335
General county programs	73	--	73
Sub-total governmental activities	24,284	6,095	30,379
Business-Type activities:			
Resource Recovery	6,357	--	6,357
Laguna Sanitation	1,508	--	1,508
Sub-total business-type activities	7,865	--	7,865
Total depreciation expense	$ 32,149	$ 6,095	$ 38,244

(1) Depreciation/amortization of capital assets held by the County's ISF is charged to the various functions based on their usage of the assets.

IN THOUSANDS 94 NOTES TO THE FINANCIAL STATEMENTS

Work in progress at June 30, 2022 consists of the following projects for the primary government:

Governmental activities:		
Capital Outlay projects:		
Fire Station 27 Replacement	$ 6,147	
Renewable Energy	4,486	
Fire Dispatch Center	718	
Jalama Cabin Project	692	
Santa Claus Beach Access Design	576	
Santa Barbara Courthouse Roof	553	
Other projects (individually less than $500)	5,330	
		$ 18,502
Flood Control projects:		
Mission Creek Corps project	32,357	
Randall Road Debris Basin	20,954	
Cold Springs Debris Basin	1,811	
SMDB Improvement	1,365	
Romero Creek Improvement	1,227	
Maria Ygnacia Basin - Main	836	
Maria Ygnacia Basin - East	780	
Other projects (individually less than $500)	1,255	
		60,585
Roads projects:		
Floridale Avenue bridge	12,093	
Fernald Point bridge	5,343	
Foothill Road Low Water Crossing replacement	5,249	
Bonita School Road Bridge	2,026	
Santa Claus Lane Circulation	1,226	
Hollister and State Improvement	1,040	
Modoc Road Path Improvement	580	
Other projects (individually less than $500)	946	
		28,503
General Fund projects		1,466
Other Governmental Funds:		
Santa Ynez Airport Authority improvement projects	1,073	
Other projects (individually less than $500)	146	
		1,219
Internal Service Fund project		639
Sub-total governmental activities		110,914
Business-Type activities:		
Laguna Sanitation projects		53,760
Other Resource Recovery projects		106
Sub-total business-type activities		53,866
Total work in progress		$ 164,780

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7. SERVICE CONCESSION ARRANGEMENTS (SCA)

A Service Concession Arrangement is a type of public-private or public-public partnership between a government (the transferor) and an operator in which all of the following criteria are met:

a. The transferor conveys to the operator the right and related obligation to provide public services through the use and operation of a capital asset (referred to in GASB Statement No. 60 as a "facility") in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility.
b. The operator collects and is compensated by fees from third parties.
c. The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services.
d. The transferor is entitled to significant residual interest in the service utility of the facility at the end of the arrangement.

The County has determined that the following arrangements meet the criteria set forth above (where the County is the transferor) and therefore included these SCAs in the County's financial statements.

Boathouse Restaurant
On February 1, 2008, the County entered into a 10-year agreement (having options for a 10-year extension and a subsequent 5-year extension) with Santa Barbara Shellfish Company Incorporated (SB Shellfish), under which SB Shellfish will operate the Boathouse Restaurant, a walk-up snack bar, and rent beach-related equipment and supplies. On January 1, 2018, the 10-year extension option was exercised and approved. Services are to be provided at reasonable rates. The County has the ability to modify or approve what services SB Shellfish is required to provide. A summary of the important details, capital assets and the present value of installment payments pertaining to this SCA follows.

Jalama Beach Store
On January 1, 2008, the County entered into a 10-year agreement (having an option for two 5-year extensions) with Jalama Beach Store Incorporated (Jalama), under which Jalama has the right to the sell food and beverages (including beer and wine), kitchen supplies, camping supplies, housekeeping and other related supplies and conveniences; rent swimming and beach equipment & supplies; operate a restaurant and delicatessen; and rent vacation trailers. On January 1, 2018, the first 5-year extension option was exercised and approved. Services are to be provided at reasonable rates. The County has the ability to modify or approve what services Jalama is required to provide. A summary of the important details, capital assets and the present value of installment payments pertaining to this SCA follows.

SeaLegs Restaurant
On October 19, 2021, the County entered into a 10-year agreement (having options for three 5-year extensions) with PRJKT SB, Inc. (SeaLegs), under which SeaLegs has the right to exclusively operate a restaurant, snack bar, and an outdoor patio venue as well as non-exclusively offer food and beverage catering services at Goleta Beach. SeaLegs took over the Beachside Restaurant, which was the former SCA at this location, and is undergoing a remodel. SeaLegs will not be in operation until the following fiscal year. Services are to be provided at reasonable rates. The County has the ability to modify or approve what services SeaLegs is required to provide. A summary of the important details pertaining to this SCA follows.

Cachuma Café - Smoke on Water

On May 7, 2019, the County entered into a 10-year agreement (having an option for an 8-year extension) with Smoke on Water, LLC, under which the SCA has exclusive rights to operate and maintain a food and beverage business. Services are to be provided at reasonable rates. The agreement contains a provision that a marketing credit up to $500 per month, from the date of commencement through March 31, 2022, may be paid by the County to the SCA for certain pre-approved marketing expenses. As of April 1, 2022, the marketing credit is no longer available to the SCA. Additionally, should the SCA obtain an Alcoholic Beverage Control (ABC) license, the County shall receive 15% of gross sales derived from hard alcohol sales. A summary of the important details and present value of installment payments pertaining to this SCA follows.

Cachuma Store and Marina

On March 6, 2012, the County entered into a 10-year agreement with Pyramid Enterprises, Incorporated (Pyramid), under which Pyramid will operate the Cachuma store and marina and sell gas. In December of 2020, Pyramid notified the County that it had come to an agreement to sell its interest in the SCA to Advenco, LLC. The County has approved Advenco's past performance and its 2022 operating plan, and therefore, extended Advenco's lease through February 29, 2032. Services are to be provided at reasonable rates. The structures and related equipment pertaining to the SCA have been fully depreciated. A summary of the important details of this SCA follows.

Santa Barbara County Bowl

On June 1, 2011, the County entered into a 45-year agreement (having an option for a 25-year extension) with the Santa Barbara County Bowl Foundation (Foundation), under which the Foundation will operate the outdoor amphitheater, maximizing access for community programs, stage events, musical performances, and other performing art events. Prices for merchandise, food, and beverages are to be comparable to prices charged at similar establishments; however, the Foundation sets ticket pricing. A portion of each ticket goes to the Santa Barbara Arts Commission with the remaining revenue used to run operations and maintain and improve facilities. A summary of the important details and the capital assets pertaining to this SCA follows.

Mission Rowing

On April 21, 2020, the County entered into a 5-year agreement (having options for a 5-year extension and a subsequent 5-year extension) with Mission Rowing under which Mission Rowing shall have the right to provide comprehensive rowing activities and conduct related concession activities at Lake Cachuma. A summary of the important details and present value of installment payments pertaining to this SCA follows.

A summary of the important details for each SCA over the term of their agreements are as follows:

	Date SCA Entered Into	Term of SCA	Expiration of SCA	Minimum Installment Payment (per month)	Revenue Sharing
Boathouse Restaurant	2/1/2008	10 yrs plus 10 yr extension	12/31/2027	$ 16	10% of gross sales; 1.47% on income over $3.8 million
SeaLegs Restaurant	10/19/2021	10 yrs plus three 5 yr extensions	10/19/2031	12	10% of gross sales for Restaurant & Snack Bar 12.5% of gross sales for catering of special events 15% of gross alcohol sales
Jalama Beach Store	1/1/2008	10 yrs plus 5 yr extension	12/31/2022	3	8.5% of gross sales
Cachuma Café	5/7/2019	10 yrs plus 8 yr extension	3/31/2029	1	8% of gross sales until 3/31/2022; 8.5% of gross sales thereafter
Mission Rowing	4/21/2020	5 yrs plus two 5 yr extensions	4/20/2025	1	8% of gross monthly income for the first year; 10% of gross monthly income afterwards
Cachuma Store and Marina	3/6/2012	10 years plus 10 yr extension	2/29/2032	-	10% of marina gross sales; 7% of store gross sales
Santa Barbara County Bowl	6/1/2011	45 years	5/31/2056	-	$0.50 per ticket sold up to $50,000 per concert season
				$ 33	

Capital assets balances for each SCA for the year ended June 30, 2022 and over the term of the agreement are as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Structures & Structure Improvements				
Santa Barbara County Bowl	$ 37,683	$ 9	--	$ 37,692
Boathouse Restaurant	1,704	6	--	1,710
Cachuma Café	99	38	--	137
Jalama Beach Store	55	--	--	55
Sub-total Structures & Structure Improvements	39,541	53	--	39,594
Land				
Santa Barbara County Bowl	1,188	--	--	1,188
Sub-total Land Improvements	1,188	--	--	1,188
Total SCA Capital Asset Balance	$ 40,729	$ 53	$ -	$ 40,782

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The deferred inflow of resources activity for each SCA for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Amortization Allocation (1)	Balance June 30, 2022
SCA Capital Assets (1)				
Santa Barbara County Bowl	$ 30,681	$ 9	$ (881)	$ 29,809
Cachuma Café	88	37	(16)	109
Boathouse Restaurant	84	6	(14)	76
Sub-total SCA capital assets	30,853	52	(911)	29,994
Present Value of Installment Payments (2):				
Boathouse Restaurant	1,125	--	(173)	952
Jalama Beach Store	52	--	(34)	18
Cachuma Café	45	--	(6)	39
Mission Rowing	25	--	(2)	23
Sub-total SCA installment payments	1,247	--	(215)	1,032
Total deferred inflows	$ 32,100	$ 52	$ (1,126)	$ 31,026

(1) Amortization is calculated using straight-line method for the term of agreement for each SCA.
(2) Installment payments present value is calculated using a discount rate of 2.1% for the term of agreement for each SCA.

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8. ADVANCES FROM GRANTORS AND THIRD PARTIES

Under both the accrual and modified accrual bases of accounting, revenue may be recognized only when earned. The governmentwide Statement of Net Position as well as governmental and enterprise funds therefore defer revenue recognition in connection with resources that have been received as of year-end, but have not yet been earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for advances from grantors and third parties.

At June 30, 2022, the various components of advances from grantors and third parties reported are as follows:

	Advances
General Fund:	
Camping and day use fees	$ 3,785
CARES funds for Emergency Rental Assistance Program	41,009
Total General Fund	44,794
Roads Fund:	
Transportation for road projects	1,134
Social Services Fund:	
Grant drawdowns prior to meeting eligibility requirements	18,529
Behavioral Wellness Fund:	
Early, periodic, screening, diagnosis, and treatment	134
Mental Health Services Act capital/information technology	93
Total Behavioral Wellness Fund	227
Affordable Housing Fund:	
Advances on state & federal grants for Affordable Housing	15,041
Internal Service Funds:	
Self Insurance - Insurance Proceeds	583
Total advances from grantors and third parties	$ 80,308

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9. LEASES

Leases as Lessee

All leases were recognized as having an inception date as of July 1, 2021. The County has entered into fifteen (15) lease agreements as a lessee for right-to-use buildings and structures.

The leases include a range of options to extend the lease term for a period of 1 to 9 years with the final extension period ending May 31, 2030. The County is required to make annual principal and interest payments between $44 and $1,067, subject to annual rent increases ranging from 0-4%. The County is utilizing a range of incremental borrowing rates between 3-5.5%.

All County leases were classified as Governmental activities, for which an initial lease liability was recorded in the amount of $16,760 as of July 1, 2021. As of June 30, 2022, the value of the lease liability was $14,281. The difference of $2,479 represents the reduction of the principal portion of the lease payments made in the current year.

The First 5 Children and Families Commission has entered into two (2) lease agreements as lessee for the right-to-use office space.

The leases include three (3) options to extend the lease term for a range of periods of 1 to 3 years, with the final extension period ending August 31, 2029. The Commission is required to make monthly principal and interest payments between $27 and $74, subject to annual rent increases ranging between 2-3%. The Commission is utilizing an incremental borrowing rate of 5%.

The two leases for the Commission had an initial lease liability recorded in the amount of $626 as of July 1, 2021. As of June 30, 2022, the value of the lease liability was $552. The difference of $74 represents the reduction of the principal portion of the lease payments made in the current year.

Principal and interest payment to maturing for the County and the Commission are as follows:

	County of Santa Barbara		First 5 Children and Families Commission	
Year Ending June 30,	Principal	Interest	Principal	Interest
2023	$ 2,542	$ 632	$ 78	$ 25
2024	1,876	518	85	21
2025	1,789	433	63	18
2026	1,946	344	69	14
2027	2,094	247	75	11
2028-2032	4,034	200	182	11
Total leases	$ 14,281	$ 2,374	$ 552	$ 100

Leases as Lessor

The County has entered into four (4) lease agreements as a lessor for right-to-use buildings and structures and one (1) lease agreement as a lessor for a land used by a single entity. For lessor leases, the County is utilizing an incremental borrowing rate between 5-5.5%. The leases include a range of options to extend the lease term for a period of 1 to 7 years with the final extension period ending April 29, 2040.

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Governmental Activities

The County receives annual principal and interest payments between $95 and $180, where one lease is subject to annual rent increases of 2%. At the beginning of the measurement period July 1, 2021, the present value of all future lease payments was $3,495. During the year, the County received current year revenue of $535, with $153 attributable to interest income, resulting in a principal reduction of $382 for governmental leases. In addition, two of the leases have a variable component of utilities and janitorial service where the lessee pays a proportionate share of costs based upon square footage of premises occupied. The deferred inflow of resources and the corresponding lease receivable of $3,113 have been presented on the governmentwide Statement of Net position.

Business-Type Activities

The County receives $102 annually and not subject to rent increases. At the beginning of the measurement period July 1, 2021, the present value of all future lease payments was $326. The current year revenue was $102, with $14 attributable to interest income, resulting in a principal reduction of $88. The deferred inflow of resources and the corresponding lease receivable of $238 have been presented on the governmentwide Statement of Net position.

10. LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Restatements / Adjustments	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Governmental activities:						
Compensated absences	$ 43,439	$ -	$ 39,430	$ (38,047)	$ 44,822	$ 37,811
Leases	--	16,760	--	(2,479)	14,281	2,542
Certificates of participation (COP)	23,568	--	--	(1,486)	22,082	1,545
Unamortized discount on COP	(78)	--	--	10	(68)	--
Other long-term obligations	8,724	--	--	(919)	7,805	283
Bonds from direct borrowings	5,928	--	--	(1,447)	4,481	1,472
Liability for self-insurance claims	10,757	--	8,909	(6,707)	12,959	5,313
Sub-total governmental activities	92,338	16,760	48,339	(51,075)	106,362	48,966
Business-Type activities:						
Compensated absences	831	--	885	(814)	902	814
Certificates of participation	173,476	--	--	(3,750)	169,726	4,245
Unamortized premium on COP	17,975	--	--	(1,537)	16,438	--
Bonds and notes from direct borrowings and direct placements	2,674	--	--	(863)	1,811	881
Sub-total business-type activities	194,956		885	(6,964)	188,877	5,940
Total long-term liabilities	$ 287,294	--	$ 49,224	$ (58,039)	$ 295,239	$ 54,906
First 5 Santa Barbara County Component unit activities:						
Compensated absences	$ 68	--	$ 76	$ (62)	$ 82	$ 62
Leases	--	626	--	(74)	552	78
Total long-term liabilities	$ 68	$ 626	$ 76	$ (136)	$ 634	$ 140

IN THOUSANDS 102 NOTES TO THE FINANCIAL STATEMENTS

Changes in long-term liabilities for each major enterprise fund for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Resource Recovery:					
Compensated absences	$ 670	$ 693	$ (640)	$ 723	$ 640
Certificates of participation	148,966	--	(2,970)	145,996	3,425
Unamortized premium on COP	14,414	--	(1,162)	13,252	--
Sub-total Resource Recovery	164,050	693	(4,772)	159,971	4,065
Laguna Sanitation:					
Compensated absences	161	192	(174)	179	174
Certificates of participation	24,510	--	(780)	23,730	820
Unamortized premium on COP	3,561	--	(375)	3,186	--
Bonds and notes from direct borrowings and direct placements	2,674	--	(863)	1,811	881
Sub-total Laguna Sanitation	30,906	192	(2,192)	28,906	1,875
Total long-term liabilities - business-type activities	$ 194,956	$ 885	$ (6,964)	$ 188,877	$ 5,940

In governmental activities, the liability for the majority of employee compensated absences is liquidated by the General Fund. Other long-term liabilities consist of a multi-year payment on a Medicare settlement, which is liquidated by the Behavior Wellness Fund. The self-insurance claims liability is reported in the risk management and insurance internal service fund and will be liquated by that fund.

Internal Service Funds predominantly serve the governmental funds. Accordingly, their long-term debt is included as part of the totals for governmental activities.

Changes in long-term liabilities for the Internal Service Funds for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Internal Service Funds:					
Compensated absences	$ 902	$ 807	$ (758)	$ 951	$ 737
Bonds from direct borrowings	2,798	--	(427)	2,371	432
Liability for self-insurance claims	10,757	8,909	(6,707)	12,959	5,313
Total long-term liabilities - Internal Service Funds	$ 14,457	$ 9,716	$ (7,892)	$ 16,281	$ 6,482

IN THOUSANDS 103 NOTES TO THE FINANCIAL STATEMENTS

The following is a schedule of total debt service requirements on long-term debt as of June 30, 2022:

	Governmental Activities				Business-Type Activities			
	COP		Bonds and Notes from Direct Borrowings and Direct Placements		COP		Bonds and Notes from Direct Borrowings and Direct Placements	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 1,545	$ 1,209	$ 1,472	$ 113	$ 4,245	$ 7,966	$ 881	$ 74
2024	1,610	1,129	1,508	79	4,755	7,791	305	44
2025	1,680	1,045	438	38	4,715	7,595	310	28
2026	1,750	956	443	23	5,295	7,359	315	12
2027	1,825	863	436	8	5,930	7,079	--	--
2028-2032	5,967	3,073	184	--	41,261	29,908	--	--
2033-2037	3,990	1,802	--	--	65,560	16,880	--	--
2038-2042	3,715	474	--	--	37,965	1,872	--	--
Sub-total	22,082	10,551	4,481	261	169,726	86,450	1,811	158
Unamortized premium	--	--	--	--	16,438	--	--	--
Unamortized discount	(68)	--	--	--	--	--	--	--
Total, net	$ 22,014	$ 10,551	$ 4,481	$ 261	$ 186,164	$ 86,450	$ 1,811	$ 158

IN THOUSANDS 104 NOTES TO THE FINANCIAL STATEMENTS

Bonds and Notes Payable

Governmental Activities (Excluding Internal Service Funds)

Bonds from Direct Borrowings

On December 17, 2014 the County issued $9,925 in direct borrowing bonds at an interest rate of 2.33% and used the proceeds to refund the County's 2005 COP debt. The bonds payable outstanding at June 30, 2022 is $2,110.

Internal Service Funds

Photovoltaic Solar Energy Facility Qualified Energy Conservation Bonds from Direct Borrowings

On September 27, 2011, the County issued $5,250 in direct borrowing Qualified Energy Conservation Bonds (QECB) at an interest rate of 4.08% per annum. The proceeds were used to acquire a photovoltaic solar energy facility for the County's Calle Real campus.

The QECBs are taxable bonds that entitle the issuer to receive a direct subsidy payment from the United States Treasury (Treasury) equal to the lesser of (i) the taxable rate of the bonds or (ii) 70% of the Qualified Tax Credit Bond (QTCB) Rate on every semi-annual interest payment date. At the time of issuance, the QTCB Rate was 4.55%; therefore, the County will receive a Treasury subsidy of 70% of 4.55%, or approximately $1,395 over the life of the bonds, resulting in a true interest cost of 0.94%. These bonds will be repaid from the Utilities Fund. The Calle Real solar facility bonds payable outstanding at June 30, 2022 is $1,830.

Pacific Gas and Electric (PG&E) On-Bill Note from Direct Borrowing

On November 10, 2019, the County entered into a direct placement financing contract in the amount of $614 with PG&E's On-Bill Financing Loan Agreement on a 10-year term at an interest rate of 0% per annum. The loans issued under the program are unsecured loans to fully or partially reimburse qualified PG&E customers for the costs they incur in connection with a qualified energy efficient retrofit project. These proceeds are being used for the LED lighting portion of a renewable energy project at the County's Betteravia Campus. The note contains a provision that, in the event of termination resulting from non-compliance by the County, the entire outstanding loan balance will become immediately due and payable. The PG&E loan balance outstanding at June 30, 2022 is $541.

Business-Type Activities

Laguna Sanitation Wastewater Treatment Plant Note from Direct Borrowing

On August 16, 2001, the Laguna County Sanitation District (Laguna Sanitation) entered into a direct placement financing contract with the State of California (State) for the construction of a Total Dissolved Solids and Recycled Water Treatment Plant. Under the contract, the State made fifteen disbursements totaling $9,150 to Laguna Sanitation during the period of February 2002 through June 2003. Repayment of the note commenced in July 2004 and will continue through July 2023. Note payments are due on July 1 of each year; as such, these payments are regularly made in June of the prior fiscal year. The interest rate on the note is 2.40% per annum. The note contains a provision that, in the event of termination resulting from non-compliance by the County, the outstanding principal balance, accrued interest, and penalty assessments are due and payable immediately. Note payments are secured by revenues on fees and charges collected by Laguna Sanitation from the wastewater treatment plant. The notes payable outstanding at June 30, 2022 is $581.

Laguna Sanitation Qualified Energy Conservation Bonds from Direct Borrowing

On May 25, 2011, the Laguna County Sanitation District (Laguna Sanitation) issued $4,170 in direct borrowing Qualified Energy Conservation Bonds (QECB) at an interest rate of 5.25% per annum. The proceeds were used to acquire a photovoltaic solar energy facility, which is projected to save Laguna Sanitation $12,000 in financing, operating and maintenance costs over a 30 year period.

The QECBs are taxable bonds that entitle the issuer to receive a direct subsidy payment from the United States Treasury (Treasury) equal to the lesser of (i) the taxable rate of the bonds or (ii) 70% of the Qualified Tax Credit Bond (QTCB) Rate on every semi-annual interest payment date. At the time of issuance, the QTCB Rate was 4.95%; therefore, the District will receive a Treasury subsidy of 70% of 4.95%, or $1,162 over the life of the bonds, resulting in a true interest cost of 1.97%. The bond documents contain a provision that, in the event of default, the outstanding principal balance and accrued interest shall become due and payable immediately. Bond payments are secured by net revenues on user rates and charges collected by Laguna Sanitation for sanitation services. The Laguna Sanitation QECB bonds payable at June 30, 2022 is $1,230.

Certificates of Participation (COP)

The Santa Barbara County Finance Corporation (Corporation), a public benefit corporation, was created to issue certificates of participation that are securities issued and marketed to investors. The certificates are sold to provide funds to finance the costs of acquisition, installation and construction of capital projects. These certificates are secured by annual lease payments paid by the County to the Corporation and these lease payments are used by the Corporation to pay the interest and principal of the debt.

The certificates contain certain debt covenants, which are deemed by the County to be duties imposed by law. The County must include the applicable lease payments due each year in its annual budget and make the necessary appropriations. The County is also required to maintain certain levels of liability, property damage, casualty, business interruption, earthquake and title insurance in connection with each lease agreement. The County is in compliance with all significant financial restrictions and requirements as set forth in its various debt covenants.

In FY 2007-08, the Corporation issued $23,600 of tax-exempt COP debt, comprised of $17,000 classified as Series A-1 Certificates and $6,600 classified as Series A-2 Certificates. The COP debt was issued for the purpose of financing the costs of the acquisition, installation and construction of capital improvements; paying capitalized interest on all or a portion of the Series A-1 Certificates; funding a reserve fund as security for the certificates; and paying certain costs of delivery associated with the certificates. The COP agreement contains a provision that, in the event of default, all rights, title and interest in the lease and sublease will be assigned to the trustee. Pursuant to the trust agreement, a debt service reserve fund was established with a fund requirement in the amount of $561 as of June 30, 2022.

In FY 2009-10, the Corporation issued $14,935 of taxable COP debt classified as Recovery Zone Economic Development Bonds (RZEDB) for purposes of the American Recovery and Reinvestment Act (ARRA). Pursuant to the ARRA, the County expects to receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable. The County received a subsidy of $376 during the year ended June 30, 2022.

In FY 2018-19, the Resource Recovery and Waste Management Fund (Resource Recovery) issued $149,000 of COP debt classified as the Solid Waste Revenue Certificates of Participation: $8,130 of tax-exempt certificates, $129,870 tax-exempt alternative minimum tax certificates, and $11,000 of taxable certificates. The COP debt was issued for the purpose of funding certain improvements to the County's solid waste system (Solid Waste System), including the costs of a Materials Recovery Facility, an Anaerobic Digestion Facility and landfill gas engines which collectively constitute the Resource Center. The COP agreement contains a provision that, in the event of default, the outstanding principal balance and accrued interest are due and payable immediately. The Solid Waste System COP payments are secured by net revenues of user charges, fees and rates collected by the Solid Waste System. As of

June 30, 2022, the remaining principal and interest requirements totaled $224,099 with a current fiscal year pledged revenue amount of $48,033. Pursuant to the trust agreement, a debt service reserve fund was established with a fund requirement in the amount of $14,768 as of June 30, 2022.

In FY 2020-21, Laguna Sanitation issued $24,510 of tax-exempt COP debt classified as the Laguna County Sanitation District Sanitation System Revenue Certificates of Participation. The COP debt was issued for the purpose of funding certain improvements to Laguna Sanitation's management system (Management System). Pursuant to the trust agreement, all net revenues are pledged to the payment of the debt. Net revenues consist of fees, service charges, connection charges and income received by or imposed by Laguna Sanitation in connection with the ownership and operation of the Management System less the maintenance and operation costs of the Management System. As of June 30, 2022, the remaining principal and interest requirements totaled $30,926 with a current fiscal year pledged revenue amount of $15,729.

A summary of COP principal outstanding as of June 30, 2022 is as follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of 6/30/2022
Governmental activities:					
2008 Capital Improvements	4.00-4.75	6/25/2008	12/1/2028	$ 17,000	$ 8,160
2010 Capital Improvements - RZEDB	6.22-6.25	6/10/2010	12/1/2040	14,935	13,922
Sub-total governmental activities				31,935	22,082
Business-Type activities:					
2008 Capital Improvements	3.00-4.50	6/25/2008	12/1/2023	6,600	1,101
2018 Capital Improvements	3.30-5.25	11/28/2018	12/1/2038	149,000	144,895
2020 Capital Improvements	2.00-5.00	9/16/2020	12/1/2040	24,510	23,730
Sub-total business-type activities				180,110	169,726
Total COP principal outstanding				$ 212,045	$ 191,808

Rebateable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings, and found that the County had no rebateable arbitrage liability at June 30, 2022.

11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; cyber liability, aviation and medical malpractice. For these risks, the County has chosen to establish risk management internal service funds where assets are set aside for insurance premium costs and self-insured retentions to pay for specific covered losses. In addition, the County has established separate self-insurance financing funds for unemployment claims and dental insurance benefits for employees and their dependents.

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The County of Santa Barbara is a member of Public Risk Innovation, Solutions, and Management (PRISM, formerly CSAC-EIA), a member-directed risk sharing pool of public agencies that provides risk coverage programs. PRISM membership comprises 55 of the 58 California counties, 300 organizations and approximately 2,050 sub-members, which include 70% of the cities, as well as numerous school districts, special districts, housing authorities, fire districts, and other Joint Powers Authorities. A Board of Directors consisting of representatives from its members governs PRISM. The County purchases all its insurance through PRISM. The County's aggregate annual premium, including all insurances, paid to PRISM for the year ended June 30, 2022, was $28,863. PRISM issues its own audited Annual Comprehensive Financial Report which can be obtained from the Authority located at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

The unpaid claims liabilities included in the risk management self-insurance internal service funds are based on the results of actuarial studies and include amounts for claims incurred but not reported and adjustment expenses. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. General liability liabilities are carried at present value using a discount rate of 1%. It is the County's practice to annually obtain full actuarial studies for general liability coverages. Rates charged to departments use various allocation methods that include actual costs, claims experience, and payroll costs. Rates charged annually are established such that, when added with cash reserves on hand, adequate resources are provided to meet liabilities as they come due.

Changes in the claims liability for all self-insurance claims during the past two fiscal years are as follows:

	Fiscal Year Ended	
	June 30, 2021	June 30, 2022
Unpaid claims, beginning of year	$ 10,631	$ 10,757
Incurred claims	8,058	8,909
Claim payments	(8,953)	(7,727)
Ceded premiums	1,021	1,020
Unpaid claims, end of year	$ 10,757	$ 12,959

In FY 2019-20, the Risk fund entered into a reinsurance agreement with PRISM to reduce its exposure to large losses on the worker's compensation tail claims related to the County's remaining worker's compensation self-insurance liability. The reinsurance agreement discharged the entire worker's compensation self-insurance liability of the fund as direct insurer of the risks insured. As of June 30, 2022, $1,020 has been paid to PRISM for the reinsurance with a remaining payable balance of $283 to be paid over the next year.

In addition to the risk coverage provided by the County's internal service funds, the County also has coverage for bodily injury, including passengers and property, up to $5 million through the County's insurance broker, Alliant, for the Sheriff's Aero Squadron. The premiums for this insurance are not allocated through the County's internal service fund and instead are paid directly by the Sheriff's office.

12. COMMITMENTS AND CONTINGENCIES

Litigation

The County is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of County operations. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, a liability for litigation of $200, representing County Counsel's best estimate of the ultimate loss, has been accrued in the governmentwide Statement of Net Position. The timing of the payment of these losses cannot presently be determined.

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A number of lawsuits and claims are pending against the County for which the financial loss to the County has been determined to be reasonably possible by County Counsel. These lawsuits include claims filed for inverse condemnation, tort liability, workers' compensation, civil rights violation, breach of contract, land use disputes, and storm damage. These lawsuits are seeking damages in excess of $5,514. The County intends to vigorously defend itself against these lawsuits. The aggregate amount of the uninsured liabilities of the County and the timing of any anticipated payments which may result from such claims will not, in the opinion of County Counsel, significantly affect the financial condition of the County.

Plaintiff alleges the County's Department of Behavioral Wellness made false claims for Medi-Cal reimbursements, and retaliated against her for reporting them. Behavioral Wellness denies the allegations. The County's excess insurance generally covers liability for retaliatory employment practices, but generally does not cover liability for false claims (Note 21).

The County of Santa Barbara and other public entities have filed suit against Southern California Edison Company (Edison) and Edison International to recover damages from the Thomas Fire and resulting debris flow. Edison has filed a cross-complaint seeking to shift liability to the County and other public entities should Edison be held liable. The County and its related public entities deny Edison's allegations. The County's excess insurance generally covers liability for negligence or trespass, but generally does not cover "inverse condemnation" or "subsidence." During FY 2021-22, the County reached a settlement with Southern California Edison Company. The gross amount of the settlement was $64,823 and the net amount was $50,714 which exclude attorney's fees and litigation costs. The net amount also excludes a 1% Common Benefits Costs ($649) and 2% Trailing Costs ($1,297), a portion of which may be disbursed back to the County at a later time. In addition, the interest the County received from the settlement being held in escrow was $112.

Plaintiffs, owners of commercial space, allege the signature by a County official on an Estoppel Certificate extended the County's lease for the space. The County contends the Certificate—which Plaintiffs prepared—incorrectly stated the expiration date of the lease, and was signed by the County without knowledge of the error. The County's excess insurance generally covers liability for errors and omissions by public officials, but generally does not cover liability for breach of contract. County Counsel does not believe the potential loss can be estimated (Note 21).

The Deputy Sheriffs' Association claims that some of its members have not been paid for all hours worked in violation of the Fair Labor Standards Act (FSLA). The County's excess insurance generally covers liability for employment tort claims, but generally does not cover liability for the type of damages recoverable under the FSLA.

Grants

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and state programs it administers. Although the County's federal grant programs are audited in accordance with the requirements of the U.S. Office of Management and Budget Uniform Guidance 2 CFR Part 200, these programs may be subject to financial and compliance audits by the reimbursing agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial, with the exception of the Behavioral Wellness Fund.

Behavioral Wellness Fund

Counties provide mental health services to Medi-Cal beneficiaries through a publicly or privately operated mental health managed care plan contracted with the State Department of Health Care Services (DHCS) and share in the financial risk. Each California County operates its own mental health plan for Medi-Cal beneficiaries. The County, through the mental health plan, provides mental health services to adults and children directly and through Community Based Organizations (CBO).

Mental Health Medi-Cal claiming is a reimbursement system in which counties are provided an interim cash flow of State and Federal funding pending a three step process of reimbursement that includes filing a cost report, settlement of valid units of service and a cost report audit. Funding is made available through the Federal Medicaid entitlement program and California provides matching State and County funds. Claims are reimbursed based upon the appropriate Federal Medical Assistance Percentage (FMAP). This percentage represents the percentage of a claim for which the Federal government will pay Federal Financial Participation (FFP). Any amounts not provided by FFP must be matched by State or County funds. The year-end reporting process is the culmination of the mental health financial and statistical data accumulation for the services provided within the relevant Fiscal Year. The County is required to submit a cost report to DHCS by December 31 for all services provided by County and CBO staff for a fiscal year ending June 30. The cost report serves as a basis for computing the year-end settlement of approved service units and a settlement payment between DHCS and the County and is also the basic standardized record subject to audit. All year-end settlements are considered interim settlements and are subject to audit by DHCS. The audit is required to be completed three years after the year-end cost report is submitted and reconciled. Generally the cycle, from cost report submittal to final settlement, is not complete until five years after the initial cost report is filed by the County.

In past years this cost report settlement and audit process resulted in significant settlements with the State Department of Mental Health and now its successor agency DHCS. The County currently estimates a potential liability exposure of up to $1,061 or outstanding issues with the State of California. The settlement and payment of these liabilities could span a five to ten year period. These liabilities have been recorded as other payables in the Behavioral Wellness Fund.

Santa Barbara County Redevelopment Successor Agency

In accordance with Assembly Bill (AB) 1X 26 and AB 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. It is reasonably possible that the State Department of Finance could invalidate any of the obligations reported on the Successor Agency's Recognized Obligations Payment Schedule. The range of potential loss of revenue to pay these obligations is between $0 and $20,000 over the remaining life of the Successor Agency (7 years).

Contracts

The County has entered into contracts to purchase goods and services from various vendors. Approximately $289,918 will be payable upon future performance under these contracts, including $729 in contracts for the Resource Center and $94 for the Northern Branch Jail.

Federal and State Disaster Assistance

On January 2, 2018, a presidential major disaster was declared for the areas affected by the Thomas Fire. On January 11, 2018, the declaration was expanded to include areas affected by the Montecito Debris Flows. The declaration made federal disaster assistance available to the State of California to supplement the County's local recovery efforts. During FY 2020-21 and FY 2021-22, the County received $380 and $41, respectively, of State and Federal disaster aid payments. While an estimated $17,587 of additional costs may be eligible for State and Federal assistance, no additional awards were received through the date these financial statements were issued. Due to uncertainty in the amount and timing of State and Federal awards that may be received in the future, no additional amounts have been recognized as of June 30, 2022.

On March 13, 2020, a presidential emergency was declared for all states, tribes, territories, and the District of Columbia due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. As of June 30, 2022, $6,971 of eligible costs have been submitted to Federal Emergency Management Agency (FEMA) for disaster assistance and $4,277 in funds have been obligated.

13. LANDFILL CLOSURE AND POSTCLOSURE CARE

The County owns and operates three landfill sites: Tajiguas, Foxen Canyon, and New Cuyama as well as operates a hazardous waste collection site. Located on the UCSB Campus, the Community Household Waste Collection Center (UCSB HHW Center) accepts a variety of hazardous waste from South Coast communities. Two of the three landfill sites are closed - New Cuyama closed in FY 95-96; Foxen Canyon was converted to a transfer station in FY 03-04 and subsequently closed in FY 08-09.

State and federal laws and regulations require the County to place a final cover on these landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at each site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the respective landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each Balance Sheet date.

The $35,822 reported as landfill closure and postclosure care liability at June 30, 2022, represents the cumulative amount reported to date based on the estimated percentages of used capacity of the landfills as follows:

Landfill	Capacity Used	Remaining Years	Remaining Postclosure Years
Tajiguas	94%	4	Open
Foxen Canyon	95%	closed	17
New Cuyama	100%	closed	7

The County will recognize the remaining estimated cost of closure and postclosure care of $2,173 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all remaining closure and postclosure care in 2022. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. In FY 18-19, the Resource Recovery and Waste Management Fund initiated the Resource Center. The intent of the project is to significantly extend the life of the landfill and reduce landfilling and greenhouse gas emissions. The facility will be fully operational in FY 22-23.

The County is required by state and federal laws and regulations to make annual contributions and/or provide an alternative funding mechanism to finance closure, postclosure, and corrective action care. The County is in compliance with these requirements, and, at June 30, 2022, restricted cash and investments of $25,644 are held for these purposes. These are reported as restricted assets on the Balance Sheet (see Note 4).

Restricted cash for closure, postclosure care, and corrective action financial assurances costs at June 30, 2022 is comprised of the following:

Landfill/Collection Facility	Closure Cost	Postclosure Care Cost	Corrective Action Cost	Total Restricted Cash
Tajiguas	$ 18,580	$ 3,863	$ 1,107	$ 23,550
Foxen Canyon	--	786	327	1,113
New Cuyama	--	130	789	919
UCSB HHW Center	--	-	62	62
Total	$ 18,580	$ 4,779	$ 2,285	$ 25,644

Additionally, the County has pledged revenues from future tipping fees generated at the Santa Barbara South Coast Transfer Station to fund a portion of the postclosure maintenance costs. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered through landfill tip fees and/or added program fees to the municipal refuse rates paid by County residents.

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14. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2022 is as follows:

	General	Roads	Public Health	Social Services	Behavioral Wellness	Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
Nonspendable - legally or contractually required to be maintained intact:											
Endowment	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 700	$ 700
Nonspendable in form:											
Prepaids/Deposits	50	--	--	--	--	--	--	--	--	--	50
Receivables	6	--	--	--	--	4	--	--	--	--	10
Total nonspendable fund balance	56	--	--	--	--	4	--	--	--	700	760
Restricted for:											
Purpose of Fund	11,296	34,942	854	6,725	42,621	56,967	9,788	12,300	1,297	34,897	211,687
Allocated for Capital Outlay	1	--	--	--	--	14,389	--	11,894	1,532	584	28,400
Health Care Programs	--	--	27,883	--	--	--	--	--	--	--	27,883
Local Realignment 2011	26,699	--	--	--	566	--	--	--	--	--	27,265
Public Safety Prop 172	16,181	--	--	--	--	--	--	--	--	--	16,181
Measure A Roads Funds	--	6,565	--	--	--	--	--	--	--	--	6,565
Probation YOBG	5,380	28	--	--	--	--	--	--	--	--	5,408
Sheriff Categorical Grants	3,518	--	--	--	--	--	--	--	--	--	3,518
Parks Projects	--	--	--	--	--	--	--	--	2,899	239	3,138
Probation LESF/COPS	2,648	--	--	--	--	--	--	--	--	--	2,648
DMV/Livescan	--	--	--	--	--	--	--	--	2,047	--	2,047
MHSA Prudent Reserve	--	--	--	--	2,023	--	--	--	--	--	2,023
Recorder Operations	--	--	--	--	--	--	--	--	--	1,991	1,991
Consumer/Environmental	1,979	--	--	--	--	--	--	--	--	--	1,979
Recorder Modernization	--	--	--	--	--	--	--	--	--	1,967	1,967
Housing Trust Funds	--	--	--	--	--	--	1,901	--	--	--	1,901
GATV Infrastructure	1,631	--	--	--	--	--	--	--	--	--	1,631
Debt Service	--	--	--	--	--	--	--	--	--	1,413	1,413
Civil Funds GC 26731 & 26746	1,399	--	--	--	--	--	--	--	--	--	1,399
P&D Offsite Mitigation	--	--	--	--	--	--	--	--	--	1,356	1,356
Alcoholism Programs	--	--	--	--	1,225	--	--	--	--	--	1,225
PHD Special Projects	--	--	1,183	--	--	--	--	--	--	--	1,183
Sheriff Asset Forfeiture-State	1,054	--	--	--	--	--	--	--	--	--	1,054
PRC Performance Security	--	--	--	--	--	1,043	--	--	--	--	1,043
Sustainability Programs	1,005	--	--	--	--	--	--	--	--	--	1,005
Hollister Ranch Public Access	--	--	--	--	--	--	--	--	--	1,000	1,000
Maintenance-Casa Nueva Bldg	791	--	--	--	--	--	--	--	--	--	791
Local Innovation Sub-Account	739	--	--	--	--	--	--	--	--	--	739
DA Asset Forfeiture-State	705	--	--	--	--	--	--	--	--	--	705
Los Prietos Donation	640	--	--	--	--	--	--	--	--	--	640
Animal Control Programs	202	--	390	--	--	--	--	--	--	--	592
Real Estate Fraud	569	--	--	--	--	--	--	--	--	--	569
Public Arts Program	520	--	--	--	--	--	--	--	--	--	520
Assessor AB818	504	--	--	--	--	--	--	--	--	--	504
Recorder Micrographics	--	--	--	--	--	--	--	--	--	401	401
Survey Monument	367	--	--	--	--	--	--	--	--	--	367
FY 12/13,13/14 Operating Plans	--	--	--	--	67	201	--	--	--	88	356
Dispute Resolution	--	--	--	--	--	--	--	--	--	346	346
Gaviota Bikeway	--	--	--	--	--	--	--	--	--	331	331
District Attorney Programs	307	--	--	--	--	--	--	--	--	--	307
Probation Programs	282	--	--	--	--	--	--	--	--	--	282
DSS Childrens Trust	--	--	--	256	--	--	--	--	--	--	256
EMS Programs	--	--	255	--	--	--	--	--	--	--	255
Recorder ERDS	--	--	--	--	--	--	--	--	--	245	245
Drug Abuse Programs	--	--	--	--	231	--	--	--	--	--	231
Donations	191	--	--	32	--	--	--	--	--	--	223
Vital Records	--	--	--	--	--	--	--	--	--	217	217
CalVet Subvention Program	203	--	--	--	--	--	--	--	--	--	203
DSA Surplus Health Allocations	189	--	--	--	--	--	--	--	--	--	189
Sheriff Asset Forfeiture-Fed	151	--	--	--	--	--	--	--	--	--	151
State Off Hwy Fee	147	--	--	--	--	--	--	--	--	--	147
Weights and Measures	80	--	--	--	--	--	--	--	--	--	80
Recorder Redaction	--	--	--	--	--	--	--	--	--	54	54
DARE	40	--	--	--	--	--	--	--	--	--	40
Imprest Cash	10	--	3	15	4	--	--	--	--	1	33
COP Proceeds	--	--	--	--	--	--	--	--	--	12	12
DA-Special Fund	5	--	--	--	--	--	--	--	--	--	5
	79,433	41,535	30,568	7,028	46,737	72,600	11,689	24,194	7,775	45,142	366,701

IN THOUSANDS 112 NOTES TO THE FINANCIAL STATEMENTS

A detailed schedule of fund balances at June 30, 2022 continued:

	General	Roads	Public Health	Social Services	Behavioral Wellness	Flood Control District	Affordable Housing	Fire Protection District	Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
Committed to:											
Accumulated Capital Outlay	18,792	--	--	--	--	--	--	--	1	--	18,793
Strategic Reserve	38,785	--	--	--	--	--	--	--	--	--	38,785
Props 215/64 - Cannabis	13,568	--	--	--	--	--	--	--	--	--	13,568
General Services Projects	3,028	--	--	--	--	--	--	--	9,380	--	12,408
New Jail Operations	11,753	--	--	--	--	--	--	--	--	--	11,753
Litigation	13,796	--	--	--	--	--	--	--	--	--	13,796
Tech Replacement & Investment	9,180	--	--	--	--	--	--	--	--	--	9,180
Disaster Recovery	9,098	--	--	--	--	--	--	--	--	--	9,098
Program Stabilization	9,048	--	--	--	--	--	--	--	--	--	9,048
Health Care Programs	--	--	--	--	--	--	--	--	--	9,017	9,017
Advance Construction Reserve	8,957	--	--	--	--	--	--	--	--	--	8,957
Emerging Issues	8,600	--	--	--	--	--	--	--	--	--	8,600
Purpose of Fund	841	--	--	2,656	--	--	--	--	2,256	1,183	6,936
Mental Health	1,800	--	--	--	--	--	--	--	--	--	1,800
Contingencies	5,355	--	--	--	--	--	--	--	--	--	5,355
Parks Projects	1,440	--	--	--	--	--	--	--	3,022	--	4,462
Facilities Maintenance	3,435	--	--	--	--	--	--	--	--	--	3,435
County Executive Programs	2,480	--	--	--	--	--	--	--	--	--	2,480
Sheriff Projects	335	--	--	--	--	--	--	--	1,471	--	1,806
Clerk Record Assessor Projects	1,720	--	--	--	--	--	--	--	--	--	1,720
Planning/Development Projects	809	--	--	--	--	--	--	--	--	479	1,288
General County Programs	1,267	--	--	--	--	--	--	--	--	--	1,267
Auditor Systems Maint/Develop	1,262	--	--	--	--	--	--	--	--	--	1,262
Elections Voting Equipment	916	--	--	--	--	--	--	--	--	--	916
In-Car Video Equip Replacement	735	--	--	--	--	--	--	--	--	--	735
Tobacco Settlement	634	--	--	--	--	--	--	--	--	4	638
P&D Land Use System	--	--	--	--	--	--	--	--	--	534	534
Human Resources Programs	390	--	--	--	--	--	--	--	--	--	390
Housing Programs	328	--	--	--	--	--	--	--	--	--	328
North County Jail Contingency	302	--	--	--	--	--	--	--	--	--	302
Treas Tax Collector Projects	300	--	--	--	--	--	--	--	--	--	300
Air Support Unit Maintenance	230	--	--	--	--	--	--	--	--	--	230
Rental Maintenance	187	--	--	--	--	--	--	--	--	--	187
Ag Commissioner Projects	134	--	--	--	--	--	--	--	--	--	134
District Attorney Programs	129	--	--	--	--	--	--	--	--	--	129
Probation Programs	49	--	--	--	--	--	--	--	--	--	49
Building & Safety Permitting	--	--	--	--	--	--	--	--	--	40	40
Imprest Cash	26	--	--	--	--	--	--	--	--	3	29
PAPG Revolving Fund	5	--	--	--	--	--	--	--	--	--	5
	169,714	--	--	2,656	--	--	--	--	16,130	11,260	199,760
Unassigned fund balance:	13,518	(1,220)	(727)	(485)	(1,636)	(2,397)	(875)	(275)	(621)	(1,935)	3,347
Total fund balances	$ 262,721	$ 40,315	$ 29,841	$ 9,199	$ 45,101	$ 70,207	$ 10,814	$ 23,919	$ 23,284	$ 55,167	$ 570,568

IN THOUSANDS 113 NOTES TO THE FINANCIAL STATEMENTS

15. RESTRICTED COMPONENT OF NET POSITION

The restricted component of net position are assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

The restricted component of net position at June 30, 2022 for governmental activities is as follows:

Restricted for Policy and Executive:		
County Executive Office	$ 1,641	
		$ 1,641
Restricted for Public Safety:		
Probation	36,167	
Fire Protection District	24,973	
Sheriff	12,485	
District Attorney	3,602	
Trial Courts	346	
		77,573
Restricted for Health & Human Services:		
Public Health	30,877	
Behavioral Wellness	49,423	
Social Services	7,096	
Child Support Services	738	
		88,134
Restricted for Community Resources & Public Facilities:		
Flood Control District	72,604	
Housing	59,958	
Roads	41,535	
Water Agency	14,366	
Planning and Development	12,386	
County Service Areas	4,883	
Parks	3,074	
		208,806
Restricted for General Government & Support Services:		
Clerk-Recorder-Assessor	5,379	
General Services	2,141	
Other	203	
		7,723
Restricted for General County Programs:		
Other	6,137	
Courthouse Construction	4,841	
		10,978
Total restricted component of net position - governmental activities		$ 394,855

Included in governmental activities restricted net position at June 30, 2022 is net position restricted by enabling legislation of $1,985.

IN THOUSANDS 114 NOTES TO THE FINANCIAL STATEMENTS

16. INTERFUND TRANSACTIONS

Interfund Receivables / Payables

Amounts due to/from other funds at June 30, 2022 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Behavioral Wellness	$ 3,556
General Fund	Capital Projects	2,072
Social Services	IHSS Public Authority	1,807
Planning and Development	General Fund	778
Court Operations	General Fund	476
General Fund	Affordable Housing	383
General Fund	Public Health	202
Water Agencies	General Fund	155
General Fund	Planning and Development	151
General Fund	Water Agencies	74
General Fund	Special Aviation	64
Water Agencies	Flood Control Districts	37
Behavioral Wellness	Social Services	31
Flood Control Districts	Water Agencies	9
Flood Control Districts	Roads Fund	3
Total due to/from other funds		$ 9,798

The balances above are due to be paid in the subsequent fiscal year and resulted from when funds overdrew their share of pooled cash; or the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Advances to/from other funds at June 30, 2022 are as follows:

Receivable Fund	Payable Fund	Amount
AFDC Homeless Revolving	Social Services	$ 5

Transfers

Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, (2) move receipts identified for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

IN THOUSANDS 115 NOTES TO THE FINANCIAL STATEMENTS

Transfers to/from other funds at June 30, 2022 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Affordable Housing Fund	$ 16,391	CARES Distribution
	Nonmajor Governmental Funds	13,016	General Fund Contribution
	Social Services Fund	8,968	General Fund Contribution
	Roads Fund	8,665	Roads Project
	Public Health Fund	7,803	General Fund Contribution
	Behavioral Wellness Fund	5,885	General Fund Contribution
	Roads Fund	3,410	Other
	Capital Projects Fund	2,827	Capital Projects
	Nonmajor Governmental Funds	2,148	Debt Service
	Roads Fund	1,882	General Fund Contribution
	Capital Projects Fund	1,550	Other
	Nonmajor Governmental Funds	977	Other
	Affordable Housing Fund	739	CARES
	Behavioral Wellness Fund	489	Other
	Fire Protection District Fund	436	Other
	Affordable Housing Fund	414	Other
	Affordable Housing Fund	338	Debt Service
	Capital Projects Fund	252	General Fund Contribution
	Public Health Fund	168	Other
	Internal Service Funds	130	Vehicles
	Public Health Fund	25	New Fund Establishment
	Capital Projects Fund	23	General Fund Contribution
	Social Services Fund	15	Other
		76,551	
Roads Fund	Internal Service Funds	30	Vehicles
		30	
Public Health Fund	General Fund	868	Medicaid
	Capital Projects Fund	353	Capital Projects
	Affordable Housing Fund	50	Program Administration
	Internal Service Funds	12	Vehicles
	Social Services Fund	11	Program Administration
	General Fund	6	Capital Projects
	Affordable Housing Fund	4	Other
		1,304	
Social Services Fund	Behavioral Wellness Fund	171	Other
	General Fund	108	Program Administration
	Capital Projects Fund	40	Other
		319	
Behavioral Wellness Fund	General Fund	915	Other
	Nonmajor Governmental Funds	311	Debt Service
	Social Services Fund	9	Program Administration
	Social Services Fund	9	General Fund Contribution
	General Fund	1	Program Administration
	Social Services Fund	1	Other
		1,246	

IN THOUSANDS 116 NOTES TO THE FINANCIAL STATEMENTS

Transfers to/from other funds at June 30, 2022 (continued):

Transfer From	Transfer To	Amount	Purpose
Flood Control District Fund	Capital Projects Fund	$ 25	Capital Projects
		25	
Affordable Housing Fund	General Fund	864	Other
	Behavioral Wellness Fund	756	Other
	General Fund	714	Program Administration
	Capital Projects Fund	274	Capital Projects
	General Fund	64	General Fund Contribution
	Capital Projects Fund	17	Other
		2,689	
Fire Protection District	Capital Projects Fund	4,819	Capital Projects
	General Fund	1,849	Dispatch Services
	Internal Service Funds	1,179	Vehicles
	General Fund	605	Other
	Nonmajor Governmental Funds	237	Debt Service
	Public Health Fund	12	Other
		8,701	
Capital Projects Fund	Fire Protection District Fund	626	Other
	General Fund	25	Other
	Public Health Fund	8	Other
		659	
Nonmajor Governmental Funds	Public Health Fund	2,113	Other
	General Fund	1,942	Program Administration
	Capital Projects Fund	726	Capital Projects
	Public Health Fund	326	Program Administration
	Fire Protection District Fund	294	Other
	Capital Projects Fund	231	Other
	General Fund	190	Other
	Roads Fund	168	Roads Project
	Behavioral Wellness Fund	156	Other
	Behavioral Wellness Fund	78	CARES Distribution
	Behavioral Wellness Fund	78	Program Administration
	Flood Control Districts Fund	39	Other
	Roads Fund	39	
		6,380	
	Total transfers	$ 97,904	

IN THOUSANDS 117 NOTES TO THE FINANCIAL STATEMENTS

17. TAX ABATEMENTS

The County provides property tax abatements through the Agricultural Preserve Program. The program enrolls land in Williamson Act or Farmland Security Zone contracts whereby the land is restricted to agricultural, open space, or recreational uses in exchange for reduced property tax assessments. Participation in the program is voluntary. The Santa Barbara County Uniform Rules for Agricultural Preserves and Farmland Security Zones is the set of rules by which the County administers its Agricultural Preserve Program. The Agricultural Preserve Advisory Committee is responsible for administering the County's Agricultural Preserve Program.

Under the provisions of these contracts, land parcels are assessed for property tax purposes at a rate consistent with their actual use, rather than potential market value of the property. The minimum contract term is ten years and automatically renews until a nonrenewal or cancellation process is initiated. Under the nonrenewal process, the annual tax assessment increases over a defined period of time until the assessment reflects the market value of the property. Under the cancellation process, a significant onetime cancellation fee is assessed based upon a certain percentage of the unrestricted, current fair market value of the property.

No other commitments were made by the County as part of the Williamson Act or Farmland Security Zone contracts. For the fiscal year ended June 30, 2022, the Agricultural Preserve Program tax abatements were $5,530.

18. PENSIONS

General Information about the Pension Plans

Plan Descriptions

The County, including the discretely presented component unit First 5 Children and Families Commission, provides pension benefits to eligible employees through cost sharing multiple-employer defined benefit pension plans (pension plans) administered by the Santa Barbara County Employees' Retirement System (SBCERS). Members of the pension plans include all permanent employees working full time, or at least 50% part time for the County, and the following independent special districts: Carpinteria Cemetery District, Carpinteria-Summerland Fire Protection District, Goleta Cemetery District, Mosquito and Vector Management District of Santa Barbara County, Oak Hill Cemetery District, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, Santa Barbara County Local Agency Formation Commission, Santa Maria Cemetery District, Summerland Sanitary District, and the Santa Barbara County Superior Court. SBCERS issues its own Annual Comprehensive Financial Report (ACFR) that may be obtained by writing to SBCERS at 130 Robin Hill Road, Suite 100, Goleta, CA 93117 or on the SBCERS website under "Resources" http://sbcers.org.

SBCERS was established on January 1, 1944, and is administered by the Board of Retirement to provide service retirement, disability, death, and survivor benefits for employees of the County and participating districts. The Santa Barbara County Board of Supervisors and the governing boards of the participating districts adopt resolutions, as permitted by the California State Government Code §31450 (County Employees' Retirement Law of 1937 (CERL)), which affect the benefits of the SBCERS members. SBCERS is governed by the California Constitution; CERL; and the bylaws, policies and procedures adopted by the SBCERS' Board of Retirement.

SBCERS administers six County pension plans. With the passage of the Public Employees' Pension Reform Act (PEPRA), the County established a new pension plan, Plan 8, with two rate tiers – one for safety and one for general members. As of January 1, 2013, Plan 8 is the only pension plan available to new employees. PEPRA made several changes to the pension benefits that may be offered to employees hired on or after January 1, 2013, including increasing minimum retirement ages, increasing the percentage required for member contributions, and excluding certain types of compensation as pensionable. PEPRA has also created limits on pensionable compensation tied to the Social Security taxable wage base. The cumulative effect of these PEPRA changes will ultimately reduce the County's retirement costs.

Summary of Plans and Eligible Participants

Open for New Enrollment:

General Plan 8 (PEPRA)	General members hired on or after January 1, 2013.*
Safety Plan 8 (PEPRA)	Safety members hired on or after January 1, 2013.*
	*Employees who transfer from and are eligible for reciprocity with another public employer will not be PEPRA members if their service in the reciprocal system was under a pre-PEPRA tier.

Closed to New Enrollment:

General Plan 2	Employees hired on or before June 30, 1999, who elected to join General Plan 2. Once vested, Plan 2 members have a one-time election to defer accrued Plan 2 benefits and enter a contributory plan in effect at the time of election. Contributions are based upon age at time of transfer.
General Plan 5A	General employees hired before October 10, 1994, who did not elect to join General Plan 2.
General Plan 5B	Members in certain bargaining units hired on or after October 10, 1994.
General Plan 5C	Members in certain bargaining units hired on or after October 10, 1994. Members in those bargaining units transferred from Plan 5B on March 10, 2008.
General Plan 7	County General employees hired on or after June 25, 2012 and other new non-PEPRA General hires for employers that have adopted Plan 7.
Safety Plan 4A	Some safety members hired before October 10, 1994.
Safety Plan 4B	Employees in certain bargaining units hired on or after October 10, 1994. Some employees are in Safety Plan 4B without regard to hire date.
Safety Plan 4C	Members in certain bargaining units hired on or after October 10, 1994. All members in certain bargaining units. Members in those bargaining units transferred from Plan 4B on July 3, 2006.
Safety Plan 6A	Members in certain bargaining units hired prior to October 10, 1994. Members in those bargaining units transferred from Plan 4A on February 25, 2008.
Safety Plan 6B	Members in certain bargaining units hired on or after October 10, 1994. Members in those bargaining units transferred from Plan 4B on February 25, 2008.

IN THOUSANDS 120 NOTES TO THE FINANCIAL STATEMENTS

Benefits Provided

All pension plans provide benefits, in accordance with CERL regulations, upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing 5 years (or 10 years for Plan 2) of retirement service credit (5 or 10-year vesting) forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning 5 years (or 10 years for Plan 2) of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Differences between expected or actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service related disability benefits are based upon final average compensation or retirement benefits (if eligible). Non-service related disability benefits are based on 1) years of service and final average compensation or 2) retirement benefits (if eligible). General Plan 2 participants receive disability benefits through a long-term insurance policy. Death benefits are based upon a variety of factors including whether the participant was retired or not.

Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans except General Plan 2. COLAs are granted to eligible retired members each April based upon the Bureau of Labor Statistics Average Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County area as of the preceding January 1 and is subject to an annual maximum dependent upon the provisions of the pension plans.

Detailed information about the retirement, disability or death benefit calculations and COLA maximums for each of the pension plans are available in the separately issued SBCERS ACFR.

Contributions

Per Article 16 of the Constitution of the State of California, contribution requirements of the active employees and the participating employers are established and may be amended by the SBCERS Board of Retirement. Depending upon the applicable plan, employees are required to contribute a certain percent of their annual pay. For each of the plans, the County's contractually required contribution rate for the year ended June 30, 2022 was a specified percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Additional amounts required to finance any unfunded accrued liability are the responsibility of the plan sponsors. Contributions to the pension plans from the County were $149,818 for the year ended June 30, 2022. Active members are plan members who are currently accruing benefits and/or paying contributions into the applicable plan.

For the measurement date June 30, 2021, employer and employee contribution rates and active members for each plan are as follows:

	Employer Contribution Rates	Employee Contribution Rates	Active Members
General Plan 2	28.19%	Non-contributory	5
General Plan 5A	39.28%	3.01 - 6.12%	236
General Plan 5B	39.33%	6.03 - 12.23%	197
General Plan 5C	41.05%	2.92 - 6.09%	1028
General Plan 7	40.13%	2.43 - 5.08%	109
General Plan 8	32.95%	8.36%	1504
Safety Plan 4A	61.63%	5.58 - 9.65%	15
Safety Plan 4B	63.29%	11.15 - 19.30%	8
Safety Plan 4C	60.39%	5.38 - 9.52%	274
Safety Plan 6A	69.34%	5.58 - 9.65%	15
Safety Plan 6B	68.46%	5.38 - 9.52%	226
Safety Plan 8	49.35%	15.14%	393

Beginning in FY 2018-19, members of certain plans and bargaining units paid a portion of the employer contributions between 0.83% - 6.00% depending on the member's bargaining unit. No net change occurred in the combined pension contributions.

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

At June 30, 2022, the County, including its discretely presented component unit, reported a liability of $439,562 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, updated to June 30, 2021. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all pension plan participants, actuarially determined. At June 30, 2022, the County's proportion was 93.0976%, which was an increase of 0.1762% from its proportion measured as of June 30, 2020.

IN THOUSANDS 122 NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022, the County and its discretely presented component unit recognized pension expense of $54,416 and $91, respectively. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2022, the County and its discretely presented component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Proportionate Share			
	County of Santa Barbara		First 5 Children and Families Commission	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 53,680	$ 1,997	$ 90	$ 3
Changes in assumptions	14,220	9,685	24	16
Net difference between projected and actual earnings on retirement plan investments	--	346,698	--	583
Changes in proportion and differences between County contributions and proportionate share of contributions	3,380	1,611	6	3
County and Commission contributions subsequent to the measurement date	149,567	--	251	--
	$ 220,847	$ 359,991	$ 371	$ 605

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The County and its discretely presented component unit reported $149,818 as deferred outflows of resources related to pension contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the measurement year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Proportionate Share	
Year Ending June 30,	County of Santa Barbara	First 5 Children and Families Commission
2023	$ (70,627)	$ (119)
2024	(57,570)	(97)
2025	(58,580)	(98)
2026	(101,934)	(171)
	$ (288,711)	$ (485)

IN THOUSANDS 123 NOTES TO THE FINANCIAL STATEMENTS

Actuarial Assumptions

The total pension liability, measured as of June 30, 2021, was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Increases in pay	3.00% plus merit component based on employee classification and years of service
Investment rate of return	7.00%, net of investment expense
Administrative expenses	Base of $5.5 million for the FYE June 30, 2021 with assumed wage inflation of 3.00% annually
Basic COLA	The cost of living as measured by the Consumer Price Index (CPI) will increase at the rate of 2.75% per year.
Post-Retirement COLA	Benefits are assumed to increase after retirement at the rate of 2.60% per year for General Plans 5, and Safety Plans 4, 6, and 8 (PEPRA); 1.90% per year for General Plans 7 and Plan 8 (PEPRA); and 0% per year for General Plan 2.
Post-Retirement mortality	<u>Healthy Lives:</u> Mortality rates for General active members are based on the sex distinct Public General 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment. Non-duty related mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment. Safety active members are also subject to the 2014 California Public Employees Retirement System (CalPERS) Preretirement Industrial Mortality Table for duty-related death, with generational improvement using Projection Scale MP-2019 from a base year of 2009. Mortality rates for healthy General annuitants are based on the sex distinct Public General 2010 Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019. Mortality rates for Safety annuitants are based on the sex distinct Public Safety 2010 Retiree Mortality Table, with generational improvements projected from 2010 using Projection Scale MP-2019. <u>Disabled Lives:</u> Mortality rates for disabled retirees are based on 2014 CalPERS Industrial Disabled Annuitant Mortality, with no adjustment (Safety only), 2014 CalPERS Non-Industrial Disabled Annuitant Mortality, with no adjustment (General only), with Generational improvement using Projection Scale MP-2019 from a base year of 2009.

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The actuarial assumptions used in the June 30, 2020 valuation, updated to June 30, 2021, were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2019. As a result of the June 30, 2019 actuarial experience study, no changes were made to the economic assumptions used in the previous actuarial valuation.

The long-term expected rate of return, measured as of June 30, 2021, on pension plan investments (7.0 percent) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Broad U.S. equity	19%	4.05%
Developed market non-U.S. equity	11%	5.50%
Emerging markets equity	7%	8.00%
Core fixed income	17%	0.00%
Custom non-core fixed income	11%	3.20%
Custom real return	15%	4.00%
Custom real estate	10%	4.55%
Private equity	10%	6.75%
Cash	0%	-0.50%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

IN THOUSANDS 125 NOTES TO THE FINANCIAL STATEMENTS

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County and its discretely presented component unit's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate:

Proportionate share - Net pension liability	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
County of Santa Barbara	$ 1,019,614	$ 438,825	$ (36,195)
First 5 Children and Families Commission	$ 1,714	$ 738	$ (61)

Pension Fund Fiduciary Net Position

Detailed information about the pension fund's fiduciary net position is available in the separately issued SBCERS ACFR.

19. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description

The County's agent multiple-employer defined benefit postemployment healthcare plan (OPEB Plan) is administered by the Santa Barbara County Employees' Retirement System (SBCERS). The OPEB Plan is funded by the County and other plan sponsors, and is administered in accordance with §401(h) of the Internal Revenue Code (IRC). It was established on September 16, 2008, by the County Board of Supervisors who created a 401(h) Medical Trust. Also in 2008, an application for determination and a voluntary compliance plan was submitted to the Internal Revenue Service (IRS), and in October 2013, the IRS acted favorably on the application. SBCERS and its plan sponsors currently operate under the Voluntary Compliance Plan Statement and regulations adopted in 2013.

Other employer OPEB Plan sponsors include the Carpinteria Cemetery District, Carpinteria-Summerland Fire Protection District, Goleta Cemetery District, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, Santa Barbara County Superior Court, Santa Maria Cemetery District, and the Summerland Sanitary District.

On June 26, 2012, the County closed the OPEB Plan to new general employees, and on June 20, 2016, the OPEB Plan was closed to new County Safety members.

SBCERS issues its own Annual Comprehensive Financial Report which includes note disclosures and required supplementary information for the OPEB Plan. This may be obtained by writing to the Santa Barbara County Employees' Retirement System at 130 Robin Hill Road, Suite 100, Goleta, CA 93117 or on the SBCERS website under "Resources" at http://sbcers.org.

IN THOUSANDS 126 NOTES TO THE FINANCIAL STATEMENTS

Benefits Provided

The OPEB Plan offers healthcare, vision, and dental benefits to eligible County retirees and their dependents. Benefits are provided by third party providers. The County negotiates health care insurance contracts with providers for both its active employees and the participating retired members of SBCERS. Retirees are offered the same health plans as active County employees, as well as enhanced senior plans for retirees on Medicare. Retiree premiums are rated separately from active County employees; as such, the County does not have a retiree premium implicit rate subsidy.

Retirees who elect to participate in a County-sponsored health insurance plan are eligible to receive an explicit subsidy for medical premiums funded by the County and other plan sponsors. The monthly subsidy is $15 per year of service. If the monthly premium for the health plan selected is less than $15 times the member's years of service, the subsidy is limited to the entire premium. The health plans include coverage for eligible spouses and dependents. After the member's death, a beneficiary is eligible to continue health plan coverage. The subsidy benefit will be equal to $15 per year of service times the survivor continuation percentage applicable for pension benefits. If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of $187 per month or a subsidy of $15 per month per year of service, whichever is greater. This subsidy is treated as a nontaxable amount to the disabled recipient.

Retirees who choose not to participate in the County-sponsored health insurance plan receive a monthly benefit of $4 per year of service. This benefit, known as a Healthcare Reimbursement Arrangement, reimburses qualified health care expenses through a health savings account.

Employees Covered By Benefit Terms

At the OPEB liability measurement date of June 30, 2021, the following County employees were covered by the benefit terms:

Active employees	2,239
Inactive employees entitled to but not yet receiving benefit payments	801
Inactive employees or beneficiaries currently receiving benefit payments	4,324
	7,364

Contributions

On March 1, 2016, the County adopted a resolution approving an OPEB (401(h) Account) Funding Policy. This policy provides for funding the OPEB Plan at 4% of Covered Payroll for the 401(a) Pension Plan (see Note 20) (as opposed to the smaller covered payroll of the OPEB Plan). This funding policy went into effect on July 1, 2016. Employees are not required to contribute to the OPEB Plan.

Net OPEB Liability

At June 30, 2022, the County and its discretely presented component unit reported a net OPEB liability of $84,449 and $245, respectively. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, updated to June 30, 2021.

IN THOUSANDS 127 NOTES TO THE FINANCIAL STATEMENTS

Actuarial Assumptions

The total OPEB liability measured as of June 30, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increase rate	3% per year
Investment rate of return	7.00% per year
Healthcare cost trend rates	The Healthcare Cost Trend Rate is not applicable because the total cost of health benefits is not valued. Only the monthly benefit provided is valued using the assumption that no future increase will be granted to the amount.
Future retiree plan election	Non-Medicare-Eligible Retirees: 40% - monthly subsidy of $15 per year of service; 60% - $4 cash benefit option Medicare-Eligible Retirees: 55% - monthly subsidy of $15 per year of service; 45% - $4 cash benefit option
Mortality rates	Healthy Lives: Mortality rates for General active members are based on the sex distinct Public General 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment. Non-duty related mortality rates for Safety active member are based on the sex distinct Public Safety 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019, without adjustment. Safety active members are also subject to the 2014 CalPERS Preretirements Industrial Mortality Table for duty-related deaths, with generational mortality improvements projected from 2009 using Projection Scale MP-2019, without adjustment. Mortality rates for healthy General annuitants are based on the sex distinct Public General 2010 Above-Median Income Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2019. Mortality rates for Safety annuitants are based upon the sex distinct Public Safety Retiree Mortality Table, with generational improvements projected from 2010 using Projection Scale MP-2019. Disabled Lives: Mortality rates for disabled retirees are based on 2014 CalPERS Industrial Disabled Annuitant Mortality, with no adjustment (Safety only), 2014 CalPERS Non-Industrial Disabled Annuitant Mortality, with no adjustment (General only), with Generational improvement using Projection Scale MP-2016 from a base year of 2009.

The actuarial assumptions used in the valuation as of June 30, 2020, updated to June 30, 2021, were based on 1) the demographic assumptions determined in the actuarial experience study of July 1, 2016 – June 30, 2019 for the Pension Plan, 2) implementation of the OPEB Funding Policy, and 3) current experience for OPEB Plan election by retirees.

IN THOUSANDS 128 NOTES TO THE FINANCIAL STATEMENTS

As the benefit for the OPEB Plan is a fixed payment per year of service that is currently lower than the premiums paid for coverage, and is expected to remain so into the future, no age-related costs are required to be developed.

The OPEB assets are invested in the same commingled vehicles as the pension plan, but with a more simple asset allocation. It is expected that as the OPEB assets continue to grow, the asset allocation will shift to be more like that of the pension plan. Therefore, in the long run, we expect the OPEB Plan to realize the same long-term rate of return as the pension plan. The long-term expected rate of return, measured as of June 30, 2021, on pension plan investments (7.0 %) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	60%	4.05%
Fixed income	40%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will continue based upon the current OPEB (401(h) Account) Funding Policy. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

IN THOUSANDS 129 NOTES TO THE FINANCIAL STATEMENTS

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e., fair value of OPEB Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2021 for the County and its discretely presented component unit's proportionate share.

	Increase (Decrease)			Proportionate Share	
				County of Santa Barbara	First 5 Children and Families Commission
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)	Net OPEB Liability	Net OPEB Liability
Balances at 6/30/2020	$ 128,017	$ 29,530	$ 98,487	$ 98,172	$ 315
Changes for the year:					
Service cost	1,439	-	1,439	1,435	4
Interest	8,718	-	8,718	8,693	25
Differences between expected and actual experience	(2,874)	-	(2,874)	(2,866)	(8)
Changes of assumptions	-	-	-	-	-
Contributions - employer	-	14,331	(14,331)	(14,290)	(41)
Net investment income	-	7,128	(7,128)	(7,107)	(21)
Benefit payments	(8,508)	(8,508)	-	-	-
Administrative expense	-	(383)	383	382	1
Allocation basis adjustment*	-	-	-	30	(30)
Net changes	(1,225)	12,568	(13,793)	(13,723)	(70)
Balances at 6/30/2021	$ 126,792	$ 42,098	$ 84,694	$ 84,449	$ 245

*The percentage allocation basis for the County and First 5's proportionate share change year-over-year. This adjustment corrects for the change in allocation basis percentage from FY 20-21 to FY 21-22.

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

The following presents the net OPEB liability of the County and its discretely presented component unit as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current discount rate:

Proportionate share - Net OPEB liability	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
County of Santa Barbara	$ 98,172	$ 84,449	$ 72,839
First 5 Children and Families Commission	$ 284	$ 245	$ 211

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued SBCERS financial report.

IN THOUSANDS 130 NOTES TO THE FINANCIAL STATEMENTS

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

For the year ended June 30, 2022, the County and its discretely presented component unit recognized OPEB expense of $2,650 and $8, respectively. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or method. At June 30, 2022, the County and its discretely presented component unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Proportionate Share			
	County of Santa Barbara		First 5 Children and Families Commission	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,714	$ -	$ 10
Changes in assumptions	-	961	-	3
Net difference between projected and actual earnings on retirement plan investments	-	4,033	-	12
County and Commission contributions subsequent to the measurement date	14,773	-	43	-
	$ 14,773	$ 8,708	$ 43	$ 25

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The County and its discretely presented component unit reported $14,816 as deferred outflows of resources related to OPEB contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the measurement year ended June 30, 2022.

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

	Proportionate Share	
Year Ending June 30,	County of Santa Barbara	First 5 Children and Families Commission
2023	$ (4,754)	$ (14)
2024	(2,005)	(6)
2025	(977)	(3)
2026	(972)	(2)
	$ (8,708)	$ (25)

IN THOUSANDS 131 NOTES TO THE FINANCIAL STATEMENTS

20. DEFERRED COMPENSATION PLANS

Santa Barbara County Supplemental Retirement Plan

The Santa Barbara County Supplemental Retirement Plan is an employer discretionary, defined contribution plan established and governed under Internal Revenue Code Section 401(a). Employer-only annual contributions are calculated based upon a percentage of employee compensation under annual agreements with employee bargaining groups and unions.

This plan is administered through a third-party administrator, Empower Retirement, and is available to all employee groups. The County does not perform the investing function and has no fiduciary accountability for the plan. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

The County's actual contributions for the current year and the two preceding years are as follows:

Fiscal Year Ended	Contributions
6/30/2020	$ 232
6/30/2021	253
6/30/2022	262

County of Santa Barbara Employee Contribution Deferred Compensation Plan

The County offers to its employees an optional deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan is available to substantially all employees and allows participants to defer a portion of their current income until future years, up to a maximum of $19,500 (in whole dollars) during 2021 and $20,500 during 2022 (calendar years) so as to shelter such funds and earnings from state and federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

This plan is administered through a third-party administrator. The County does not perform the investing function and has no fiduciary accountability for the plan. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

County of Santa Barbara Social Security Compliance Deferred Compensation Plan

The Social Security Compliance Deferred Compensation Plan is a supplemental retirement program utilized by the County in lieu of payments to Social Security (FICA), governed under Internal Revenue Code Sections 3121 and 457. Enrollment in this plan is mandatory for contract, extra-help, seasonal and temporary employees. Employees enrolled in the regular SBCERS pension plans are not eligible for this plan. Based upon the employee's gross compensation, the employee's deferral, on a before-tax basis, equals 6.0% and the County's contribution equals 1.5% for a combined total of 7.5%.

This plan is administered through a third-party administrator and is available to all employee groups. The County does not perform the investing function and has no fiduciary accountability for the plan. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

IN THOUSANDS 132 NOTES TO THE FINANCIAL STATEMENTS

The County's actual contributions for the current year and the two preceding years are as follows:

Fiscal Year Ended	Contributions	
6/30/2020	$	156
6/30/2021		191
6/30/2022		190

21. SUBSEQUENT EVENTS

The County evaluated subsequent events from July 1, 2022 through December 2, 2022, the date the financial statements were available to be issued. The following subsequent events were noted:

Litigation Settlements

The litigation case regarding the plaintiff's allegation that County's Department of Behavioral Wellness made false claims for Medi-Cal Reimbursements and retaliated against the plaintiff for reporting them has reached a settlement as of October 11, 2022. The settlement is with the United States Department of Justice for reimbursement of Specialty Mental Services through California's Medi-cal program. Under the settlement agreement, the County will pay $28 million in FY 2022-23. The settlement was approved by the Department of Justice and the County Board of Supervisors.

The litigation case regarding the allegation that a County official on an Estoppel Certificate extended the County's lease for space mentioned in the Litigation section (note 12) has reached a settlement as of July 8, 2022. The County did not pay any amount in the settlement. The matter was dismissed on July 11, 2022 and therefore no longer a pending case.

IN THOUSANDS 133 NOTES TO THE FINANCIAL STATEMENTS

Required Supplementary Information

Santa Barbara County Employees' Retirement System - Schedule of the County's Proportionate Share of the Net Pension Liability

Schedule of the County's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*								
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
For use in	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
County's proportion of the net pension liability	93.0976%	92.9214%	92.5287%	92.8477%	93.1085%	92.7824%	92.8017%	92.6470%
County's proportionate share of the net pension liability	$ 439,563	$ 439,563	$ 789,465	$ 802,341	$ 875,937	$ 780,034	$ 675,252	$ 565,460
County's covered payroll	$ 360,865	$ 346,073	$ 328,862	$ 319,452	$ 316,948	$ 304,480	$ 295,365	$ 283,430
County's proportionate share of the net pension liability as a percentage of its covered payroll	121.81%	127.01%	240.06%	251.16%	276.40%	256.20%	228.60%	199.50%
Plan fiduciary net position as a percentage of the total pension liability	89.40%	75.20%	78.90%	77.60%	74.90%	75.20%	77.70%	80.46%

**Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.*

Santa Barbara County Employees' Retirement System - Schedule of the County's Contributions

Schedule of the County's Contributions

Last 10 Fiscal Years*								
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
For use in	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Actuarially determined contribution	$ 149,818	$ 139,647	$ 131,337	$ 124,021	$ 122,369	$ 113,544	$ 113,889	$ 114,714
Contributions in relation to the actuarially determined contribution	149,818	139,647	131,337	124,021	122,369	113,544	114,197	114,946
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (308)	$ (232)
County's covered payroll	$ 367,195	$ 360,865	$ 346,073	$ 328,862	$ 319,452	$ 316,948	$ 304,480	$ 295,365
Contributions as a percentage of covered payroll	40.80%	38.70%	37.95%	37.71%	38.31%	35.82%	37.51%	38.92%

**Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.*

The information presented above relates solely to the County and its discretely presented component unit and not Santa Barbara County Employees' Retirement System as a whole.

The Notes to Required Supplementary Information (RSI) are integral to the above schedules.

UNAUDITED AND IN THOUSANDS 135 REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits (OPEB) Plan - Schedule of Changes in the County's Net OPEB Liability and Related Ratios

Schedule of Changes in the County's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years*					
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
For use in	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Total OPEB liability					
Service cost	$ 1,439	$ 1,538	$ 1,625	$ 1,741	$ 1,856
Interest	8,718	9,017	9,057	9,131	8,962
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,874)	(3,396)	(2,706)	(3,456)	-
Changes of assumptions	-	(2,890)	-	-	-
Benefit payments	(8,508)	(8,520)	(8,462)	(8,352)	(8,342)
Net change in total OPEB liability	(1,225)	(4,251)	(486)	(936)	2,476
Total OPEB liability - beginning	128,017	132,268	132,754	133,690	131,214
Total OPEB liability - ending (a)	$ 126,792	$ 128,017	$ 132,268	$ 132,754	$ 133,690
Plan fiduciary net position					
Contributions - employer	$ 14,331	$ 13,913	$ 13,584	$ 12,763	$ 12,642
Net investment income	7,128	1,788	1,666	863	589
Benefit payments	(8,508)	(8,520)	(8,462)	(8,352)	(8,342)
Administrative expense	(383)	(351)	(379)	(397)	(352)
Net change in plan fiduciary net position	12,568	6,830	6,409	4,877	4,537
Plan fiduciary net position - beginning	29,530	22,700	16,291	11,414	6,877
Plan fiduciary net position - ending (b)	$ 42,098	$ 29,530	$ 22,700	$ 16,291	$ 11,414
County's net OPEB liability (a) - (b)	$ 84,694	$ 98,487	$ 109,568	$ 116,463	$ 122,276
Plan fiduciary net position as a percentage of the total OPEB liability	33.20%	23.07%	17.16%	12.27%	8.54%
Covered payroll	$ 360,865	$ 346,073	$ 328,862	$ 319,452	$ 316,948
County's net OPEB liability as a percentage of covered payroll	23.47%	28.46%	33.32%	36.46%	38.58%

**Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.*

The information presented above relates solely to the County and its discretely presented component unit and not Santa Barbara County Employees' Retirement System as a whole.

The Notes to RSI are integral to the above schedule.

UNAUDITED AND IN THOUSANDS 136 REQUIRED SUPPLEMENTARY INFORMATION

Governmental Funds – General and Major Special Revenue

COUNTY OF SANTA BARBARA, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Taxes	$ 293,290	$ 293,290	$ 297,812	$ 4,522
Licenses, permits, and franchises	5,632	5,632	5,939	307
Fines, forfeitures, and penalties	6,720	7,688	9,322	1,634
Use of money and property	3,531	(8,708)	(9,504)	(796)
Intergovernmental	142,543	178,836	137,662	(41,174)
Charges for services	71,768	71,308	68,628	(2,680)
Other	2,817	3,077	4,484	1,407
Total revenues	526,301	551,123	514,343	(36,780)
Expenditures				
Current:				
Policy & executive	48,661	43,816	22,040	21,776
Public safety	262,220	264,584	256,965	7,619
Health & human services	5,403	5,476	4,883	593
Community resources & public facilities	37,422	37,477	31,487	5,990
General government & support services	64,191	65,398	60,106	5,292
General county programs	60,204	64,444	46,293	18,151
Debt service:				
Principal	--	367	367	--
Interest	--	131	131	--
Total expenditures	478,101	481,693	422,272	59,421
Excess of revenues over expenditures	48,200	69,430	92,071	22,641
Other financing sources (uses)				
Transfers in	15,736	21,049	16,880	(4,169)
Transfers out	(80,608)	(122,107)	(85,280)	36,827
Sale of capital assets	--	--	58	58
Leases issued	--	3,419	3,419	--
Total other financing uses, net	(64,872)	(97,639)	(64,923)	32,716
Net change in fund balances before special item	(16,672)	(28,209)	27,148	55,357
Special item				
Litigation settlement (Note 21)	--	--	(28,000)	(28,000)
Total special items	--	--	(28,000)	(28,000)
Net change in fund balances	(16,672)	(28,209)	(852)	27,357
Fund balances - beginning	263,573	263,573	263,573	--
Fund balances - ending	0 $ 246,901	$ 235,364	$ 262,721	$ 27,357

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Other Financing Sources, Net	$ (64,923)
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(8,729)
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	8,729
Total other financing uses, net on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ (64,923)

COUNTY OF SANTA BARBARA, CALIFORNIA
ROADS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Taxes	$ 7,216	$ 7,346	$ 10,322	$ 2,976
Licenses, permits, and franchises	342	342	559	217
Use of money and property	239	(989)	(1,081)	(92)
Intergovernmental	32,922	40,536	38,495	(2,041)
Charges for services	6,933	7,063	7,117	54
Other	378	378	74	(304)
Total revenues	48,030	54,676	55,486	810
Expenditures				
Current:				
Community resources & public facilities	72,009	76,804	61,103	15,701
Debt service:			--	
Principal	--	66	66	--
Interest	--	38	38	--
Total expenditures	72,009	76,908	61,207	15,701
Deficiency of revenues under expenditures	(23,979)	(22,232)	(5,721)	16,511
Other financing sources (uses)				
Transfers in	18,808	27,213	15,052	(12,161)
Transfers out	(897)	(7,158)	(918)	6,240
Sale of capital assets	40	40	18	(22)
Leases issued	--	873	873	--
Total other financing sources, net	17,951	20,968	15,025	(5,943)
Net change in fund balances	(6,028)	(1,264)	9,304	10,568
Fund balances - beginning	31,011	31,011	31,011	--
Fund balances - ending	$ 24,983	$ 29,747	$ 40,315	$ 10,568

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Revenues from the budgetary comparison schedule	$ 55,486
Revenues resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(5,961)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 49,525
Actual amounts (budgetary basis) Total Expenditures from the budgetary comparison schedule	$ 61,207
Expenditures resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(5,961)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 55,246
Actual amounts (budgetary basis) Total Other Financing Sources, Net	$ 15,025
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(888)
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	888
Total other financing sources, net on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 15,025

COUNTY OF SANTA BARBARA, CALIFORNIA
PUBLIC HEALTH SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Licenses, permits, and franchises	$ 807	$ 786	$ 668	$ (118)
Fines, forfeitures, and penalties	312	637	489	(148)
Use of money and property	163	(594)	(690)	(96)
Intergovernmental	28,960	33,449	34,097	648
Charges for services	51,218	51,548	49,807	(1,741)
Other	133	650	512	(138)
Total revenues	81,593	86,476	84,883	(1,593)
Expenditures				
Current:				
Health & human services	95,560	99,089	92,369	6,720
Debt service:			--	
Principal	--	43	43	--
Interest	--	2	2	--
Total expenditures	95,560	99,134	92,414	6,720
Deficiency of revenues under expenditures	(13,967)	(12,658)	(7,531)	5,127
Other financing sources (uses)				
Transfers in	10,439	11,237	10,802	(435)
Transfers out	(1,840)	(3,020)	(1,651)	1,369
Leases issued	--	54	54	--
Total other financing sources, net	8,599	8,271	9,205	934
Net change in fund balances	(5,368)	(4,387)	1,674	6,061
Fund balances - beginning	28,167	28,167	28,167	--
Fund balances - ending	$ 22,799	$ 23,780	$ 29,841	$ 6,061

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Revenues from the budgetary comparison schedule	$ 84,883
Revenues resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(151)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 84,732
Actual amounts (budgetary basis) Total Expenditures from the budgetary comparison schedule	$ 92,414
Expenditures resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(151)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 92,263
Actual amounts (budgetary basis) Total Other Financing Sources, Net	$ 9,205
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(347)
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	347
Total other financing sources, net on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 9,205

COUNTY OF SANTA BARBARA, CALIFORNIA
SOCIAL SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Licenses, permits, and franchises	$ 49	$ 49	$ 118	$ 69
Fines, forfeitures, and penalties	13	13	21	8
Use of money and property	218	(280)	(257)	23
Intergovernmental	165,196	166,348	160,984	(5,364)
Charges for services	215	195	193	(2)
Other	386	386	655	269
Total revenues	166,077	166,711	161,714	(4,997)
Expenditures				
Current:				
Health & human services	179,565	187,989	175,616	12,373
Debt service:			--	
Principal	--	1,559	1,559	--
Interest	--	384	384	--
Total expenditures	179,565	189,932	177,559	12,373
Deficiency of revenues under expenditures	(13,488)	(23,221)	(15,845)	7,376
Other financing sources (uses)				
Transfers in	9,013	9,113	9,013	(100)
Transfers out	(344)	(403)	(319)	84
Leases issued	--	9,193	9,193	--
Total other financing sources, net	8,669	17,903	17,887	(16)
Net change in fund balances	(4,819)	(5,318)	2,042	7,360
Fund balances - beginning	7,157	7,157	7,157	--
Fund balances - ending	$ 2,338	$ 1,839	$ 9,199	$ 7,360

COUNTY OF SANTA BARBARA, CALIFORNIA
BEHAVIORAL WELLNESS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 23	$ 120	$ 45	$ (75)
Use of money and property	674	(704)	(1,079)	(375)
Intergovernmental	63,266	85,591	83,471	(2,120)
Charges for services	74,691	74,036	69,878	(4,158)
Other	39	265	(34)	(299)
Total revenues	138,693	159,308	152,281	(7,027)
Expenditures				
Current:				
Health & human services	150,632	153,327	141,353	11,974
Debt service:				
Principal	--	298	298	--
Interest	--	127	127	--
Total expenditures	150,632	153,752	141,778	11,974
Excess (deficiency) of revenues over (under) expenditures	(11,939)	5,556	10,503	4,947
Other financing sources (uses)				
Transfers in	15,836	15,845	11,334	(4,511)
Transfers out	(5,159)	(5,308)	(4,967)	341
Sale of capital assets	--	--	--	--
Long-term debt issued	--	--	--	--
Leases issued	--	2,973	2,973	--
Total other financing sources, net	10,677	13,510	9,340	(4,170)
Net change in fund balances	(1,262)	19,066	19,843	777
Fund balances - beginning	25,258	25,258	25,258	--
Fund balances - ending	$ 23,996	$ 44,324	$ 45,101	$ 777

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Revenues from the budgetary comparison schedule	$ 152,281
Revenues resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(14,095)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 138,186
Actual amounts (budgetary basis) Total Expenditures from the budgetary comparison schedule	$ 141,778
Expenditures resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(14,095)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 127,683
Actual amounts (budgetary basis) Total Other Financing Sources, Net	$ 9,340
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(3,721)
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	3,721
Total other financing sources, net on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 9,340

COUNTY OF SANTA BARBARA, CALIFORNIA
FLOOD CONTROL DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Taxes	$ 12,489	$ 12,489	$ 14,009	$ 1,520
Licenses, permits, and franchises	5	5	16	11
Use of money and property	770	(1,649)	(2,061)	(412)
Intergovernmental	19,394	19,394	10,093	(9,301)
Charges for services	4,005	4,005	4,454	449
Other	2	2	2	--
Total revenues	36,665	34,246	26,513	(7,733)
Expenditures				
Current:				
Community resources & public facilities	59,371	59,919	26,693	33,226
Total expenditures	59,371	59,919	26,693	33,226
Deficiency of revenues under expenditures	(22,706)	(25,673)	(180)	25,493
Other financing sources (uses)				
Transfers in	25	25	39	14
Transfers out	--	(32)	(25)	7
Sale of capital assets	20	20	4	(16)
Total other financing sources, net	45	13	18	5
Net change in fund balances	(22,661)	(25,660)	(162)	25,498
Fund balances - beginning	70,369	70,369	70,369	--
Fund balances - ending	$ 47,708	$ 44,709	$ 70,207	$ 25,498

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Revenues from the budgetary comparison schedule	$ 26,513
Revenues resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(3,282)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 23,231
Actual amounts (budgetary basis) Total Expenditures from the budgetary comparison schedule	$ 26,693
Expenditures resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(3,282)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 23,411

COUNTY OF SANTA BARBARA, CALIFORNIA
AFFORDABLE HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ 20	$ (859)	$ (813)	$ 46
Intergovernmental	34,146	38,737	17,146	(21,591)
Charges for services	50	50	161	111
Other	532	532	1,670	1,138
Total revenues	34,748	38,460	18,164	(20,296)
Expenditures				
Current:				
Community resources & public facilities	29,290	55,590	31,192	24,398
Total expenditures	29,290	55,590	31,192	24,398
Excess (deficiency) of revenues over (under) expenditures	5,458	(17,130)	(13,028)	4,102
Other financing sources (uses)				
Transfers in	--	24,550	17,936	(6,614)
Transfers out	(6,828)	(6,331)	(2,689)	3,642
Total other financing sources (uses)	(6,828)	18,219	15,247	(2,972)
Net change in fund balances	(1,370)	1,089	2,219	1,130
Fund balances - beginning	8,595	8,595	8,595	--
Fund balances - ending	$ 7,225	$ 9,684	$ 10,814	$ 1,130

COUNTY OF SANTA BARBARA, CALIFORNIA
FIRE PROTECTION DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Taxes	$ 63,829	$ 63,829	$ 64,665	$ 836
Licenses, permits, and franchises	24	24	29	5
Fines, forfeitures, and penalties	--	--	2	2
Use of money and property	12	(626)	(537)	89
Intergovernmental	2,180	2,180	2,019	(161)
Charges for services	28,064	32,503	33,079	576
Other	43	95	98	3
Total revenues	94,152	98,005	99,355	1,350
Expenditures				
Current:				
Public safety	97,634	102,310	98,239	4,071
Total expenditures	97,634	102,310	98,239	4,071
Excess (deficiency) of revenues over (under) expenditures	(3,482)	(4,305)	1,116	5,421
Other financing sources (uses)				
Transfers in	2,419	2,832	2,046	(786)
Transfers out	(10,353)	(11,058)	(9,391)	1,667
Sale of capital assets	--	--	41	41
Total other financing uses, net	(7,934)	(8,226)	(7,304)	922
Net change in fund balances	(11,416)	(12,531)	(6,188)	6,343
Fund balances - beginning	30,107	30,107	30,107	--
Fund balances - ending	$ 18,691	$ 17,576	$ 23,919	$ 6,343

Amounts reported in the GAAP Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds are different because:

Actual amounts (budgetary basis) Total Other Financing Uses, Net from the budgetary comparison schedule	$ (7,304)
Transfers in resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	(690)
Transfers out resulting from transfers between the operating funds that are combined into a single special revenue fund are eliminated for financial reporting purposes.	690
Total other financing uses, net as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ (7,304)

Notes to Required Supplementary Information

Other Postemployment Benefits (OPEB) Plan

Beginning in FY 2014, the County adopted an OPEB funding rate based upon pensionable payroll. The funding rates were 3.5% for FY 2015 and 3.75% for FY 2016. Effective July 1, 2016, the County OPEB (401(h) Account) Funding Policy adopted an ongoing rate of 4% of covered payroll for the 401(a) Pension Plan.

Budgetary Compliance

The County is legally required to adopt an annual budget and adhere to the provisions of the California Government Code (Sections 29000 – 29144 and 30200), commonly known as the County Budget Act. Budgets are adopted for the general, special revenue, debt service and capital projects funds. Budgets are prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP). The Board of Supervisors (Board) annually conducts a public hearing for the discussion of a recommended budget. At the conclusion of the hearings, statutorily no later than October 2, the Board adopts the final budget including revisions by resolution. However, it has been the County's practice to adopt the budget prior to the start of the fiscal year. The Board also adopts subsequent revisions that occur throughout the year. All annual appropriations lapse at fiscal year-end.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is maintained at the fund, department, and object level with more stringent control over capital assets, and fund balance accounts which are controlled at the line item level. Except for payroll, the County's financial system does not process payments and disbursements when over-expenditure of object levels would result. For capital asset and fund balance transactions, payments are not processed if over-expenditure at the line item would result. Presentation of the basic financial statements at the legal level is not feasible due to excessive length; therefore, the budget and actual statements have been aggregated by function. The County prepares a separate Final Budget document that demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website https://www.countyofsb.org/407/Budget-Related, or can be obtained from the Auditor-Controller's office.

For the year ended June 30, 2022, no instances existed in which expenditures exceeded appropriations.

The Board must approve amendments or transfers of appropriations between funds or departments, as well as items related to capital assets, and fund balance accounts. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must also be approved by the Board. Finally, the Chief Executive Officer (CEO) approves amendments or transfers of appropriations between object levels within the same department, unless related to capital assets or fund balance in which case Board approval is required. Any deficiency caused by expenditures and other financing uses being greater than revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

Other Supplementary Information

Other Major Governmental Fund

COUNTY OF SANTA BARBARA, CALIFORNIA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ 12	$ (668)	$ (655)	$ 13
Intergovernmental	6,062	6,323	4,724	(1,599)
Charges for services	500	588	191	(397)
Other	128	2,332	135	(2,197)
Total revenues	6,702	8,575	4,395	(4,180)
Expenditures				
Current:				
Community resources & public facilities	--	--	--	--
Capital outlay	26,840	49,283	14,716	34,567
Total expenditures	26,840	49,283	14,716	34,567
Deficiency of revenues under expenditures	(20,138)	(40,708)	(10,321)	30,387
Other financing sources (uses)				
Transfers in	22,496	32,515	11,137	(21,378)
Transfers out	(3,708)	(3,382)	(659)	2,723
Long-term debt issued	--	2,274	--	(2,274)
Total other financing sources, net	18,788	31,407	10,478	(20,929)
Net change in fund balances	(1,350)	(9,301)	157	9,458
Fund balances - beginning	23,127	23,127	23,127	--
Fund balances - ending	$ 21,777	$ 13,826	$ 23,284	$ 9,458

Nonmajor Governmental Funds

Nonmajor governmental funds are funds that do not meet the definition of a major fund, as described in the glossary. The following funds are presented as nonmajor funds in the ACFR:

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to finance particular governmental activities and are financed by specific taxes or other revenues. Such funds are authorized by statutory provisions to pay for certain activities of a continuing nature. Included in the Special Revenue classification are the following funds:

Fish and Game

The Fish and Game Fund is used to account for fines and forfeitures received under Section 13003 of the State of California Fish and Game Code and for other revenues and expenditures for the propagation and conservation of fish and game. The Board of Supervisors authorizes expenditures on advice of the Fish and Game Commission.

Petroleum

The Petroleum Fund, established pursuant to Chapter 25 of the County Code, is used to account for the revenues and expenditures associated with administering the Petroleum Ordinance. The Petroleum Ordinance regulates the issuing of oil well drilling permits. It also regulates drilling, operating and abandoning petroleum wells, pipelines, tanks and associated petroleum equipment for prevention of erosion, pollution and fire hazards and for safety controls.

Clerk-Recorder

The Clerk-Recorder Fund is used to account for activity related to the Clerk-Recorder division of the Clerk-Recorder-Assessor department.

Special Aviation

The Special Aviation Fund is used to account for activity related to the Santa Ynez Airport. It is funded primarily by state and federal grants for airport improvements.

In-Home Supportive Services (IHSS) Public Authority

The In-Home Supportive Services Public Authority Fund was established by the Board of Supervisors to act as the employer of record for IHSS individual providers. As an administrative unit, it carries out functions prescribed in Welfare & Institutions Code Section 12301.6. Those functions include a provider screening process, a registry that will match eligible providers and consumers, and collective bargaining with providers and their representatives. IHSS also offers access to training for providers and consumers while continuing to allow for consumer choice in the selection of providers.

Child Support Services

AB 196, AB 150, and SB 542 established the Child Support Services Fund during FY 00-01 to provide separate fund accountability as required. These legislative bills mandated that all Family Support Divisions located in the District Attorney's Offices become separate and independent departments. Child Support Services establishes paternity, obtains and enforces court orders for child support, collects and distributes payments, and provides community outreach about those services for the benefit of minor children.

Fishermen Assistance

This column combines the following individual County funds:

Fisheries Enhancement

The Fisheries Enhancement Fund (FEF) was established to mitigate impacts to the commercial fishing industry from offshore oil and gas development. Impact fees paid by offshore energy producers, pursuant to permit conditions, support the FEF. The Planning Commission approved a supplemental needs assessment that, pursuant to Board of Supervisors adopted FEF Guidelines, recommends projects to be pursued for FEF awards.

Local Fishermen's Contingency

The Local Fishermen's Contingency Fund is financed by County permit conditions placed upon energy projects to mitigate impacts to the commercial fishing industry. The intent of the fund is to provide an interest-free loan program to fishermen awaiting payment of claims from the Federal Fishermen's Contingency Fund. The claims are for damage or loss resulting from outer continental shelf development or production, and to reimburse fishermen for damage or loss of gear, not covered under the federal fund, which occurs in state waters because of federal or state oil and gas development, or because of oil production activities such as transport.

Coastal Resources Enhancement

The Coastal Resources Enhancement Fund was established on May 10, 1988 to account for revenues received from offshore oil and gas projects pursuant to permit conditions, and expanded by the Board of Supervisors to projects that mitigate impacts to coastal recreation, aesthetics, tourism, and/or sensitive environmental resources.

Court Activities

AB 2544 in FY 94-95 established the Court Activities Fund to account for the state's portion of Trial Court Funding. AB 233, adopted in FY 97-98, transferred state funding out of the County entity. This fund represents the portion of Trial Court Operations under the County's control.

Criminal Justice Construction

The Criminal Justice Construction Fund was established to account for state authorized surcharges on criminal fines, which are statutorily designated for the establishment of adequate criminal justice facilities in the County.

Courthouse Construction

The Courthouse Construction Fund was established to account for state authorized surcharges on fines for non-parking and other criminal cases, which are statutorily designated for renovation and/or construction of courtroom facilities.

Inmate Welfare

The Inmate Welfare Fund was established pursuant to Penal Code Section 4025 to account for profits from the County jail store and any money attributable to the use of pay telephones. The funds are expended primarily for the benefit, education, and welfare of the inmates confined within the jail.

Planning & Development

The Planning & Development Fund is used to account for activity and operations related to the Planning & Development department.

Tobacco Settlement

The Tobacco Settlement Fund was established by the Board of Supervisors to account for funds received related to the 1998 settlement between several States and major tobacco companies. The funds are expended for various County health related programs.

Tidelands

The Tidelands Fund is used to account for monies received from oil companies which are to be used for operating costs of South County public beach parks.

Refugio Environmental

The Refugio Environmental Fund is used to account for activities related to the litigation of the Refugio oil spill.

SPECIAL DISTRICTS UNDER THE BOARD OF SUPERVISORS

Separate special districts have been established for the purpose of providing specific services to distinct geographical areas within the County. Those special districts that are under the jurisdiction of the Board of Supervisors are included within the Special Revenue Fund classification. These are financed principally from property taxes and benefit assessments, and are comprised of the following:

County Service Areas (CSAs)

This column combines the following individual County funds:

County Service Area #3
This service area serves part of the Goleta Valley, providing extended park and open space acquisition and maintenance, enhanced library services and street lighting. It provides 1,430 streetlights and maintains approximately 535 acres of open space and 148 acres of parks. This fund also made payments for the Goleta Valley Community Center and the Santa Barbara Shores property prior to the transfer of these assets to the City of Goleta.

County Service Area #4
This service area is located north of the City of Lompoc and serves the communities of Mission Hills and Vandenberg Village. It maintains approximately 52 acres of open space.

County Service Area #5
This service area serves the Orcutt area south of Santa Maria, providing extended park and open space activities. Extending from Waller Park, to just south of Rice Ranch Road, CSA #5 encompasses approximately 68 acres of parkland (Waller Park) and 11 acres of open space.

County Service Area #11
This service area embraces the unincorporated urbanized area of Carpinteria Valley and Summerland. The service area provides the community with parks and 77 streetlights.

County Service Area #12 – Mission Canyon Sewer Service Charge
This service area was established for the purpose of assessing property owners for the ongoing maintenance of the sewer system and septic tank inspection services for those properties in the prohibition area, but not on public sewers. A separate assessment is charged to properties remaining on septic systems in order to provide septic performance tracking.

County Service Area #31
This service area embraces the unincorporated community of Isla Vista, located west of the University of California at Santa Barbara, and provides 277 streetlights; installation, maintenance and repair of sidewalks, curbs and gutters and planting, along with maintenance and care of street trees.

County Service Area #41
This service area was established to assess property owners of the Rancho Santa Rita Subdivision, located outside the City of Lompoc, for road repairs, maintenance and improvements.

Community Facilities Districts (CFDs)
This column combines the following individual County funds:

Orcutt Community Facilities District
In October 2002, qualified landowners approved the formation of a CFD within the Orcutt Planning Area, located south of the City of Santa Maria. The CFD levied a special tax that may be used to finance infrastructure construction, fire and sheriff protection services, maintenance of parks, parkways and open space, and flood and storm protection services.

Providence Landing Community Facilities District
This Mello-Roos district encompasses the Providence Landing subdivision in South Vandenberg Village and provides funding for the maintenance of a public park.

Lighting Districts
This column combines the following individual County funds:

Mission Lighting District
This district provides 19 streetlights in the unincorporated area of Mission Canyon, located east of the City of Santa Barbara, and is financed by property taxes and benefit assessments.

North County Lighting District
Casmalia, Los Alamos, and Orcutt Lighting Districts and the lighting function of CSA #4 and CSA #5 were consolidated in FY 94-95 to form the North County Lighting District which provides 2,764 streetlights in the North County. This district is financed by property taxes and benefit assessments.

Sandyland Seawall Maintenance District
This district provides for the maintenance of a seawall constructed in the Sandyland Cove area, and is financed through benefit assessments levied against those properties adjacent to that beachfront area.

Water Agency
This agency prepares investigations and reports on the County's water requirements, project development, and efficient use of water. The agency provides technical assistance to other County departments, water districts, and the public concerning water availability and water well locations and design. The agency also administers the Cachuma Project and Twitchell Dam Project contracts with the U.S. Bureau of Reclamation. It is funded primarily by state grants and property tax revenue.

PERMANENT FUNDS
Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings (and not principal) may be used for the purposes of supporting the program.

Oak Restoration Fund
The Oak Restoration Fund is used to account for activities related to the restoration of oak tress in Santa Barbara County.

DEBT SERVICE FUNDS
Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt.

Santa Barbara County Finance Corporation
The Santa Barbara County Finance Corporation Debt Service Fund accounts for the accumulation of resources for, and payment of, principal and interest incurred from the sale of Certificates of Participation and other municipal debt that is issued to finance various County capital projects.

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022 (in thousands)

	Special Revenue					
	Fish and Game	Petroleum	Clerk-Recorder	Special Aviation	IHSS Public Authority	Child Support Services
Assets						
Assets:						
Cash and investments	$ 795	$ 942	$ 4,868	$ --	$ 1,378	$ 906
Accounts receivable, net:						
Licenses, permits, and franchises	--	--	--	--	--	--
Fines, forfeitures, and penalties	--	--	--	--	--	--
Use of money and property	1	2	7	--	1	2
Intergovernmental	--	--	--	273	443	139
Charges for services	--	--	--	--	--	95
Other	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--
Prepaid items	--	--	--	--	6	--
Restricted cash and investments	--	--	--	--	--	--
Total assets	$ 796	$ 944	$ 4,875	$ 273	$ 1,828	$ 1,142
Liabilities and fund balances						
Liabilities:						
Accounts payable	$ 18	$ --	$ 9	$ 372	$ --	$ --
Salaries and benefits payable	--	14	121	--	--	435
Other payables	--	--	35	20	--	--
Due to other funds	--	--	--	64	1,807	--
Customer deposits payable	--	--	--	--	--	--
Total liabilities	18	14	165	456	1,807	435
Fund balances:						
Nonspendable	--	--	--	--	--	--
Restricted	805	963	4,875	(183)	68	738
Committed	--	--	2	--	--	--
Unassigned	(27)	(33)	(167)	--	(47)	(31)
Total fund balances	778	930	4,710	(183)	21	707
Total liabilities and fund balances	$ 796	$ 944	$ 4,875	$ 273	$ 1,828	$ 1,142

	Special Revenue						
	Fishermen Assistance	Coastal Resources Enhancement	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	
Assets							
Assets:							
Cash and investments	$ 423	$ 2,967	$ 130	$ 538	$ 4,628	$ 2,839	
Accounts receivable, net:							
Licenses, permits, and franchises	--	--	--	--	--	--	
Fines, forfeitures, and penalties	--	--	96	46	46	--	
Use of money and property	1	5	(1)	1	7	27	
Intergovernmental	--	--	--	--	--	--	
Charges for services	--	--	175	--	--	--	
Other	--	--	--	--	--	673	
Due from other funds	--	--	476	--	--	--	
Prepaid items	--	--	--	--	--	--	
Restricted cash and investments	--	--	--	--	--	--	
Total assets	$ 424	$ 2,972	$ 876	$ 585	$ 4,681	$ 3,539	
Liabilities and fund balances							
Liabilities:							
Accounts payable	$ --	$ --	$ 239	$ --	$ --	$ 367	
Salaries and benefits payable	--	--	--	--	--	7	
Other payables	--	--	--	--	--	--	
Due to other funds	--	--	--	--	--	--	
Customer deposits payable	--	--	--	--	--	--	
Total liabilities	--	--	239	--	--	374	
Fund balances:							
Nonspendable	--	--	--	--	--	--	
Restricted	439	3,074	346	604	4,841	3,263	
Committed	--	--	295	--	--	--	
Unassigned	(15)	(102)	(4)	(19)	(160)	(98)	
Total fund balances	424	2,972	637	585	4,681	3,165	
Total liabilities and fund balances	$ 424	$ 2,972	$ 876	$ 585	$ 4,681	$ 3,539	

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022 (in thousands)

	Special Revenue					
	Planning & Development	Tobacco Settlement	Tidelands	Refugio Environmental	County Service Areas	Community Facilities Districts
Assets						
Assets:						
Cash and investments	$ 3,178	$ 8,732	$ 276	$ 11	$ 4,979	$ 790
Accounts receivable, net:						
Licenses, permits, and franchises	309	--	--	--	--	--
Fines, forfeitures, and penalties	--	--	--	--	--	--
Use of money and property	10	18	--	--	9	1
Intergovernmental	--	--	--	--	--	--
Charges for services	150	--	--	--	--	--
Other	--	--	--	--	--	--
Due from other funds	778	--	--	--	--	--
Prepaid items	--	--	--	--	--	--
Restricted cash and investments	15,926	--	--	--	--	--
Total assets	$ 20,351	$ 8,750	$ 276	$ 11	$ 4,988	$ 791
Liabilities and fund balances						
Liabilities:						
Accounts payable	$ 163	$ 31	$ --	$ --	$ 277	$ --
Salaries and benefits payable	674	--	--	--	--	--
Other payables	--	--	--	--	--	--
Due to other funds	151	--	--	--	--	--
Customer deposits payable	15,468	--	--	--	--	--
Total liabilities	16,456	31	--	--	277	--
Fund balances:						
Nonspendable	--	--	--	--	--	--
Restricted	2,103	--	276	11	4,883	818
Committed	1,943	9,020	--	--	--	--
Unassigned	(151)	(301)	--	--	(172)	(27)
Total fund balances	3,895	8,719	276	11	4,711	791
Total liabilities and fund balances	$ 20,351	$ 8,750	$ 276	$ 11	$ 4,988	$ 791

	Special Revenue				Permanent	Debt Service	
	Lighting Districts	Sandyland Seawall Maintenance District	Water Agency	Special Revenue Total	Oak Restoration	Santa Barbara County Finance Corporation	Total Nonmajor Governmental Funds
Assets							
Assets:							
Cash and investments	$ 591	$ 747	$ 14,599	$ 54,317	$ 741	$ 108	$ 55,166
Accounts receivable, net:							
Licenses, permits, and franchises	--	--	--	309	--	--	309
Fines, forfeitures, and penalties	--	--	--	188	--	--	188
Use of money and property	1	1	24	117	1	--	118
Intergovernmental	--	--	180	1,035	--	--	1,035
Charges for services	--	--	--	420	--	--	420
Other	--	--	--	673	--	--	673
Due from other funds	--	--	192	1,446	--	--	1,446
Prepaid items	--	--	--	6	--	--	6
Restricted cash and investments	--	--	61	15,987	--	1,333	17,320
Total assets	$ 592	$ 748	$ 15,056	$ 74,498	$ 742	$ 1,441	$ 76,681
Liabilities and fund balances							
Liabilities:							
Accounts payable	$ 44	$ --	$ 986	$ 2,506	$ --	$ 2	$ 2,508
Salaries and benefits payable	--	--	66	1,317	--	--	1,317
Other payables	--	--	--	55	--	--	55
Due to other funds	--	--	83	2,105	--	--	2,105
Customer deposits payable	--	--	61	15,529	--	--	15,529
Total liabilities	44	--	1,196	21,512	--	2	21,514
Fund balances:							
Nonspendable	--	--	--	--	700	--	700
Restricted	568	774	14,366	43,632	67	1,443	45,142
Committed	--	--	--	11,260	--	--	11,260
Unassigned	(20)	(26)	(506)	(1,906)	(25)	(4)	(1,935)
Total fund balances	548	748	13,860	52,986	742	1,439	55,167
Total liabilities and fund balances	$ 592	$ 748	$ 15,056	$ 74,498	$ 742	$ 1,441	$ 76,681

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

			Special Revenue			
	Fish and Game	**Petroleum**	**Clerk-Recorder**	**Special Aviation**	**IHSS Public Authority**	**Child Support Services**
Revenues						
Taxes	$ --	$ --	$ --	$ --	$ --	$ --
Licenses, permits, and franchises	--	1	408	--	--	--
Fines, forfeitures, and penalties	41	--	10	--	--	--
Use of money and property	(24)	(29)	(148)	--	(45)	(27)
Intergovernmental	--	--	--	808	11,317	9,088
Charges for services	--	578	3,253	--	--	--
Other	--	--	9	--	--	--
Total revenues	17	550	3,532	808	11,272	9,061
Expenditures						
Current:						
Public safety	--	--	--	--	--	--
Health & human services	--	--	--	--	12,067	9,185
Community resources & public facilities	18	368	--	--	--	--
General government & support services	--	--	3,061	1,157	--	--
General county programs	--	--	--	--	--	--
Debt service:						
Principal	--	--	--	--	--	146
Interest	--	--	--	--	--	9
Total expenditures	18	368	3,061	1,157	12,067	9,340
Excess (deficiency) of revenues over (under) expenditures	(1)	182	471	(349)	(795)	(279)
Other financing sources (uses)						
Transfers in	--	--	--	--	794	--
Transfers out	--	--	(45)	--	--	--
Leases issued	--	--	--	--	--	248
Total other financing sources (uses)	--	--	(45)	--	794	248
Net change in fund balances	(1)	182	426	(349)	(1)	(31)
Fund balances - beginning	779	748	4,284	166	22	738
Fund balances - ending	$ 778	$ 930	$ 4,710	$ (183)	$ 21	$ 707

Fishermen Assistance	Coastal Resources Enhancement	Court Activities	Criminal Justice Construction	Courthouse Construction	Inmate Welfare	
			Special Revenue			
						Revenues
$ --	$ --	$ --	$ --	$ --	$ --	Taxes
--	--	--	--	--	--	Licenses, permits, and franchises
--	--	1,503	602	602	--	Fines, forfeitures, and penalties
(13)	(90)	54	(17)	(141)	238	Use of money and property
--	--	--	--	--	--	Intergovernmental
--	--	2,325	--	--	--	Charges for services
--	449	1,169	--	--	1,610	Other
(13)	359	5,051	585	461	1,848	Total revenues
						Expenditures
						Current:
--	--	14,783	--	--	1,984	Public safety
--	--	--	--	--	--	Health & human services
4	302	--	--	--	--	Community resources & public facilities
--	--	--	--	--	--	General government & support services
--	--	--	--	--	--	General county programs
						Debt service:
--	--	--	--	--	--	Principal
--	--	--	--	--	--	Interest
4	302	14,783	--	--	1,984	Total expenditures
(17)	57	(9,732)	585	461	(136)	Excess (deficiency) of revenues over (under) expenditures
						Other financing sources (uses)
--	--	10,017	--	--	--	Transfers in
--	--	--	--	--	--	Transfers out
--	--	--	--	--	--	Leases issued
--	--	10,017	--	--	--	Total other financing sources (uses)
(17)	57	285	585	461	(136)	Net change in fund balances
441	2,915	352	--	4,220	3,301	Fund balances - beginning
$ 424	$ 2,972	$ 637	$ 585	$ 4,681	$ 3,165	Fund balances - ending

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Special Revenue					
	Planning & Development	Tobacco Settlement	Tidelands	Refugio Environmental	County Service Areas	Community Facilities Districts
Revenues						
Taxes	$ --	$ --	$ --	$ --	$ 1,766	$ 958
Licenses, permits, and franchises	13,270	--	--	--	--	--
Fines, forfeitures, and penalties	30	--	--	--	--	--
Use of money and property	(191)	(263)	--	--	(149)	(24)
Intergovernmental	--	--	--	--	6	--
Charges for services	819	--	--	--	573	--
Other	260	4,820	--	--	--	--
Total revenues	14,188	4,557	--	--	2,196	934
Expenditures						
Current:						
Public safety	--	--	--	--	--	--
Health & human services	--	--	--	--	--	--
Community resources & public facilities	17,437	--	--	--	956	225
General government & support services	--	--	--	--	--	--
General county programs	--	54	--	--	--	--
Debt service:	--	--				
Principal	--	--	--	--	--	--
Interest	--	--	--	--	--	--
Total expenditures	17,437	54	--	--	956	225
Excess (deficiency) of revenues over (under) expenditures	(3,249)	4,503	--	--	1,240	709
Other financing sources (uses)						
Transfers in	2,406	--	--	--	--	--
Transfers out	(192)	(4,055)	--	--	(1,426)	(634)
Leases issued	--	--	--	--	--	--
Total other financing sources (uses)	2,214	(4,055)	--	--	(1,426)	(634)
Net change in fund balances	(1,035)	448	--	--	(186)	75
Fund balances - beginning	4,930	8,271	276	11	4,897	716
Fund balances - ending	$ 3,895	$ 8,719	$ 276	$ 11	$ 4,711	$ 791

	Special Revenue				Permanent	Debt Service	
	Lighting Districts	Sandyland Seawall Maintenance District	Water Agency	Special Revenue Total	Oak Restoration	Santa Barbara County Finance Corporation	Total Nonmajor Governmental Funds
Revenues							
Taxes	$ 625	$ --	$ 3,627	$ 6,976	$ --	$ --	$ 6,976
Licenses, permits, and franchises	--	--	2	13,681	--	--	13,681
Fines, forfeitures, and penalties	--	--	--	2,788	--	--	2,788
Use of money and property	(18)	(23)	(445)	(1,355)	(22)	(75)	(1,452)
Intergovernmental	2	--	3,012	24,233	--	1,373	25,606
Charges for services	--	--	54	7,602	--	--	7,602
Other	--	5	1	8,323	--	--	8,323
Total revenues	609	(18)	6,251	62,248	(22)	1,298	63,524
Expenditures							
Current:							
Public safety	--	--	--	16,767	--	--	16,767
Health & human services	--	--	--	21,252	--	--	21,252
Community resources & public facilities	571	10	6,787	26,678	(1)	--	26,677
General government & support services	--	--	--	4,218	--	--	4,218
General county programs	--	--	--	54	--	10	64
Debt service:							
Principal	--	--	--	146	--	2,655	2,801
Interest	--	--	--	9	--	1,407	1,416
Total expenditures	571	10	6,787	69,124	(1)	4,072	73,195
Excess (deficiency) of revenues over (under) expenditures	38	(28)	(536)	(6,876)	(21)	(2,774)	(9,671)
Other financing sources (uses)							
Transfers in	--	--	777	13,994	--	2,695	16,689
Transfers out	--	--	(28)	(6,380)	--	--	(6,380)
Leases issued	--	--	--	248	--	--	248
Total other financing sources (uses)	--	--	749	7,862	--	2,695	10,557
Net change in fund balances	38	(28)	213	986	(21)	(79)	886
Fund balances - beginning	510	776	13,647	52,000	763	1,518	54,281
Fund balances - ending	$ 548	$ 748	$ 13,860	$ 52,986	$ 742	$ 1,439	$ 55,167

COUNTY OF SANTA BARBARA, CALIFORNIA
FISH AND GAME SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 8	$ 8	$ 41	$ 33
Use of money and property	1	(27)	(24)	3
Total revenues	9	(19)	17	36
Expenditures				
Current:				
Community resources & public facilities	25	25	18	7
Total expenditures	25	25	18	7
Deficiency of revenues under expenditures	(16)	(44)	(1)	43
Net change in fund balances	(16)	(44)	(1)	43
Fund balances - beginning	779	779	779	--
Fund balances - ending	$ 763	$ 735	$ 778	$ 43

COUNTY OF SANTA BARBARA, CALIFORNIA
PETROLEUM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Licenses, permits, and franchises	$ 11	$ 11	$ 1	$ (10)
Fines, forfeitures, and penalties	10	10	--	(10)
Use of money and property	2	(31)	(29)	2
Charges for services	603	603	578	(25)
Total revenues	626	593	550	(43)
Expenditures				
Current:				
Community resources & public facilities	676	676	368	308
Total expenditures	676	676	368	308
Excess (deficiency) of revenues over (under) expenditures	(50)	(83)	182	265
Net change in fund balances	(50)	(83)	182	265
Fund balances - beginning	748	748	748	--
Fund balances - ending	$ 698	$ 665	$ 930	$ 265

COUNTY OF SANTA BARBARA, CALIFORNIA
CLERK-RECORDER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Licenses, permits, and franchises	$ 298	$ 393	$ 408	$ 15
Fines, forfeitures, and penalties	7	7	10	3
Use of money and property	--	(168)	(148)	20
Charges for services	2,879	3,135	3,253	118
Other	3	3	9	6
Total revenues	3,187	3,370	3,532	162
Expenditures				
Current:				
General government & support services	3,596	3,341	3,061	280
General county programs	--	--	--	--
Total expenditures	3,596	3,341	3,061	280
Excess (deficiency) of revenues over (under) expenditures	(409)	29	471	442
Other financing sources (uses)				
Transfers in	88	88	--	(88)
Transfers out	--	(45)	(45)	--
Total other financing sources (uses)	88	43	(45)	(88)
Net change in fund balances	(321)	72	426	354
Fund balances - beginning	4,284	4,284	4,284	--
Fund balances - ending	$ 3,963	$ 4,356	$ 4,710	$ 354

COUNTY OF SANTA BARBARA, CALIFORNIA
SPECIAL AVIATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ --	$ 1	$ --	$ (1)
Intergovernmental	1,730	2,651	808	(1,843)
Total revenues	1,730	2,652	808	(1,844)
Expenditures				
Current:				
General government & support services	1,730	2,651	1,157	1,494
Total expenditures	1,730	2,651	1,157	1,494
Excess (deficiency) of revenues over (under) expenditures	--	1	(349)	(350)
Net change in fund balances	--	1	(349)	(350)
Fund balances - beginning	166	166	166	--
Fund balances - ending	$ 166	$ 167	$ (183)	$ (350)

COUNTY OF SANTA BARBARA, CALIFORNIA
IN-HOME SUPPORTIVE SERVICES (IHSS) PUBLIC AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ --	$ (47)	$ (45)	$ 2
Intergovernmental	11,141	11,141	11,317	176
Total revenues	11,141	11,094	11,272	178
Expenditures				
Current:				
Health & human services	12,230	12,230	12,067	163
Total expenditures	12,230	12,230	12,067	163
Deficiency of revenues under expenditures	(1,089)	(1,136)	(795)	341
Other financing sources				
Transfers in	1,089	1,089	794	(295)
Total other financing sources	1,089	1,089	794	(295)
Net change in fund balances	--	(47)	(1)	46
Fund balances - beginning	22	22	22	--
Fund balances - ending	$ 22	$ (25)	$ 21	$ 46

COUNTY OF SANTA BARBARA, CALIFORNIA
CHILD SUPPORT SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ 3	$ (28)	$ (27)	$ 1
Intergovernmental	9,001	9,696	9,088	(608)
Total revenues	9,004	9,668	9,061	(607)
Expenditures				
Current:				
Health & human services	9,075	9,793	9,185	608
Debt service:				
Principal	--	146	146	--
Interest	--	9	9	--
Total expenditures	9,075	9,948	9,340	608
Deficiency of revenues under expenditures	(71)	(280)	(279)	1
Other financing sources				
Leases issued	--	248	248	--
Total other financing sources	--	248	248	--
Net change in fund balances	(71)	(32)	(31)	1
Fund balances - beginning	738	738	738	--
Fund balances - ending	$ 667	$ 706	$ 707	$ 1

COUNTY OF SANTA BARBARA, CALIFORNIA
FISHERMEN ASSISTANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ 3	$ (11)	$ (13)	$ (2)
Other	12	12	--	(12)
Total revenues	15	1	(13)	(14)
Expenditures				
Current:				
Community resources & public facilities	43	43	4	39
Total expenditures	43	43	4	39
Deficiency of revenues under expenditures	(28)	(42)	(17)	25
Net change in fund balances	(28)	(42)	(17)	25
Fund balances - beginning	441	441	441	--
Fund balances - ending	$ 413	$ 399	$ 424	$ 25

COUNTY OF SANTA BARBARA, CALIFORNIA
COASTAL RESOURCES ENHANCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ 10	$ (93)	$ (90)	$ 3
Other	450	450	449	(1)
Total revenues	460	357	359	2
Expenditures				
Current:				
Community resources & public facilities	1,647	1,647	302	1,345
Total expenditures	1,647	1,647	302	1,345
Excess (deficiency) of revenues over (under) expenditures	(1,187)	(1,290)	57	1,347
Net change in fund balances	(1,187)	(1,290)	57	1,347
Fund balances - beginning	2,915	2,915	2,915	--
Fund balances - ending	$ 1,728	$ 1,625	$ 2,972	$ 1,347

COUNTY OF SANTA BARBARA, CALIFORNIA
COURT ACTIVITIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 1,280	$ 1,569	$ 1,503	$ (66)
Use of money and property	15	10	54	44
Charges for services	2,478	2,478	2,325	(153)
Other	1,370	1,370	1,169	(201)
Total revenues	5,143	5,427	5,051	(376)
Expenditures				
Current:				
Public safety	15,152	15,152	14,783	369
Total expenditures	15,152	15,152	14,783	369
Deficiency of revenues under expenditures	(10,009)	(9,725)	(9,732)	(7)
Other financing sources				
Transfers in	10,017	10,017	10,017	--
Total other financing sources	10,017	10,017	10,017	--
Net change in fund balances	8	292	285	(7)
Fund balances - beginning	352	352	352	--
Fund balances - ending	$ 360	$ 644	$ 637	$ (7)

COUNTY OF SANTA BARBARA, CALIFORNIA
CRIMINAL JUSTICE CONSTRUCTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 450	$ 610	$ 602	$ (8)
Use of money and property	--	(19)	(17)	2
Total revenues	450	591	585	(6)
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	450	591	585	(6)
Net change in fund balances	450	591	585	(6)
Fund balances - beginning	--	--	--	--
Fund balances - ending	$ 450	$ 591	$ 585	$ (6)

COUNTY OF SANTA BARBARA, CALIFORNIA
COURTHOUSE CONSTRUCTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 450	$ 595	$ 602	$ 7
Use of money and property	30	(131)	(141)	(10)
Total revenues	480	464	461	(3)
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	480	464	461	(3)
Net change in fund balances	480	464	461	(3)
Fund balances - beginning	4,220	4,220	4,220	--
Fund balances - ending	$ 4,700	$ 4,684	$ 4,681	$ (3)

COUNTY OF SANTA BARBARA, CALIFORNIA
INMATE WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ 588	$ 490	$ 238	$ (252)
Other	1,427	1,427	1,610	183
Total revenues	2,015	1,917	1,848	(69)
Expenditures				
Current:				
Public safety	2,275	2,515	1,984	531
Total expenditures	2,275	2,515	1,984	531
Deficiency of revenues under expenditures	(260)	(598)	(136)	462
Net change in fund balances	(260)	(598)	(136)	462
Fund balances - beginning	3,301	3,301	3,301	--
Fund balances - ending	$ 3,041	$ 2,703	$ 3,165	$ 462

COUNTY OF SANTA BARBARA, CALIFORNIA
PLANNING & DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Licenses, permits, and franchises	$ 14,130	$ 14,130	$ 13,270	$ (860)
Fines, forfeitures, and penalties	20	20	30	10
Use of money and property	--	(115)	(191)	(76)
Charges for services	4,100	4,100	819	(3,281)
Other	407	507	260	(247)
Total revenues	18,657	18,642	14,188	(4,454)
Expenditures				
Current:				
Community resources & public facilities	21,771	22,436	17,437	4,999
Total expenditures	21,771	22,436	17,437	4,999
Deficiency of revenues under expenditures	(3,114)	(3,794)	(3,249)	545
Other financing sources (uses)				
Transfers in	2,779	3,003	2,406	(597)
Transfers out	(905)	(905)	(192)	713
Total other financing sources (uses)	1,874	2,098	2,214	116
Net change in fund balances	(1,240)	(1,696)	(1,035)	661
Fund balances - beginning	4,930	4,930	4,930	--
Fund balances - ending	$ 3,690	$ 3,234	$ 3,895	$ 661

COUNTY OF SANTA BARBARA, CALIFORNIA
TOBACCO SETTLEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ 120	$ (184)	$ (263)	$ (79)
Other	4,350	4,372	4,820	448
Total revenues	4,470	4,188	4,557	369
Expenditures				
Current:				
Community resources & public facilities	--	--	--	--
General county programs	53	53	54	(1)
Total expenditures	53	53	54	(1)
Excess of revenues over expenditures	4,417	4,135	4,503	368
Other financing uses				
Transfers out	(4,228)	(4,249)	(4,055)	194
Total other financing uses	(4,228)	(4,249)	(4,055)	194
Net change in fund balances	189	(114)	448	562
Fund balances - beginning	8,271	8,271	8,271	--
Fund balances - ending	$ 8,460	$ 8,157	$ 8,719	$ 562

COUNTY OF SANTA BARBARA, CALIFORNIA
TIDELANDS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Total revenues	$ --	$ --	$ --	$ --
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	--	--	--	--
Net change in fund balances	--	--	--	--
Fund balances - beginning	276	276	276	--
Fund balances - ending	$ 276	$ 276	$ 276	$ --

COUNTY OF SANTA BARBARA, CALIFORNIA
REFUGIO ENVIRONMENTAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Total revenues	$ --	$ --	$ --	$ --
Expenditures				
Total expenditures	--	--	--	--
Excess of revenues over expenditures	--	--	--	--
Net change in fund balances	--	--	--	--
Fund balances - beginning	11	11	11	--
Fund balances - ending	$ 11	$ 11	$ 11	$ --

COUNTY OF SANTA BARBARA, CALIFORNIA
COUNTY SERVICE AREAS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Taxes	$ 1,609	$ 1,623	$ 1,766	$ 143
Use of money and property	31	(143)	(149)	(6)
Intergovernmental	2	2	6	4
Charges for services	543	543	573	30
Total revenues	2,185	2,025	2,196	171
Expenditures				
Current:				
Community resources & public facilities	1,050	1,109	956	153
Total expenditures	1,050	1,109	956	153
Excess of revenues over expenditures	1,135	916	1,240	324
Other financing uses				
Transfers out	(872)	(1,623)	(1,426)	197
Total other financing uses	(872)	(1,623)	(1,426)	197
Net change in fund balances	263	(707)	(186)	521
Fund balances - beginning	4,897	4,897	4,897	--
Fund balances - ending	$ 5,160	$ 4,190	$ 4,711	$ 521

COUNTY OF SANTA BARBARA, CALIFORNIA
COMMUNITY FACILITIES DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Taxes	$ 827	$ 827	$ 958	$ 131
Use of money and property	11	(16)	(24)	(8)
Total revenues	838	811	934	123
Expenditures				
Current:				
Community resources & public facilities	212	254	225	29
Total expenditures	212	254	225	29
Excess of revenues over expenditures	626	557	709	152
Other financing uses				
Transfers out	(638)	(638)	(634)	4
Total other financing uses	(638)	(638)	(634)	4
Net change in fund balances	(12)	(81)	75	156
Fund balances - beginning	716	716	716	--
Fund balances - ending	$ 704	$ 635	$ 791	$ 156

COUNTY OF SANTA BARBARA, CALIFORNIA
LIGHTING DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Taxes	$ 582	$ 582	$ 625	$ 43
Use of money and property	7	(13)	(18)	(5)
Intergovernmental	3	3	2	(1)
Total revenues	592	572	609	37
Expenditures				
Current:				
Community resources & public facilities	596	596	571	25
Total expenditures	596	596	571	25
Excess (deficiency) of revenues over (under) expenditures	(4)	(24)	38	62
Net change in fund balances	(4)	(24)	38	62
Fund balances - beginning	510	510	510	--
Fund balances - ending	$ 506	$ 486	$ 548	$ 62

COUNTY OF SANTA BARBARA, CALIFORNIA
SANDYLAND SEAWALL MAINTENANCE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ 13	$ (13)	$ (23)	$ (10)
Other	--	--	5	5
Total revenues	13	(13)	(18)	(5)
Expenditures				
Current:				
Community resources & public facilities	175	175	10	165
Total expenditures	175	175	10	165
Deficiency of revenues under expenditures	(162)	(188)	(28)	160
Net change in fund balances	(162)	(188)	(28)	160
Fund balances - beginning	776	776	776	--
Fund balances - ending	$ 614	$ 588	$ 748	$ 160

COUNTY OF SANTA BARBARA, CALIFORNIA
WATER AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Taxes	$ 3,267	$ 3,267	$ 3,627	$ 360
Licenses, permits, and franchises	1	1	2	1
Use of money and property	110	(400)	(445)	(45)
Intergovernmental	4,108	4,108	3,012	(1,096)
Charges for services	30	30	54	24
Other	--	--	1	1
Total revenues	7,516	7,006	6,251	(755)
Expenditures				
Current:				
Community resources & public facilities	9,073	10,920	6,787	4,133
Total expenditures	9,073	10,920	6,787	4,133
Deficiency of revenues under expenditures	(1,557)	(3,914)	(536)	3,378
Other financing sources (uses)				
Transfers in	622	2,003	777	(1,226)
Transfers out	(50)	(50)	(28)	22
Total other financing sources, net	572	1,953	749	(1,204)
Net change in fund balances	(985)	(1,961)	213	2,174
Fund balances - beginning	13,647	13,647	13,647	--
Fund balances - ending	$ 12,662	$ 11,686	$ 13,860	$ 2,174

COUNTY OF SANTA BARBARA, CALIFORNIA
OAK RESTORATION PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ --	$ (6)	$ (22)	$ (16)
Total revenues	--	(6)	(22)	(16)
Expenditures				
Current:				
Community resources & public facilities	--	--	(1)	1
Total expenditures	--	--	(1)	1
Deficiency of revenues under expenditures	--	(6)	(21)	(15)
Net change in fund balances	--	(6)	(21)	(15)
Fund balances - beginning	763	763	763	--
Fund balances - ending	$ 763	$ 757	$ 742	$ (15)

COUNTY OF SANTA BARBARA, CALIFORNIA
SANTA BARBARA COUNTY FINANCE CORPORATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary Basis	Final Budget
Revenues				
Use of money and property	$ 30	$ --	$ (75)	$ (75)
Intergovernmental	1,374	1,374	1,373	(1)
Total revenues	1,404	1,374	1,298	(76)
Expenditures				
Current:				
General county programs	61	61	10	51
Debt service:				
Principal	2,655	2,655	2,655	--
Interest	1,408	1,408	1,407	1
Total expenditures	4,124	4,124	4,072	52
Deficiency of revenues under expenditures	(2,720)	(2,750)	(2,774)	(24)
Other financing sources				
Transfers in	2,700	2,700	2,695	(5)
Total other financing sources	2,700	2,700	2,695	(5)
Net change in fund balances	(20)	(50)	(79)	(29)
Fund balances - beginning	1,518	1,518	1,518	--
Fund balances - ending	$ 1,498	$ 1,468	$ 1,439	$ (29)

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for services furnished to the County and various other governmental agencies. They are exempt from legal compliance for budgetary control and follow commercial accounting principles for a determination of operating, rather than budgetary, results. Their major source of revenue consists of charges to user departments for services rendered. These charges are based upon standard rates calculated on an estimated cost recovery basis. A more detailed description of the funds established and used by the County follows:

Information Technology Services

This fund provides enterprise information technology services to County departments and various other governmental agencies. Four lines of service are supported: Network and Security, Infrastructure, Desktop Support, and Enterprise Applications. Costs are allocated to all users based upon utilization factors for each service and are designed to recover costs of each system. Profits or losses are carried forward and used to adjust allocations in subsequent years. Costs of operating the fund include personnel, supplies, utilities, maintenance, and depreciation of equipment.

Vehicle Operations and Maintenance

This fund provides for the maintenance, servicing and repair of County vehicles. Rental rates, which include the cost of gas, oil, maintenance, replacement of equipment and personnel costs, are charged to the user department to support the vehicle program. Vehicles are replaced based on mileage and age criteria which varies per class of vehicle; new additions to the vehicle fleet are provided through the Garage Equipment and Motor Pool budgets of the General Fund and through contributions from other funds.

Risk Management and Insurance

This column combines the County's three self-insurance funds - Dental, General Liability, and Unemployment – and the County's Workers' Compensation fund.

Dental Self-Insurance

This fund provides for the payment of dental expenses incurred by County employees, eligible dependents and retirees who are part of the self-funded plan. This fund does not account for employees or retirees on the Dental Net, Prudential or Firefighter health plans. Professional administrators process all claims and make payments to claimants based on a payment schedule of medical and dental benefits. The fund reimburses the claims administrator for the payment of claims plus a fee for administration and participation in a prescription drug program. Additionally, the County contracts with a preferred provider organization for reduced fees from member dental service providers, physicians, and other specialists. The County contributes towards the cost of employee coverage through departmental budgets; the employee pays any remaining employee or dependent coverage.

General Liability Self-Insurance

This fund provides for payment of self-insured general liability and automobile liability claims, excess insurance, claims adjusting services, litigation costs, and administrative services. The County is self-insured to $500 per occurrence for losses occurring prior to July 1, 2021 and is self-insured to $750 for losses beginning on July 1, 2021 going forward. The County purchases additional excess liability coverage above the County's self-insured retention through a PRISM program.

In addition, the fund provides for payment of various property insurance. Building and contents insurance is allocated to the departments based upon their relative occupancy of a given building. Nearly all structures have been appraised for insurance purposes by an outside appraiser. The County's vehicle and equipment insurance is purchased by the fund and allocated to the Vehicle Operations Fund which then further allocates it to the departments based upon their vehicle usage. Other insurance, such as aviation, pollution, cyber and crime bond is also purchased by the fund and allocated to the user departments.

Beginning in fiscal year 2018-19, the Medical Malpractice Plan was brought into the County General Liability fund. This plan purchases primary insurance coverage for medical malpractice and general liability losses which arise from the operations of Public Health Departments, for claim investigation services, legal fees and payment of claims, subject to a $10 deductible.

Contributions are made by participating County departments and funds based on past claims experience and appropriate risk factors

Unemployment Self-Insurance

State law requires the County to maintain unemployment insurance. The County has elected to be self-insured and has established this fund for the payment of unemployment insurance claims by County employees, which have been processed and approved by the State Employment Development Department. Each department has been charged a percentage of its gross payroll for the establishment of a general reserve for this program and to provide for claim payments.

Workers' Compensation Fund

This fund allocates the premiums and Workers' Compensation Program management expenses to all departments. The County purchases workers' compensation primary insurance through PRISM (formerly CSAC – Excess Insurance Authority). The County departmental rates are approved by the Risk Management Evaluation Team (RMET) consisting of representatives from the Risk Management Division, County Executive Office, Auditor-Controller, and County Counsel.

Communications Services

This fund provides communication services to County departments and various other governmental agencies. Telephone, radio and audio-visual systems are maintained. Costs are billed from a standard price schedule which is periodically adjusted to reflect cost changes and are designed to recover costs of each system. Profits or losses are carried forward and used to adjust allocations in subsequent years. Costs of operating the fund include personnel, supplies, utilities, maintenance, and depreciation of equipment.

Utilities

This fund provides for payment of Countywide utility costs. Utility costs are allocated to various County departments based on their energy consumption. Charging County departments for their energy usage fosters awareness and accountability related to energy costs and savings.

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2022 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi-cations Services	Utilities	Total
Assets						
Current assets:						
Cash and investments (Note 3)	$ 8,781	$ 25,236	$ 18,100	$ 11,825	$ 1,352	$ 65,294
Accounts receivable, net:						
Use of money and property	15	39	30	20	2	106
Charges for services	8	(1)	75	--	14	96
Inventories	--	246	--	110	--	356
Prepaid items	--	--	92	--	--	92
Total current assets	8,804	25,520	18,297	11,955	1,368	65,944
Noncurrent assets:						
Other receivables	--	--	273	--	107	380
Restricted cash and investments (Note 4)	--	10	--	--	--	10
Capital assets, not being depreciated/amortized	--	--	--	639	--	639
Capital assets, net of accumulated depreciation/amortization (Note 6)	3,694	21,871	3	3,963	2,231	31,762
Total noncurrent assets	3,694	21,881	276	4,602	2,338	32,791
Total assets	12,498	47,401	18,573	16,557	3,706	98,735
Deferred outflows of resources						
Deferred pensions (Note 18)	1,722	787	339	453	64	3,365
Deferred OPEB (Note 19)	153	51	25	45	6	280
Total deferred outflows of resources	1,875	838	364	498	70	3,645
Liabilities						
Current liabilities:						
Accounts payable	292	132	1,206	28	3	1,661
Salaries and benefits payable	320	141	46	66	--	573
Advances from grantors and third parties (Note 8)	--	--	583	--	--	583
Compensated absences (Note 10)	345	148	126	100	18	737
Other short - term liabilities	--	--	283	--	--	283
Bonds and notes payable (Note 10)	--	--	--	--	432	432
Liability for self-insurance claims (Note 11)	--	--	5,313	--	--	5,313
Total current liabilities	957	421	7,557	194	453	9,582
Noncurrent liabilities:						
Compensated absences (Note 10)	128	49	13	24	--	214
Bonds and notes payable (Note 10)	--	--	--	--	1,939	1,939
Liability for self-insurance claims (Note 11)	--	--	7,646	--	--	7,646
Net pension liability (Note 18)	3,422	1,564	673	901	128	6,688
Net OPEB liability (Note 19)	876	291	144	257	37	1,605
Total noncurrent liabilities	4,426	1,904	8,476	1,182	2,104	18,092
Total liabilities	5,383	2,325	16,033	1,376	2,557	27,674
Deferred inflows of resources						
Deferred pensions (Note 18)	2,807	1,283	552	739	105	5,486
Deferred OPEB (Note 19)	90	30	15	27	4	166
Total deferred inflows of resources	2,897	1,313	567	766	109	5,652
Net position						
Net investment in capital assets	3,694	21,871	3	4,602	(140)	30,030
Unrestricted	2,399	22,730	2,334	10,311	1,250	39,024
Total net position	$ 6,093	$ 44,601	$ 2,337	$ 14,913	$ 1,110	$ 69,054

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi-cations Services	Utilities	Total
Operating revenues						
Charges for services	$ 13,144	$ 13,145	$ 40,032	$ 6,218	$ 7,213	$ 79,752
Self-insurance recovery	--	--	1,926	--	--	1,926
Other operating revenues	318	80	--	15	51	464
Total operating revenues	13,462	13,225	41,958	6,233	7,264	82,142
Operating expenses						
Salaries and benefits	4,844	2,064	717	697	175	8,497
Services and supplies	6,148	6,735	29,023	2,446	6,723	51,075
Self-insurance claims	--	--	8,909	--	--	8,909
Contractual services	270	16	312	235	12	845
Depreciation and amortization	1,436	3,309	--	974	376	6,095
County overhead allocation	339	261	2,810	130	2	3,542
Total operating expenses	13,037	12,385	41,771	4,482	7,288	78,963
Operating income (loss)	425	840	187	1,751	(24)	3,179
Non-operating revenues (expenses)						
Use of money and property	(267)	(771)	(542)	(203)	(42)	(1,825)
Interest expense	--	--	--	--	(82)	(82)
Gain on sale of capital assets	--	269	--	5	--	274
Other non-operating revenues (expenses)	70	9	99	8	351	537
Total non-operating revenues (expenses)	(197)	(493)	(443)	(190)	227	(1,096)
Income (loss) before transfers	228	347	(256)	1,561	203	2,083
Transfers in	--	1,351	--	--	--	1,351
Total transfers in, net	--	1,351	--	--	--	1,351
Change in net position	228	1,698	(256)	1,561	203	3,434
Total net position - beginning	5,865	42,903	2,593	13,352	907	65,620
Total net position - ending	$ 6,093	$ 44,601	$ 2,337	$ 14,913	$ 1,110	$ 69,054

COUNTY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

	Information Technology Services	Vehicle Operations and Maintenance	Risk Management and Insurance	Communi-cations Services	Utilities	Total
Cash flows from operating activities						
Receipts from interfund services provided	$ 13,453	$ 13,228	$ 40,030	$ 6,232	$ 7,264	$ 80,207
Receipts from self-insurance recovery	--	--	1,926	--	--	1,926
Payments to employees	(5,364)	(2,442)	(527)	(1,465)	(221)	(10,019)
Payments to suppliers	(6,571)	(6,930)	(29,338)	(2,820)	(6,782)	(52,441)
Payments for self-insurance claims	--	--	(7,727)	--	--	(7,727)
County overhead allocation payments (to) from the General Fund	(339)	(261)	(2,810)	(130)	(2)	(3,542)
Other receipts	70	9	99	8	351	537
Net cash provided by operating activities	1,249	3,604	1,653	1,825	610	8,941
Cash flows from noncapital financing activities						
Transfers from other funds	--	1,351	--	--	--	1,351
Net cash provided by noncapital financing activities	--	1,351	--	--	--	1,351
Cash flows from capital and related financing activities						
Purchase of capital assets	(107)	(5,500)	--	(792)	--	(6,399)
Proceeds from sale of capital assets	--	382	--	5	--	387
Principal paid on bonds and notes payable	--	--	--	--	(427)	(427)
Interest paid on bonds and notes payable	--	--	--	--	(82)	(82)
Net cash used by capital and related financing activities	(107)	(5,118)	--	(787)	(509)	(6,521)
Cash flows from investing activities						
Use of money and property received	28	93	67	199	5	392
Changes in fair value of investments	(304)	(879)	(624)	(411)	(47)	(2,265)
Net cash used by investing activities	(276)	(786)	(557)	(212)	(42)	(1,873)
Net change in cash and cash equivalents	866	(949)	1,096	826	59	1,898
Cash and cash equivalents - beginning	7,915	26,195	17,004	10,999	1,293	63,406
Cash and cash equivalents - ending	$ 8,781	$ 25,246	$ 18,100	$ 11,825	$ 1,352	$ 65,304
Reconciliation of cash and cash equivalents to the Statement of Net Position						
Cash and investments per Statement of Net Position	$ 8,781	$ 25,236	$ 18,100	$ 11,825	$ 1,352	$ 65,294
Restricted cash and investments per Statement of Net Position	--	10	--	--	--	10
Total cash and cash equivalents per Statement of Net Position	$ 8,781	$ 25,246	$ 18,100	$ 11,825	$ 1,352	$ 65,304
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	$ 425	$ 840	$ 187	$ 1,751	$ (24)	$ 3,179
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,436	3,309	--	974	376	6,095
Other non-operating revenue	70	9	99	8	351	537
Changes in assets, deferred inflows of resources, liabilities, and deferred outflows of resources:						
Accounts and other receivables	(8)	3	(2)	--	--	(7)
Inventories	--	(130)	--	--	--	(130)
Prepaid items	--	--	(92)	--	--	(92)
Accounts payable	(153)	(49)	89	(139)	(47)	(299)
Salaries and benefits payable	(521)	(378)	190	(769)	(46)	(1,524)
Liability for self-insurance claims	--	--	1,182	--	--	1,182
Net cash provided by operating activities	$ 1,249	$ 3,604	$ 1,653	$ 1,825	$ 610	$ 8,941
Noncash investing, capital, and financing activities	$ --	$ --	$ --	$ --	$ --	$ --

Fiduciary Funds

Fiduciary funds are custodial in nature and account for assets held on behalf of others.

PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS

Account for the activities of the County's portion of the SBCERS pension plans and Other Postemployment Benefits Trust Funds, which accumulate resources for pension and other postemployment benefit payments to qualified beneficiaries.

SBCERS Pension Trust Fund

Accounts for the resources accumulated for the County's portion of the SBCERS pension plans.

Other Postemployment Benefits Trust Fund

Accounts for the resources accumulated for the County's postemployment healthcare for qualified beneficiaries.

CUSTODIAL FUNDS

Account for assets which are held for other governmental agencies or individuals by the County in a custodial capacity.

Unapportioned Collections

Accounts for property taxes held pending authority for apportionment

State and City Revenue Funds

Temporarily holds various fees, fines, and penalties collected by the County departments for the State of California or various cities in Santa Barbara County, which are passed through to these entities.

Public Administrator/Public Guardian Funds

Accounts for assets held by the County for dependents who have no known relatives who are willing to administer their estate or for County residents who have lost the ability to care for themselves and have no one else available to care for them.

Other Custodial Funds

Accounts for other assets held in a custodial capacity.

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS
June 30, 2022 (in thousands)

	Other Postemployment Pension Trust Fund (1)	Other Postemployment Benefits Trust Fund (1)	Total Pension and Other Postemployment Employee Benefits Trust Funds (1)
Assets			
Other cash and cash equivalents (Note 3)	$ 19,177	$ --	$ 19,177
Collateral held for securities lent	13,609	--	13,609
Short-term investments	49,391	4,100	53,491
Total other cash and cash equivalents	82,177	4,100	86,277
Investments:			
Private equity	493,546	--	493,546
Domestic equity	761,791	27,687	789,478
Core fixed income	592,979	18,171	611,150
Developed markets non-US equity	406,768	--	406,768
Emerging market equity	318,037	--	318,037
Non-core fixed income	287,020	--	287,020
Private credit	90,111	--	90,111
Real assets/real return	604,896	--	604,896
Real estate	348,687	--	348,687
Total Investments	3,903,835	45,858	3,949,693
Prepaids and receivables			
Prepaid assets	3,402	--	3,402
Contributions	8,980	650	9,630
Accrued interest	2,151	11	2,162
Dividends	3,812	--	3,812
Security sales	24,097	--	24,097
Total prepaids and receivables	42,442	661	43,103
Total assets	4,028,454	50,619	4,079,073
Liabilities			
Accounts payable	686	50	736
Collateral held for securities lent	13,609	--	13,609
Benefits payable	14,083	--	14,083
Security purchases	9,177	4,100	13,277
Total liabilities	37,555	4,150	41,705
Net position			
Restricted for:			
Pensions	3,990,899	--	3,990,899
Postemployment benefits other than pensions	--	46,469	46,469
Total net position	$ 3,990,899	$ 46,469	$ 4,037,368

(1) The June 30, 2022 information was not readily available at the time of issuance so that June 30, 2021 information has been presented.

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

Other Postemployment	SBCERS Pension Trust Fund (1)	Other Postemployment Benefits Trust Fund (1)	Total Pension and Other Postemployment Employee Benefits Trust Funds (1)
Additions			
Contributions			
Employers	$ 150,093	$ 14,668	$ 164,761
Plan members	35,520	--	35,520
Total Contributions	185,613	14,668	200,281
Investment income			
Net increase in the fair value of investments	801,308	7,975	809,283
Interest	9,885	48	9,933
Dividends	26,586	--	26,586
Total investment income	837,779	8,023	845,802
Less investment expense	(15,434)	--	(15,434)
Net investment income	822,345	8,023	830,368
Securities lent income	97	--	97
Securities lent expense			
Borrower rebates	141	--	141
Management fees	(59)	--	(59)
Net securities income	179	--	179
Class action settlements	16	--	16
Commission recapture	3	--	3
Miscellaneous income	165	416	581
Total miscellaneous income	184	416	600
Total additions	1,008,321	23,107	1,031,428
Deductions			
Benefits	204,081	9,250	213,331
Member withdrawals	1,578	--	1,578
Administrative expense	5,695	224	5,919
Total deductions	211,354	9,474	220,828
Net increase in fiduciary net position	796,967	13,633	810,600
Net position - beginning	--	--	--
Prior period adjustment (Pension / OPEB only)	3,193,932	32,836	3,226,768
Net position - beginning, as restated	3,193,932	32,836	3,226,768
Net position - ending	$ 3,990,899	$ 46,469	$ 4,037,368

(1) The June 30, 2022 information was not readily available at the time of issuance so that June 30, 2021 information has been presented.

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
June 30, 2022 (in thousands)

	Other Postemployment Unapportioned Collections	State and City Revenue Funds	Public Administrator/ Public Guardian Funds	Other Custodial Funds	Total Custodial Funds
Assets					
Cash and investments (Note 3)	$ 25,437	$ 2,655	$ 898	$ 649	$ 29,639
Other Receivables	155	3	1	--	159
Total assets	25,592	2,658	899	649	29,798
Liabilities					
Total liabilities	--	--	--	--	--
Net position					
Restricted for:					
Individuals, organizations, and other governments	25,592	2,658	899	649	29,798
Total net position	$ 25,592	$ 2,658	$ 899	$ 649	$ 29,798

COUNTY OF SANTA BARBARA, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED June 30, 2022 (in thousands)

Other Postemployment	Unapportioned Collections	State and City Revenue Funds	Public Administrator/ Public Guardian Funds	Other Custodial Funds	Total Custodial Funds
Additions					
Contributions to pooled investments	$ --	$ --	$ 25	$ 2,357	$ 2,382
Property tax collections	3,775,351	--	--	--	3,775,351
Other taxes and fees collected for other governments	--	38,210	--	--	38,210
Net investment losses	(197)	(76)	(24)	(3)	(300)
Total additions	3,775,154	38,134	1	2,354	3,815,643
Deductions					
Beneficiary payments	--	--	47	2,872	2,919
Property tax distributions	3,768,775	--	--	--	3,768,775
Payments to other governments	--	38,590	--	--	38,590
Total deductions	3,768,775	38,590	47	2,872	3,810,284
Net increase (decrease) in fiduciary net position	6,379	(456)	(46)	(518)	5,359
Net position - beginning	19,213	3,114	945	1,167	24,439
Net position - ending	$ 25,592	$ 2,658	$ 899	$ 649	$ 29,798

STATISTICAL SECTION

COUNTY OF SANTA BARBARA
CALIFORNIA

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the Annual Comprehensive Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the County's economic condition.

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Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

COUNTY OF SANTA BARBARA, CALIFORNIA
NET POSITION BY CATEGORY (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Governmental activities										
Net investment in capital assets	$ 511,144	$ 578,314	$ 588,989	$ 612,548	$ 648,420	$ 692,549	$ 736,255	$ 755,491	$ 782,419	$ 819,198
Restricted for:										
Policy & executive	--	--	--	--	436	716	972	1,164	1,392	1,641
Public safety	19,594	24,107	28,640	38,927	49,093	54,810	62,243	66,293	77,606	77,573
Health & public assistance	33,734	31,005	37,477	35,910	36,411	36,848	48,951	37,386	61,204	88,134
Community resources & public facilities	97,710	103,497	152,739	149,668	154,523	154,848	163,959	187,676	191,632	208,806
General government & support services	3,886	4,951	4,960	5,242	5,804	5,447	6,164	4,833	8,304	7,723
General county programs	14,959	15,596	12,736	16,232	18,352	18,373	20,052	19,405	24,649	10,978
Unrestricted	30,976	62,497	(551,588)	(529,641)	(532,968)	(562,947)	(534,700)	(537,682)	(504,884)	(402,780)
Total governmental activities net position	$ 712,003	$ 819,967	$ 273,953	$ 328,886	$ 380,071	$ 400,644	$ 503,896	$ 534,566	$ 642,322	$ 811,273
Business-Type activities										
Net investment in capital assets	$ 65,806	$ 70,562	$ 73,988	$ 78,188	$ 80,852	$ 83,764	$ 82,723	$ 88,655	$ 98,539	$ 111,953
Unrestricted	21,648	25,191	14,062	19,888	21,326	34,638	45,582	57,723	61,334	60,403
Total business-type activities net position	$ 87,454	$ 95,753	$ 88,050	$ 98,076	$ 102,178	$ 118,402	$ 128,305	$ 146,378	$ 159,873	$ 172,356
Primary government										
Net investment in capital assets	$ 576,950	$ 648,876	$ 662,977	$ 690,736	$ 729,272	$ 776,313	$ 818,978	$ 844,146	$ 880,958	$ 931,151
Restricted for:										
Policy & executive	--	--	--	--	436	716	972	1,164	1,392	1,641
Public safety	19,594	24,107	28,640	38,927	49,093	54,810	62,243	66,293	77,606	77,573
Health & public assistance	33,734	31,005	37,477	35,910	36,411	36,848	48,951	37,386	61,204	88,134
Community resources & public facilities	97,710	103,497	152,739	149,668	154,523	154,848	163,959	187,676	191,632	208,806
General government & support services	3,886	4,951	4,960	5,242	5,804	5,447	6,164	4,833	8,304	7,723
General county programs	14,959	15,596	12,736	16,232	18,352	18,373	20,052	19,405	24,649	10,978
Unrestricted	52,624	87,688	(537,526)	(509,753)	(511,642)	(528,309)	(489,118)	(479,959)	(443,550)	(342,377)
Total primary government net position	$ 799,457	$ 915,720	$ 362,003	$ 426,962	$ 482,249	$ 519,046	$ 632,201	$ 680,944	$ 802,195	$ 983,629

COUNTY OF SANTA BARBARA, CALIFORNIA
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Expenses										
Governmental activities:										
Policy & executive	$ 14,455	$ 14,057	$ 10,721	$ 13,056	$ 14,315	$ 18,938	$ 17,878	$ 19,074	$ 19,661	$ 13,207
Public safety	271,326	282,251	276,688	275,809	314,026	361,703	341,931	376,065	389,249	328,392
Health & public assistance	307,239	319,565	335,132	363,789	364,675	360,185	361,494	397,009	412,050	375,447
Community resources & public facilities	89,382	92,377	88,788	94,254	94,387	110,529	119,654	122,448	147,650	133,562
General government & support services	29,585	33,931	37,766	37,131	37,716	39,023	37,982	46,294	48,950	38,517
General county programs	5,664	3,980	2,462	2,807	2,206	2,514	963	1,819	9,583	46,135
Interest on long-term debt	3,712	3,505	2,651	2,275	2,152	2,024	1,895	1,772	1,619	2,173
Subtotal governmental activities expenses	721,363	749,666	754,208	789,121	829,477	894,916	881,797	964,481	1,028,762	937,433
Business-type activities:										
Resource Recovery	20,529	20,300	26,250	23,017	29,196	24,507	32,819	34,258	34,030	40,528
Laguna Sanitation	6,181	6,176	6,270	5,631	6,822	6,564	7,204	7,356	8,736	8,806
Subtotal business-type activities expenses	26,710	26,476	32,520	28,648	36,018	31,071	40,023	41,614	42,766	49,334
Total expenses	$ 748,073	$ 776,142	$ 786,728	$ 817,769	$ 865,495	$ 925,987	$ 921,820	$ 1,006,095	$ 1,071,528	$ 986,767
Program revenues										
Governmental activities:										
Charges for services										
Health & public assistance	$ --	$ 75,536	$ 86,215	$ 93,580	$ 97,021	$ 94,589	$ 108,234	$ 104,073	$ 113,940	$ 109,439
Public safety	--	73,635	44,118	51,704	55,405	59,746	57,201	55,358	61,308	63,061
Other	--	54,704	54,258	54,348	57,559	61,750	66,119	94,762	67,919	71,895
Operating grants & contributions	325,138	332,533	346,620	349,865	364,316	386,829	416,369	380,748	490,869	498,469
Capital grants & contributions	50	52,352	44	85	3,201	200	58	81	523	144
Subtotal governmental activities	325,188	588,760	531,255	549,582	578,402	603,114	647,981	635,022	734,559	743,008
Business-type activities:										
Charges for services										
Resource Recovery	22,381	23,439	23,184	24,617	26,053	30,721	31,060	38,096	37,263	43,516
Laguna Sanitation	8,662	9,907	11,069	12,377	12,644	13,183	14,091	15,228	14,917	15,396
Operating grants & contributions	1,732	1,038	987	1,150	1,155	1,049	2,437	4,253	3,488	7,406
Subtotal business-type activities	32,775	34,384	35,240	38,144	39,852	44,953	47,588	57,577	55,668	66,318
Total program revenues	$ 357,963	$ 623,144	$ 566,495	$ 587,726	$ 618,254	$ 648,067	$ 695,569	$ 692,599	$ 790,227	$ 809,326
Net (expense) / revenue										
Governmental activities	$ (396,175)	$ (160,906)	$ (222,953)	$ (239,539)	$ (251,075)	$ (291,802)	$ (233,816)	$ (329,459)	$ (294,203)	$ (194,425)
Business-type activities	6,065	7,908	2,720	9,496	3,834	13,882	7,565	15,963	12,902	16,984
Total net expense	$ (390,110)	$ (152,998)	$ (220,233)	$ (230,043)	$ (247,241)	$ (277,920)	$ (226,251)	$ (313,496)	$ (281,301)	$ (177,441)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	$ 227,452	$ 231,247	$ 244,139	$ 254,166	$ 267,613	$ 284,284	$ 290,046	$ 309,150	$ 323,795	$ 343,092
Motor vehicle in-lieu tax	187	155	150	147	167	198	182	--	--	--
Sales taxes	13,527	14,039	15,306	16,332	18,172	18,118	18,995	19,068	21,104	25,664
Transient occupancy tax	6,993	7,539	8,550	9,072	10,068	8,364	10,320	10,182	12,535	16,984
Cannabis tax	--	--	--	--	--	--	6,761	12,182	15,747	8,719
Unrestricted investment earnings	453	1,407	1,661	854	335	753	4,356	3,484	(783)	(9,735)
Transfers	2	(34)	--	(15)	--	36	80	21	(77)	--
Other	8,419	8,100	8,474	9,494	5,905	5,778	5,834	6,042	7,645	6,652
Subtotal governmental activities	257,033	262,453	278,280	290,050	302,260	317,531	336,574	360,129	379,966	391,376
Business-type activities:										
Unrestricted investment earnings	(95)	344	254	416	265	405	2,370	2,109	(185)	(3,933)
Transfers	(2)	13	--	15	--	(36)	(80)	(21)	77	--
Other	38	34	(38)	99	3	--	48	22	701	(568)
Subtotal business-type activities	(59)	391	216	530	268	369	2,338	2,110	593	(4,501)
Total primary government	$ 256,974	$ 262,844	$ 278,496	$ 290,580	$ 302,528	$ 317,900	$ 338,912	$ 362,239	$ 380,559	$ 386,875
Special Item										
Litigation Settlement	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ (28,000)
Changes in net position										
Governmental activities	$ 16,309	$ 71,547	$ 55,327	$ 50,511	$ 51,185	$ 25,729	$ 102,758	$ 30,670	$ 85,763	$ 168,951
Business-Type activities	6,006	8,299	2,936	10,026	4,102	14,251	9,903	18,073	13,495	12,483
Total primary government	$ 22,315	$ 79,846	$ 58,263	$ 60,537	$ 55,287	$ 39,980	$ 112,661	$ 48,743	$ 99,258	$ 181,434

COUNTY OF SANTA BARBARA, CALIFORNIA
FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
General Fund										
Nonspendable	$ 9,618	$ 10,138	$ 11,042	$ 12,130	$ 13,619	$ 11,977	$ 11,407	$ 2,318	$ 56	$ 56
Restricted	19,800	21,245	22,946	27,527	31,529	38,002	44,054	55,068	62,161	79,433
Committed	50,298	58,018	61,887	67,703	60,161	69,305	102,087	131,484	181,517	169,714
Unassigned	8,092	3,405	3,242	7,684	7,761	10,591	18,654	13,029	19,839	13,518
Subtotal General Fund	87,808	92,806	99,117	115,044	113,070	129,875	176,202	201,899	263,573	262,721
All Other Governmental Funds (1)										
Nonspendable	1,084	791	1,129	1,496	1,942	1,714	--	--	955	704
Restricted	145,842	151,021	162,156	163,656	175,173	175,660	193,207	206,072	248,532	287,268
Committed	18,930	18,630	18,642	19,236	30,864	29,378	20,960	27,212	28,585	30,046
Assigned	1,287	--	--	--	--	--	--	--	--	--
Unassigned	(2,850)	--	--	--	--	--	--	--	--	(10,171)
Subtotal all other governmental funds	164,293	170,442	181,927	184,388	207,979	206,752	214,167	233,284	278,072	307,847
Total governmental fund balance	$ 252,101	$ 263,248	$ 281,044	$ 299,432	$ 321,049	$ 336,627	$ 390,369	$ 435,183	$ 541,645	$ 570,568

Notes:
(1) Substantial increases or decreases in fund balance components are explained in the Management's Discussion and Analysis (MD&A).

COUNTY OF SANTA BARBARA, CALIFORNIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Revenues (by source)										
Taxes	$ 249,414	$ 254,177	$ 269,412	$ 281,279	$ 295,066	$ 309,983	$ 325,337	$ 349,820	$ 372,365	$ 393,784
Licenses, permits, and franchises	14,011	14,030	13,660	14,282	14,221	16,758	17,281	17,296	19,764	21,010
Fines, forfeitures, and penalties	9,582	10,883	9,581	9,160	9,141	11,281	8,883	12,965	9,468	12,667
Use of money and property	2,321	4,995	4,902	4,809	3,332	4,324	12,047	10,233	1,643	(18,129)
Intergovernmental	321,765	380,785	340,807	345,428	361,392	382,633	402,412	369,325	486,640	511,015
Charges for services	135,625	141,839	161,637	181,022	189,834	189,613	201,067	200,162	217,264	220,903
Other	19,582	20,804	19,033	16,149	16,177	16,255	20,252	48,174	22,775	15,919
Total revenues	752,300	827,513	819,032	852,129	889,163	930,847	987,279	1,007,975	1,129,919	1,157,169
Expenditures (by function)										
Policy & executive	15,349	15,408	15,563	16,484	16,585	21,242	21,707	21,046	23,531	22,040
Public safety	259,968	270,605	281,211	288,174	303,151	329,172	330,711	348,327	363,881	371,971
Health & public assistance	304,982	317,322	343,584	351,911	361,796	353,241	361,345	386,431	402,524	421,227
Community resources & public facilities	100,838	145,572	93,443	106,380	99,463	108,561	122,690	121,468	159,335	167,909
General government & support services	43,691	44,194	47,357	50,104	52,597	53,563	53,640	57,334	61,781	64,324
General county programs	5,091	8,199	3,190	2,679	2,167	1,590	334	2,942	9,378	46,357
Debt service										
Principal	4,133	4,502	15,318	3,764	3,874	3,951	4,026	4,034	4,417	5,134
Interest	3,518	3,308	2,516	2,111	2,002	1,889	1,775	1,666	1,530	2,098
Capital outlay	7,290	7,079	8,353	6,229	24,983	39,756	35,416	16,110	15,309	14,716
Total expenditures	744,860	816,189	810,535	827,836	866,618	912,965	931,644	959,358	1,041,686	1,115,776
Excess (deficiency) of revenues over (under) expenditures	7,440	11,324	8,497	24,293	22,545	17,882	55,635	48,617	88,233	41,393
Other financing sources (uses)										
Transfers in	86,395	49,715	60,305	54,535	68,603	57,082	52,729	96,412	103,100	96,553
Transfers out	(86,338)	(49,965)	(61,278)	(55,935)	(69,673)	(59,669)	(55,282)	(100,328)	(108,609)	(97,904)
Proceeds from sale of capital assets	500	73	347	205	142	283	166	113	1,745	121
Long-term debt issued	--	--	9,925	10	--	--	--	--	--	--
Leases Issued	--	--	--	--	--	--	--	--	--	16,760
Total other financing sources (uses)	557	(177)	9,299	(1,185)	(928)	(2,304)	(2,387)	(3,803)	(3,764)	15,530
Special Item										
Litigation Settlement	--	--	--	--	--	--	--	--	--	(28,000)
Net change in fund balance	$ 7,997	$ 11,147	$ 17,796	$ 23,108	$ 21,617	$ 15,578	$ 53,248	$ 44,814	$ 84,469	$ 28,923
Debt service as a percentage of noncapital expenditures (1):	1.07%	1.06%	2.27%	0.74%	0.71%	0.68%	0.65%	0.62%	0.60%	0.65%

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Expenditures (2)										
General government	$ 64,886	$ 65,289	$ 64,462	$ 68,216	$ 74,054	$ 74,874	$ 82,831	$ 87,194	$ 117,315	$ 126,221
Public protection	302,982	316,926	328,238	336,140	353,536	386,355	382,468	403,545	418,481	446,630
Public ways and facilities	29,814	28,226	25,750	30,620	23,720	29,672	37,417	36,655	44,182	42,647
Health and sanitation	155,560	157,460	171,631	173,590	180,615	180,185	186,688	205,917	216,911	217,605
Public assistance	139,800	148,702	159,753	165,569	166,155	158,593	161,040	167,035	173,713	178,965
Education	3,199	3,128	3,132	3,568	3,800	4,097	3,866	4,106	4,494	4,690
Recreational and cultural services	10,504	11,422	12,811	14,237	14,022	16,306	14,776	15,603	16,042	16,912
Debt service	7,651	7,809	17,834	5,875	5,876	5,840	5,801	5,700	5,947	7,230
Capital outlay	30,464	77,227	26,924	30,021	44,840	57,043	56,757	33,603	44,601	74,876
Total expenditures	$ 744,860	$ 816,189	$ 810,535	$ 827,836	$ 866,618	$ 912,965	$ 931,644	$ 959,358	$ 1,041,686	$ 1,115,776

Notes:
(1) In FY 16-17 the calculation for debt service as a percentage of noncapital expenditures was revised to include the appropriate amounts. This change impacted all years reported.
(2) By State Controller function.

COUNTY OF SANTA BARBARA, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the consumer price index (CPI) on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Fiscal Year	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate (%)
2012 - 2013	$ 62,696,346	$ 2,896,396	$ 883,587	$ (3,074,290)	$ 63,402,039	100.00%
2013 - 2014	65,478,241	2,897,316	897,504	(3,308,629)	65,964,432	100.00%
2014 - 2015	68,635,212	3,441,634	925,196	(3,353,701)	69,648,341	100.00%
2015 - 2016	71,941,255	3,619,135	1,004,561	(3,505,586)	73,059,365	100.00%
2016 - 2017	75,131,736	3,603,348	1,064,198	(3,807,072)	75,992,210	100.00%
2017 - 2018	79,372,934	3,798,374	1,001,291	(4,123,907)	80,048,692	100.00%
2018 - 2019	83,555,061	3,870,105	1,053,450	(4,560,120)	83,918,496	100.00%
2019 - 2020	87,781,519	3,739,695	1,094,610	(4,549,691)	88,066,133	100.00%
2020 - 2021	92,073,180	3,833,714	1,194,253	(4,577,525)	92,523,622	100.00%
2021 - 2022	95,948,582	3,856,295	1,180,717	(4,997,281)	95,988,313	100.00%

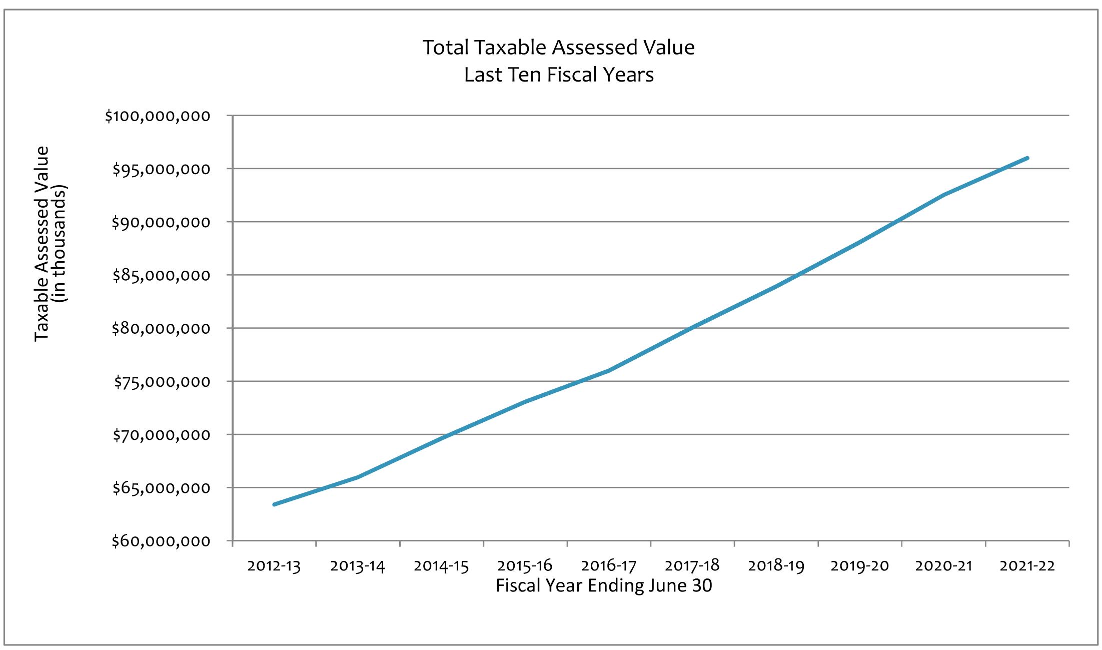
Notes:

(1) Local assessed secured property is generally real property, defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.

(2) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.

(3) Unitary properties are railroads and utilities crossing the County and are assessed by the State Board of Equalization. Most of the amount reported is unitary but includes a small amount of other state-assessed property.

(4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.



Source:
Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)
($1 PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

	County Direct Rates	Overlapping Rates		
Fiscal Year	Santa Barbara County General	Cities (1)	Schools (2)	Total
2012 - 2013	1.00000%	0.00012%	0.01352%	1.01364%
2013 - 2014	1.00000%	0.00013%	0.01462%	1.01475%
2014 - 2015	1.00000%	0.00012%	0.01473%	1.01485%
2015 - 2016	1.00000%	0.00011%	0.01979%	1.01990%
2016 - 2017	1.00000%	0.00010%	0.01875%	1.01885%
2017 - 2018	1.00000%	0.00010%	0.01816%	1.01826%
2018 - 2019	1.00000%	0.00014%	0.02339%	1.02353%
2019 - 2020	1.00000%	0.00000%	0.02208%	1.02208%
2020 - 2021	1.00000%	0.00000%	0.02139%	1.02139%
2021 - 2022	1.00000%	0.00000%	0.02201%	1.02201%

Notes:
(1) Rates shown represent a weighted average of the eight incorporated cities within the County.
(2) Rates shown represent a weighted average of the various school district tax rate areas within the County.

Source:
Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
June 30, 2022 AND June 30, 2013 (in thousands)

In accordance with GASB Statement No. 44, the following tables present information for the County's principal property taxpayers as of June 30, 2022 and June 30, 2013

June 30, 2022:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2021-22	Percentage of Total Secured Tax Levy Fiscal Year 2021-22
Cwi Santa Barbara Hotel Lp (Bacara)	Hotels	$ 389,332	0.41%	$ 4,234	0.46%
Southern California Gas Company	Petroleum & Gas	332,859	0.35%	4,419	0.48%
Miramar Acquisition Company Llc	Real Estate Holdings	297,584	0.31%	3,366	0.37%
1260 Bb Property Llc (Biltmore)	Hotels	234,425	0.24%	2,987	0.33%
Windset Farms California Inc	Agriculture	217,673	0.23%	2,381	0.26%
Pacific Gas & Electric Co	Petroleum & Gas	213,136	0.22%	2,829	0.31%
Islay Investments	Real Estate Holdings	200,448	0.21%	2,328	0.25%
Regency Tropicana Llc	Residental Rentals	160,519	0.17%	1,810	0.20%
Celite Corporation	Mining	159,459	0.17%	1,905	0.21%
Fairway Bb Property Llc	Residental Estates	157,642	0.16%	1,632	0.18%
Ten largest taxpayers		2,363,077	2.47%	27,893	3.05%
All other taxpayers		93,625,236	97.53%	890,156	96.95%
Total		$ 95,988,313	100.00%	$ 918,049	100.00%

June 30, 2013:

Taxpayers	Type of Business	(1) Net Assessed Secured Property Value	Percentage of Total Net Assessed Value	(2) Total Secured Tax Levy Fiscal Year 2012-13	Percentage of Total Secured Tax Levy Fiscal Year 2012-13
Exxon Corporation	Petroleum & Gas	$ 306,067	0.48%	$ 3,142	0.52%
Southern California Edison Co	Utilities	260,962	0.41%	3,056	0.51%
Breitburn Energy Companies	Petroleum & Gas	252,805	0.40%	3,106	0.52%
United Launch Alliance Llc	Aerospace	183,236	0.29%	2,161	0.36%
Southern California Gas Company	Petroleum & Gas	181,811	0.29%	2,131	0.36%
1260 Bb Property Llc (Biltmore)	Hotels	160,000	0.25%	1,945	0.32%
Verizon California Inc	Utilities	138,266	0.22%	1,626	0.27%
Pacific Gas & Electric Co	Petroleum & Gas	129,582	0.20%	1,518	0.25%
Venoco Inc	Petroleum & Gas	113,258	0.18%	1,183	0.20%
Sp Maravilla Llc	Residental Rentals	109,748	0.17%	1,247	0.21%
Ten largest taxpayers		1,835,734	2.90%	21,116	3.52%
All other taxpayers		61,566,305	97.10%	578,300	96.48%
Total		$ 63,402,039	100.00%	$ 599,416	100.00%

Notes:
(1) Net Assessed Secured amounts include Secured & Unitary less exemptions.
See "Assessed Value of Taxable Property and Actual Value of Property" schedule for total assessed value.
(2) Includes 1%, bonds, fixed charges, late penalties and costs (Only Secured & Unitary Tax Levy amounts).

Source:
County of Santa Barbara Treasurer / Tax Collector

COUNTY OF SANTA BARBARA, CALIFORNIA
PROPERTY TAX LEVIES and COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(1) Taxes Levied	(2) Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2012 - 2013	$ 599,416	$ 593,841	99.07%	$ 5,567	$ 599,408	100.00%
2013 - 2014	626,258	621,794	99.29%	4,438	626,232	100.00%
2014 - 2015	658,542	653,778	99.28%	4,703	658,481	99.99%
2015 - 2016	690,326	684,131	99.10%	5,967	690,098	99.97%
2016 - 2017	720,855	714,505	99.12%	6,008	720,513	99.95%
2017 - 2018	759,352	751,947	99.02%	6,675	758,622	99.90%
2018 - 2019	796,449	788,819	99.04%	6,652	795,471	99.88%
2019 - 2020	837,914	827,552	98.76%	8,641	836,193	99.79%
2020 - 2021	880,847	870,620	98.84%	8,012	878,632	99.75%
2021 - 2022	918,049	909,652	99.09%	--	909,652	99.09%

Notes:

(1) Secured and Unitary tax levy for the County itself, school districts, cities, and special districts under the supervision of their own governing boards.

(2) Included are amounts collected by the County on behalf of itself, school districts, cities, and special districts under the supervision of their own governing boards.

Source:
Auditor-Controller, County of Santa Barbara

LAST TEN FISCAL YEARS (in thousands, except per capita)

	Governmental Activities					Business-Type Activities						
Fiscal Year	Certificates of Participation (1)	Leases (5)	Long-Term Loans	Other Long-Term Obligations (4)	Bonds and Notes Payable	Certificate of Participation (1)	Leases (5)	Long-Term Settlement	Bonds and Notes Payable	Total Primary Government	Percentage of Personal Income (2)	Per Capita (3)
2012 - 2013	$ 43,161	$ 3,418	$ --	$ 2,222	$ 19,740	$ 7,473	$ --	$ --	$ 8,928	$ 84,942	0.43%	193
2013 - 2014	41,414	3,013	--	2,434	17,070	6,781	--	--	8,203	78,915	0.37%	177
2014 - 2015	29,550	2,686	--	2,740	23,580	6,061	--	--	7,462	72,079	0.32%	159
2015 - 2016	28,693	2,351	--	2,266	20,690	5,323	--	--	6,704	66,027	0.29%	143
2016 - 2017	27,798	1,983	--	1,069	17,745	4,554	--	--	5,930	59,079	0.24%	129
2017 - 2018	26,872	1,636	--	1,238	14,730	3,766	--	--	5,139	53,381	0.21%	118
2018 - 2019	25,908	1,315	--	598	11,655	167,038	--	--	4,335	210,849	0.79%	463
2019 - 2020	24,910	1,075	--	598	8,515	165,037	--	--	3,513	203,648	0.73%	451
2020 - 2021	23,490	932	--	8,724	5,928	191,451	--	--	2,674	233,199	0.79%	529
2021 - 2022	22,014	14,281	--	7,805	4,481	186,164	--	--	1,811	236,556	0.75%	536

Notes:

(1) Beginning in fiscal year 2013-14, the Certifcates of Particpation totals in this schedule were updated to included unamortized premiums and discounts.

(2) See the "Demographics and Economic Statistics" schedule for personal income and population data. Note that this ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

(3) See the "Demographics and Economics Statistics" schedule for population figures. Note that this ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

(4) Beginning in fiscal year 2018-19, this schedule was updated to include Long-Term Settlements. Prior year balances have been updated to reflect this change.

(5) GASB Statement 87 was implemented for leases in FY 2021-22. Prior years recognize capital leases pre-GASB 87.

Source:
Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(1) Assessed Value	(2) Legal Debt Limit	Total Net Applicable Debt	(3) Legal Debt Margin	Legal Debt Margin / Debt Limit
2012 - 2013	$ 63,402,039	$ 792,525	$ --	$ 792,525	1
2013 - 2014	65,964,432	824,555	--	824,555	1
2014 - 2015	69,453,967	868,175	--	868,175	1
2015 - 2016	73,059,365	913,242	--	913,242	1
2016 - 2017	75,992,210	949,903	--	949,903	1
2017 - 2018	80,048,692	1,000,609	--	1,000,609	1
2018 - 2019	83,918,496	1,048,981	--	1,048,981	1
2019 - 2020	88,066,133	1,100,827	--	1,100,827	1
2020 - 2021	92,523,622	1,156,545	--	1,156,545	1
2021 - 2022	95,988,313	1,199,854	--	1,199,854	1

Notes:

(1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value of Taxable Property and Actual Value of Property" schedule.

(2) California Government Code Section 29909 read in conjunction with Revenue and Taxation Code Section 135 imposes a legal debt limitation for General Obligation Bond indebtedness to 1.25% of the total full cash valuation.

(3) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Source:
Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
AS OF June 30, 2022

2021-22 Assessed Valuation: $ 95,988,313

	Percent Applicable (1)	Debt
Overlapping Tax and Assessment Debt:		
Allan Hancock Joint Community College District	99.653%	$ 130,092
Santa Barbara Community College District	100%	53,435
Santa Maria Joint Union High School District	99.998%	174,085
Santa Ynez Valey Union High School District	100%	11,260
Carpenteria Unified School District	100%	90,460
Cuyama Joint Unified School District	67.390%	2,632
Lompoc Unified School District	100%	7,716
Santa Barbara Unified and High School District	100%	188,450
Santa Barbara Unified School District & Elementary School District	100%	79,959
Buellton Union School District	100%	5,074
Cold Spring School District	100%	3,247
College School District	100%	5,135
Goleta Union School District	100%	15,075
Guadalupe Union School District	100%	6,727
Hope Elementary School District	100%	46,033
Los Olivos School District	100%	3,746
Montecito Union School District	100%	1,515
Orcutt Union School District	100%	47,220
Santa Maria-Bonita Joint School District	99.996%	46,183
Solvang School District	100%	8,774
Lompoc Healthcare District	100%	63,660
City and Special District 1915 Act Bonds	62.175%-100%	3,729
Total Overlapping Tax and Assessment Debt		994,206
Direct and Overlapping General Fund Debt		
Santa Maria-Bonita School District Certificates of Participation	99.996%	24,409
Cuyama Joint Unified School District General Fund Obligations	77.255%	667
Santa Ynez Valley Union High School District General Fund Obligations	100%	1,301
Santa Maria Joint Union High School District General Fund Obligations	99.998%	966
College School District General Fund Obligations	100%	1,592
Guadalupe Union School District Certificates of Participation	100%	3,175
City of Goleta General Fund Obligations	100%	9,777
City of Lompoc General Fund Obligations	100%	3,834
City of Santa Barbara General Fund Obligations	98.423%	26,735
Total Gross Overlapping General Fund Obligation Debt		72,456
Less: Less: Santa Barbara County utility supported obligations		(1,830)
Less: City of Santa Barbara revenue bonds supported by airport revenues		(26,735)
Total Net Overlapping General Fund Obligation Debt		43,891
Total Net Overlapping Tax and Assessment and General Fund Obligation Debt		1,038,097
Overlapping Tax Increment Debt:		25,950
Direct General Fund Obligation Debt:		
Governmental Activities Certificates of Participation and Bonds and Notes Payable		26,563
Business-type Activities Certificates of Participation (3)		169,726
Total Direct General Fund Obligation Debt		196,289
Total Net Combined Overlapping and Direct Debt		$ 1,260,336
Total Gross Combined Overlapping and Direct Debt		$ 1,288,901 (2)

Ratios to 2021-22 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	1.04%
Ratios to Adjusted Assessed Valuation:	
Total Gross Direct Debt	0.03%
Total Net Direct Debt	0.03%
Gross Combined Total Debt	1.17%
Net Combined Total Debt	1.14%

Notes:

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the County.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, non-bonded capital lease obligations and state contractual obligations within the Department of Water Resources.

(3) 2008, 2018, and 2020 COP's for Business-type activities are legal obligations of the General Fund. Detailed information can be found at Note-10 Certificates of Participation (COP).

Source:
California Municipal Statistics, Incorporated

COUNTY OF SANTA BARBARA, CALIFORNIA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS* (in thousands)

Resource Recovery and Waste Management Fund (Resource Recovery) Revenue Bond (1)

Fiscal Year	Operating Revenue (3)	Less: Operating Expenses	Net Operating Revenue	Debt Service: Principal	Debt Service: Interest	Total Debt Service	Coverage Ratio
2018 - 2019	$ 31,060	$ 29,319	$ 1,741	$ 1,650	$ 3,720	$ 5,370	0.3
2019 - 2020	38,096	27,346	10,750	--	7,253	7,253	1.5
2020 - 2021	37,263	27,767	9,496	--	7,253	7,253	1.3
2021 - 2022	43,516	34,437	9,079	2,455	7,212	9,667	0.9

Laguna County Sanitation District (Laguna Sanitation) Revenue Bond (2)

Fiscal Year	Operating Revenue (3)	Less: Operating Expenses	Net Operating Revenue	Debt Service: Principal	Debt Service: Interest	Total Debt Service	Coverage Ratio
2020 - 2021	$ 14,917	$ 8,244	$ 6,673	$ --	$ 614	$ 614	11
2021 - 2022	15,396	8,232	7,164	780	847	1,627	4

Notes:

* Amounts presented above were determined as of 6/30. Additional Years will be presented as they become available.
(1) New in 2018-2019.
(2) New in 2020-2021.
(3) Operating Revenues include Charges for services, Sale of scrap and recyclables, and Other operating revenues.

Source:
Auditor-Controller, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
DEMOGRAPHICS AND ECONOMIC STATISTICS (UNAUDITED)
LAST FISCAL TEN YEARS

(1) Year	(2) Population	(3),(4) Personal Income	Per Capita Personal Income	(5) School Enrollment	(6) Unemployment Rate
2013	429,200	$ 19,303,120,000	$ 44,975	66,837	6.3%
2014	433,398	20,640,576,000	47,625	67,686	5.4%
2015	437,643	21,700,000,000	49,584	68,581	4.7%
2016	446,717	22,300,000,000	49,920	69,069	4.9%
2017	450,663	24,200,000,000	53,699	69,062	4.3%
2018	453,457	25,000,000,000	55,132	69,752	3.9%
2019	454,593	26,646,853,000	58,617	69,379	3.5%
2020	451,840	27,992,849,000	61,953	69,006	11.6%
2021	441,172	29,502,767,000	66,874	67,470	5.9%
2022	445,164	30,190,183,000	67,818	67,137	2.8%

Detail of estimated population, as of January 1, 2022:

(2) Incorporated Cities	
Buellton	5,055
Carpinteria	12,963
Goleta	32,591
Guadalupe	8,544
Lompoc	43,845
Santa Barbara	86,591
Santa Maria	109,910
Solvang	5,709
Total of Incorporated Cities	305,208
Total of Unincorporated Areas	139,956
Total Population	445,164

Notes:
(1) Calendar year
(2) Population as of January 1
(3) Estimated amounts

Sources:
(2) California Department of Finance
(4) Bureau of Economic Analysis
(5) California Department of Education
(6) Employment Development Department Research Center

COUNTY OF SANTA BARBARA, CALIFORNIA
PRINCIPAL EMPLOYERS (UNAUDITED)
June 30, 2022 AND June 30, 2013

June 30, 2022

Company or Organization	Type of Business	Jobs (1, 2)	Percent of Total County Employment
County of Santa Barbara	Government	4,307	1.93%
UC Santa Barbara	Education	4,250	1.91%
Vandenberg Space Force Base	Defense	2,500	1.12%
Santa Maria-Bonita School District	Education	2,010	0.90%
Chumash Casino Resort	Recreation/Hospitality	2,000	0.90%
Mission Linen Supply	Textiles/Facility Services	2,000	0.90%
Marian Regional Medical Center	Health	1,486	0.67%
Allan Hancock College	Education	1,400	0.63%
AppFolio	Software	1,350	0.61%
Santa Barbara Unified School District	Education	1,350	0.61%
Total ten largest		22,653	10.17%
Total all other		200,157	89.83%
Total companies or organizations		222,810	100.00%

June 30, 2013

Company or Organization	Type of Business	Jobs (3)	Percent of Total County Employment
University of California, Santa Barbara	Education	10,063	4.55%
Vandenberg Air Force Base	Defense	6,878	3.11%
County of Santa Barbara	Government	4,383	1.98%
Cottage Health System	Health	2,845	1.29%
Santa Barbara Unified School District	Education	2,531	1.15%
Santa Barbara City College	Education	1,791	0.81%
City of Santa Barbara	Government	1,695	0.77%
Chumash Casino Resort	Recreation/Hospitality	1,650	0.75%
Marian Medical Center	Health	1,457	0.66%
Santa Maria-Bonita School District	Education	1,365	0.62%
Total ten largest		34,658	15.69%
Total all other		186,342	84.31%
Total companies or organizations		221,000	100.00%

Sources:
(1) Pacific Coast Business Times "Book of Lists" - individual company data
(2) University of California, Santa Barbara "Economic Summit" - total employment data
(3) County of Santa Barbara CAFR for fiscal year presented

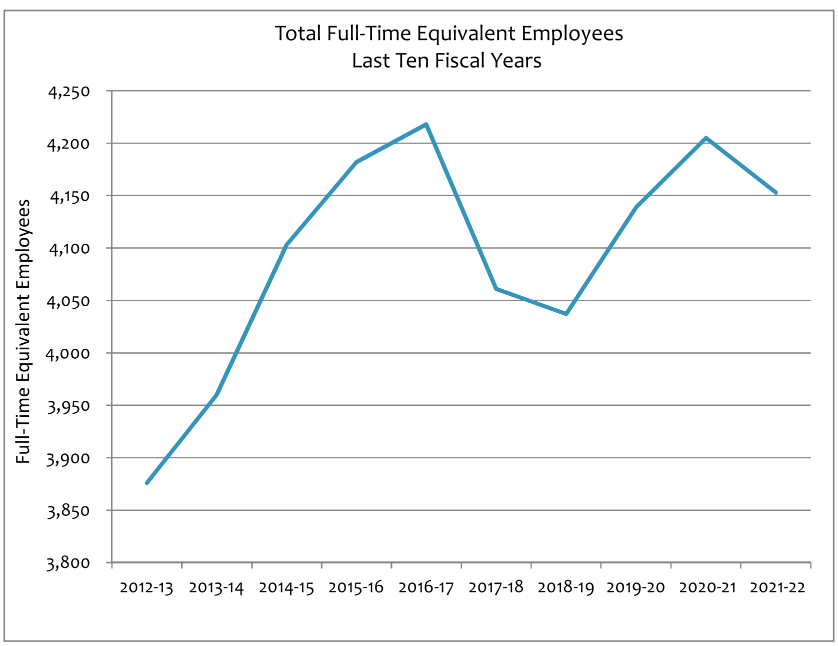
COUNTY OF SANTA BARBARA, CALIFORNIA
COUNTY EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Paid employees (1)										
Policy & executive	94	96	99	105	103	106	109	109	118	111
Public safety	1,467	1,478	1,498	1,521	1,540	1,540	1,550	1,594	1,606	1,619
Health & public assistance	1,732	1,799	1,926	1,973	1,961	1,806	1,751	1,780	1,806	1,740
Community resources & public facilities	419	424	419	424	443	442	453	464	469	459
General government & support services	334	334	350	359	361	348	341	351	359	363
General county programs	6	5	3	6	6	5	5	7	7	9
Resource Recovery	79	83	81	77	80	77	78	82	81	80
Laguna Sanitation	16	16	16	15	16	17	18	18	18	19
Total County employees	4,147	4,235	4,392	4,480	4,510	4,341	4,305	4,405	4,464	4,400
Actual full-time equivalent employees (2)										
Policy & executive	88	88	91	94	93	93	97	97	105	101
Public safety	1,386	1,394	1,415	1,433	1,448	1,452	1,463	1,509	1,533	1,538
Health & public assistance	1,608	1,679	1,796	1,841	1,842	1,697	1,652	1,681	1,707	1,654
Community resources & public facilities	389	392	382	389	402	402	413	426	432	427
General government & support services	315	313	326	335	339	325	320	330	333	338
General county programs	--	--	1	1	1	1	--	--	--	--
Resource Recovery	74	78	77	74	77	74	75	78	77	77
Laguna Sanitation	16	16	15	15	16	17	17	18	18	18
Total County employees	3,876	3,960	4,103	4,182	4,218	4,061	4,037	4,139	4,205	4,153

Notes:

(1) Paid employees: Count of employees paid, including terminated employees. Employees with more than one job will be counted once for each job for which the employee was paid.

(2) Actual full-time equivalent employees: Count of number of full-time equivalents paid. For full-time and part-time, the full-time equivalent (FTE) used is from the employee's assigned work schedule. For extra help and contractors, the FTE is calculated as the number of hours worked this pay period divided by 80.



Source:
Santa Barbara County payroll records as of June 30.

COUNTY OF SANTA BARBARA, CALIFORNIA
OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Public safety										
Other:										
Filed felonies-District Attorney	2,979	3,176	2,499	2,898	2,835	2,659	2,801	2,582	2,181	2,407
Filed misdemeanors-District Attorney	10,022	9,838	11,347	12,355	12,404	11,124	10,065	8,935	6,534	6,886
Public Defender's total new caseload (1)	18,963	20,973	23,391	24,024	23,414	24,014	12,316	12,247	7,872	18,324
Fire emergency responses	13,989	13,842	13,927	14,307	15,123	15,763	15,634	14,723	14,618	16,239
Sheriff:										
Total miles patrolled	1,230,191	1,477,038	1,413,902	1,439,005	1,413,060	1,454,032	1,441,414	1,406,295	1,362,890	1,276,095
Processed and booked adult offenders	16,677	16,780	17,117	17,744	15,623	14,130	13,710	11,108	8,326	10,001
Probation:										
Juvenile referrals processed	3,449	3,070	3,313	3,371	3,150	2,964	2,656	1,987	722	985
Adult and Juvenile cases supervised	8,321	8,331	8,196	8,114	8,112	7,358	6,088	7,318	4,801	4,247
Institutional care for minors	52,268	38,763	34,894	37,372	34,214	26,695	22,147	16,344	6,920	7,397
Submit written reports to courts on Adults	6,582	6,628	6,838	6,856	7,337	6,763	5,238	3,911	2,538	6,234
Health & public assistance										
Behavioral Wellness clients served	12,313	12,647	13,936	14,653	15,344	13,004	14,711	14,052	10,652	11,774
Established orders for child support	12,565	11,922	11,544	11,452	11,317	11,270	11,227	10,964	10,458	10,159
Assistance claims paid to eligible recipients	72,678	70,924	99,513	99,597	97,127	91,623	88,672	85,710	79,809	80,211
Patient encounters at Public Health clinics	120,700	114,000	111,000	107,000	115,000	111,000	118,500	113,500	121,000	112,500
Community resources & public facilities										
Building inspections	20,689	23,752	22,431	22,583	21,804	24,230	26,930	24,952	24,943	24,877
Enhanced or maintained road lanes (miles)	67	82	73	24	23	21	44	64	46	53
General government & support services										
Clerk-Recorder-Assessor										
Recorded documents & vital copies issued	135,053	103,060	102,694	110,846	110,089	95,912	90,740	104,052	140,571	120,479
Resource Recovery										
Waste recycled (tons per month)	7,043	7,244	6,792	5,084	5,241	5,825	7,645	7,882	8,253	7,598
Landfill waste disposal (tons per month)	14,607	14,894	15,163	16,690	17,172	19,050	19,215	17,744	16,245	15,946

Notes:
(1) Beginning in FY 18-19 Public Defender does not include cases previously appointed that were reappointed during the fiscal year.

Sources:
Various Department Personnel, County of Santa Barbara

COUNTY OF SANTA BARBARA, CALIFORNIA
CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Function/Program										
Policy & executive										
Buildings	Occupied with general government and support services									
Public safety										
Court buildings	7	7	7	7	7	7	7	7	7	7
Other buildings	5	5	5	5	5	5	5	5	5	5
Fire stations	16	16	16	16	16	16	16	16	16	16
Fire trucks	42	42	42	41	41	43	43	45	45	45
Ambulances	6	6	6	6	6	6	6	6	6	6
Sheriff sub stations	4	4	4	4	4	4	4	4	4	4
Patrol units	49	49	52	52	60	60	59	63	61	67
Aircrafts	6	6	6	6	6	6	7	6	7	7
Jail and detention facilities	6	6	6	6	6	6	6	6	6	7
Administration buildings	9	9	9	9	9	9	10	10	10	10
Health & public assistance										
Clinics	7	7	7	9	9	9	11	12	12	12
Administration buildings	5	5	5	5	5	5	3	3	3	3
Community resources & public facilities										
Public parks & open space acreage	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,122	2,160	2,160
Day use & camping parks	26	26	26	26	26	26	26	26	26	26
Open space areas (County developed)	45	45	45	45	45	45	45	45	45	45
Outdoor events center	1	1	1	1	1	1	1	1	1	1
Veterans buildings	3	3	3	3	3	3	3	3	3	3
Seawalls	2	2	2	2	2	2	2	2	2	2
Road lane miles	1,671	1,671	1,671	1,671	1,651	1,650	1,650	1,650	1,650	1,657
Bridges	115	115	115	115	115	118	120	120	120	122
Traffic signals	44	44	44	44	44	43	43	43	43	43
Roads heavy equipment	43	43	43	43	43	48	48	49	49	48
Sanitary sewers (miles of collection)	129	129	129	129	129	129	129	129	129	129
Treatment capacity (million gallons per day)	4	4	4	4	4	4	4	4	4	4
Resource Recovery heavy equipment	72	69	57	58	59	71	72	77	84	90
General government & support services										
Buildings	7	7	7	7	7	7	7	7	7	7

Notes:
Buildings include those that are capitalized but exclude real property that is leased.

Sources:
Various Department Personnel, County of Santa Barbara

GLOSSARY

COUNTY OF SANTA BARBARA

CALIFORNIA

ACCOUNTS PAYABLE - A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE - An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS OF ACCOUNTING - The recording of the financial effects of a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION - A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ACTIVE EMPLOYEES - Individuals employed at the end of the reporting or measurement period, as applicable.

ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS - Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

ACTUARIAL VALUATION - The determination, as of a point in time (the actuarial valuation date), of the service cost, total pension liability or total OPEB liability, and related actuarial present value of projected benefit payments for pensions or OPEB performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

ACTUARIAL VALUATION DATE - The date as of which an actuarial valuation is performed.

ACTUARIALLY DETERMINED CONTRIBUTION - A target or recommended contribution to either a defined benefit pension plan or a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

ADDITIONS - Term used to describe increases in the net position of fiduciary funds.

AGENT MULTIPLE-EMPLOYER PLAN - A multiple-employer defined benefit OPEB plan that is administered through a trust that meets the criteria of GASB Statement No. 75 and in which OPEB plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

AMORTIZATION - The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) - An ACFR is a financial report that encompasses all funds and component units of the government. It contains (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. It is the governmental unit's official annual report and it also contains introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

APPROPRIATION - A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION - A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSIGNED FUND BALANCE - Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

AUDITOR'S REPORT - In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET - The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS) - The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: governmentwide financial statements, fund financial statements, and notes to the financial statements.

BASIS OF ACCOUNTING - A term used to refer to *when* revenues, expenditures, expenses, and transfers, and the related assets and liabilities, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

BENEFICIAL INTEREST - The right to a portion of the benefits from donated resources pursuant to a split-interest agreement in which the donor enters into a trust or other legally enforceable agreement with characteristics that are equivalent to a split-interest agreement and transfers the resources to an intermediary.

BUDGET - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL - The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

BUSINESS-TYPE ACTIVITIES - One of two classes of activities reported in the governmentwide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. These activities are usually reported in enterprise funds.

CAPITAL AND RELATED FINANCING ACTIVITIES - Term used in connection with cash flows reporting. Capital and related financing activities include (1) acquiring and disposing of capital assets used in providing services or producing goods, (2) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (3) paying for capital assets obtained from vendors on credit

CAPITAL ASSETS - Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

CAPITAL OUTLAY - Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITALIZATION POLICY - The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL PROJECTS FUND - A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS OF ACCOUNTING - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH EQUIVALENT – Short-term, highly liquid investments that are both (1) readily convertible to known amounts of cash and (2) so near their maturity that they present insignificant risk of changes in value due to changes in interest rates.

CEDED PREMIUMS/CLAIMS COSTS - Premiums paid to a public-entity risk pool and claims costs that are transferred to another enterprise in connection with a reinsurance arrangement.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM - A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable ACFRs/Component Unit Financial Reports (CUFRs) and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS - The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

CLOSED AMORTIZATION PERIOD - Term used in connection with the unfunded actuarial accrued liability associated with defined benefit pension and other postemployment benefit plans. A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period is initially 30 years on a closed basis, 29 years remain after the first year, 28 years after the second year, and so forth.

COLLECTIVE DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS AND OPEB - Deferred outflows of resources and deferred inflows of resources related to pensions or OPEB arising from certain changes in the collective net pension liability or the collective net OPEB liability.

COLLECTIVE NET PENSION OR OPEB LIABILITY - The net pension or OPEB liability for benefits provided through (1) a cost-sharing pension or OPEB plan or (2) a single-employer or agent pension or OPEB plan in circumstances in which there is a special funding situation.

COLLECTIVE PENSION OR OPEB EXPENSE – Pension or OPEB expense arising from certain changes in the collective net pension or OPEB liability.

COLLECTIVE TOTAL PENSION LIABILITY - The total pension liability for benefits provided through (a) a pension or plan that is used to provide pensions to the employees of a primary government and its component units or (b) a pension plan in circumstances in which there is a special funding situation.

COMMITTED FUND BALANCE - Amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

COMPENSATED ABSENCES - Absences, such as vacation, illness, and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPONENT UNIT – Legally separate organization for which the elected officials of the primary government are financially accountable.

CONTINGENT LIABILITY - Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

CONTRIBUTIONS - Additions to a pension or OPEB plan's fiduciary net position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension or OPEB plan or from recognition by the pension or OPEB plan of a receivable from one of these sources.

COST-OF-LIVING ADJUSTMENTS - Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN (COST-SHARING PENSION PLAN) - A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

COVERED PAYROLL - Term used in connection with defined benefit pension and other postemployment benefit plans to describe all elements of annual compensation paid to active employees on which contributions to a plan are based.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS - Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

CUSTODIAL CREDIT RISK - Risk that a government will not be able (1) to recover deposits if the depository financial institution fails or (2) to recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

CUSTODIAL FUND - A fund established to account for all fiduciary activities that are not governed by a trust agreement or equivalent agreement.

DEBT - An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

DEBT SERVICE FUND - A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEDUCTIONS - Term used to describe decreases in the net position of fiduciary funds.

DEFERRED INFLOWS OF RESOURCES – An acquisition of net position that is applicable to a future reporting period.

DEFERRED OUTFLOWS OF RESOURCES – A consumption of net position that is applicable to a future reporting period.

DEFICIT - (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT OPEB - OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount; (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation; or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums.

DEFINED BENEFIT OPEB PLAN – OPEB plans that are used to provide defined benefit OPEB.

DEFINED BENEFIT PENSION PLAN - Pension plans that are used to provide defined benefit pensions.

DEFINED BENEFIT PENSIONS - Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation.

DEPRECIATION - (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DISCOUNT RATE - A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

DUE FROM OTHER FUNDS - An asset account reflecting amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS - A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS - Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for governmentwide financial reporting. It is also used by business enterprises in the private sector.

EMPLOYER'S CONTRIBUTIONS - Contributions made in relation to the annual required contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

ENABLING LEGISLATION - Legislation that authorizes a government to levy, charge, or otherwise mandate payments of resources from outside parties, subject to a legally enforceable requirement that the resources thus obtained be used only for the specific purposes stipulated in the legislation.

ENCUMBRANCES - Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND - Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

ENTRY AGE ACTUARIAL COST METHOD - A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the *normal cost.* The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the *actuarial accrued liability.*

EXCHANGE-LIKE TRANSACTION - Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

EXPENDITURES - Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service, and capital outlays, and intergovernmental grants, entitlement, and shared revenues.

EXPENDITURE-DRIVEN GRANTS - Government-mandated or voluntary non-exchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXPENSES - Outflows or other using up of assets or incurrence of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS - Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL - An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsor's reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FIDUCIARY FUNDS - A category of funds used to report assets held in a trust agreement or equivalent arrangement that has certain characteristics or in a custodial capacity for the benefit of others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds.

FINANCIAL RESOURCES - Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables or investments). Financial resources may also include inventories and prepaids (because they obviate the need to expend current available resources).

FISCAL AGENT - A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FUND - A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE - The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS - Basic financial statements presented on the basis of funds. Term used in contrast with *governmentwide financial statements.*

FUND TYPE - Any one of eight categories into which all funds are classified in governmental accounting. The eight fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, trust, and custodial.

FUNDING POLICY - The program for the amounts and timing of contributions to be made by plan members, employer(s), and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by an OPEB plan.

GENERAL FUND - The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERAL REVENUES - All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax (e.g., property tax, sales tax, and transient occupancy tax). All other nontax revenues (including interest, grants, and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) - The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by Statement of Accounting Standards (SAS) No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report.*

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) - An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local governments since its inception and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946.

GOVERNMENTAL ACCOUNTING - The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) - The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL ACTIVITIES - Activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. These activities are usually reported in governmental funds and internal service funds.

GOVERNMENTAL FUNDS - Funds generally used to account for tax-supported activities. The five different types of governmental funds are as follows: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GOVERNMENTWIDE FINANCIAL STATEMENTS - Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic governmentwide financial statements: the statement of net position and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

HEALTHCARE COST TREND RATES - The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

IMPROVEMENT - An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

INACTIVE EMPLOYEES - Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.

INDIRECT EXPENSES - Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category.

INFRASTRUCTURE - Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INTANGIBLE ASSETS - Assets with an initial useful life that extends beyond a single reporting period that lack physical substance and that are neither financial in nature (neither a monetary asset nor a claim to a monetary asset) nor primarily held for the purpose of directly obtaining income or profit.

INTERFUND RECEIVABLE/PAYABLE - Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS - Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERMEDIARY - The trustee, fiscal agent, government, or any other legal or natural person that is holding and administering donated resources pursuant to a split-interest agreement. An intermediary is not required to be a third party.

INTERNAL SERVICE FUND - A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

INVESTMENTS WITH FISCAL AGENT - An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

IRREVOCABLE SPLIT-INTEREST AGREEMENT - A split-interest agreement in which the donor has not reserved, or conferred to another person, the right to terminate the agreement at will and have the assets returned to the donor or a third party.

JOINT VENTURE - A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS - Costs incurred to provide for the protection of the environment that occur near or after the date that a municipal solid-waste landfill stops accepting solid waste and throughout the postclosure period. Closure and postclosure care costs include the cost of equipment and facilities (leachate collection systems and final cover) as well as the cost of services (postclosure maintenance and monitoring costs)

LAPSE - As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEAD INTEREST - A type of beneficial interest that confers the right to receive all or a portion of the benefits of resources during the term of a split-interest agreement.

LEASE - A contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.

LEGAL LEVEL OF BUDGETARY CONTROL - The level at which spending in excess of budgeted amounts would be a violation of law.

LESSEE - The party to a lease contract who acquires the right to use another entity's nonfinancial asset(s) (i.e., tenant).

LESSOR - The party to a lease contract who conveys the right to use its nonfinancial asset(s) to another entity (i.e., landlord).

LEVEL PERCENTAGE OF PROJECTED PAYROLL AMORTIZATION METHOD - Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

LIABILITIES - Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LIFE-CONTINGENT TERM - A term specifying that the termination of a split-interest agreement is contingent upon the occurrence of a specified event, commonly the death of either the donor or other lead interest beneficiary.

LOANS RECEIVABLE - An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND - A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets, or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other governmental or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS - A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of governmentwide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MEASUREMENT PERIOD - The period between the prior and the current measurement dates.

MODIFIED ACCRUAL BASIS OF ACCOUNTING - The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds, and custodial funds are accounted for using the modified accrual basis of accounting.

MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN - A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.

NET INVESTMENT IN CAPITAL ASSETS - One of three components of net position that must be reported in both governmentwide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

NET OPEB LIABILITY - The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria of GASB Statement No. 75.

NET PENSION LIABILITY - The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan.

NET POSITION – The residual of all other elements presented in a statement of financial position.

NONCAPITAL FINANCING ACTIVITIES - Term used in connection with cash flows reporting. Noncapital financing activities include (1) borrowing money for purposes other than to acquire, construct, or improve capital assets, and (2) repaying the amounts borrowed, including interest. This category includes proceeds from all borrowings not clearly attributable to the acquisition, construction, or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments.

NONOPERATING REVENUES AND EXPENSES - In the context of the proprietary fund operating statement, revenues and expenses not qualifying as operating items (e.g., taxes, grants that are not equivalent to contracts for services, and most interest revenue and expense).

NONSPENDABLE FUND BALANCE - Amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

OPERATING ACTIVITIES - Term used in connection with cash flows reporting. Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities.

OPERATING REVENUES AND EXPENSES - Cost of goods sold and services provided to customers and the revenue thus generated.

OPERATING TRANSFERS – All interfund transfers other than residual equity transfers (e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended).

OTHER FINANCING SOURCES - An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OTHER FINANCING USES - A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as postemployment healthcare benefits paid in the period after employment (if any), regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits or termination payments for sick leave.

OPEB PLANS - Arrangements through which OPEB is determined, assets dedicated for OPEB (if any) are accumulated and managed, and benefits are paid as they come due.

OVERLAPPING DEBT - The proportionate share that property within a government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

PAYROLL GROWTH RATE - an actuarial assumption with respect to future increases in total covered payroll attributable to inflation; used in applying the level percentage of projected payroll amortization method.

PENSION BENEFITS - Retirement income and all other benefits, including disability benefits, death benefits, life insurance, and other ancillary benefits, except healthcare benefits, that are provided through a defined benefit pension plan to plan members and beneficiaries after termination of employment or after retirement. Postemployment healthcare benefits are considered other postemployment benefits, whether they are provided through a defined benefit pension plan or another type of plan.

PENSION PLANS - Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

PENSIONS - Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

PERIOD-CERTAIN TERM - A term specifying that the termination of a split-interest agreement occurs after a specified period. (For example, a number of years.)

PERMANENT FUNDS - Governmental fund type used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry).

PLAN MEMBERS - Individuals that are covered under the terms of a pension or OPEB plan. Plan members generally include (a) employees in active service (active plan members) and (b) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).

POSTEMPLOYMENT – The period after employment.

POSTEMPLOYMENT BENEFIT CHANGES - Adjustments to the pension or OPEB of an inactive employee.

POSTEMPLOYMENT HEALTHCARE BENEFITS - Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.

PROJECTED BENEFIT PAYMENTS - All benefits estimated to be payable through the pension or OPEB plan to current active and inactive employees as a result of their past service and their expected future service.

PROGRAM REVENUES - Term used in connection with the governmentwide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROJECTED BENEFIT PAYMENTS - All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

PROPRIETARY FUNDS - Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

REAL RATE OF RETURN - The rate of return on an investment after adjustment to eliminate inflation.

REBATEABLE ARBITRAGE - A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REMAINDER INTEREST - A type of beneficial interest that confers the right to receive all or a portion of the resources remaining at the end of a split-interest agreement's term.

REPORTING ENTITY - The oversight unit and all of its component units, if any, that are combined in the ACFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION - Consists of statements, schedules, statistical data, or other information that according to the GASB is necessary to supplement, although not required to be a part of, the basic financial statements.

RESTRICTED ASSETS - Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE - Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET POSITION - A component of net position calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

REVENUE BONDS - Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

REVENUES – (1) Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers. Also, general long-term debt proceeds and operating transfers in are classified as "other financing sources", rather than as revenues. (2) Increases in the net total assets of a proprietary fund type from other than expense refunds, capital contributions, and residual equity transfers. Also, operating transfers in are classified separately from revenues.

RISK MANAGEMENT - All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE - A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

SERVICE CONCESSION ARRANGEMENT - An arrangement whereby a government transfers the operation of one of its capital assets to a third-party operator in exchange for significant consideration, with the operator then being compensated from the fees and charges it collects in connection with the operation of that asset, and with the transferor retaining control over the service and a significant residual interest in the capital asset.

SERVICE COSTS - The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.

SERVICE LIFE – The average remaining years of service of all members of the retirement plan (both current employees and retirees).

SINGLE AUDIT - An audit performed in accordance with *Title 2 U.S. Code of Federal Regulations.* The Single Audit allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

SPECIAL DISTRICT - An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, cemetery districts, transit authorities, port authorities, and electric power authorities.

SPECIAL REVENUE FUND - A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

SPLIT-INTEREST AGREEMENT - An agreement in which the donor enters into a trust or other legally enforceable agreement (with characteristics that are equivalent to a split-interest agreement) under which the donor transfers resources to an intermediary to administer for the benefit of at least two beneficiaries, one of which could be a government.

SUBSTANTIVE PLAN - Terms of an OPEB plan as understood by the employer(s) and plan members.

TAX ABATEMENT – A reduction of or exemption from taxes granted to encourage certain activities.

TAX AND REVENUE ANTICIPATION NOTES (TRAN) - Notes issued in anticipation of the collection of taxes and revenues, usually retirable only from tax collections, and frequently only from the proceeds of the tax and revenue levy whose collection they anticipate.

TERMINATION BENEFITS- Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

TOTAL PENSION LIABILITY - The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service.

TRUST FUNDS - Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

UNASSIGNED FUND BALANCE – The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

UNCONDITIONAL BENEFIT - A right belonging to the government that cannot be taken away without the government's consent, such as an unconditional beneficial interest.

UNEARNED REVENUES - Resource inflows that do not yet meet the criteria for revenue recognition. In governmental funds, earned amounts also are reported as unearned revenue until they are available to liquidate liabilities of the current period.

UNMODIFIED OPINION - An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESTRICTED NET POSITION - That portion of net position that is neither restricted nor invested in capital assets (net of related debt).

VARIANCE POWER - The unilateral power to redirect the benefit of the transferred resources to another beneficiary, overriding the donor's instructions. This transfer would occur without the approval of the donor, specified beneficiaries, or any other interested party.

COUNTY OF SANTA BARBARA
CALIFORNIA

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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2022 and 2021

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THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2022 and 2021

Prepared by:

Office of the Assistant General Manager, Finance and Administration

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2022 and 2021

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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Executive Office

December 13, 2022

To the Board of Directors of
The Metropolitan Water District of Southern California:

We are pleased to present the Annual Comprehensive Financial Report for The Metropolitan Water District of Southern California (Metropolitan) for the fiscal years ended June 30, 2022 and 2021.

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

KPMG LLP, an independent public accounting firm, has issued an unmodified opinion on Metropolitan's basic financial statements for the fiscal years ended June 30, 2022 and 2021. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of Metropolitan

Metropolitan is a public agency and a quasi-municipal corporation, which was created by an act of the state Legislature in 1928. Metropolitan's primary purpose is to provide a supplemental supply of water for domestic and municipal uses and purposes at wholesale rates to its member public agencies. Most member agencies have other sources of water. Metropolitan is comprised of 26 member agencies consisting of 14 cities, 11 municipal water districts, and one county water authority, which collectively provide services in more than 300 cities and numerous unincorporated communities. Its service area spans some 5,200 square miles, and includes all or portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura.

700 N. Alameda Street, Los Angeles, California 90012 • Mailing Address: Box 54153, Los Angeles, California 90054-0153 • Telephone (213) 217-6000

Metropolitan has historically provided between 40 and 60 percent of the water used by nearly 19 million Southern Californians who reside within its service area. Metropolitan imports water from two principal sources, Northern California, via the Edmund G. Brown California Aqueduct of the State Water Project owned by the State of California, and the Colorado River, via the Colorado River Aqueduct (CRA) owned by Metropolitan.

Metropolitan is governed by a 38-member Board of Directors (Board), with each member agency having at least one representative on the Board. Representation and voting rights are based upon the assessed valuation of real property within the jurisdictional boundary of each member agency. The Board elects the Chair and Secretary, and the Vice Chairs are appointed by the Chair.

Metropolitan's biennial budget for fiscal year 2022-23 included 1,929 regular full time positions with approximately 1,760 positions filled at fiscal year ended June 30, 2022, and the remaining positions under recruitment or vacant. Employees are represented by the American Federation of State, County and Municipal Employees, Locals 1001 and 1902, the Association of Confidential Employees, and the Supervisors Association of Metropolitan. Metropolitan is an equal opportunity employer and encourages diversity in contracting and in the workforces of Metropolitan contractors.

Financial Policies and Highlights

Metropolitan has a comprehensive set of financial policies. These policies set forth guidelines to maintain control and accountability over revenue and expenses, maintain a reasonable balance between debt and assets in providing funding for capital assets, and ensure proper appropriation of reserves and restricted funds.

Rate Stabilization

Metropolitan’s reserve policy provides for minimum reserve requirement and target amount of unrestricted reserves at June 30 of each year. The minimum reserve requirement at June 30 of each year is equal to the portion of fixed costs estimated to be recovered by water revenues for the 18 months beginning with the immediately succeeding July. Funds representing the minimum reserve requirement are held in the Revenue Remainder Fund. Any funds in excess of the minimum reserve requirement are held in the Water Rate Stabilization Fund. The target amount of unrestricted reserves is equal to the portion of the fixed costs estimated to be recovered by water revenues during the two years immediately following the 18-month period used to calculate the minimum reserve requirement. If the fixed charge coverage ratio is less than 1.2, funds in excess of the target amount are to be utilized for capital expenditures in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper as determined by the Board. Provided that the fixed charge coverage ratio is at or above 1.2, amounts in excess of the target may be expended for any lawful purpose of Metropolitan, as determined by the Board.

Investment

Annually, the Board adopts an investment policy that is in compliance with the California Government Code, Sections 53600 et seq. The investment of idle funds is delegated by the Board to Metropolitan's Treasurer who assumes full responsibility for the transactions of the investment program, which includes the investment of bond proceeds and debt service reserves. Metropolitan's investments are in compliance with the adopted investment policy. Refer to Note 3 in the Notes to the Basic Financial Statements for detailed investment information.

Ad Valorem Tax

In addition to water revenues, Metropolitan is expressly empowered under the Metropolitan Water District Act to levy and collect taxes on all taxable property within its boundaries for the purpose of carrying on its operations and paying its obligations. As a result of legislation enacted in 1984, tax levies beginning in fiscal year 1990-91, other than annexation taxes, are limited to the amount needed to pay debt service on Metropolitan's general obligation bonds and Metropolitan's proportionate share of state general obligation bond debt service under the State Water Contract. However, under the terms of the 1984 legislation, the Board may, following a public hearing, suspend this particular restriction upon a finding that doing so is essential to Metropolitan's fiscal integrity. The Board made such a finding for fiscal years ended June 30, 2014 through 2022, and maintained the tax rate for those fiscal years at the rate levied during fiscal year ended June 30, 2013 to pay a portion of State Water Contract costs other than debt service.

Budget and Rates

Metropolitan's budget system incorporates features of program budgeting, management by objectives, and performance reporting, which provides for funding, analysis, review, and control. Operating budgets are prepared by each group and department biennially. Each program and its required resources are reviewed by management and, upon acceptance, are incorporated into the overall budget for approval by the Board. Costs are maintained by project and activity, and expenditures are controlled by Board-approved appropriations.

The adopted biennial budget for fiscal years 2020-21 and 2021-22 meets the fixed charge coverage target, makes progress towards meeting the revenue bond coverage target, provides increased funding from revenues for the Capital Investment Plan, and promotes the long-term fiscal sustainability goals of Metropolitan. The total budgets for fiscal years 2020-21 and 2021-22 were $2.04 billion and $2.15 billion, respectively. The adopted biennial budget includes an overall water rates and charges increase of 3.0% effective January 1, 2021 and an additional 4.0% on January 1, 2022.

Each month, variances between budget estimates and actual receipts and expenditures are identified and evaluated. This review is performed as one of several control measures to assure progress in meeting Metropolitan's goals and program objectives.

Metropolitan's budgetary accounting method is done on a modified accrual basis. The modified accrual basis of accounting that Metropolitan uses varies from the accrual basis of accounting in the following respects: depreciation and amortization are not recorded and payments of debt service are recorded when due and payable. Under the modified accrual basis of accounting, revenues are recognized in the fiscal year in which they are earned and available and certain expenses are recognized when incurred.

Metropolitan's Economic Condition

Local Economy

Metropolitan's service area has an economic base that is diversified and well-positioned to participate in U.S. and world economic growth over the next ten years. In 2021, the economy of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties (the "Six County Area") was larger than all but eleven nations of the world, ranking between the Russian Federation and Brazil with an estimated gross domestic product ("GDP") of $1.707 trillion. In 2021, the major sectors of the economy providing employment in the Six County Area were education and health services, professional and business services, which include architecture, design, computer, research and development, advertising, legal, accounting, and internet-related and management services; government, leisure and hospitality, retail trade and manufacturing. Educational and health services, transportation, professional and business services, warehousing and utilities and leisure and hospitality have shown the largest job growth since 2007. International trade has been a leading growth sector in the Six County Area with Los Angeles and Long Beach ports being the nation's leading port complex in terms of trade volumes reaching record levels in 2021. This growth supports jobs and economic activity in the transportation, wholesale trade and warehousing industries as the Six County Area is a gateway for U.S. trade with Pacific Rim countries.

The Six County Area had an employed labor force of approximately 9.6 million through May 2022, the most recent date that employment data is available. The Six County Area had 21.8 million residents in 2021, approximately 55 percent of the State's population. High housing prices and large job losses have contributed to slowing population growth since 2005, yet the population grew by approximately 1.7 million residents between 2000 and 2010 and another .8 million between 2010 and 2021. In 2021 population growth was negative for the Six County Area as immigration fell and deaths increased from the COVID pandemic.

Long-term Financial Planning

Metropolitan currently has several major construction projects underway. These projects primarily involve infrastructure and system reliability, either as upgrades to existing capital assets or replacements and refurbishments of existing facilities, to ensure reliability as well as enhance operational efficiency and flexibility, and comply with water quality regulations. As set forth in the adopted biennial budget for fiscal years 2022-23 and 2023-24, Metropolitan's capital investment plan for the fiscal years ending June 30, 2023 through 2027 totals approximately $1.8 billion.

Metropolitan's capital investment plan is regularly reviewed and updated. Implementation and construction of specific elements of the program are subject to Board approval, and the amount and timing of borrowings will depend upon, among other factors, status of construction activity and water demands within Metropolitan's service area. Major projects in the capital investment plan are highlighted below.

Funding of the capital investment plan is accomplished with external and internal resources. The Board has adopted an internal funding objective to fund 45 percent of capital program expenditures. The amount of internal funding is determined by the Board as part of the biennial budget process. The remainder of capital program expenditures is funded primarily through the issuance of water revenue bonds payable from net operating revenues. Additional information on Metropolitan's capital investment plan can be found in Note 10f of the Notes to the Basic Financial Statements.

Highlights of the Capital Investment Plan

Colorado River Aqueduct Facilities. Deliveries through the CRA began in 1941. Through annual inspections and maintenance activities, the performance and reliability of the various components of the CRA are regularly evaluated. Projects under the CRA facilities program are designed to replace or refurbish facilities and components on the CRA system in order to reliably convey water from the Colorado River to Southern California.

Distribution System - Prestressed Concrete Cylinder Pipe. Metropolitan's distribution system is comprised of approximately 830 miles of pipelines ranging in diameter from 30 inches to over 200 inches. There are 163 miles of the distribution system that is made up of prestressed concrete cylinder pipe (PCCP). In response to PCCP failures experienced by several water agencies, Metropolitan initiated the PCCP Assessment Program in December 1996 to evaluate the condition of Metropolitan's PCCP lines and investigate inspection and refurbishment methods. As part of this program, Metropolitan made improvements to several sections of PCCP. Rather than continue to make spot repairs to pipe segments, Metropolitan has initiated a long-term capital program to rehabilitate approximately 100 miles of PCCP in five pipelines by relining with a welded steel liner. Significant projects over the next several years include relining of portions of Second Lower and Sepulveda Feeders.

Distribution System Refurbishments and Improvements. In addition to the long-term program to rehabilitate Metropolitan's PCCP lines, several other components of the distribution system, including dams and reservoirs, are being refurbished and/or improved. Significant projects over the next several years include retrofitting of the distribution system to improve resiliency against earthquake; rehabilitation of reservoirs; relining of pipelines; and refurbishment of pump stations, pressure control structures, hydroelectric plants, and service connections.

Drought Response and System Flexibility. In response to the ongoing historic statewide drought, several drought response projects that address decreasing water supplies both in specific parts of Metropolitan's service area and across the entire District have been added to the CIP. This is in addition to the ongoing projects to increase the system flexibility of Metropolitan's water supply and delivery infrastructure to meet service demands. Metropolitan continues investigating capital improvements that mitigate drought impacts and more projects are expected to be developed in the coming years. Some of the projects commenced in fiscal year 2021-22. Significant projects in this category include Inland Feeder-Rialto Pipeline Intertie, Wadsworth Pump Discharge to Eastside Pipeline Bypass, West Area Water Supply Reliability Improvements, and Perris Valley Pipeline Tunnels.

System Reliability. System Reliability projects are implemented at facilities throughout Metropolitan's system to utilize new processes or technologies, to improve safety, or to increase overall reliability. Significant projects in this category include seismic strengthening of Metropolitan's headquarters building, construction or improvement of operations support facilities, security system enhancements, control system upgrades, and information technology infrastructure projects.

Water Treatment Plant Improvements. The F.E. Weymouth Treatment Plant, which was placed into service in 1941, is Metropolitan's oldest water treatment facility. Four more water treatment plants were constructed throughout Metropolitan's service area with Henry J. Mills Water Treatment Plant being the newest water treatment facility, which was place into service in 1978. These plants have been subsequently expanded since their original construction. Metropolitan has completed numerous upgrades and refurbishments/replacement projects to maintain the plants' reliability and improve efficiency. Significant projects over the next several years include refurbishment of settling basins and strengthening of inlet channels at the Weymouth plant, rehabilitation of filtration system at the Robert B. Diemer Water Treatment Plant, second stage of electrical upgrades at the Mills plant, ozonation system upgrade at the Joseph Jensen Water Treatment Plant, and chemical system rehabilitation at the Robert A. Skinner Plant.

Major Initiatives

Metropolitan faces a number of challenges in providing adequate, reliable, and high-quality supplemental water supplies for Southern California. These challenges include population growth in Metropolitan's service area, increased competition for low-cost water supplies, variable weather conditions, including extended drought periods, increased environmental regulations, and climate change. Metropolitan's resources and strategies for meeting these long-term challenges are identified in its Integrated Water Resources Plan (IRP).

The Board-adopted IRP was developed by Metropolitan, its member agencies, sub-agencies, and groundwater basin managers with the purpose of developing a portfolio of preferred resources to meet the water supply reliability and water quality needs for the service area in a cost-effective and environmentally sound manner. On January 12, 2016, the IRP was updated (2015 IRP Update) enabling Metropolitan and its member agencies to manage future challenges and changes in California's water conditions and to balance investments with water reliability benefits. The 2015 IRP Update seeks to provide regional reliability by stabilizing Metropolitan's traditional imported water supplies and continuing to develop additional conservation programs and local resources. It also advances long-term planning for potential future contingency resources, such as storm water capture and seawater desalination. In February 2020 Metropolitan began the new process for the development of the 2020 IRP. The 2020 IRP is being undertaken in two phases the first phase is Regional Needs Assessment, which was adopted by the Board in April 2022. This phase presents key technical finding and examines the effectiveness of generalized portfolio categories. The second phase is One Water Implementation, which will translate the high-level portfolio analysis from Phase1 into specific policies, programs, and projects to address the findings and mitigate potential shortages.

Since 2010, Metropolitan has been evaluating the potential and feasibility of implementing a regional recycled water program (the RRWP). Chronic drought conditions have resulted in significant reductions in local surface supplies and groundwater production and have increased the need for recharge supplies to groundwater and surface water reservoirs to improve their sustainable yields and operating integrity. In 2015, Metropolitan executed an agreement with the Sanitation Districts of Los Angeles County (LACSD) to implement a demonstration project and to establish a framework of terms and conditions of the RRWP. The objectives of the RRWP are to enable the potential reuse of up to 150 million gallons per day (mgd) of treated effluent from LACSD's Joint Water Pollution Control Plant. Purified water from a new advanced treatment facility could be delivered through pipelines to the region's groundwater basins, industrial facilities, and two of Metropolitan's treatment plants. Construction of a 0.5-mgd advanced water treatment demonstration plant was approved in 2017 and was completed in September 2019. Testing and operation of the plant began in October 2019 to confirm treatment costs and provide the basis for regulatory approval of the proposed treatment process. The first testing phase was completed in 2021 with future testing phases planned that will form the basis for the design, operation, and optimization of, and will inform Metropolitan's Board decision whether to move forward with, a full-scale advanced water treatment facility. Finally, the RRWP, if constructed, will have the flexibility to be expanded in the future to implement Direct Potable Reuse (DPR) through raw water augmentation at two of Metropolitan's treatment plants. The State Water Resources Control Board Division of Drinking Water is in the process of developing regulations for DPR in California, with the current anticipated date for promulgation by the end of 2023. On November 10, 2020, Metropolitan's Board voted to begin environmental planning work on the RRWP. In December 2020, Metropolitan and Southern Nevada Water Authority (SNWA) executed a funding agreement under which SNWA will contribute up to $6.0 million for environmental planning costs for RRWP. In the event either SNWA or Metropolitan decides not to proceed or participate in the RRWP in the future, SNWA's financial contribution to the RRWP's environmental planning would be returned by Metropolitan. In fiscal year 2022, Metropolitan signed an agreement with the Central Arizona Project and Arizona Department of Water for a $6.0 million financial contribution similar to the SNWA Agreement. Metropolitan also has a $4.6 million contribution agreement with LACSD. Environmental planning phase work commenced in fiscal year 2021 and is expected to continue through fiscal year 2024.

The Sites Reservoir is a proposed reservoir project of approximately 1.3 million to 1.5 million acre-feet, being analyzed by the Sites Reservoir Authority, to be located in Colusa County. The water stored in the proposed project would be diverted from the Sacramento River. As currently proposed, the Sites Reservoir project would have dedicated water storage and yield that would be used for fishery enhancement, water quality, and other environmental purposes. The proposed project could also provide additional water supply that could be used for dry-year benefits. Metropolitan is a member of the Sites Reservoir Committee, a group of 30 agencies that are participating in certain planning activities in connection with the proposed development of the project, including the development of environmental planning documents, a federal feasibility report and project permitting. In October 2020 and April 2022, Metropolitan's Board approved $5.0 million and $20.0 million, respectively, in funding for Metropolitan's continued participation in such planning activities through the end of 2024. Metropolitan's agreement to participate in funding of this phase of project development activities does not commit Metropolitan to participate in any actual reservoir project that may be undertaken in the future.

On April 29, 2019, Governor Newsom issued an executive order directing identified State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, directing the State agencies to inventory and assess the current planning for modernizing conveyance through the Bay-Delta with a new single tunnel project. Consistent with the Governor's direction, in January 2020, the Department of Water Resources (DWR) commenced a formal environmental review process under CEQA for a proposed single tunnel Delta Conveyance Project. The new conveyance facilities being reviewed would include intake structures on the Sacramento River, with a total capacity of 6,000 cfs, and a single tunnel to convey water to the existing pumping plants in the south Delta. Planning, environmental review and conceptual design work by DWR are expected to be completed in the 2023-2024 timeline. On December 8, 2020, the Board voted unanimously to fund its share of the environmental planning and pre-construction costs of the Delta Conveyance Project which is estimated at 47.2 percent or $160.8 million for calendar year 2021 through 2024. The DWR released the Draft EIR for the Delta Conveyance Project last July 27, 2022 for public review and comments. The Draft EIR is based on the preliminary design of the proposed project including alternatives as provided by the Delta Conveyance Design and Construction Authority (DCA). The Draft EIR complies with the CEQA requirements that evaluates a range of alternatives to the proposed project and discloses the potential environmental effects of the proposed project and alternatives, and associated mitigation measures for potentially significant impacts.

Metropolitan will continue to add storage and conservation resources to its diverse water supply portfolio as well as focus on water quality improvements. In addition, Metropolitan will work to stabilize its traditional imported water supplies. Commitment of the resources to achieve these goals will enable Metropolitan to meet its member agencies' and the region's water reliability and quality needs in a fiscally responsible manner.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Metropolitan for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the twenty-sixth consecutive year that Metropolitan has received this prestigious award. In order to be awarded a Certificate of Achievement, Metropolitan published an easily readable and efficiently organized ACFR. This report satisfies 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 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate of Achievement.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Office of the Assistant General Manager, Finance and Administration. I would like to express my appreciation to all staff that assisted and contributed to the preparation of this report. Credit must also be given to the General Manager and the Board for their unfailing support for maintaining the highest standards of professionalism in the management of Metropolitan's finances. Any questions regarding the content of this report may be directed to the Controller, Bernadette Robertson at (213) 217-7547.

Respectfully,

Katano Kasaine
Assistant General Manager, Finance and Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

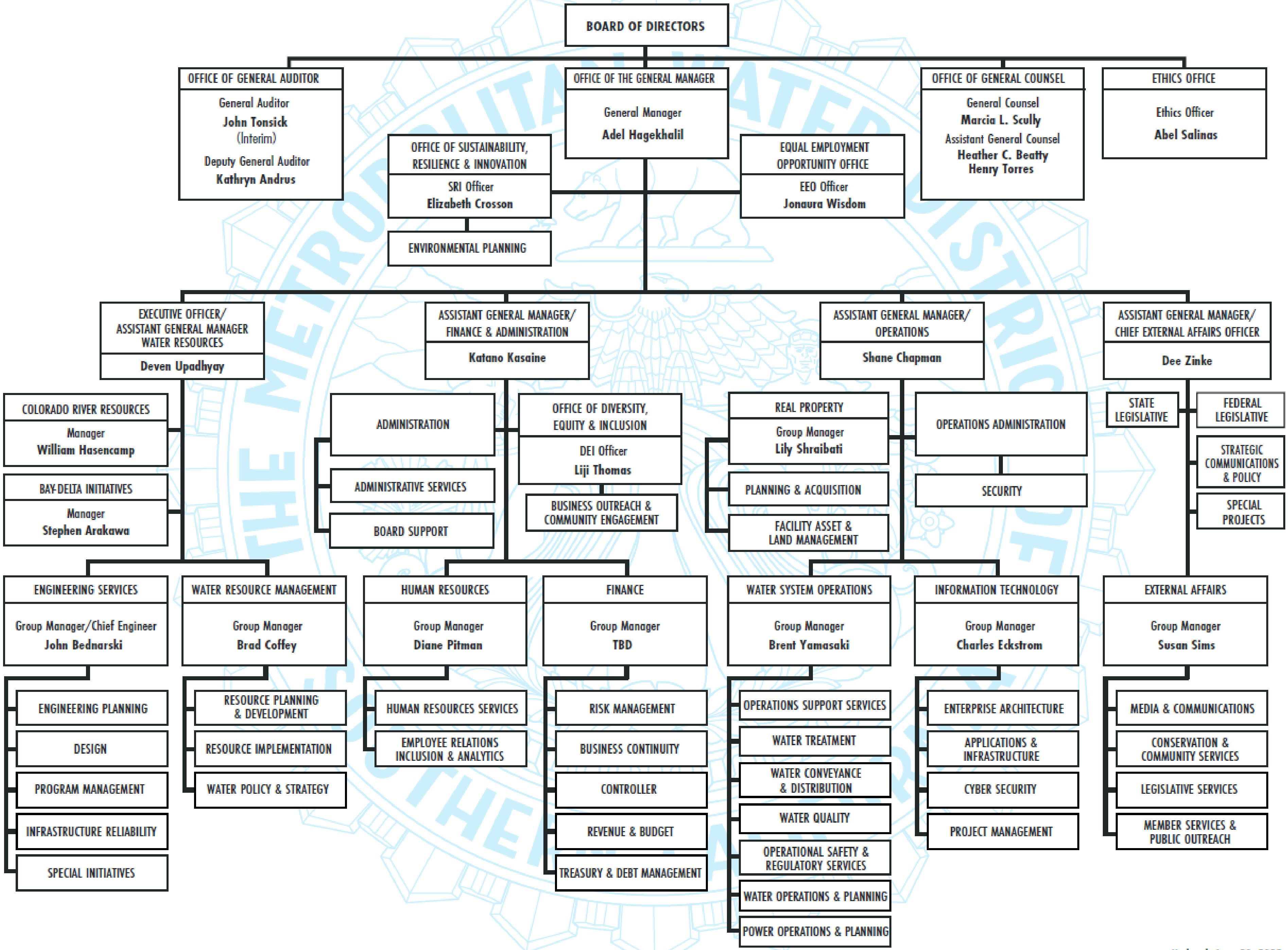
The Metropolitan Water District of Southern California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2021

Executive Director/CEO

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA



Updated: June 30, 2022

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Officers of the Board of Directors
(As of June 30, 2022)

Chair
GLORIA D. GRAY

Vice Chair	**Vice Chair**	**Vice Chair**	**Secretary**
CYNTHIA KURTZ	DAVID D. DE JESUS	VACANT	JUDY ABDO

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Calleguas Municipal Water District
STEVE BLOIS

Central Basin Municipal Water District
ROBERT APODACA
PHILLIP D. HAWKINS

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Eastern Municipal Water District
RANDY A. RECORD

Foothill Municipal Water District
RICHARD ATWATER

Fullerton
FRED JUNG

Glendale
ARDY KASSAKHIAN

Inland Empire Utilities Agency
MICHAEL CAMACHO

Las Virgenes Municipal Water District
GLEN PETERSON

Long Beach
GLORIA CORDERO

Los Angeles
HEATHER REPENNING
MATT PETERSEN
MIGUEL LUNA
NANCY SUTLEY
TRACY QUINN

Municipal Water District of Orange County
DENNIS ERDMAN
LARRY D. DICK
LINDA ACKERMAN
SATORU TAMARIBUCHI

Pasadena
CYNTHIA KURTZ

San Diego County Water Authority
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GAIL GOLDBERG
LOIS FONG-SAKAI
TIM SMITH

San Fernando
ADAN ORTEGA

San Marino
JOHN T. MORRIS

Santa Ana
THAI PHAN

Santa Monica
JUDY ABDO

Three Valleys Municipal Water District
DAVID D. DE JESUS

Torrance
RUSSELL LEFEVRE

Upper San Gabriel Valley Municipal Water District
ANTHONY FELLOW

West Basin Municipal Water District
HAROLD C. WILLIAMS
GLORIA D. GRAY

Western Municipal Water District of Riverside County
BRENDA DENNSTEDT

Financial Section

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KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report

The Board of Directors of
The Metropolitan Water District of Southern California:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Metropolitan Water District of Southern California (Metropolitan), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Metropolitan's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Metropolitan, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audits 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 Metropolitan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 Metropolitan'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 the Metropolitan's internal control. Accordingly, no such opinion is expressed.

KPMG

- 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 Metropolitan'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

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3-17 and the pension and other postemployment benefits required supplementary information on pages 106-110 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis 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 audits 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 information 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 comprehensive financial 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 audits 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 October 31, 2022 on our consideration of the Metropolitan'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 Metropolitan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Metropolitan's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
October 31, 2022, except for the Other Information section of our report, as to which the date is December 13, 2022

The following discussion and analysis of The Metropolitan Water District of Southern California's (Metropolitan) financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2022 and 2021. This discussion and analysis should be read in conjunction with the basic financial statements and accompanying notes, which follow this section.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

Metropolitan operates as a utility enterprise and maintains its accounting records in accordance with United States generally accepted accounting principles (U.S. GAAP) for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows, statements of fiduciary net position and statements of changes in fiduciary net position. The statements of net position include all of Metropolitan's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position, some of which is restricted in accordance with bond covenants or other commitments. The statements of revenues, expenses and changes in net position report all of Metropolitan's revenues and expenses during the periods indicated. The statements of cash flows show the amount of cash received and paid out for operating activities, as well as cash received from taxes and investment income, and cash used for construction projects, State Water Project (SWP) costs and principal and interest payments on borrowed money. The statements of fiduciary net position include the assets and liabilities of fiduciary funds with the difference reported as fiduciary net position and the statements of changes in fiduciary net position include additions and deductions of fiduciary funds. The fiduciary fund activity is excluded from Metropolitan's balances reported in the statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows.

During the fiscal year ended June 30, 2022, Metropolitan implemented GASB Statement No. 87 (GASB 87), *Leases*, which requires Metropolitan to recognize leases receivable and deferred inflows of resources related to lease arrangements where Metropolitan is a lessor. Further, Metropolitan is required to recognize a lease liability and an intangible right-to-use leased asset for lease arrangements where Metropolitan is a lessee. Fiscal year 2021 balances were adjusted as detailed in Note 1(t) of the basic financial statements. Fiscal year 2020 balances within this Management's Discussion and Analysis were not adjusted for the implementation of this GASB statement.

On July 1, 2021, Metropolitan implemented GASB Statement No. 89 (GASB 89), *Accounting for Interest Incurred before the End of a Construction Period*. GASB 89 requires all interest incurred during the construction period to be expensed and no longer allows for capitalization of such interest costs. The requirements of GASB 89 are applied prospectively in the year of implementation. As such, the fiscal year 2021 and 2020 balances were not adjusted as a result of implementation.

CONDENSED FINANCIAL INFORMATION

Condensed Schedule of Net Position

	June 30,		
(Dollars in millions)	**2022**	2021 As Adjusted Note 1t	2020
Assets and deferred outflows of resources			
Capital assets, net	**$ 10,508.2**	$ 10,546.0	$ 10,508.4
Other assets	**2,409.6**	2,336.1	1,986.5
Total assets	**12,917.8**	12,882.1	12,494.9
Deferred outflows of resources	**149.6**	167.3	169.1
Total assets and deferred outflows of resources	**13,067.4**	13,049.4	12,664.0
Liabilities and deferred inflows of resources			
Long-term liabilities, net of current portion	**4,510.3**	5,291.5	4,366.9
Other liabilities	**723.0**	494.0	1,289.0
Total liabilities	**5,233.3**	5,785.5	5,655.9
Deferred inflows of resources	**377.7**	69.1	68.6
Total liabilities and deferred inflows of resources	**5,611.0**	5,854.6	5,724.5
Net position			
Net investment in capital assets, including State Water Project costs	**6,219.5**	6,141.4	6,121.6
Restricted	**573.5**	532.7	509.0
Unrestricted	**663.4**	520.7	308.9
Total net position	**$ 7,456.4**	$ 7,194.8	$ 6,939.5

Capital Assets, Net

Net capital assets include plant, participation rights, and construction work in progress, net of accumulated depreciation and amortization.

Fiscal Year 2022 Compared to 2021. At June 30, 2022, net capital assets totaled $10.5 billion, or 80.4 percent of total assets and deferred outflows of resources, and were $37.8 million lower than the prior year. The decrease included depreciation and amortization of $373.5 million and $15.1 million retirements of capital assets and write-off of construction in progress upon determination that no operating assets would result from the cost incurred, offset by Metropolitan's continued expenditures on the capital investment plan of $209.0 million, a net increase of $141.4 million in participation rights in SWP, and an increase of $0.4 million in intangible right-to-use leased assets. See the capital assets section on pages 15-16 for additional information.

Fiscal Year 2021 Compared to 2020. At June 30, 2021, net capital assets totaled $10.5 billion, or 80.8 percent of total assets and deferred outflows of resources, and were $37.6 million higher than the prior year. The increase included Metropolitan's continued expenditures on the capital investment plan of $277.5 million (including $7.3 million of capitalized interest), a net increase of $141.8 million in participation rights in SWP, and $10.4 million in intangible right-to-use leased assets, offset by depreciation and amortization of $355.0 million and $37.1 million retirements of capital assets and write-off of construction in progress upon determination that no operating assets would result from the cost incurred. See the capital assets section on pages 15-16 for additional information.

Other Assets

Other assets include accounts receivable, inventories, prepaid costs, and cash and investments.

Fiscal Year 2022 Compared to 2021. At June 30, 2022, other assets totaled $2.4 billion and were $73.5 million higher than the prior year. Cash and investments were $61.5 million higher primarily due to higher water revenues. Inventories also increased $28.3 million primarily due to higher per unit cost of water. These increases were offset by $15.1 million lower deposits, prepaid costs, and other due to $21.5 million lower prepaid water costs resulting from 180.3 thousand acre feet (TAF) less water in storage and $10.8 million of lower prepaid expenses, partially offset by $25.0 million funding for the Delta Conveyance Project planning and pre-construction costs.

Fiscal Year 2021 Compared to 2020. At June 30, 2021, other assets totaled $2.3 billion and were $349.6 million higher than the prior year. Cash and investments were $229.9 million higher primarily due to $188.9 million proceeds from the Water Revenue Bonds 2021 Series A. Deposits, prepaid costs, and other was $47.1 million higher than the prior year which included $25.0 million funding for the Delta Conveyance Project planning and pre-construction costs and $16.8 million more costs for the High Desert Bank Program, which was operational for twelve months in fiscal 2021 compared to three months in fiscal year 2020. Receivables also increased $45.3 million of which, $50.2 million related to higher water revenues receivable as fiscal year 2021 May and June water transactions were 56.9 TAF more than the prior year's comparable months.

Deferred Outflows of Resources

Deferred outflows of resources include deferred outflows related to loss on bond refundings and swap terminations, deferred outflows related to the net pension liability and net OPEB liability, and deferred outflows for effective interest rate swaps.

Fiscal Year 2022 Compared to 2021. At June 30, 2022, deferred outflows totaled $149.6 million and were $17.7 million lower than the prior year. The decrease included $12.1 million lower deferred outflows related to pension, which included $13.1 million lower deferred outflows related to the net difference between projected and actual earnings on pension plan investments and $6.2 million lower difference between expected and actual experience, offset by $7.2 million higher deferred outflows related to pension contributions subsequent to the measurement date. Also contributing to the decrease was $6.2 million lower deferred loss on bond refundings and $1.9 million lower deferred loss on swap terminations, both of which were due to amortization. These decreases were offset by $2.5 million higher deferred outflows related to OPEB due to $4.8 million higher difference between expected and actual experience and $3.6 million higher deferred outflows related to OPEB contributions subsequent to the measurement date, offset by $5.9 million lower deferred outflows related to the net difference between projected and actual earnings on OPEB plan investments.

Fiscal Year 2021 Compared to 2020. At June 30, 2021, deferred outflows totaled $167.3 million and were $1.8 million lower than the prior year. The decrease included $11.7 million lower deferred outflows on effective swaps due to higher interest rates, $6.3 million lower deferred loss on bond refundings, and $1.1 million lower deferred loss on swap terminations, both of which were due to amortization. These decreases were offset by $18.0 million higher deferred outflows related to pension, which included $13.1 million higher deferred outflows related to the net difference between projected and actual earnings on pension plan investments, $8.2 million higher deferred outflows related to pension contributions subsequent to the measurement date, and $4.5 million higher difference between expected and actual experience, partially offset by $7.8 million lower deferred outflows due to changes of actuarial assumption.

Long-term Liabilities, Net of Current Portion

Long-term liabilities, net of current portion includes long-term debt, long-term revolving notes, customer deposits and trust funds, leases, net pension liability, net OPEB liability, accrued compensated absences, workers' compensation and third party claims, fair value of interest rate swaps, and other long-term obligations.

Fiscal Year 2022 Compared to 2021. At June 30, 2022, long-term liabilities, net of current portion totaled $4.5 billion and were $781.2 million lower than the prior year primarily due to a $351.1 million decrease in long-term debt, net of current portion. The decrease included $159.6 million higher current portion of long-term debt as compared to prior year, $123.1 million principal payments, $39.0 million decrease in premiums and discounts, and $35.6 million of principal paid by the Royal Bank of Canada Short-Term Credit Facility (RBC) note issued in June 2021, offset by $6.2 million of bond refundings, as the new debt issued was more than the amount of debt refunded. See other liabilities section on page 7 and long-term debt section on page 17 for additional information. In addition, net pension liability was $284.0 million lower due to $417.4 million of pension plan investment earnings and $91.9 million employer and employee contributions to the pension plan, offset by $181.2 million interest on the total pension liability and $38.6 million in service costs. Net OPEB liability was also $112.4 million lower due to $85.2 million of net investment income, $48.4 million change of assumptions, and $27.0 million of employer contributions, offset by $30.6 million interest on the total OPEB liability, $11.5 million of service costs, and $6.0 million difference between expected and actual experience. Also contributing to the decrease in long-term debt, net of current portion was a $29.8 million decrease in fair value of interest rate swaps due to higher interest rates as compared to prior year.

Fiscal Year 2021 Compared to 2020. At June 30, 2021, long-term liabilities, net of current portion, totaled $5.3 billion and were $924.6 million higher than the prior year primarily due to an increase of $929.3 million in long-term debt, net of current portion. The increase included $816.4 million lower current portion of long-term debt as compared to prior year, $188.9 million in new revenue bonds, and $97.9 million increase in premiums and discounts, offset by $133.8 million principal payments, $35.6 million of principal paid by the short-term RBC note issued in June 2020, and $4.5 million of bond refundings, as the new debt issued was less than the amount of debt refunded. See other liabilities section on page 7 and long-term debt section on page 17 for additional information. In addition, net pension liability was $55.6 million higher due to $175.0 million interest on the total pension liability and $37.2 million in service costs, offset by $90.1 million of pension plan investment earnings and $66.1 million employer contributions to the pension plan. These increases in long-term liabilities, net of current portion were offset by $46.8 million lower long-term revolving notes as the Bank of America, N.A. notes (BANA notes) issued for the California WaterFix advance were repaid and $19.6 million decrease in fair value of interest rate swaps due to higher interest rates as compared to prior year.

Other Liabilities

Other liabilities represent current liabilities that are due within one year. Current liabilities include accounts payable, accrued liabilities, short-term revolving notes, current portion of leases, and the current portion of long-term liabilities.

Fiscal Year 2022 Compared to 2021. At June 30, 2022, other liabilities totaled $723.0 million and were $229.0 million higher than the prior year. Current portion of long-term debt increased by $159.6 million primarily due to the addition of $78.9 million and $80.0 million of Water Revenue Bonds, 2000 Series B-3 and 2017 Series A, respectively, which have a Standby Bond Purchase Agreement (SBPA) expiration of March 2023. Also contributing to the increase in other liabilities was $62.4 million higher accounts payable and accrued expenses primarily due to $45.1 million higher SWP costs which included $20.9 million or 71.1 TAF withdrawal from DWR's Flexible Storage Program, $15.7 million more variable charges due to higher per unit cost of water plus 42.6 TAF more water purchased in April, May and June of 2022 compared to the same months in the prior year, and $8.5 million more OMP&R fixed charges. Also contributing to the increase in accounts payable and accrued expenses were $7.2 million and $4.1 million purchase of water for the YUBA Accord and State Water Contractors Dry-Year Transfer programs, respectively.

Fiscal Year 2021 Compared to 2020. At June 30, 2021, other liabilities totaled $494.0 million, and were $795.0 million lower than the prior year. Current portion of long-term debt decreased by $816.4 million due to the extension of mandatory tender dates to fiscal year 2024 for the $271.8 million Special Variable Rate Water Revenue Refunding Bonds (SVRWRRB), 2020 Series B, $191.2 million Subordinate Water Revenue Refunding Bonds, 2017 Series D and E, and $80.0 million Subordinate Water Revenue Bonds, 2017 Series C. Also contributing to the decrease in current portion of long-term debt was the refunding of $175.0 million Subordinate Water Revenue Bonds, 2016 Series A which had a mandatory tender date of December 2020, and an extension of the SBPA from June 2021 to June 2024 for $90.1 million SVRWRRB, 2018 Series A-1 and A-2. The decrease in the current portion of long-term debt was offset by $27.4 million higher accounts payable and accrued expenses primarily due to the withdrawal of 115.9 TAF from DWR's Flexible Storage Program in fiscal year 2021.

Deferred Inflows of Resources

Deferred inflows of resources represent deferred inflows related to the net pension liability, net OPEB liability, deferred inflows for leases and deferred inflows for effective interest rate swaps.

Fiscal Year 2022 Compared to 2021. At June 30, 2022, deferred inflows of resources totaled $377.7 million and were $308.6 million higher than the prior year primarily due to $206.3 million higher deferred inflows related to pension, which included $207.9 million higher net difference between projected and actual earnings on pension plan investments, offset by $1.0 million lower changes of assumptions. Additionally, deferred inflows related to OPEB increased $73.7 million, which included $45.6 million higher net difference between projected and actual earnings on OPEB plan investments and $37.9 million higher changes of assumptions, offset by $9.8 million lower differences between expected and actual experience. Deferred inflows on effective swaps were also higher by $29.8 million due to higher interest rates. These increases in deferred inflows of resources were offset by $1.2 million lower deferred inflows related to leases due to amortization.

Fiscal Year 2021 Compared to 2020. At June 30, 2021, deferred inflows of resources totaled $69.1 million and were $0.5 million higher than the prior year primarily due to $26.6 million of higher deferred inflows related to leases as a result of the implementation of GASB 87 in fiscal year 2022 with adjustments to fiscal year 2021 balances and $7.9 million of higher deferred inflows on effective swaps due to higher interest rates. These increases in deferred inflows were offset by $19.7 million lower deferred inflows related to pension, which included $10.8 million lower net difference between projected and actual earnings on pension plan investments, $4.8 million lower changes of assumptions, and $4.1 million lower difference between expected and actual experience. Additionally, deferred inflows related to OPEB decreased $14.3 million, which included $9.8 million lower differences between expected and actual experience and $3.7 million net difference between projected and actual earnings on OPEB plan investments.

Net Investment in Capital Assets, including State Water Project Costs

Net investment in capital assets, including State Water Project costs, include amounts expended for capital improvements, SWP and other intangible assets including participation rights in other facilities and right-to-use leased asset, offset by accumulated depreciation and outstanding debt issued for these purposes.

Fiscal Year 2022 Compared to 2021. At June 30, 2022, net investment in capital assets, including State Water Project costs totaled $6.2 billion and was $78.1 million higher than the prior year. This increase included $115.9 million decrease in outstanding debt and related deferred outflows of resources, offset by $37.8 million net decrease in capital assets. See discussions of these items in the capital assets and long-term debt sections on pages 15-16 and 17, respectively.

Fiscal Year 2021 Compared to 2020. At June 30, 2021, net investment in capital assets, including State Water Project costs totaled $6.1 billion and was $19.8 million higher than the prior year. This increase included $37.6 million net increase in capital assets, offset by $17.8 million increase in outstanding debt and related deferred outflows of resources. See discussions of these items in the capital assets and long-term debt sections on pages 15-16 and 17, respectively.

Restricted Net Position

Restricted net position includes amounts restricted for debt service payments and operating expenses, both of which are required by bond covenants.

Fiscal Year 2022 Compared to 2021. At June 30, 2022, restricted net position totaled $573.5 million which was $40.8 million higher than fiscal year 2021 due to $22.7 million increase in restricted for operating expenses due to higher anticipated power and water costs in fiscal year 2023 and $14.3 million of higher restricted for debt service due to higher principal and interest payment requirements in fiscal year 2023.

Fiscal Year 2021 Compared to 2020. At June 30, 2021, restricted net position totaled $532.7 million which was $23.7 million higher than fiscal year 2020 primarily due to $34.9 million increase in restricted for operating expenses primarily due to higher pension and OPEB contribution requirements for fiscal year 2022 partially offset by $10.8 million of lower restricted for debt service due to savings from refunding transactions.

Unrestricted Net Position

Unrestricted net position consists of net position items that do not meet the definition of "restricted" or "net investment in capital assets, including State Water Project costs." Certain unrestricted net position items have been designated for purposes authorized by Metropolitan's Board of Directors (Board).

Fiscal Year 2022 Compared to 2021. Unrestricted net position of $663.4 million increased $142.7 million from the prior year, which included fiscal year 2022 changes in net position of $261.6 million offset by $78.1 million higher net investment in capital assets, including State Water Project costs and $40.8 million higher restricted for debt service and operating expenses.

Fiscal Year 2021 Compared to 2020. Unrestricted net position of $520.7 million increased $211.8 million from the prior year, which included fiscal year 2021 changes in net position of $255.3 million offset by $23.7 higher restricted for debt service and operating expense and $19.8 million of higher net investment in capital assets, including State Water Project costs.

CHANGES IN NET POSITION

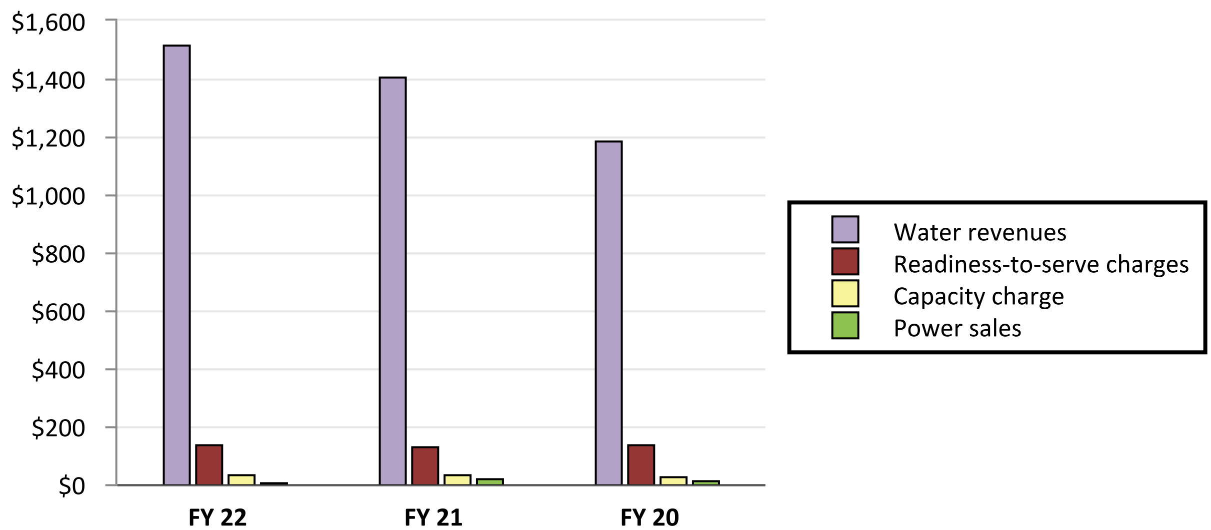
Condensed Schedule of Revenues, Expenses, and Changes in Net Position

	Fiscal Year Ended June 30,		
(Dollars in millions)	**2022**	2021 As Adjusted Note 1t	2020
Water revenues	**$ 1,515.1**	$ 1,404.7	$ 1,188.0
Readiness-to-serve charges	**135.0**	133.0	134.5
Capacity charge	**37.0**	31.7	30.5
Power sales	**7.7**	19.0	15.9
Operating revenues	**1,694.8**	1,588.4	1,368.9
Taxes, net	**168.1**	160.6	146.9
Investment income, net	**—**	4.1	28.9
Gain on sale of plant assets	**9.2**	—	—
Other	**8.7**	10.9	24.5
Nonoperating revenues	**186.0**	175.6	200.3
Total revenues	**1,880.8**	1,764.0	1,569.2
Power and water costs	**(605.7)**	(480.9)	(438.7)
Operations and maintenance	**(475.3)**	(508.2)	(557.4)
Litigation payments	**(50.9)**	(44.4)	—
Depreciation and amortization	**(376.8)**	(364.5)	(353.0)
Operating expenses	**(1,508.7)**	(1,398.0)	(1,349.1)
Bond interest, net of amount capitalized	**(93.5)**	(91.6)	(100.7)
Investment expense, net	**(10.9)**	—	—
Loss on disposal of plant assets	**—**	(13.2)	(10.2)
Other	**(6.4)**	(6.2)	(5.9)
Nonoperating expenses	**(110.8)**	(111.0)	(116.8)
Total expenses	**(1,619.5)**	(1,509.0)	(1,465.9)
Changes in net position before contributions	**261.3**	255.0	103.3
Capital contributions	**0.3**	0.3	—
Changes in net position	**261.6**	255.3	103.3
Net position, beginning of year	**7,194.8**	6,939.5	6,836.2
Net position, end of year	**$ 7,456.4**	$ 7,194.8	$ 6,939.5

Operating Revenues

Metropolitan's principal source of revenue is derived from the sale and availability of water, including water rates and other exchange and wheeling transactions, which typically account for approximately 85 percent of operating revenues. Metropolitan's primary sources of water supply are the Colorado River and the SWP.

OPERATING REVENUES
(Dollars in millions)



Analytical Review of Operating Revenues

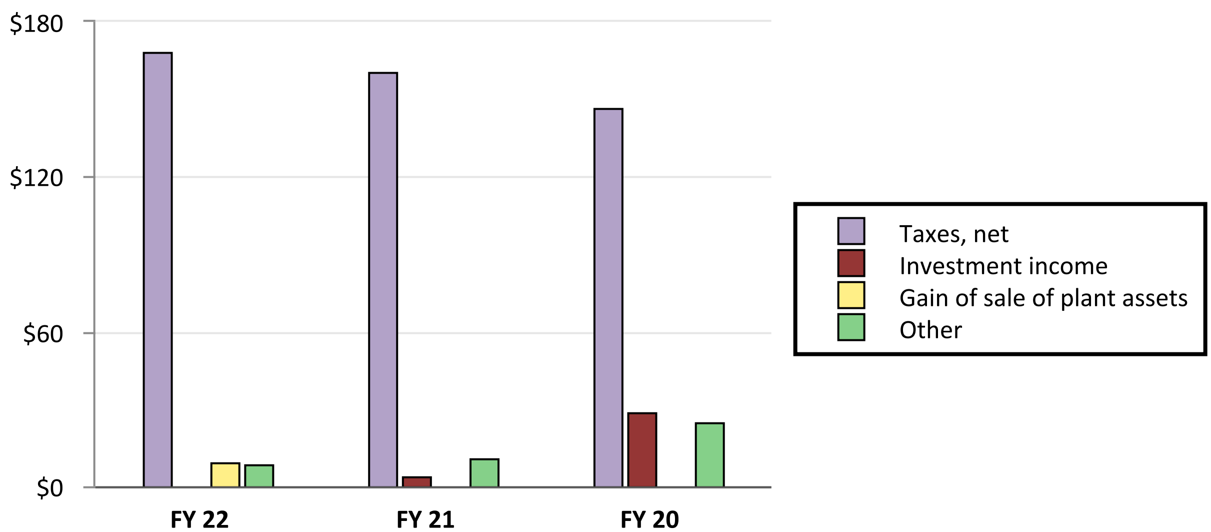
Fiscal Year 2022 Compared to 2021. Fiscal year 2022 operating revenues were $1.7 billion or $106.4 million more than the prior year. The increase was primarily due to $110.4 million of higher water revenues, which included $64.1 million or 71.8 TAF of higher volumes sold and $46.3 million of higher price. The increase in water revenues was partially offset by $11.3 million lower power sales primarily due to lower Colorado River Aqueduct deliveries as compared to prior year.

Fiscal Year 2021 Compared to 2020. Fiscal year 2021 operating revenues were $1.6 billion or $219.5 million more than the prior year. The increase was primarily due to $216.7 million of higher water revenues, which included $179.0 million or 206.1 TAF of higher volumes sold and $37.7 million of higher price.

Nonoperating Revenues

The primary source of nonoperating revenues is property taxes.

NONOPERATING REVENUES
(Dollars in millions)



Analytical Review of Nonoperating Revenues

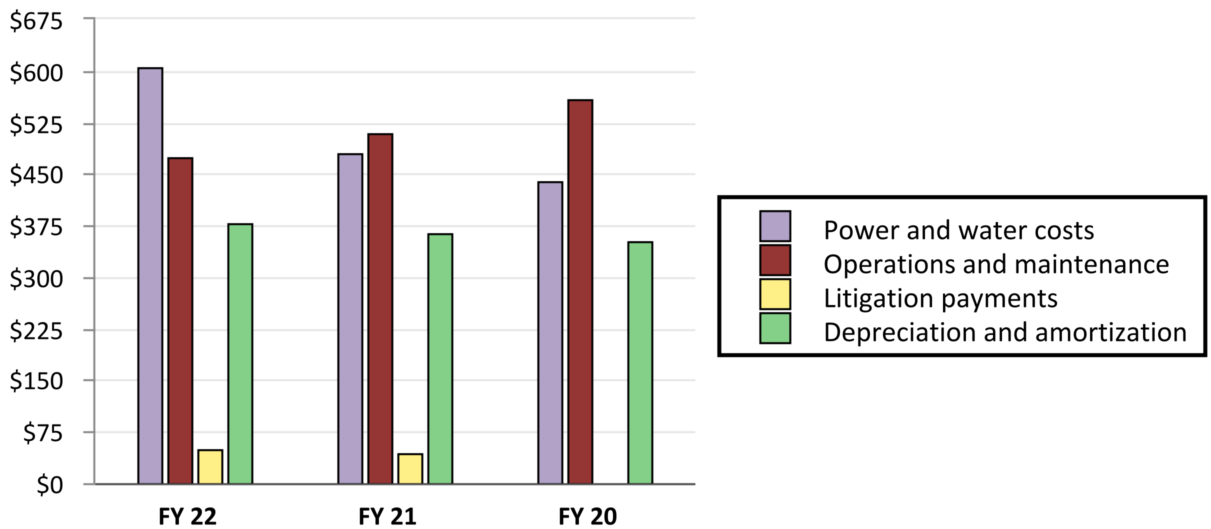
Fiscal Year 2022 Compared to 2021. Nonoperating revenues for fiscal year 2022 totaled $186.0 million and were $10.4 million higher than the prior year. The increase was primarily due to $9.2 million gain on sale of plant assets related to the sale of surplus land and $7.5 million higher property tax revenues due to higher assessed property values, offset by $4.1 million less of investment income, which included $11.5 million unfavorable change in fair value of investments and $2.1 million lower rate of return resulting in $10.9 million investment loss reported in non-operating expenses. In addition, other revenues were $2.2 million lower due to lower property rentals as various land leases expired.

Fiscal Year 2021 Compared to 2020. Nonoperating revenues for fiscal year 2020 totaled $175.6 million and were $24.7 million lower than the prior year. The decrease was primarily due to $24.8 million less of investment income, which included $14.5 million unfavorable change in fair value of investments and $10.8 million lower rate of return. In addition, other revenues were $13.1 million lower as there were no adjustment for depreciation overstatement in fiscal year 2021. These decreases were offset by $13.7 million higher property tax revenues due to higher assessed property values and the collection of prior year uncollectible amounts.

Operating Expenses

Operating expenses fall into four primary cost areas: power and water, operations and maintenance (O&M), depreciation and amortization, and litigation payments.

OPERATING EXPENSES
(Dollars in millions)



Analytical Review of Operating Expenses

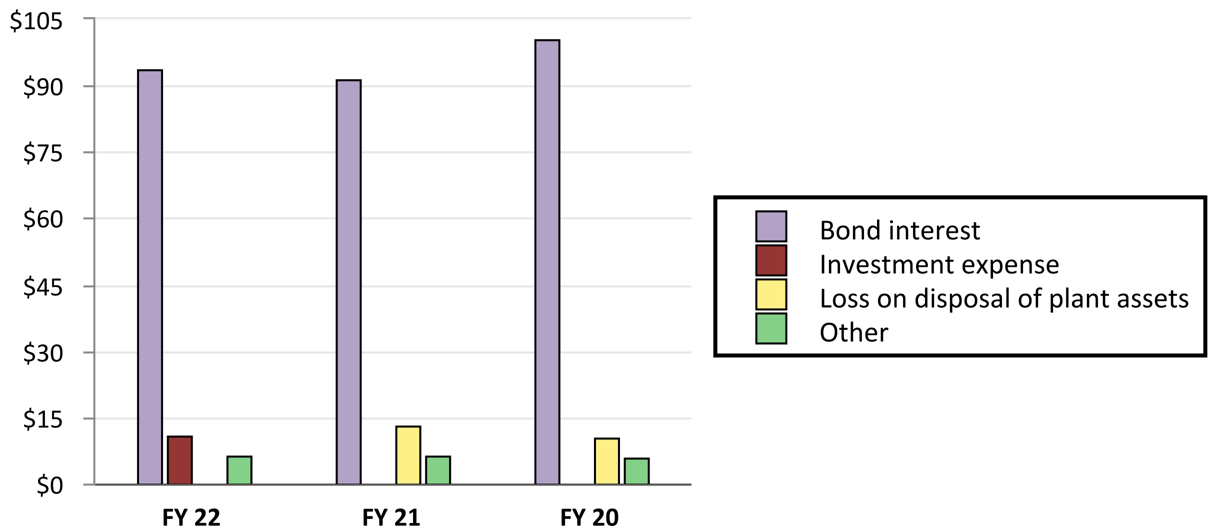
Fiscal Year 2022 Compared to 2021. Fiscal year 2022 operating expenses of $1.5 billion were $110.7 million higher than the prior year. The increase included $124.8 million higher power and water expenses primarily due to 71.8 TAF higher water transactions, $12.3 million increase in depreciation and amortization expense due to a $321.8 million increase in capital assets, and $6.5 million higher litigation payment to the San Diego County Water Authority, see Note 10(g) for additional information. These increases were offset by $32.9 million lower O&M costs, which included $67.1 million lower pension expense and $18.3 million lower OPEB expense, due to the recognition of investment gains, partially offset by higher labor, professional services, utilities and insurance expenses.

Fiscal Year 2021 Compared to 2020. Fiscal year 2021 operating expenses of $1.4 billion were $48.9 million higher than the prior year. The increase included $44.4 million litigation payment to the San Diego County Water Authority, see Note 10(g) for additional information and $42.2 higher power and water expenses primarily due to 206.1 TAF higher water transactions. Additionally, depreciation and amortization expense increased $11.5 million due to a net increase in capital assets, including intangibles, of $37.6 million. These increases were offset by $49.2 million lower O&M costs, which included $24.3 million lower pension expense resulting from lower recognized changes of assumptions in fiscal year 2021 and $13.3 million lower demand management costs primarily due to lower conservation credits resulting from the COVID-19 pandemic and Board approved costs containment measures to address COVID-19 financial impacts.

Nonoperating Expenses

The primary sources of nonoperating expenses are interest expense on bonds, loss on disposal of plant assets and other, net.

NONOPERATING EXPENSES
(Dollars in millions)



Analytical Review of Nonoperating Expenses

Fiscal Year 2022 Compared to 2021. Fiscal year 2022 nonoperating expenses of $110.8 million were $0.2 million lower than the prior year primarily due to $13.2 million lower loss on disposal of assets as the recalculation of previously capitalized interest on construction did not occur in fiscal year 2022. This decrease was offset by $10.9 million more of investment expense primarily due to an unfavorable change in fair value of investments and $1.9 million more bond interest due to the implementation of GASB 89 in fiscal year 2022.

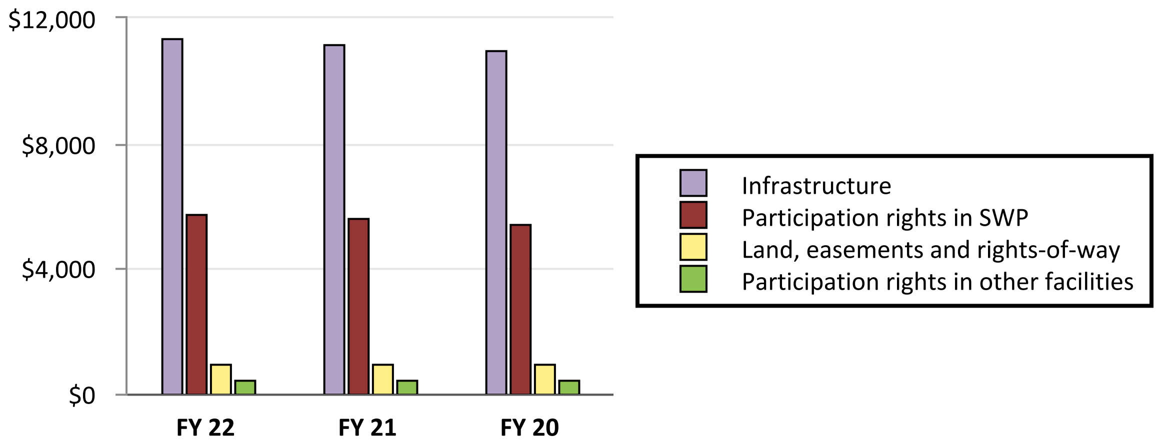
Fiscal Year 2021 Compared to 2020. Fiscal year 2021 nonoperating expenses of $111.0 million were $5.8 million lower than the prior year primarily due to $9.1 million lower bond interest, net of amount capitalized, as a result of bond refunding transactions to take advantage of lower interest rates, offset by $3.0 million higher loss on disposal of plant assets due to write-off of previously capitalized interest on construction.

CAPITAL ASSETS

Capital assets include Metropolitan's water infrastructure, land and buildings, participation rights in SWP and various other water programs, as well as the intangible right-to-use leased assets. More detailed information on capital assets and commitments for construction contracts are presented in Note 2 and Note 10(f) to the basic financial statements, respectively.

Metropolitan's fiscal year 2023 capital investment plan includes $300.0 million principally for the Colorado River Aqueduct (CRA) reliability programs, systems and information technology improvements, distribution system rehabilitation projects, water treatment plants reliability program, system flexibility and supply reliability projects, and the pre-stressed concrete cylinder pipe reliability (PCCP) rehabilitation program.

GROSS CAPITAL ASSETS
(Dollars in millions)



Schedule of Capital Assets

(Dollars in millions)	June 30, 2022	2021	2020
Land, easements and rights of way	**$ 988.5**	$ 986.7	$ 984.8
Construction in progress	**803.5**	811.9	636.2
Parker power plant and dam	**13.0**	13.0	13.0
Power recovery plants	**223.6**	220.7	220.2
Other dams and reservoirs	**1,847.5**	1,837.9	1,836.1
Water transportation facilities	**4,100.1**	4,003.1	3,993.4
Pumping plants and facilities	**378.1**	360.2	357.6
Treatment plants and facilities	**3,190.6**	3,139.5	3,126.3
Buildings	**180.7**	179.1	178.5
Other plant assets	**586.3**	579.6	573.2
Pre-operating expenses of original aqueduct	**44.6**	44.6	44.6
Participation rights in SWP	**5,729.1**	5,587.7	5,445.8
Participation rights in other facilities	**459.0**	459.0	459.0
Intangible right-to-use leased assets	**10.6**	10.4	—
Gross capital assets	**18,555.2**	18,233.4	17,868.7
Less accumulated depreciation and amortization	**(8,047.0)**	(7,687.4)	(7,360.3)
Total capital assets, net	**$ 10,508.2**	$ 10,546.0	$ 10,508.4
Net increase (decrease) from prior year	**$ (37.8)**	$ 37.6	$ 114.9
Percent change	**(0.4%)**	0.4%	1.1%

Fiscal Year 2022 Compared to 2021. Net capital assets totaled approximately $10.5 billion and decreased $37.8 million over the prior year. The decrease included depreciation and amortization of $373.5 million and $15.1 million retirements of capital assets and write-off of construction in progress upon determination that no operating assets would result from the cost incurred, offset by $209.0 million of construction spending, a net increase of $141.4 million in participation rights in SWP and an increase of $0.4 million in intangible right-to-use leased assets.

The major capital asset additions for fiscal year 2022 included:

- $40.6 million for the CRA reliability program; projects under this program will replace or refurbish components on the CRA system to reliably convey water from the Colorado River to Southern California.
- $39.4 million for the distribution system's rehabilitation program; this program will replace or refurbish existing facilities within Metropolitan's distribution system including reservoirs, pressure control structures, hydroelectric power plants, and pipelines in order to reliably meet water demands.
- $35.3 million for the system reliability program, which is designed to improve or modify facilities throughout Metropolitan's service area in order to utilize new processes and/or technologies, and to improve facility safety and overall reliability.
- $33.0 million for the improvements in infrastructure reliability at the treatment plants; this program will replace or refurbish facilities and components at Metropolitan's five water treatment plants in order to continue to reliably meet water demands.
- $22.8 million for the PCCP program; this program identifies pipelines whose age, location and condition warrant refurbishment/replacement to ensure long-term reliability of Metropolitan's PCCP lines water delivery.

Fiscal Year 2021 Compared to 2020. Net capital assets totaled approximately $10.5 billion and increased $37.6 million over the prior year. The increase included $277.5 million of construction spending, a net increase of $141.8 million in participation rights in SWP, and $10.4 million in intangible right-to-use leased assets, offset by depreciation and amortization of $355.0 million and $37.1 million retirements of capital assets and write-off of construction in progress upon determination that no operating assets would result from the cost incurred.

The major capital asset additions for fiscal year 2021, excluding capitalized interest, included:

- $55.3 million for the improvements in infrastructure reliability at the treatment plants.
- $53.2 million for the distribution system's rehabilitation program.
- $46.8 million for the system reliability program.
- $45.2 million for the CRA reliability program.
- $25.4 million for the PCCP program.

DEBT ADMINISTRATION – LONG-TERM DEBT

Schedule of Long-term Debt, Including Current Portion

	June 30,		
(Dollars in millions)	**2022**	2021	2020
General obligation bonds[(1)]	**$ 20.2**	$ 26.8	$ 37.3
Revenue bonds[(1)]	**3,848.4**	3,994.3	3,968.8
Revolving notes	**—**	—	46.8
Other, net[(2)]	**425.2**	464.2	366.3
	$ 4,293.8	$ 4,485.3	$ 4,419.2
Increase (decrease) from prior year	**$ (191.5)**	$ 66.1	$ 83.8
Percent change	**(4.3%)**	1.5%	1.9%

[(1)] *Includes refunding bonds.*
[(2)] *Consists of unamortized bond discounts and premiums.*

Fiscal Year 2022 Compared to 2021. At June 30, 2022, outstanding bonds and other long-term obligations totaled $4.3 billion, a net decrease of $191.5 million or 4.3 percent from the prior year. The decrease included $123.1 million of scheduled principal payments, $39.0 million lower premiums and discounts due to $52.3 million related to scheduled amortization, offset by $13.3 million related to bond refundings, as the premiums on new debt issued was more than the premiums outstanding on the debt refunded. Also contributing to the decrease was $35.6 million of principal payments funded by the short-term RBC note issued in June 2021. These decreases were offset by $6.2 million of bond refundings, as the new debt issued was more than the amount of debt refunded.

Fiscal Year 2021 Compared to 2020. At June 30, 2021, outstanding bonds and other long-term obligations totaled $4.5 billion, a net increase of $66.1 million or 1.5 percent from the prior year. The increase included the issuance of $188.9 million Water Revenue Bonds, 2021 Series A and $97.9 million higher premiums and discounts due to $151.1 million increase related to bond refundings, as the premiums on new debt issued was more than the premiums outstanding on the debt refunded offset by $53.2 million related to scheduled amortization. These increases were offset by $133.8 million of scheduled principal payments, $46.8 million decrease in revolving notes due to repayment of the BANA note, $35.6 million of principal payments funded by the short-term RBC note issued in June 2020 and $4.5 million of bond refundings, as the new debt issued was less than the amount of debt refunded.

Additional information on Metropolitan's long-term debt can be found in Notes 5 and 6 to the basic financial statements.

CREDIT RATINGS

Metropolitan's credit ratings at June 30, 2022 are shown below.

	Moody's Investors Service	Standard & Poor's Global	Fitch Ratings
General obligation bonds	Aaa	AAA	AA+
Water revenue bonds-fixed rate	Aa1	AAA	AA+
Water revenue bonds-variable rate	VMIG 1	A-1+	F1+
Subordinate water revenue bonds-fixed rate	N/A	AA+	AA+
Subordinate water revenue bonds-variable rate	N/A	A-1+	F1+

STATEMENTS OF NET POSITION

(Dollars in thousands)	June 30, 2022	2021 As Adjusted Note 1t
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and investments, at fair value (Notes 1d and 3):		
Unrestricted (cost: $604,318 and $412,422 for 2022 and 2021, respectively)	**$ 597,798**	$ 413,073
Restricted (cost: $610,288 and $644,895 for 2022 and 2021, respectively)	**603,702**	645,913
Total cash and investments	**1,201,500**	1,058,986
Receivables:		
Water revenues	**266,894**	273,417
Interest on investments	**3,157**	2,311
Leases (Notes 1j and 7)	**958**	812
Other, net (Note 1f)	**38,736**	33,422
Total receivables	**309,745**	309,962
Inventories (Note 1g)	**147,951**	119,664
Deposits, prepaid costs, and other (Note 12)	**63,279**	49,550
Total current assets	**1,722,475**	1,538,162
Noncurrent Assets:		
Cash and investments, at fair value (Notes 1d and 3):		
Unrestricted (cost: $293,338 and $371,140 for 2022 and 2021, respectively)	**290,173**	371,727
Restricted (cost: $46,467 and $45,267 for 2022 and 2021, respectively)	**46,046**	45,483
Total cash and investments	**336,219**	417,210
Capital assets (Note 2):		
Plant and equipment - non depreciable (Notes 1h and 10f)	**1,792,066**	1,798,582
Plant and equipment - depreciable (Notes 1h and 10f)	**10,564,412**	10,377,748
Participation rights in State Water Project (Notes 1i and 11)	**5,729,122**	5,587,676
Participation rights in other facilities (Notes 1i and 4)	**459,049**	459,049
Intangible right-to-use leased assets (Notes 1j and 7)	**10,552**	10,360
Total capital assets	**18,555,201**	18,233,415
Less accumulated depreciation and amortization	**(8,047,006)**	(7,687,390)
Total capital assets, net	**10,508,195**	10,546,025
Leases receivable, net of current portion (Notes 1j and 7)	**25,140**	26,098
Deposits, prepaid costs, and other, net of current portion (Note 12)	**325,773**	354,619
Total noncurrent assets	**11,195,327**	11,343,952
Total assets	**12,917,802**	12,882,114
Deferred Outflows of Resources (Note 1o)**:**		
Loss on bond refundings	**7,146**	13,306
Loss on swap terminations	**15,975**	17,904
Pension related (Notes 1m and 8d)	**91,078**	103,220
OPEB related (Notes 1n and 9k)	**35,430**	32,897
Total deferred outflows of resources	**149,629**	167,327
Total Assets and Deferred Outflows of Resources	**$ 13,067,431**	$ 13,049,441

See accompanying notes to basic financial statements.

STATEMENTS OF NET POSITION

(Dollars in thousands)	June 30, 2022	2021 As Adjusted Note 1t
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued expenses (Note 1k)	**$ 198,870**	$ 136,476
Short-term revolving notes (Note 5a)	**35,645**	35,645
Current portion of long-term debt (Notes 5 and 6)	**382,276**	222,692
Current portion of accrued compensated absences (Notes 1l and 6)	**26,900**	25,800
Current portion of customer deposits and trust funds (Note 6)	**2,954**	3,062
Current portion of leases (Notes 6 and 7)	**1,328**	1,469
Current portion of workers' compensation and third party claims (Notes 6 and 15)	**6,013**	4,792
Current portion of other long-term liabilities (Note 6)	**10,770**	5
Accrued bond interest	**57,056**	62,432
Matured bonds and coupons not presented for payment	**1,207**	1,665
Total current liabilities	**723,019**	494,038
Noncurrent Liabilities (Note 6):		
Long-term debt, net of current portion (Note 5)	**3,911,484**	4,262,587
Accrued compensated absences, net of current portion (Note 1l)	**31,653**	32,117
Customer deposits and trust funds, net of current portion	**39,858**	43,422
Leases, net of current portion (Note 7)	**6,352**	7,355
Net pension liability (Note 8c)	**440,600**	724,587
Net OPEB liability (Note 9f)	**52,282**	164,731
Workers' compensation and third party claims, net of current portion (Note 15)	**6,689**	5,497
Fair value of interest rate swaps (Note 5e)	**19,223**	48,986
Other long-term liabilities, net of current portion	**2,152**	2,181
Total noncurrent liabilities	**4,510,293**	5,291,463
Total liabilities	**5,233,312**	5,785,501
Commitments and Contingencies (Note 10)	**—**	—
Deferred Inflows of Resources (Note 1o):		
Effective swaps	**37,677**	7,914
Leases (Notes 1j and 7)	**25,352**	26,590
Pension related (Notes 1m and 8d)	**207,915**	1,589
OPEB related (Notes 1n and 9k)	**106,726**	33,025
Total deferred inflows of resources	**377,670**	69,118
Total Liabilities and Deferred Inflows of Resources	**5,610,982**	5,854,619
Net Position (Note 14):		
Net investment in capital assets, including State Water Project costs	**6,219,489**	6,141,351
Restricted for:		
Debt service	**235,933**	221,588
Other	**337,577**	311,166
Unrestricted	**663,450**	520,717
Total net position	**7,456,449**	7,194,822
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 13,067,431**	$ 13,049,441

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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(Dollars in thousands)	Fiscal Year Ended June 30, 2022	2021 As Adjusted Note 1t
Operating Revenues (Note 1c):		
Water revenues	**$ 1,515,070**	$ 1,404,735
Readiness-to-serve charges	**134,958**	133,000
Capacity charge	**37,090**	31,653
Power sales	**7,675**	18,967
Total operating revenues	**1,694,793**	1,588,355
Operating Expenses:		
Power and water costs	**605,685**	480,913
Operations and maintenance	**475,275**	508,162
Litigation payments (Note 10g)	**50,932**	44,374
Total operating expenses	**1,131,892**	1,033,449
Operating income before depreciation and amortization	**562,901**	554,906
Less depreciation and amortization (Note 2)	**(376,786)**	(364,514)
Operating income	**186,115**	190,392
Nonoperating Revenues (Expenses) (Note 1q):		
Taxes, net (Note 1e)	**168,143**	160,574
Bond interest, net of $—and $7,300 of interest capitalized in fiscal years 2022 and 2021, respectively (Note 1h)	**(93,488)**	(91,593)
Investment (expense) income, net	**(10,942)**	4,119
Gain (loss) on sale or disposal of plant assets	**9,215**	(13,175)
Other, net	**2,324**	4,717
Total nonoperating revenues, net	**75,252**	64,642
Changes in Net Position Before Contributions	**261,367**	255,034
Capital contributions (Note 1p)	**260**	283
Changes in net position	**261,627**	255,317
Net position, beginning of year	**7,194,822**	6,939,505
Net position, End of Year	**$ 7,456,449**	$ 7,194,822

See accompanying notes to basic financial statements.

STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Fiscal Year Ended June 30, 2022	2021
Cash Flows from Operating Activities:		
Cash received from water sales	**$ 1,358,072**	$ 1,180,207
Cash received from readiness-to-serve charges	**134,589**	133,361
Cash received from capacity charge	**36,067**	31,785
Cash received from power sales	**8,812**	18,959
Cash received from other exchange transactions	**164,521**	174,201
Cash paid for operations and maintenance expenses	**(260,129)**	(240,610)
Cash paid to employees for services	**(272,256)**	(262,228)
Cash paid for power and water costs	**(555,804)**	(457,390)
Cash paid for litigation	**(50,520)**	(44,374)
Other cash flows for operating activities	**2,847**	1,852
Net cash provided by operating activities	**566,199**	535,763
Cash Flows from Noncapital Financing Activities:		
Proceeds from other collections	**9,130**	6,949
Net cash provided by noncapital financing activities	**9,130**	6,949
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	**(227,585)**	(277,741)
Payments for State Water Project costs	**(141,446)**	(141,844)
Advance payments for Delta Conveyance Project costs	**(25,000)**	(25,000)
Proceeds from short and long-term debt	**—**	255,000
Payments for bond issuance costs	**(2,389)**	(2,196)
Principal paid on debt	**(123,065)**	(133,825)
Interest paid on debt	**(160,213)**	(148,970)
Proceeds from tax levy	**160,003**	161,107
Transfer from (to) escrow trust accounts	**3,591**	(3,791)
Proceeds from sale of capital assets	**14,612**	—
Net cash used by capital and related financing activities	**(501,492)**	(317,260)
Cash Flows from Investing Activities:		
Purchase of investment securities	**(3,308,262)**	(3,432,688)
Proceeds from sales and maturities of investment securities	**3,218,529**	3,199,385
Investment income	**11,269**	12,699
Net cash used by investing activities	**(78,464)**	(220,604)
Net change in cash	**(4,627)**	4,848
Cash at July 1, 2021 and 2020	**5,009**	161
Cash at June 30, 2022 and 2021 (Notes 1b and 3)	**$ 382**	$ 5,009

See accompanying notes to basic financial statements.

STATEMENTS OF CASH FLOWS

(Dollars in thousands)		Fiscal Year Ended June 30, 2022		2021
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	**$**	**186,115**	$	190,392
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and amortization expense		**376,786**		364,514
Decrease (increase) in accounts receivable		**7,915**		(44,201)
(Increase) decrease in inventories		**(7,311)**		29,279
Decrease (increase) in deposits, prepaid costs, and other		**27,302**		(21,947)
Increase (decrease) in accounts payable, and accrued expenses		**48,187**		(2,697)
Increase in deferred deliveries of exchange water		**10,745**		—
(Decrease) increase in pension liabilities		**(249,909)**		48,921
Decrease in OPEB liabilities		**(98,955)**		(2,864)
Decrease (increase) in deferred outflows related to pension		**10,685**		(15,819)
Increase (decrease) in deferred inflows related to pension		**181,566**		(17,344)
(Increase) decrease in deferred outflows related to OPEB		**(2,230)**		536
Increase (decrease) in deferred inflows related to OPEB		**64,856**		(12,595)
Increase in other items		**10,447**		19,588
Total Adjustments		**380,084**		345,371
Net cash provided by operating activities	**$**	**566,199**	$	535,763
Significant Noncash Investing, Capital and Financing Activities				
Refunding bonds proceeds received in escrow trust fund	**$**	**130,482**	$	592,577
Debt defeased through escrow trust fund with refunding debt	**$**	**(92,195)**	$	(508,290)
Capital contributions	**$**	**260**	$	283
RECONCILIATION OF CASH AND INVESTMENTS TO CASH				
Unrestricted cash and investments (at June 30, 2022 and 2021 includes $382 and $5,009 of cash, respectively)	**$**	**887,971**	$	784,800
Restricted cash and investments		**649,748**		691,396
Total cash and investments, at fair value (Note 3)		**1,537,719**		1,476,196
Less: carrying value of investments		**(1,537,337)**		(1,471,187)
Total Cash (Notes 1b and 3)	**$**	**382**	$	5,009

STATEMENTS OF FIDUCIARY NET POSITION

	Private Purpose Trust Funds		Custodial Funds	
	June 30,			
(Dollars in thousands)	**2022**	2021	**2022**	2021
Assets				
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	**$ 2,672**	$ 3,177	**$ 2,440**	$ 2,535
Interest receivable	**—**	—	**2**	1
Total assets	**$ 2,672**	$ 3,177	**$ 2,442**	$ 2,536
Liabilities				
Accounts payable and accrued expenses	**$ 17**	$ 72	**$ 41**	$ 55
Due to other governments	**4**	—	**29**	27
Total liabilities	**21**	72	**70**	82
Net Position				
Restricted for organizations and other governments	**2,651**	3,105	**2,372**	2,454
Total Liabilities and Net Position	**$ 2,672**	$ 3,177	**$ 2,442**	$ 2,536

See accompanying notes to basic financial statements.

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Private Purpose Trust Funds		Custodial Funds	
	Fiscal Year Ended June 30,			
(Dollars in thousands)	**2022**	2021	**2022**	2021
Additions				
Contributions from participating agencies	**$ 2,445**	$ 2,307	**$ 193**	$ 277
Return of unspent funds	**4**	189	**—**	—
Interest	**3**	7	**14**	29
Total additions	**2,452**	2,503	**207**	306
Deductions				
Support payments to the Colorado River Board	**2,400**	2,200	**—**	—
Expensed equipment	**10**	8	**—**	—
Computer systems and software	**9**	12	**—**	—
Administrative expenses	**9**	2	**—**	—
Support payments for Colorado River system augmentation and conservation	**268**	309	**—**	—
Payments to other governments for conservation	**—**	—	**92**	94
Professional services	**210**	132	**197**	161
Total deductions	**2,906**	2,663	**289**	255
Net Increase (Decrease) in Fiduciary Net Position	**(454)**	(160)	**(82)**	51
Net position, Beginning of Year	**3,105**	3,265	**2,454**	2,403
Net position, End of Year	**$ 2,651**	$ 3,105	**$ 2,372**	$ 2,454

See accompanying notes to basic financial statements.

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1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Metropolitan Water District of Southern California (Metropolitan), a special district of the State of California, was organized in 1928 by vote of the electorates of several Southern California cities following adoption of the Metropolitan Water District Act (Act) by the California Legislature. Metropolitan's primary purposes under the Act are to develop, store, and distribute water, at wholesale, to its member public agencies for domestic and municipal purposes. Surplus water is sold for other beneficial uses, including agricultural use. Metropolitan's service area comprises approximately 5,200 square miles and includes portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. There are 26 independent member agencies of Metropolitan, consisting of 14 cities, 11 municipal water districts, and one county water authority. Metropolitan has no financial accountability for its member agencies. Metropolitan is governed by a 38-member Board of Directors (Board) comprised of representatives of the member agencies. Representation and voting rights are based on assessed valuations of property pursuant to Sections 52 and 55 of the Act. Each member agency is entitled to have at least one representative on the Board plus an additional representative for each full five percent of the assessed valuation of real property within the jurisdictional boundary of each member agency. Changes in relative assessed valuation do not terminate any director's term. Accordingly, the Board may, from time to time, have more or fewer than 38 directors. However, effective January 1, 2020, no member agency shall have fewer than the number of representatives the agency had as of January 1, 2019. No single member agency has a voting majority.

The Metropolitan Water District Asset Financing Corporation (MWDAFC) was incorporated on June 19, 1996. The MWDAFC is a California nonprofit public benefit corporation formed to assist Metropolitan by acquiring, constructing, operating and maintaining facilities, equipment, or other property needed by Metropolitan and leasing or selling such property to Metropolitan. The MWDAFC is governed by a board of five directors, each of whom must be a member of Metropolitan's Board. MWDAFC had no financial operations during fiscal years 2022 or 2021. MWDAFC is a component unit of Metropolitan and its activities will be blended with those of Metropolitan for financial reporting purposes should it commence operations.

Fiduciary funds are displayed by fund type in the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position, but are not included in Metropolitan's proprietary financial statements because the assets of these funds are not available to Metropolitan. Metropolitan reports the following fiduciary funds:

- Private-purpose trust funds: These funds are used to account for trust arrangements where the benefits are held for other governments.
- Custodial funds: These funds account for resources held by Metropolitan in a custodial capacity on behalf of other governmental organizations.

(b) Principles of Presentation

Metropolitan operates as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. The accompanying basic financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under full accrual accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of related cash flows.

For purposes of the statements of cash flows, Metropolitan defines cash as demand account balances and cash on hand.

Fiduciary funds are used to account for assets held in a trustee or custodial capacity and cannot be used to support Metropolitan's own purpose. Fiduciary funds are accounted for using the economic resources measurement focus and accrual basis of accounting.

(c) Revenue Policies

Water revenues, which include funds received from charges for the sale and availability of water, including water rates and other exchange and wheeling transactions, is the principal source of Metropolitan's revenues. Other sources of operating revenue include readiness-to-serve charges, capacity charge, and hydroelectric power sales. Other revenues include ad valorem property taxes and investment income.

Water rates are established by the Board on a biennial basis. Water rates are supported by cost of service studies. Water rates are not subject to regulation by the California Public Utilities Commission or by any other local, state, or federal agency. Water is delivered to the member agencies on demand and revenue is recognized at the time of sale.

Metropolitan's rate structure consists of unbundled rate elements (supply, treatment, conveyance and distribution, power, and demand management) designed to provide transparency regarding the cost of specific functions to member agencies. It is designed to improve regional water resources management and accommodate a water transfer market. The rate structure also includes tiered pricing for supply, a capacity charge, and a readiness-to-serve charge.

(d) Fair Value Measurements

Metropolitan categorizes the fair value measurements for assets and liabilities within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs of assets and liabilities as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date; Level 2 inputs are inputs—other than quoted prices—that are observable for identical assets or liabilities, either directly or indirectly; and Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. Metropolitan reports its investments and liabilities using valuation techniques consistent with market and cost approaches to determine the fair value.

(e) Taxing Authority

Metropolitan is expressly empowered under the Act to levy and collect taxes on all taxable property within its boundaries for the purpose of carrying on its operations and paying its obligations, subject to certain limitations in the Act, the California Revenue and Taxation Code, and the California Constitution. Property taxes are levied annually by the Board effective as of July 1, using a lien date of January 1, and are payable by property owners in two equal installments that are due on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Property taxes levied by Metropolitan are billed and collected by the counties in its service area and are remitted to Metropolitan periodically throughout the year.

Property tax revenue is used to pay Metropolitan's general obligation bond debt service and a portion of its obligations under its contract with the state for a water supply and participation in the SWP (the State Water Contract). In setting the annual levy, Metropolitan takes into account potential delinquencies, tax allocations to the successor agencies of former redevelopment agencies, and supplemental tax collections. Metropolitan recognizes property taxes receivable on July 1 of each fiscal year and recognizes revenue over the following 12-month period beginning July 1 through June 30 (the period for which the tax is levied).

As a result of legislation enacted in 1984, commencing with the fiscal year ended June 30, 1991, tax levies, other than annexation taxes, are limited to the amount needed to pay debt service on Metropolitan's general obligation bonds and Metropolitan's proportionate share of general obligation bond debt service of the state under the State Water Contract. However, under the terms of the 1984 legislation, the Board may conclude that this particular restriction is not applicable upon a finding that doing so is essential to Metropolitan's fiscal integrity. The Board made such a finding for fiscal years ended June 30, 2014 through 2022, and maintained the tax rate for those fiscal years at the rate levied during fiscal year ended June 30, 2013 to pay a portion of State Water Contract costs other than general obligation debt service.

(f) Other Receivables

Other receivables include amounts for taxes, hydroelectric power sales, readiness-to-serve charges, and other billings.

(g) Inventories

Metropolitan's inventories are valued based on a moving-average cost. Expenses are recorded when inventories are used. Components of inventories at June 30, 2022 and 2021 were as follows:

	June 30,			
(Dollars in thousands)		**2022**		2021
Water in storage	**$**	**128,415**	$	102,935
Operating supplies		**19,536**		16,729
Total inventories	**$**	**147,951**	$	119,664

(h) Capital Assets

Metropolitan's capital assets include plant and equipment, which are recorded at cost. Construction costs are capitalized if they exceed $50,000 and the asset has a useful life of at least five years. The cost of constructed assets may include labor, materials, certain general and administrative expenses, and interest incurred during construction periods prior to July 1, 2021. Beginning July 1, 2021 and thereafter, interest incurred during construction is no longer capitalized in accordance with GASB 89. Depreciation is calculated using the straight-line method based on the estimated average useful lives of the assets, which are 10 to 80 years for buildings, storage, distribution facilities, and miscellaneous assets and 10 to 50 years for treatment plants and hydroelectric power recovery facilities. Improvements or refurbishments with aggregated costs that meet capitalization thresholds and that extend the useful life of an existing asset by at least five years are capitalized.

Major computer systems software, whether purchased or internally developed, is capitalized if the cost exceeds $250,000 and the useful life is at least three years. Vehicles and operating equipment are capitalized if the cost equals or exceeds $5,000 and the useful life is at least four years. Depreciation is calculated using the straight-line method based on the estimated useful lives and ranges from 3 to 10 years for major computer systems software and 4 to 10 years for vehicles and operating equipment.

(i) Participation Rights

Metropolitan participates in various storage and water management programs entitling it to certain water rights. Projects include the SWP and various storage and water management programs. Metropolitan's participation in these projects is through cash payments. The value of participation rights is equal to the amounts spent for the construction of capital assets, such as pipelines, pumping facilities, and storage facilities, and amortized over the life of the agreements. These assets are not owned by Metropolitan. Certain projects also require payments for ongoing maintenance; those payments are charged to expense as incurred. (See Notes 2, 4, and 11.)

(j) Leases

Metropolitan is a lessor for various noncancellable leases of land to an outside party and lessee for various noncancellable leases of buildings, equipment, and land from an outside party. (See Note 7).

Short-term leases: For leases that have a maximum possible term of 12 months or less at commencement, Metropolitan recognizes a revenue or an expense, respectively, when Metropolitan is a lessor or lessee. The revenue or expense is based on the provisions of the lease contract.

Long-term leases: For leases that have a maximum possible term of more than 12 months at commencement and an individual value of $250,000 or more, Metropolitan recognizes a lease receivable and deferred inflow of resources when Metropolitan is the lessor or a lease liability and an intangible right-to-use leased assets when Metropolitan is the lessee. For leases that have a maximum possible term of more than 12 months at commencement and an individual value of less than $250,000, Metropolitan recognizes a revenue or an expense when Metropolitan is a lessor or lessee, respectively.

Measurement of lease amounts - lessor

At lease commencement, Metropolitan 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, plus prepayments received, less lease incentives paid at or before the lease commencement date. Subsequently, Metropolitan recognizes lease revenue as a straight-line amortization of the deferred inflow over the shorter of the lease term or the useful life of the underlying asset.

Measurement of lease amounts - lessee

At lease commencement, Metropolitan 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, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the intangible lease asset is amortized into depreciation and amortization expenses on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgment related to leases include how Metropolitan determines 1) the discount rate, 2) the lease term and 3) the lease receipts or payments.

- *Discount rate:* Metropolitan uses its estimated incremental borrowing rate as the discount rate for leases, whether Metropolitan is the lessee or the lessor, unless the rate is stated in the lease agreement. The incremental borrowing rate for leases is based on the rate of interest Metropolitan would have to pay if it issued general obligation bonds to borrow an amount equal to the lease under similar terms at the commencement or remeasurement date. For Metropolitan, this is assumed to be equal to the treasury yield.
- *Lease term:* The lease term includes the noncancellable period of the lease plus any additional periods covered by an option to extend that is reasonably certain to be exercised. Periods in which both the lessor or lessee have an option to terminate, are excluded from the lease term.
- *Lease receipts or payments:* Metropolitan evaluates lease receipts and payments to determine if they should be included in the measurement of the lease, including those receipts or payments that require a determination of whether they are reasonably certain of being received or made. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. Lease payments included in the measurement of the lease liability are composed of fixed payments to the lessor and purchase options reasonably certain to be exercised, if applicable.

(k) Disaggregation of Payable Balances

Accounts payable and accrued expenses at June 30, 2022 and 2021 were as follows:

	June 30,	
(Dollars in thousands)	**2022**	2021[1]
Department of Water Resources (SWP):		
Capital, operating, maintenance, power, replacement, and variable power	**$ 109,370**	$ 64,320
Vendors	**63,735**	46,861
Accrued power costs	**1,838**	1,797
Accrued salaries	**13,958**	12,412
Readiness-to-serve overcollection	**1,628**	1,396
Conservation credits	**8,341**	9,690
Total accounts payable and accrued expenses	**$ 198,870**	$ 136,476

[1] Adjustments were made to fiscal year 2021 accounts payable and accrued expenses due to the implementation of GASB 87. See Note 1(t).

(l) Compensated Absences

Metropolitan's employees earn vacation, sick, and compensatory leave in varying amounts depending primarily on length of service. Upon termination from Metropolitan service, employees are entitled to full payment for accrued vacation and compensatory leave at their final pay rates, and are entitled to payment for approximately one-half of their accrued sick leave at such rates. Metropolitan records its obligations for vacation, sick, and compensatory leave earned by eligible employees based on current pay rates. The allocations to the current and long-term portions of these vested obligations were based on experience and projections of turnover.

(m) Pension Accounting

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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date (VD): June 30, 2020
Measurement Date (MD): June 30, 2021
Measurement Period: July 1, 2020 to June 30, 2021

(n) OPEB Accounting

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Metropolitan's plan (OPEB Plan), the assets of which are held by the California Employer's Retiree Benefit Trust (CERBT), 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 recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date (VD): June 30, 2021
Measurement Date (MD): June 30, 2021
Measurement Period: July 1, 2020 to June 30, 2021

(o) Deferred Outflows/Inflows of Resources

The net investment in capital assets, including State Water Project costs of $6.2 billion and $6.1 billion at June 30, 2022 and 2021, respectively, includes the effect of deferring the recognition of losses from bond refundings. The deferred outflows from losses on bond refundings at June 30, 2022 and 2021 were $7.1 million and $13.3 million, respectively. This is amortized and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old or the new debt, whichever is shorter.

The unrestricted net position amount of $663.4 million and $520.7 million at June 30, 2022 and 2021, respectively, includes the effect of deferring the recognition of losses from swap terminations resulting in defeasance of debt, the increase or decrease in fair value of Metropolitan's effective interest rate swaps, and deferred amounts related to pension, OPEB and leases.

The deferred outflows from losses on swap terminations resulting in debt defeasance at June 30, 2022 and 2021, respectively, were $16.0 million and $17.9 million. These deferred outflows of resources are amortized and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The deferred outflows related to pension at June 30, 2022 and 2021 were $91.1 million and $103.2 million, respectively. The deferred inflows related to pension at June 30, 2022 and 2021 were $207.9 million and $1.6 million, respectively. See note 8(d) for additional information.

The deferred outflows related to OPEB at June 30, 2022 and 2021 were $35.4 million and $32.9 million, respectively. The deferred inflows related to OPEB at June 30, 2022 and 2021 were $106.7 million and $33.0 million, respectively. See notes 9(j) and (k) for additional information.

The deferred inflow from the increase in fair value of interest rate swaps of $37.7 million and $7.9 million at June 30, 2022 and 2021, respectively, would be recognized as an investment gain upon the early termination of the swaps. Metropolitan will only terminate its interest rate swap agreements in advance of the contractual termination dates if market conditions permit. The deferred inflow also would be recognized as an investment gain if the swaps were determined no longer to be effective hedges.

The deferred inflow related to leases at June 30, 2022 and 2021 were $25.4 million and $26.6 million, respectively. These deferred inflows are amortized and recognized as lease revenue, a component of non-operating revenues, on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

(p) Capital Contributions

Capital contributions are comprised of federal, state, and private grants. These grants are typically of a reimbursable nature: Metropolitan first pays for the project and then the granting agency reimburses Metropolitan for its eligible expenses. The portion of the grants restricted for capital purposes are reflected as capital contributions in the statements of revenues, expenses and changes in net position when they are earned, irrespective of the timing of the receipts. Examples of capital projects where grants are received include water treatment plant improvements, such as fluoridation and water storage programs.

(q) Operating and Nonoperating Revenues and Expenses

Metropolitan's primary purpose is to provide a supplemental supply of water for domestic and municipal uses. Accordingly, Metropolitan defines operating revenues as revenues derived from the sale and availability of water, including water rates and other exchange and wheeling transactions. It also includes readiness-to-serve charges, capacity charge, and hydroelectric power sales. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization of capital assets.

Revenues from property taxes and investment income, as well as interest expense on outstanding debt, are related to capital and financing activities and are defined as nonoperating revenues and expenses.

(r) Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is Metropolitan's practice to use restricted resources first, then unrestricted resources as they are needed.

(s) Use of Estimates

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(t) New Accounting Pronouncements

Metropolitan implemented the following GASB Statements in fiscal year 2022:

GASB 87 was issued in June 2017. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. There was no impact to beginning net position for fiscal year 2021.

The statements of net position for fiscal year 2021 was adjusted as follows:

(Dollars in thousands)	2021 previously reported	GASB 87 adjustment	2021 as adjusted
Current Assets:			
Interest receivable	$ 2,106	$ 205	$ 2,311
Leases receivable	—	812	812
Noncurrent Assets:			
Intangible right-to-use leased assets	—	10,360	10,360
Accumulated depreciation and amortization	(7,685,720)	(1,670)	(7,687,390)
Leases receivable	—	26,098	26,098
Total change in assets		$ 35,805	
Current Liabilities:			
Accounts payable and accrued expenses	$ 136,472	$ 4	$ 136,476
Leases	—	1,469	1,469
Noncurrent Liabilities:			
Leases	—	7,355	7,355
Total change in liabilities		8,828	
Deferred inflows of resources:			
Leases	—	26,590	26,590
Net Position:			
Net investment in capital assets, including SWP	6,141,485	(134)	6,141,351
Unrestricted	520,196	521	520,717
Total change in net position		387	
Total change in liabilities, deferred inflows of resources and net position		$ 35,805	

The statements of revenues, expenses and changes in net position for fiscal year 2021 was adjusted as follows:

(Dollars in thousands)	2021 previously reported	GASB 87 adjustment	2021 as adjusted
Operating expenses:			
Operations and maintenance	$ 509,755	$ (1,593)	$ 508,162
Less Depreciation and amortization	(362,844)	(1,670)	(364,514)
Total change in operating income		(77)	
Nonoperating revenues (expenses)			
Other, net	4,253	464	4,717
Total change in net position		$ 387	

GASB 89 was issued in June 2018 and requires that interest cost incurred before the end of construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period are no longer included in the historical cost of a capital asset reported in a business-type activity or enterprise fund, like Metropolitan. Fiscal year 2021 was not restated and includes $7.3 million of construction interest incurred during fiscal year 2021 that was included in capitalized cost of the constructed assets.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92) which addresses practice issues that were identified during implementation and application of certain GASB Statements. GASB 92 was considered for fiscal year 2022 but there was no impact on previously reported balances in the Statements of Net Position or the Statements of Revenues, Expenses and Changes in Net Position and there was no impact on note disclosures for the current year.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93), which removes London Interbank Offer Rates (LIBOR) as an appropriate benchmark interest. The requirements of GASB 93 were intended to be effective for fiscal year 2022. However, in March 2021, the Intercontinental Exchange Benchmark Administration (IBA), the administrator of LIBOR, made a formal announcement that the date of cessation for the one-week and two-month LIBOR would be December 31, 2021, while all other forms of LIBOR including the one-month and three-month LIBOR, would be June 30, 2023. As a result, in GASB Statement No. 99, *Omnibus 2022*, the GASB addressed the extension and allows LIBOR to be used as a benchmark until cessation. As of June 30, 2022, Metropolitan's instruments using LIBOR as the benchmark were based on one-month LIBOR which had not ceased as of fiscal year end. As a result, GASB 93 had no impact on Metropolitan's fiscal year 2022 financial statements.

Metropolitan is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements that will be implemented in a future fiscal year:

- GASB Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (effective for fiscal year 2023).
- GASB Statement No. 96*, Subscription-Based Information Technology Arrangements* (effective for fiscal year 2023).
- GASB Statement No. 99*, Omnibus 2022* (some components effective in fiscal year 2022, others effective for fiscal years 2024 and 2025).
- GASB Statement No. 100, *Accounting Changes and Error Corrections*-an amendment of GASB Statement No. 62 (effective for fiscal year 2024).
- GASB Statement No. 101, *Compensated Absences* (effective for fiscal year 2025).

The following pronouncement was issued by GASB but was determined to not be applicable to Metropolitan's financial statements:

- GASB Statement No. 91*, Conduit Debt Obligations.*
- GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, And A Supersession of GASB Statement No. 32.*

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2. CAPITAL ASSETS

Capital asset activity for the fiscal years ended June 30, 2022 and 2021 was as follows:

(Dollars in thousands)	June 30, 2020	Additions
Capital assets not being depreciated:		
Land, easements and rights of way	$ 984,796	$ 2,691
Construction in progress	636,154	268,970
Total capital assets not being depreciated	1,620,950	271,661
Other capital assets:		
Parker power plant and dam	13,009	—
Power recovery plants	220,235	457
Other dams and reservoirs	1,836,051 (1)	1,914
Water transportation facilities	3,993,433	37,156
Pumping plants and facilities	357,587	2,813
Treatment plants and facilities	3,126,320	20,812
Power lines and communication facilities	40,061	—
Computer systems software	118,430	8,262
Buildings	178,506	757
Miscellaneous	306,525 (1)	3,881
Major equipment	108,097	5,515
Pre-operating expenses of original aqueduct	44,595	—
Participation rights in State Water Project (Note 10)	5,445,832	180,446
Participation rights in other facilities (Note 4)	459,049	—
Intangible right-to-use leased assets (Note 7) (2)	—	10,360
Total other capital assets at historical cost	16,247,730	272,373
Accumulated depreciation and amortization:		
Parker power plant and dam	(12,626)	(163)
Power recovery plants	(105,208)	(4,906)
Other dams and reservoirs	(482,807) (1)	(25,328) (1)
Water transportation facilities	(1,112,139)	(57,419)
Pumping plants and facilities	(116,463)	(6,939)
Treatment plants and facilities	(885,171)	(74,543)
Power lines and communication facilities	(11,796)	(493)
Computer systems software	(111,608)	(2,410)
Buildings	(37,934)	(3,446)
Miscellaneous	(115,541) (1)	(9,090) (1)
Major equipment	(90,169)	(5,775)
Pre-operating expenses of original aqueduct	(43,559)	(1,035)
Participation rights in State Water Project (Note 10)	(4,003,621)	(147,964)
Participation rights in other facilities (Note 4)	(231,653)	(13,780)
Intangible right-to-use leased assets (Note 7) (2)	—	(1,670)
Total accumulated depreciation and amortization	(7,360,295)	(354,961)
Other capital assets, net	8,887,435	(82,588)
Total capital assets, net	$ 10,508,385	$ 189,073
Depreciation and amortization was charged as follows:		
Depreciation of water related assets		
Amortization of State Water Project participation rights (Note 10)		
Amortization of other participation rights (Note 4)		
Amortization of intangible right-to-use leased assets (Note 7)		
Depreciation and amortization expense related to capital assets		
Plus: Net retirements adjusted to expense		
Total depreciation and amortization expense		

(1) For fiscal year 2022, $222.5 million and $52.6 million of assets and accumulated depreciation, respectively, was reclassified from 'Miscellaneous' to 'Other dams and reservoirs' in the ending fiscal year 2020 balances. Accumulated depreciation of $2.8 million was also reclassified from 'Miscellaneous' to 'Other dams and reservoirs' in the fiscal 2021 additions. The useful life of the reclassified assets did not change; thus, there was no impact on previously calculated depreciation.

(2) For the implementation of GASB 87 in fiscal year 2022, Metropolitan restated fiscal 2021 balances, as required but fiscal 2020 balances were not restated as it was not practical to do so.

Reductions	June 30, 2021	**Additions**	**Reductions**	**June 30, 2022**
$ (813)	$ 986,674	**$ 7,709**	**$ (5,836)**	**$ 988,547**
(93,216)	811,908	**196,851**	**(205,240)**	**803,519**
(94,029)	1,798,582	**204,560**	**(211,076)**	**1,792,066**
—	13,009	**—**	**—**	**13,009**
—	220,692	**4,077**	**(1,149)**	**223,620**
(49)	1,837,916	**9,940**	**(415)**	**1,847,441**
(27,528)	4,003,061	**106,795**	**(9,739)**	**4,100,117**
(178)	360,222	**18,157**	**(243)**	**378,136**
(7,596)	3,139,536	**57,161**	**(6,157)**	**3,190,540**
—	40,061	**125**	**—**	**40,186**
(3,052)	123,640	**4,017**	**—**	**127,657**
(179)	179,084	**1,636**	**(14)**	**180,706**
(5,760)	304,646	**2,855**	**(209)**	**307,292**
(2,326)	111,286	**4,414**	**(4,587)**	**111,113**
—	44,595	**—**	**—**	**44,595**
(38,602)	5,587,676	**193,874**	**(52,428)**	**5,729,122**
—	459,049	**—**	**—**	**459,049**
—	10,360	**386**	**(194)**	**10,552**
(85,270)	16,434,833	**403,437**	**(75,135)**	**16,763,135**
—	(12,789)	**(80)**	**—**	**(12,869)**
—	(110,114)	**(5,080)**	**—**	**(115,194)**
46	(508,089)	**(26,803)**	**402**	**(534,490)**
14,660	(1,154,898)	**(61,200)**	**7,232**	**(1,208,866)**
178	(123,224)	**(10,124)**	**243**	**(133,105)**
4,794	(954,920)	**(76,365)**	**1,241**	**(1,030,044)**
—	(12,289)	**(468)**	**—**	**(12,757)**
3,052	(110,966)	**(5,997)**	**—**	**(116,963)**
169	(41,211)	**(3,969)**	**14**	**(45,166)**
2,650	(121,981)	**(11,531)**	**—**	**(133,512)**
2,317	(93,627)	**(5,928)**	**4,553**	**(95,002)**
—	(44,594)	**—**	**—**	**(44,594)**
—	(4,151,585)	**(150,486)**	**—**	**(4,302,071)**
—	(245,433)	**(13,780)**	**—**	**(259,213)**
—	(1,670)	**(1,684)**	**194**	**(3,160)**
27,866	(7,687,390)	**(373,495)**	**13,879**	**(8,047,006)**
(57,404)	8,747,443	**29,942**	**(61,256)**	**8,716,129**
$ (151,433)	$ 10,546,025	**$ 234,502**	**$ (272,332)**	**$ 10,508,195**
	$ 191,547			**$ 207,545**
	147,964			**150,486**
	13,780			**13,780**
	1,670			**1,684**
	354,961			**373,495**
	9,553			**3,291**
	$ 364,514			**$ 376,786**

3. CASH AND INVESTMENTS

As a public agency, Metropolitan's investment practices are prescribed by various provisions of the California Government Code and the Act, as well as by administrative policies. Metropolitan's statement of investment policy is approved annually by the Board and describes the Treasurer's investment authority, practices, and limitations. The basic investment policy objectives, in order of importance, are safety of principal, liquidity, and return on investment.

Cash and investments may or may not be restricted as to use, depending on the specific purposes for which such assets are held (see Notes 3d and 14).

Metropolitan's total deposits and investments are reported at fair value in the following funds:

	June 30,			
(Dollars in thousands)		**2022**		2021
Proprietary Funds	**$**	**1,537,719**	$	1,476,196
Fiduciary Funds		**5,112**		5,712
Total deposits and investments	**$**	**1,542,831**	$	1,481,908
Deposits	**$**	**382**	$	5,009
Investments		**1,542,449**		1,476,899
Total deposits and investments	**$**	**1,542,831**	$	1,481,908

A summary of Metropolitan's deposit and investment policies, information on interest and credit risks, and restricted cash and investments is provided below.

(a) Deposits

The California Government Code requires California banks and savings and loan associations to secure a local government agency's deposits by pledging government securities as collateral.

As of June 30, 2022 Metropolitan's cash balance included $377,000 and $5,000 of deposits with financial institutions and cash on hand, respectively. Cash balance as of June 30, 2021 included $5,004,000 and $5,000 of deposits with financial institutions and cash on hand, respectively.

(b) Investments

Metropolitan is permitted by State law and Board policy to invest in a variety of instruments including U.S. Treasury securities, federal agencies, Supranationals, asset-backed, repurchase agreements, negotiable certificates of deposit, bankers' acceptances, prime commercial paper, Government-sponsored enterprise (GSE), California local agency securities, including securities issued by Metropolitan, medium-term corporate notes, time deposits, investment contracts, money market funds, California Asset Management Program (CAMP), and Local Agency Investment Fund (LAIF).

As of June 30, 2022 and 2021, Metropolitan had the following investments at fair value:

	June 30,	
(Dollars in thousands)	**2022**	2021
Asset-backed securities	**$ 93,055**	$ 50,465
CAMP	**324,888**	372,184
Federal agency securities	**50,226**	34,707
GSE	**14,750**	32,373
LAIF	**75,000**	75,000
Medium-term corporate notes	**208,477**	180,932
Money market funds	**1,732**	5,139
Municipal bonds	**3,139**	7,317
Negotiable certificates of deposit	**226,178**	266,953
Prime commercial paper	**212,293**	204,626
Supranationals	**73,738**	86,842
U.S. Treasury securities	**258,973**	160,361
Total investments	**$ 1,542,449**	$ 1,476,899

Metropolitan categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is the summary of the fair value hierarchy of the fair value of investments of Metropolitan as of June 30, 2022 and 2021:

	Fair Value Measurement Using					
(Dollars in thousands)	**6/30/2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	6/30/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level:						
Asset-backed securities	**$ 93,055**	**$ 93,055**	**$ —**	$ 50,465	$ 50,465	$ —
Federal agency securities	**50,226**	**50,226**	**—**	34,707	34,707	—
GSE	**14,750**	**14,750**	**—**	32,373	32,373	—
Medium-term corporate notes	**208,477**	**208,477**	**—**	180,932	180,932	—
Municipal bonds	**3,139**	**3,139**	**—**	7,317	7,317	—
Negotiable certificates of deposit	**226,178**	**—**	**226,178**	266,953	266,953	—
Prime commercial paper	**212,293**	**59,845**	**152,448**	204,626	39,979	164,647
Supranationals	**73,738**	**73,738**	**—**	86,842	86,842	—
U.S. Treasury securities	**258,973**	**258,973**	**—**	160,361	160,361	—
Total investments by fair value level	**$ 1,140,829**	**$ 762,203**	**$ 378,626**	$ 1,024,576	$ 859,929	$ 164,647
Investments not subject to fair value level:						
CAMP	**324,888**			372,184		
LAIF	**75,000**			75,000		
Money market funds [1]	**1,732**			5,139		
Total investments not subject to fair value level	**401,620**			452,323		
Total investments	**$ 1,542,449**			$ 1,476,899		

[1] As of June 30, 2022 and 2021, the balance was invested in Dreyfus Gov't Cash Management and Dreyfus AMT-Free Tax Exempt (DGCXX & DEIXX). A portion of the June 30, 2021 was also invested in BlackRock Treasury Trust (TTTXX).

Investments classified in Level 1 of the fair value hierarchy, valued at $762.2 million and $859.9 million as of June 30, 2022 and 2021, respectively, are valued using quoted prices in active markets.

Prime commercial paper totaling $152.4 million and $164.6 million as of June 30, 2022 and 2021, respectively, and negotiable certificates of deposit totaling $226.2 million as of June 30, 2022, are classified in Level 2 of the fair value hierarchy were valued using matrix pricing.

Metropolitan owns investments utilizing a stable one dollar per share value. These investment assets are exempt from reporting under the fair value measurement levels. There are no redemption restrictions for the investments reported at a value of one dollar per share. The total investments reported at a value of one dollar per share were $401.6 million and $452.3 million at June 30, 2022 and 2021, respectively.

CAMP and LAIF are carried at fair value, or the value of each participating dollar as provided by CAMP and LAIF, respectively. The fair value of Metropolitan's position in CAMP and LAIF is the same as the value of the pool shares. The pooled funds are not subject to level 1, 2 or 3 of the fair value hierarchy.

Interest rate risk. In accordance with Metropolitan's investment policy, interest rate risk was managed by limiting the duration of the various portfolio segments. Each segment has limitations on the amount of duration exposure (see the following for specific durations).

Liquidity Segment

This segment of the portfolio was managed against the Intercontinental Exchange Bank of America Merrill Lynch (ICE BoAML) 3-Month Treasury Bill Index, approved by the Finance and Insurance Committee. The benchmark duration as of June 30, 2022 and 2021 were 0.24 and 0.23, respectively, and the portfolio duration was permitted to vary from the duration by plus or minus 0.50. As of June 30, 2022 and 2021, Metropolitan's investments and portfolio durations for this segment were as follows:

	June 30,			
	2022		2021	
(Dollars in thousands)	**Fair value**	**Duration**	Fair value	Duration
Asset-backed securities	**$ 86,037**	**0.49**	$ 47,870	0.64
CAMP	**324,888**	**—**	372,184	—
Federal agency securities	**48,909**	**0.67**	32,051	1.60
LAIF	**75,000**	**—**	75,000	—
Medium-term corporate notes	**163,888**	**0.55**	132,226	0.76
Money market funds	**1**	**—**	1	—
Municipal bonds	**—**	**—**	6,091	0.42
Negotiable certificates of deposit	**226,178**	**0.32**	266,953	0.56
Prime commercial paper	**212,293**	**0.12**	204,626	0.23
Supranationals	**63,110**	**0.53**	78,068	1.07
U.S. Treasury securities	**149,522**	**0.60**	60,145	1.32
Total portfolio segment	**$ 1,349,826**		$ 1,275,215	
Portfolio duration		**0.29**		0.43

Core Segment

This segment of the portfolio was managed against the ICE BoAML, U.S. Corporate and Government, one to five years, A-Rated and above index approved by the Finance and Insurance Committee. For fiscal years 2022 and 2021, the benchmark durations were 2.61 and 2.69, respectively, and the portfolio duration was permitted to vary from the duration by plus or minus 1.50. As of June 30, 2022 and 2021, Metropolitan's investments and portfolio durations for this segment were as follows:

	June 30,			
	2022		2021	
(Dollars in thousands)	**Fair value**	**Duration**	Fair value	Duration
Asset-backed securities	**$ 7,018**	**1.55**	$ 2,595	1.88
GSE	**14,750**	**1.29**	32,373	1.63
Medium-term corporate notes	**44,589**	**2.64**	48,706	2.72
Money market funds	**1,052**	**—**	4,662	—
Municipal bonds	**2,131**	**3.58**	—	—
Supranationals	**10,628**	**1.80**	8,774	2.70
U.S. Treasury securities	**107,231**	**2.12**	99,117	2.73
Total portfolio segment	**$ 187,399**		$ 196,227	
Portfolio duration		**2.14**		2.47

Bond Reserves and Lake Mathews Segment

Investments in the bond reserves were managed based on the requirements of each of the bond issues. The Lake Mathews trust funds were managed in a manner that preserved the principal and provided the necessary liquidity to pay its operating expenses. Per Board authorization, the Treasurer was authorized to invest these monies in excess of five years.

As of June 30, 2022 and 2021, Metropolitan's investments and portfolio durations for this segment were as follows:

	June 30,			
	2022		2021	
(Dollars in thousands)	**Fair value**	**Duration**	Fair value	Duration
Federal agency securities	**$ 1,317**	**0.93**	$ 2,656	1.28
Money market funds	**679**	**—**	476	—
Municipal bonds	**1,008**	**2.06**	1,226	2.68
U.S. Treasury securities	**2,220**	**3.08**	1,099	1.46
Total portfolio segment	**$ 5,224**		$ 5,457	
Weighted average duration		**1.94**		1.52

Credit risk. Credit risk was managed by purchasing investments with the nationally recognized credit ratings specified in Metropolitan's investment policy. Additionally, the policy required monitoring the credit ratings of securities held in the portfolio, and if the securities' credit ratings were downgraded, evaluating for potential sale. For certain securities, additional requirements included consideration of net worth, length of time in business, and specified fair values.

Presented in the following table is the minimum rating required, if applicable, by investment type pursuant to Metropolitan's investment policy and State law:

Investment Type	Minimum Rating
U.S. Treasury Federal Agency Obligations GSE	Not applicable.
Bankers' acceptances	A-1 or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).
Prime commercial paper	Highest ranking or highest letter and number rating as provided by a NRSRO.
Negotiable certificates of deposit	A (long-term) or A-1 (short-term) or their equivalent or better by a NRSRO.
Bank deposits	All deposits must be collateralized as required by California Government Code Sections 53630 et seq. The Treasurer may waive collateral for the portion of any deposits that is insured pursuant to federal law.
Asset-backed securities	Rating category of at least 'AA' or equivalent or better by a NRSRO.
Supranationals	Rating category of at least 'AA' or equivalent or better by a NRSRO.
CAMP	Rating category of 'AAAm' or its equivalent or better by a NRSRO.
Repurchase agreements	Limited to primary dealers or financial institutions in a rating category of 'A' or its equivalent or better by a NRSRO.
Medium-term corporate notes	Rating category of 'A' or its equivalent or better by a NRSRO.
LAIF	Not applicable.
Money market funds	Highest ranking by not less than two NRSROs or must retain an investment advisor that meets specified requirements.
Municipal bonds	A (long-term) or A-1 (short-term) or their equivalent or better by a NRSRO.

At June 30, 2022 and 2021, Metropolitan's portfolio was invested in the following securities by rating:

		June 30,	
		2022	2021
(Dollars in thousands)	Rating[(1)]	**Fair value**	Fair value
Asset-backed securities	AAA[(2)]	**$ 93,055**	$ 50,465
CAMP	AAAm[(3)]	**324,888**	372,184
Federal agency securities	N/A[(4)]	**50,226**	34,707
GSE	N/A[(4)]	**14,750**	32,373
LAIF	N/A[(5)]	**75,000**	75,000
Medium-term corporate notes	A-[(3)]	**208,477**	180,932
Money market funds	AAAmmf[(6)]	**1,732**	5,139
Municipal bonds	AA[(3)]	**3,139**	7,317
Negotiable certificates of deposit	A-1[(3)]	**226,178**	266,953
Prime commercial paper	A-1[(3)]	**212,293**	204,626
Supranationals	AAA	**73,738**	86,842
U.S. Treasury securities	N/A[(4)]	**258,973**	160,361
Total portfolio		**$ 1,542,449**	$ 1,476,899

[(1)]*Minimum actual rating by sector as of June 30, 2022.*
[(2)]*Standard & Poor's Global Ratings and Moody's Investor Services.*
[(3)]*Standard & Poor's Global Ratings.*
[(4)]*Credit ratings are not applicable to obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government.*
[(5)]*LAIF is not rated.*
[(6)]*Fitch Ratings*

Concentration of credit risk. In accordance with Metropolitan's investment policy, the minimum requirements for limiting concentration of credit risk defined the maximum percent allowable for investment in each security type as well as the percent allowable for investment by issuer per type. Generally, the maximum allowable for investment by security type varied from 20 percent for asset-backed securities and money market funds, to 100 percent for federal agency securities, GSE, and U.S. Treasury securities. The percentages of investments that can be purchased by a single issuer is limited to 5 percent for asset-backed securities, banker's acceptances, medium-term corporate notes, municipal bonds, negotiable certificates of deposit, and prime commercial paper.

The following table identifies Metropolitan's limits and the percent invested by security type based on fair value, as of June 30, 2022 and 2021.

	Investment Policy Limits	Percent of Portfolio 2022	2021
Asset-backed securities	20%	**6 %**	4 %
CAMP	30%	**21 %**	25 %
Federal agency securities	100%	**3 %**	2 %
GSE	100%	**1 %**	2 %
LAIF	N/A	**5 %**	5 %
Medium-term corporate notes	30%	**13 %**	12 %
Money market funds	20%	**<1 %**	<1%
Municipal bonds	30%	**<1 %**	1 %
Negotiable certificates of deposit	30%	**15 %**	18 %
Prime commercial paper	25%	**14 %**	14 %
Supranationals	30%	**5 %**	6 %
U.S. Treasury securities	100%	**17 %**	11 %
Total portfolio		**100 %**	100 %

At June 30, 2022 and 2021, Metropolitan had the following investments (obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government not listed) representing five percent or more of its investments:

(Dollars in thousands)		**2022**	
CAMP	**$**	**324,888**	**21.06 %**

(Dollars in thousands)		2021	
CAMP	$	372,184	25.20 %
LAIF	$	75,000	5.08 %

Custodial credit risk. At June 30, 2022 and 2021, Metropolitan's investments were insured, registered or held, in Metropolitan's name, in safekeeping at Metropolitan's bank, which was not a counterparty to the investment transactions. The exceptions were $324.9 million and $372.2 million in the CAMP as of June 30, 2022 and 2021, respectively, and $75.0 million in deposits in LAIF as of June 30, 2022 and 2021.

CAMP is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies under California Government Code Section 53601(p). CAMP is governed by a seven member Board of Trustees comprised of finance directors and treasurers of California public agencies. The total amount invested by all public agencies in CAMP was $7.3 billion and $6.5 billion as of June 30, 2022 and 2021, respectively. Of the amount invested in CAMP, 36.9 percent and 33.7 percent were invested in medium-term and short-term notes and asset-backed securities at June 30, 2022 and 2021, respectively. The average maturity of CAMP investments was 28 days and 52 days as of such dates.

The LAIF, created by California statute, is part of a pooled money investment account (PMIA). The LAIF has oversight by the Local Investment Advisory Board, which consists of five members designated by statute. The Chairwoman is the State Treasurer, or her designated representative.

The total amount invested by all public agencies in LAIF as of June 30, 2022 and 2021 was $35.8 billion and $37.1 billion, respectively. At June 30, 2022 and 2021, the PMIA had a balance of $234.5 billion and $193.3 billion, respectively, of which, 1.88 percent and 2.31 percent were invested in medium-term and short-term notes and asset-backed securities, respectively. The average maturity of the LAIF investments as of June 30, 2022 and 2021, was 311 days and 291 days, respectively.

(c) Reverse Repurchase Agreements

Metropolitan is permitted, subject to conditions imposed by State law, to sell securities owned under written agreements and to buy back the securities on or before a specified date for a specified amount. No such reverse repurchase agreements were entered into during the fiscal years ended June 30, 2022 and 2021.

(d) Restricted Cash and Investments

Metropolitan has established a number of separate accounts, also referred to as funds, to provide for specific activities in accordance with special regulations, bond covenants, and trust arrangements. The accounts are classified as "restricted." Most restricted accounts have the minimum cash and investment balance requirements and all are nondiscretionary in terms of the use of assets. Among other things, the restricted amounts provide for payments of debt service on Metropolitan's bonds; reserves for principal and interest on outstanding bonds; payments for arbitrage tax rebate; construction of capital assets; payment of Metropolitan's operations and maintenance expenses; and payment of the costs related to the closure and postclosure maintenance of Metropolitan's solid waste landfill facility.

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4. PARTICIPATION RIGHTS

Participation rights activity, excluding participation rights in State Water Project, for the fiscal years ended June 30, 2022 and 2021 was as follows:

(Dollars in thousands)	June 30, 2020	Additions
Participation rights:		
Imperial Irrigation District	$ 112,313	$ —
Palo Verde Irrigation District	82,804	—
Kern Delta Water District	39,007	—
South County Pipeline	72,371	—
Semitropic Water Storage District	34,259	—
Arvin-Edison Water Storage District	47,187	—
Chino Basin	27,500	—
Orange County	23,000	—
Conjunctive Use Programs	20,608	—
Total	459,049	—
Accumulated amortization:		
Imperial Irrigation District	(63,503)	(2,270)
Palo Verde Irrigation District	(35,758)	(2,343)
Kern Delta Water District	(21,631)	(2,172)
South County Pipeline	(24,932)	(913)
Semitropic Water Storage District	(19,812)	(942)
Arvin-Edison Water Storage District	(24,689)	(1,468)
Chino Basin	(16,355)	(1,453)
Orange County	(13,442)	(1,194)
Conjunctive Use Programs	(11,531)	(1,025)
Total	(231,653)	(13,780)
Participations rights, net	$ 227,396	$ (13,780)

Reductions	June 30, 2021	**Additions**	**Reductions**	**June 30, 2022**
$ —	$ 112,313	**$ —**	**$ —**	**$ 112,313**
—	82,804	**—**	**—**	**82,804**
—	39,007	**—**	**—**	**39,007**
—	72,371	**—**	**—**	**72,371**
—	34,259	**—**	**—**	**34,259**
—	47,187	**—**	**—**	**47,187**
—	27,500	**—**	**—**	**27,500**
—	23,000	**—**	**—**	**23,000**
—	20,608	**—**	**—**	**20,608**
—	459,049	**—**	**—**	**459,049**
—	(65,773)	**(2,271)**	**—**	**(68,044)**
—	(38,101)	**(2,343)**	**—**	**(40,444)**
—	(23,803)	**(2,172)**	**—**	**(25,975)**
—	(25,845)	**(912)**	**—**	**(26,757)**
—	(20,754)	**(942)**	**—**	**(21,696)**
—	(26,157)	**(1,467)**	**—**	**(27,624)**
—	(17,808)	**(1,453)**	**—**	**(19,261)**
—	(14,636)	**(1,195)**	**—**	**(15,831)**
—	(12,556)	**(1,025)**	**—**	**(13,581)**
—	(245,433)	**(13,780)**	**—**	**(259,213)**
$ —	$ 213,616	**$ (13,780)**	**$ —**	**$ 199,836**

(a) Imperial Irrigation District

In December 1988, Metropolitan and the Imperial Irrigation District (IID) entered into a water conservation agreement that became effective in December 1989. Under the terms of the conservation agreement, Metropolitan paid for capital costs and continues to pay annual costs for specific conservation projects within IID. From 1998 to 2003, Metropolitan diverted from the Colorado River a quantity of water equal to the amount of water conserved by the conservation projects, which totaled between 104.9 TAF and 109.5 TAF annually. Under the October 2003 amendment to an agreement and at the request of the Coachella Valley Water District (CVWD), up to 20.0 TAF of the total conserved volume was made available to CVWD. Under the May 2007 amendment to the agreement and a December 2014 letter agreement, at least 85.0 TAF and 105.0 TAF will be/was available in calendar years 2022 and 2021, respectively (see Note 10c). The water must be used in the calendar year the water is conserved, unless stored in a Colorado River reservoir pursuant to a separate agreement.

As capital projects were completed, the costs contributed by Metropolitan were capitalized as participation rights in Metropolitan's accounting records. The construction phase of this program was completed as of September 30, 1998, and the operation and maintenance phase commenced on October 1, 1998. The October 2003 amendment to the agreement extended the term through December 31, 2041 or 270 days beyond the termination of the Quantification Settlement Agreement plus any extension applicable over the agreement (see Note 10e).

Participation rights for this project totaled $112.3 million as of June 30, 2022 and 2021, and are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $2.3 million in fiscal years 2022 and 2021.

(b) Palo Verde Irrigation District

In August 2004, Metropolitan entered into an agreement with Palo Verde Irrigation District (PVID) to implement a 35-year land management and crop rotation program. This fallowing program commenced in January 2005 and will extend through July 2040 and will make available up to 130.0 TAF of water in certain years for transfer to Metropolitan from PVID.

Under the terms of the agreement, Metropolitan paid for all program start-up costs that have been capitalized as participation rights. These costs included sign-up payments to individual landowners, funding for a community improvement program and program setup costs.

Participation rights for this program totaled $82.8 million as of June 30, 2022 and 2021, and are being amortized using the straight-line method over 35 years. Amortization expense totaled $2.3 million in fiscal years 2022 and 2021.

(c) Kern Delta Water District

Metropolitan entered into an agreement with the Kern Delta Water District for the development of a water management program. The agreement includes a Regulation Program and a Transportation Program. Under the terms of the Regulation Program, Kern Delta will regulate the storage and delivery for Metropolitan of up to 250.0 TAF of water and has 140.2 TAF in the program as of June 30, 2022. The program is intended to provide a minimum recharge and return capability of 50.0 TAF annually. Construction of infrastructure is required in order to meet the program's dry year minimum return. The transportation program provides Metropolitan with priority rights to convey water acquired by Metropolitan from third parties through the Kern-Delta facilities to the California Aqueduct for ultimate delivery to Metropolitan. This program terminates on December 31, 2029. The facilities became operational in June 2010.

Participation rights for the Kern Delta totaled $39.0 million as of June 30, 2022 and 2021, and are being amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $2.2 million in fiscal years 2022 and 2021.

(d) South County Pipeline

In 1989, Metropolitan entered into an agreement with two member agencies and one of their subagencies to participate in the construction of an upsized version of a 26-mile long pipeline serving the south Orange County portion of its service area. Participation in this project provides Metropolitan capacity to transport its water in the central part of its service area.

Participation rights for this project totaled $72.4 million as of June 30, 2022 and 2021. These participation rights are amortized using the straight-line method over 80 years, which is the life of the agreement. Amortization expense totaled $0.9 million in fiscal years 2022 and 2021.

(e) Semitropic Water Storage District

In December 1994, Metropolitan entered into a water banking and exchange program with Semitropic Water Storage District and its improvement districts that entitles it to storage, withdrawal, and exchange rights for its SWP supplies. The agreement terminates in November 2035.

In 1999, Metropolitan became fully vested for 35 percent of the one million acre-foot banking project. Metropolitan has a storage allocation of 350.0 TAF and currently has 197.2 TAF in the program as of June 30, 2022. Metropolitan is entitled to a minimum of 31.5 TAF per year of pump back capacity. In addition, assuming a 100 percent SWP allocation, Metropolitan is entitled to a minimum of 46.6 TAF per year of entitlement exchange rights. Finally, Metropolitan has the ability to use other banking partners' rights when they are not being used. As a result, the potential maximum return capability for Metropolitan is estimated at 248.8 TAF per year assuming a 100 percent SWP allocation and usage of the other banking partners' rights. In fiscal year 2015, Metropolitan spent $5.8 million to increase the return capacity by 13.2 TAF per year. Since then, the additional return capacity has been reduced to 6.7 TAF per year after Metropolitan received reimbursement of $2.9 million.

Participation rights for this program totaled $34.3 million as of June 30, 2022 and 2021. These participation rights are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $0.9 million in fiscal years 2022 and 2021.

(f) Arvin-Edison Water Storage District

In December 1997, Metropolitan entered into an agreement for a water management program with Arvin-Edison Water Storage District (Arvin-Edison). The agreement includes a regulation program, a transportation program, and a water quality exchange program. Under the terms of the regulation program, Arvin-Edison will regulate the storage and delivery for Metropolitan of up to 350.0 TAF of water and currently has 119.1 TAF in the program as of June 30, 2022. The minimum estimated return capability for the Arvin-Edison program varies from 40.0 TAF per year to 75.0 TAF per year depending on hydrologic/groundwater conditions. Return water will be delivered to Metropolitan upon request through a new intertie pipeline to the California Aqueduct and by exchange of existing Arvin-Edison supplies in the California Aqueduct. In 2008, Metropolitan amended the agreement to construct the south canal improvement project that will improve the operational flexibility of the program as well as increase the ability to return high quality water to the California Aqueduct. The project was completed in early 2009. The agreement terminates on November 4, 2035 with provisions for automatic extension if all stored water has not been returned.

The agreement also provides a transportation program whereby Metropolitan is provided priority rights to convey water acquired by Metropolitan from third parties through the Arvin-Edison facilities to the California Aqueduct for ultimate delivery to Metropolitan.

Participation rights for the Arvin-Edison program totaled $47.2 million as of June 30, 2022 and 2021. These participation rights are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $1.5 million in fiscal years 2022 and 2021.

(g) Chino Basin

In June 2003, Metropolitan entered into a groundwater storage agreement with Inland Empire Utilities Agency, Three Valleys Municipal Water District, and the Chino Basin Watermaster. Under the terms of the agreement, Metropolitan may store up to 25.0 TAF per year to a maximum of 100.0 TAF and may withdraw up to 33.0 TAF per year for overlying demand during dry, drought, or emergency conditions. The facilities became operational during fiscal year 2009. As of June 30, 2022, Metropolitan had no water in storage. The agreement terminates on March 1, 2028, unless the parties agree to extend for an additional maximum period of 25 years.

Participation rights in the Chino basin groundwater storage program totaled $27.5 million as of June 30, 2022 and 2021. These participation rights are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $1.5 million in fiscal years 2022 and 2021.

(h) Orange County

In 2003, Metropolitan entered into a groundwater storage agreement with the Orange County Water District and the Municipal Water District of Orange County to allow Metropolitan to store 66.0 TAF in the Orange County Basin. Metropolitan may store up to 16.5 TAF per year and withdraw up to 22.0 TAF for overlying demand during dry, drought, or emergency conditions. The facilities became operational during fiscal year 2009. As of June 30, 2022, Metropolitan had no water in storage. The program included the construction of wells and barrier improvements for protection of groundwater supplies from seawater intrusion. The agreement terminates in June 2028, unless the parties agree to extend for an additional maximum period of 25 years.

Participation rights in the Orange County groundwater storage program totaled $23.0 million as of June 30, 2022 and 2021. These participation rights are amortized using the straight-line method over the remaining life of the agreement. Amortization expense totaled $1.2 million in fiscal years 2022 and 2021.

(i) Conjunctive Use Programs

Conjunctive use is the operation of a groundwater basin in coordination with a surface water system to increase total water supply availability, thus improving the overall reliability of supplies. Metropolitan has entered into seven agreements with its member agencies for conjunctive use programs whereby Metropolitan provides funding for construction of water storage and related facilities in exchange for water storage and withdrawal rights. The conjunctive use programs were funded with State Proposition 13 grant dollars. The seven projects are with Long Beach, Long Beach-Lakewood, Compton, Three Valleys, Three Valleys MWD-La Verne, Foothill MWD, and Western MWD-Elsinore Valley MWD. Collectively, these seven projects allow Metropolitan to store up to 45.9 TAF with storage of 11.5 TAF per year and withdrawal of 15.3 TAF per year for overlying demand during dry, drought, or emergency conditions. As of June 30, 2022, Metropolitan had a total of 11.0 TAF in storage in these seven accounts. The term of each agreement is 25 years, unless the parties agree to extend for an additional maximum period of 25 years. Termination dates range from July 2027 to December 2031. The facilities became operational during fiscal year 2009.

Participation rights in these projects totaled $20.6 million at June 30, 2022 and 2021. These participation rights are amortized using the straight-line method over the remaining lives of the agreements. Amortization expense totaled $1.0 million in fiscal years 2022 and 2021.

5. SHORT-TERM AND LONG-TERM DEBT

Metropolitan's enabling Act specifies that its indebtedness shall be limited to 15 percent of the assessed value of all taxable property within Metropolitan's service area. Existing outstanding debt of $4.329 billion and $4.521 billion at June 30, 2022 and 2021, respectively, represents less than one percent of the June 30, 2022 and 2021 total taxable assessed valuation of $3,392 billion and $3,263 billion, respectively.

Metropolitan's long-term debt consists of general obligation and revenue bond issues as well as other obligations. The general obligation bonds are secured by Metropolitan's authority to levy ad valorem property taxes. The revenue bond obligations are special limited obligations of Metropolitan and are secured by a pledge of Metropolitan's net operating revenues. Such obligations contain certain restrictive covenants, with which Metropolitan has complied. Substantially all of the bond issues contain call provisions. Substantially all of the debt proceeds have been, and are expected to continue to be, utilized to fund new facilities, improvements and betterments, and to refund outstanding bonds.

(a) Commercial Paper and Revolving Notes

Metropolitan may issue up to $200.0 million in commercial paper to fund a portion of its capital investment plan, as approved by Metropolitan's Board. There was no commercial paper issued in fiscal years 2022 and 2021 and no commercial paper was outstanding at June 30, 2022 and 2021. Metropolitan may also issue other forms of short-term debt such as variable rate water revenue bonds and revolving notes.

Short-term note issued during the fiscal year ended June 30, 2022 was as a follows:

- On June 29, 2022, Metropolitan issued certain notes evidencing a draw of $35.6 million from Wells Fargo Bank, N.A., under the Wells Fargo Revolving Credit Facility for the purpose of refunding a portion of Metropolitan's then outstanding subordinate lien bonds. The notes have maturity date of June 28, 2023. See Note 16 for additional information.

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Short-term note issued during the fiscal year ended June 30, 2021 and repaid during the fiscal year ended June 30, 2022 was as follows:

- On June 30, 2021, Metropolitan issued certain notes evidencing a draw of $35.6 million from the RBC Short Term Credit Facility for the purpose of refunding a portion of Metropolitan's then outstanding subordinate lien bonds. On July 8, 2021, the draw was refunded from proceeds of the Water Revenue Refunding Bonds, 2021 Series B.

A total of $35.6 million short-term revolving notes were outstanding at June 30, 2022 and 2021.

There were no long-term notes issued during the fiscal year ended June 30, 2022 and 2021. Long-term note repaid during the fiscal year ended June 30, 2021 was as follows:

- On June 16, 2021, Metropolitan prepaid it's $46.8 million, Short-Term Revenue Refunding Certificates, Series 2019 A from the proceeds of Metropolitan's Variable Rate Water Revenue Refunding Bonds, 2021 Series A (Federally Taxable), described further in Note 5(d).

There were no long-term revolving notes outstanding at June 30, 2022 or 2021.

(b) General Obligation Bonds

In 1966, voters authorized Metropolitan to incur up to $850.0 million of general obligation bond indebtedness to finance a portion of Metropolitan's capital investment plan. The original amounts, issued as Series A through H under the 1966 authorization, totaled $850.0 million. Metropolitan has refunded a portion of these general obligation bond issues through the issuance of refunding bonds. A total of $20.2 million and $26.8 million in general obligation refunding bonds were outstanding at June 30, 2022 and 2021, respectively.

The general obligation refunding bond issues include both serial and term bonds that mature in varying amounts through March 2037 at interest rates ranging from 3.5 percent to 5.0 percent. The term bonds are subject to mandatory redemption prior to maturity. All general obligation bonds maturing on or after the earliest applicable call date are subject to optional redemption prior to maturity, callable on interest payment dates, and subject to early redemption.

There were no general obligation bonds issued during the fiscal year ended June 30, 2022. General obligation bond issued during the fiscal year ended June 30, 2021 was as follows:

- On September 1, 2020, Metropolitan issued $13.7 million, Waterworks General Obligation Refunding Bonds, 2020 Series A, which refunded $18.7 million of Waterworks General Obligation Refunding Bonds, 2010 Series A and the cost of issuance. This refunding resulted in projected present value savings of $7.6 million. The true interest cost is 1.64 percent with a final maturity of March 1, 2037. The bonds are subject to optional redemption provisions.

(c) Revenue Bonds

Pursuant to a 1974 voter authorization, additional funds, primarily for funding the capital investment plan, are obtained through the sale of water revenue bonds. Revenue bonds may be issued subject to certain conditions, including a requirement that the total of revenue bonds outstanding does not exceed the equity (net position) of Metropolitan as of the fiscal year end prior to such issuance. Metropolitan has refunded some of these revenue bonds through the issuance of refunding bonds. A total of $3.848 billion and $3.994 billion of revenue bonds and revenue refunding bonds were outstanding at June 30, 2022 and 2021, respectively.

Each fixed rate revenue and revenue refunding bond issue consists of either serial or term bonds or both that mature in varying amounts through July 2051 at interest rates ranging from 0.46 percent to 6.95 percent. The term bonds are subject to mandatory redemption prior to maturity. Substantially all revenue bonds maturing on or after the earliest applicable call date are subject to optional redemption prior to maturity, callable on any interest payment dates, and subject to early redemption.

There were no revenue bonds issued during fiscal year ended June 30, 2022. Revenue bond issued during the fiscal year ended June 30, 2021 was as follows:

- On February 4, 2021, Metropolitan issued $188.9 million of Water Revenue Bonds, Series 2021 A, at a true interest cost of 2.77 percent, to fund a portion of Metropolitan's Capital Investment Plan and costs of issuance. The maturities extend to October 1, 2051 and are subject to mandatory and optional redemption provisions.

(d) Bond Refundings and Defeasances

Metropolitan has issued Waterworks General Obligation Refunding Bonds, Water Revenue Refunding Bonds, Special Variable Rate Water Revenue Refunding Bonds, and short-term notes to refund various issues of Waterworks General Obligation Bonds, Waterworks General Obligation Refunding Bonds, Water Revenue Bonds, Water Revenue Refunding Bonds, Special Variable Rate Water Revenue Refunding Bonds, and revolving notes previously issued. The net proceeds from these sales were used to redeem the refunded bonds and fund certain swap termination payments or to purchase U.S. Treasury securities that were deposited in irrevocable escrow trust accounts with a bank acting as an independent fiscal agent to provide for all future debt service on the bonds being refunded. As a result, those bonds are considered defeased and the related liabilities have been excluded from Metropolitan's basic financial statements.

Refunding and defeasance transaction during fiscal year 2022 was as follows:

- On July 8, 2021, Metropolitan issued $98.4 million of Water Revenue Refunding Bonds, Series 2021 B, which refunded $89.4 million, Water Revenue Refunding Bonds, 2011 Series C and $2.8 million, Water Revenue Refunding Bonds, 2014 Series C-3. In addition, a $35.6 million draw on the RBC Short-Term Credit Facility was prepaid from the proceeds. This refunding resulted in projected present value savings of $22.0 million. The true interest cost was 0.85 percent. The final maturity is October 1, 2036. The bonds are subject to optional redemption provisions.

Refunding and defeasance transactions during fiscal year 2021 were as follows:

- On July 1, 2020, Metropolitan issued $268.0 million of Water Revenue Refunding Bonds, Series 2020 C, which refunded $250.0 million, Water Revenue Bonds, 2010 Authorization, Series A; $44.3 million, Water Revenue Bonds, 2010 Series B; $14.0 million, Water Revenue Refunding Bonds, 2014 Series C-2; and, $6.2 million, Water Revenue Refunding Bonds, 2014 Series G-5. In addition, a $35.6 million draw on the RBC Short-Term Credit Facility was prepaid from the proceeds. This refunding resulted in projected present value savings of $80.2 million. The true interest cost was 2.70 percent. The final maturity is July 1, 2040. The bonds are subject to optional redemption provisions.

- On April 2, 2021, Metropolitan extended the terms of the $271.8 million SVRWRRB 2020 Series B. The SVRWRRB 2020 Series B remain in the Long Mode under the 2020B Paying Agent Agreement and bear interest at a Long Rate equal to 0.46 percent per annum for the Long Period ending on April 2, 2024. The 2020B Senior Revenue Bonds are subject to mandatory tender for purchase on April 2, 2024 the last day of the Long Period. The SVRWRRB 2020 Series B were designated as Self-Liquidity Bonds pursuant to the 2020B Paying Agent Agreement and no SBPA or other liquidity facility is in effect for the purchase of such bonds.

- On June 16, 2021, Metropolitan issued $222.2 million of Variable Rate Subordinate Water Revenue Refunding Bonds, 2021 Series A (Federally Taxable), which refunded $175.0 million, Subordinate Water Revenue Bonds, 2016 Authorization Series A and prepaid $46.8 million, Short-Term Revenue Refunding Certificates, Series 2019 A. The 2021 Series A bonds mature on July 1, 2042, and are subject to optional and mandatory redemption provisions.

The refundings and defeasances were accomplished to take advantage of lower interest rates, to realize economic savings or to eliminate or mitigate certain risks associated with managing its variable rate debt. The transactions resulted in cash flow savings of $23.4 million and $100.7 million and economic gains (difference between the present values of the debt service payments on the old debt and new debt) of $22.0 million and $87.8 million for fiscal years 2022 and 2021, respectively. The net carrying amount of the old debt was equal to the reacquisition price in fiscal year 2022 and 2021. Deferred outflows of loss on bond refundings at June 30, 2022 and 2021 were $7.1 million and $13.3 million, respectively, and the deferred outflows on swap terminations for the same periods were $16.0 million and $17.9 million, respectively.

(e) Interest Rate Swaps

Metropolitan has eight outstanding interest rate swap agreements as of June 30, 2022. These agreements require that Metropolitan pay fixed interest rates and receive interest at variable interest rates which are Metropolitan's hedging derivative instruments.

Metropolitan's interest rate swap portfolio as of June 30, 2022, 2021, and 2020 are summarized on the following table.

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(Dollars in thousands)

Associated Bond Issue [1]		Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Counterparty Credit Rating[2]
2002 A Payor	$	45,004	09/12/02	3.300 %	57.74% of 1MoLIBOR[4]	Aa3/A+/NR
2002 B Payor		16,836	09/12/02	3.300 %	57.74% of 1MoLIBOR	Aa2/A+/AA
2003 Payor C-1 C-3		141,150	12/18/03	3.257 %	61.20% of 1MoLIBOR	Aa2/A+/AA-
2003 Payor C-1 C-3		141,150	12/18/03	3.257 %	61.20% of 1MoLIBOR	Aa2/A+/AA
2004 C Payor		4,672	11/16/04	2.980 %	61.55% of 1MoLIBOR	Aa3/BBB+/A
2004 C Payor		3,822	11/16/04	2.980 %	61.55% of 1MoLIBOR	Aa3/A+/NR
2005 Payor		26,658	07/06/05	3.360 %	70.00% of 3MoLIBOR	Aa2/A+/AA
2005 Payor		26,658	07/06/05	3.360 %	70.00% of 3MoLIBOR	A3/BBB+/A
Total swaps	$	405,950				

[1]*These swaps lock in a fixed rate for an equivalent amount of variable rate debt.*

[2]*Credit Ratings - Moody's Investors Service, Standard & Poor's Global, Fitch Ratings, respectively.*

[3]*Excludes accrued interest.*

[4]*London Interbank Offered Rate.*

	Fair Value as of 6/30[3]			Change in Fair Value in FY	
Swap Termination	**2022**	2021	2020	**2022**	2021
07/01/25	**$ (1,042)**	$ (3,431)	$ (5,158)	**$ 2,389**	$ 1,727
07/01/25	**(389)**	(1,284)	(1,929)	**895**	645
07/01/30	**(6,959)**	(17,238)	(23,890)	**10,279**	6,652
07/01/30	**(6,959)**	(17,238)	(23,890)	**10,279**	6,652
10/01/29	**(354)**	(821)	(1,189)	**467**	368
10/01/29	**(290)**	(672)	(973)	**382**	301
07/01/30	**(1,615)**	(4,151)	(5,791)	**2,536**	1,640
07/01/30	**(1,615)**	(4,151)	(5,791)	**2,536**	1,640
	$ (19,223)	$ (48,986)	$ (68,611)	**$ 29,763**	$ 19,625

As with its investments, Metropolitan categorizes its liabilities using fair value measurements within the fair value hierarchy established by U.S. GAAP and are discussed in Note 3.

Metropolitan has the following recurring fair value measurements as of June 30, 2022 and 2021:

(Dollars in thousands)

		Fair Value Measurements Using		
Associated Bond Issue	**6/30/2022**	**Significant Other Observable Inputs (Level 2)**	6/30/2021	Significant Other Observable Inputs (Level 2)
2002 A Payor	**$ (1,042)**	**$ (1,042)**	$ (3,431)	$ (3,431)
2002 B Payor	**(389)**	**(389)**	(1,284)	(1,284)
2003 Payor C-1 C-3	**(6,959)**	**(6,959)**	(17,238)	(17,238)
2003 Payor C-1 C-3	**(6,959)**	**(6,959)**	(17,238)	(17,238)
2004 C Payor	**(354)**	**(354)**	(821)	(821)
2004 C Payor	**(290)**	**(290)**	(672)	(672)
2005 Payor	**(1,615)**	**(1,615)**	(4,151)	(4,151)
2005 Payor	**(1,615)**	**(1,615)**	(4,151)	(4,151)
Total swaps	**$ (19,223)**	**$ (19,223)**	$ (48,986)	$ (48,986)

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using an income approach that considers benchmark interest rates, yield curves, and credit spreads.

Pay-Fixed, Receive-Variable

Objective of the Swaps: In order to take advantage of low interest rates in the marketplace, Metropolitan entered into separate pay-fixed, receive-variable interest rate swaps at costs that were less than what Metropolitan otherwise would have paid to issue fixed rate debt in the tax-exempt municipal bond market. Currently, there are eight pay-fixed, receive-variable interest rate swaps outstanding.

Terms: The notional amounts of the swaps match the principal amounts of the associated debt in total. Metropolitan's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated long-term debt.

Fair Values: At June 30, 2022, all pay-fixed, receive-variable swaps had a negative fair value. Because the coupons on Metropolitan's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes. The fair values of the swaps were estimated using the zero-coupon method and exclude accrued interest. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit Risks: As of June 30, 2022, Metropolitan was not exposed to credit risk on the outstanding pay-fixed, receive-variable swaps that had negative fair values. However, should interest rates change and the fair values of the swaps become positive, Metropolitan would be exposed to credit risk to each swap counterparty in the amount of the derivatives' fair value. Should the counterparties to the transactions fail to perform according to the terms of the swap contract, Metropolitan would face a maximum possible loss equal to the fair value of these swaps.

All swap agreements contain specific collateral requirements that are in effect for Metropolitan and the counterparties. The swaps require different collateral levels based on credit ratings and the fair value of the swap. Generally, the fair value threshold levels are also reduced as the credit ratings are reduced. Collateral on all swaps is to be in the form of U.S. government securities that may be held by the party posting the collateral. Metropolitan had no posted collateral as of June 30, 2022.

Each swap contains cross-default provisions that allow the nondefaulting party to accelerate and terminate all outstanding transactions and to net the transactions' fair values into a single sum to be owed by, or owed to, the nondefaulting party.

As of June 30, 2022, Metropolitan has pay-fixed, receive-variable swap transactions with one counterparty in the amount of $184.6 million or 45.5 percent of the notional amount of Metropolitan's outstanding pay-fixed, receive-variable swap transactions. This counterparty is rated Aa2/A+/AA by Moody's, Standard & Poor's Global, and Fitch Ratings, respectively.

Basis Risk: The interest rates on Metropolitan's variable rate bonds are expected to be equivalent, but not necessarily equal to the variable rate payments received from counterparties on pay-fixed, receive-variable interest rate swaps. To the extent these variable payments differ, Metropolitan is exposed to basis risk. When the rates received from the counterparties are less than the rates on variable rate bonds associated with the respective swap transactions there is a basis loss. When the rates received from the counterparties are greater than the rates on variable rate bonds associated with the respective swap transactions there is a basis gain. As of June 30, 2022, the interest rates of the variable rate debt associated with these swap transactions range from 0.50 percent to 1.66 percent. Metropolitan's variable rate payments received from the counterparties of these swaps ranged from 1.03 percent to 1.60 percent.

Termination Risk: Metropolitan may terminate any of the swaps if the other party fails to perform under the terms of the swap agreements. If any of the swaps are terminated, the associated variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, Metropolitan would be liable to the counterparty for a payment equal to the swap's fair value.

Tax Risk: As with other forms of variable rate exposure and the relationship between the taxable and tax-exempt markets, Metropolitan is exposed to tax risk should tax-exempt interest rates on variable rate debt issued in conjunction with the swaps rise faster than taxable interest rates received by the swap counterparties, due particularly to reduced federal or state income tax rates, over the term of the swap agreement.

(f) Swap Payments and Associated Debt

Using rates as of June 30, 2022, debt service requirements on Metropolitan's swap-related variable rate debt and net swap payments are as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

	Variable Rate Bonds			
(Dollars in thousands)	Principal	Interest	Interest Rate Swaps, Net	Total
Year ending June 30:				
2023	$ 33,260	$ 3,788	$ 8,064	$ 45,112
2024	34,630	3,448	7,310	45,388
2025	65,190	2,828	5,948	73,966
2026	75,770	2,090	4,353	82,213
2027	61,170	1,400	2,876	65,446
2028-2031	135,930	1,699	3,411	141,040
Total	$ 405,950	$ 15,253	$ 31,962	$ 453,165

(g) Variable Rate Bonds

The variable rate bonds bear interest at daily and weekly rates ranging from 0.50 percent to 1.66 percent as of June 30, 2022 and 0.01 percent to 0.17 as of June 30, 2021. Metropolitan can elect to change the interest rate period of the bonds with certain limitations.

Metropolitan has entered into SBPAs with commercial banks to provide liquidity for seven separate variable rate bond issues listed in the table below. Bondholders have the right to tender such variable rate bonds to the paying agent on any business day with same day notice. In the event that tendered bonds are not remarketed, the paying agent will draw on the SBPA to pay such bondholders. The draw on the SBPA creates a new debt obligation between Metropolitan and the Bank, called a Bank Bond.

The Bank Bonds that would be issued under the SBPA would initially bear interest at a per annum interest rate equal to, depending on the applicable SBPA, a Base Rate of either: (a) the highest of the (i) Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent; or (b) the highest of the (i) Prime Rate, (ii) Federal Funds Rate plus one half of one percent, and (iii) seven and one half percent (with the Base Rate increasing in the case of each of (i), (ii) and (iii) of this clause (b) after 90 days, by one percent). To the extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 90th day following the draw on the SBPA or the stated expiration date of the related SBPA, Metropolitan's obligation to repay the principal of the Bank Bonds would be payable in semi-annual installments over a period of approximately three or five years, depending on the applicable SBPA. Metropolitan has secured its obligation to repay principal and interest under the SBPAs as a senior lien obligation.

In addition, such bonds are subject to mandatory tender for purchase under certain circumstances, including upon the expiration of the SBPA. Metropolitan intends to either renew the facility or exercise its right to remarket the debt as a long-term financing. The portion that would be due in the next fiscal year in the event that the outstanding variable rate bonds were tendered and purchased by the commercial banks under the standby agreements was $51.0 million and $72.0 million at June 30, 2022 and 2021, respectively.

Metropolitan has the following seven variable rate bonds that are supported by a SBPA as of June 30, 2022 and 2021:

(Dollars in thousands)

	Amount		Expiration	Interest	Current Amount	
Bond Issue	**6/30/2022**	6/30/2021	**Date**	**Rate**	**2022**	2021
Water Revenue Bonds						
2000 Series B-3	**$ 78,900**	$ 78,900	3/20/23	Reset Daily	**$ 78,900**	$ —
2017 Series A	**80,000**	80,000	3/20/23	Reset Daily	**80,000**	—
Water Revenue Refunding Bonds						
2018 Series A-1, A-2	**90,070**	90,070	6/04/24	Reset Daily	**—**	—
2016 Series B-1, B-2	**82,905**	82,905	6/04/24	Reset Daily	**—**	—
Subordinate Water Revenue Refunding Bonds						
2021 Series A	**222,160**	222,160	6/13/25	Reset Daily	**—**	**—**
Total	**$ 554,035**	$ 554,035			**$ 158,900**	$ —

Metropolitan has the following three variable rate bonds that are not supported by a SBPA as of June 30, 2022 and 2021, respectively:

(Dollars in thousands)

Bond Issue	**6/30/22**	6/20/21	**Interest Rate**
Subordinate Water Revenue Bonds			
2017 Series C	**80,000**	80,000	SIFMA Index plus % spread
Subordinate Water Revenue Refunding Bonds			
2017 Series D	**95,630**	95,630	SIFMA Index plus % spread
2017 Series E	**95,625**	95,625	SIFMA Index plus % spread
Total	**$ 271,255**	$ 271,255	

The current terms of the Subordinate Water Revenue Refunding Bonds, 2017 Series D and Series E (SIFMA Index Mode), and the Subordinate Water Revenue Bonds, 2017 Series C (SIFMA Index Mode), require bondholders to tender their bonds for purchase on the scheduled mandatory tender date of May 21, 2024. A failure by Metropolitan to pay the purchase price from the proceeds of remarketing or other funds, for a period of five business days following written notice by any owner of such bonds, will constitute an event of default under Metropolitan's Subordinate Debt Resolutions. Upon the occurrence and continuance of such events of default, the owners of 25 percent in aggregate principal amount of the Subordinate Revenue Bonds then outstanding may elect a bondholders' committee to exercise rights and powers of such owners under the Subordinate Debt Resolutions, including the right to declare the entire unpaid principal of the Subordinate Revenue Bonds then outstanding to be immediately due and payable.

(h) Long-term Debt Obligation Summary, Net of Long-term Revolving Notes

Interest rates at June 30, 2022 on all outstanding fixed-rate obligations range from 0.46 percent to 6.95 percent. Interest on the variable rate debt is reset either daily or weekly based upon market conditions. Future principal and interest payments in accordance with the debt agreements as of June 30, 2022 are as follows:

(Dollars in thousands)	Principal	Interest	Total
Year ending June 30:			
2023	$ 175,565	$ 133,708	$ 309,273
2024	458,710	125,279	583,989
2025	184,745	116,181	300,926
2026	157,290	108,952	266,242
2027	165,075	102,115	267,190
2028-2032	801,425	390,521	1,191,946
2033-2037	767,835	254,828	1,022,663
2038-2042	738,740	125,717	864,457
2043-2047	271,080	46,467	317,547
2048-2052	148,135	11,317	159,452
	$ 3,868,600	$ 1,415,085	$ 5,283,685
Unamortized bond discount and premium, net	425,160		
Total debt	4,293,760		
Less current portion	(382,276)		
Long-term portion of debt	$ 3,911,484		

6. LONG-TERM LIABILITIES

Long-term liability activity for the fiscal years ended June 30, 2022 and 2021 is shown on the following table. Payments on the bonds are made from the restricted debt service funds; other long-term debt and the compensated absences liability will be liquidated primarily with water revenues.

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(Dollars in thousands)	Maturity Dates	Range of Interest Rates		June 30, 2020		Additions
Waterworks general obligation refunding bonds (Note 5b):						
2010 Series A	3/1/29-3/1/37	3.50%-5.00%	$	18,735	$	—
2014 Series A	3/1/21	5.00 %		4,540		—
2019 Series A	3/1/21-3/1/28	5.00 %		14,025		—
2020 Series A	3/1/29-3/1/37	5.00 %		—		13,665
Total general obligation and general obligation refunding bonds				37,300		13,665
Water revenue bonds (Note 5c):						
2000 Series B-3	7/1/29-7/1/35	Variable		78,900		—
2010 Series A	7/1/38-7/1/40	6.95 %		250,000		—
2015 Series A	7/1/20-7/1/45	5.00 %		204,120		—
2016 Subordinate Series A	12/21/20	Variable		175,000		—
2017 Series A	7/1/41-7/1/47	Variable		80,000		—
2017 Subordinate Series C	5/21/24	Variable		80,000		—
2018 Subordinate Series B	9/1/23-9/1/28	5.00 %		64,345		—
2020 Series A	10/1/30-10/1/49	5.00 %		207,355		—
2021 Series A	10/1/28-10/1/51	5.00 %		—		188,890
Water revenue refunding bonds (Note 5d):						
1993 Series A	7/1/20-7/1/21	5.75 %		12,225		—
2010 Series B	7/1/20-7/1/27	2.60%-5.00%		56,005		—
2011 Series B	7/1/20	4.00 %		1,345		—
2011 Series C	10/1/20-10/1/36	2.25%-5.00%		118,800		—
2012 Series A	10/1/23-10/1/36	3.25%-5.00%		181,180		—
2012 Series C	7/1/20-7/1/21	5.00 %		19,835		—
2012 Series F	7/1/20-7/1/28	4.00%-5.00%		48,885		—
2012 Series G	7/1/20-7/1/31	3.00%-5.00%		111,890		—
2014 Series A	7/1/20-7/1/21	4.00%-5.00%		37,870		—
2014 Series C-2-C-3	10/1/20-10/1/21	3.00 %		16,830		—
2014 Series E	7/1/21-7/1/24	3.50%-5.00%		86,060		—
2014 Series G-5	7/1/37	3.00%		6,205		—
2016 Series A	7/1/28-7/1/37	2.00%-5.00%		239,455		—
2016 Series B-1, B-2	7/1/25-7/1/37	Variable		82,905		—
2017 Subordinate Series A	7/1/20-7/1/27	2.00%-2.50%		238,015		—
2017 Subordinate Series B	8/1/20-8/1/24	3.00%-5.00%		178,220		—
2017 Subordinate Series D	5/21/24	Variable		95,630		—
2017 Subordinate Series E	5/21/24	Variable		95,625		—
2018 Series A1, A-2	7/1/20-7/1/37	Variable		90,070		—
2018 Subordinate Series A	7/1/20-7/1/23	5.00 %		94,675		—
2018 Series B	1/1/21-1/1/39	5.00 %		133,510		—
2019 Series A	7/1/30-7/1/39	5.00 %		218,090		—
2019 Subordinate Series A	7/1/20-7/1/29	5.00 %		241,530		—
2020 Subordinate Series A	7/1/23-7/1/29	3.00%-5.00%		152,455		—
2020 Series B	4/2/24	.46%-1.04 %		271,815		—
2020 Series C	7/1/21-7/1/40	5.00 %		—		267,995
2021 Subordinate Series A	7/1/37-7/1/42	Variable		—		222,160
2021 Series B	10/1/22-10/1/36	4.00%-5.00%		—		—
Total water revenue and water revenue refunding bonds				3,968,845		679,045
Other long-term debt (Notes 5a and 5h):						
Revolving notes				46,800		—
Unamortized bond discount and premiums, net				366,281		151,112
Total long-term debt				4,419,226		843,822
Other long-term liabilities (see table next page)				1,024,593		410,342
Total long-term liabilities			$	5,443,819	$	1,254,164

Reductions	June 30, 2021	**Additions**	**Reductions**	**June 30, 2022**	**Amounts Due Within One Year**
$ (18,735)	$ —	**$ —**	**$ —**	**$ —**	**$ —**
(4,540)	—	**—**	**—**	**—**	**—**
(860)	13,165	**—**	**(6,655)**	**6,510**	**960**
—	13,665	**—**	**—**	**13,665**	**—**
(24,135)	26,830	**—**	**(6,655)**	**20,175**	**960**
—	78,900	**—**	**—**	**78,900**	**78,900**
(250,000)	—	**—**	**—**	**—**	**—**
(2,585)	201,535	**—**	**(2,535)**	**199,000**	**3,740**
(175,000)	—	**—**	**—**	**—**	**—**
—	80,000	**—**	**—**	**80,000**	**80,000**
—	80,000	**—**	**—**	**80,000**	**—**
—	64,345	**—**	**—**	**64,345**	**—**
—	207,355	**—**	**—**	**207,355**	**—**
—	188,890	**—**	**—**	**188,890**	**—**
(10,185)	2,040	**—**	**(2,040)**	**—**	**—**
(56,005)	—	**—**	**—**	**—**	**—**
(1,345)	—	**—**	**—**	**—**	**—**
(100)	118,700	**—**	**(89,385)**	**29,315**	**—**
—	181,180	**—**	**—**	**181,180**	**—**
(14,200)	5,635	**—**	**(5,635)**	**—**	**—**
(11,150)	37,735	**—**	**(11,195)**	**26,540**	**—**
(22,070)	89,820	**—**	**(1,590)**	**88,230**	**15,010**
(33,000)	4,870	**—**	**(4,870)**	**—**	
(14,020)	2,810	**—**	**(2,810)**	**—**	**—**
—	86,060	**—**	**(23,225)**	**62,835**	**28,925**
(6,205)	—	**—**	**—**	**—**	**—**
—	239,455	**—**	**—**	**239,455**	**—**
—	82,905	**—**	**—**	**82,905**	**—**
(5,300)	232,715	**—**	**(13,500)**	**219,215**	**14,455**
(35,645)	142,575	**—**	**(35,645)**	**106,930**	**35,645**
—	95,630	**—**	**—**	**95,630**	**—**
—	95,625	**—**	**—**	**95,625**	**—**
—	90,070	**—**	**—**	**90,070**	**—**
(4,560)	90,115	**—**	**(40,125)**	**49,990**	**39,125**
(4,385)	129,125	**—**	**(4,600)**	**124,525**	**4,835**
—	218,090	**—**	**—**	**218,090**	**—**
(7,870)	233,660	**—**	**(4,780)**	**228,880**	**19,820**
—	152,455	**—**	**—**	**152,455**	**—**
—	271,815	**—**	**—**	**271,815**	**—**
—	267,995	**—**	**(2,315)**	**265,680**	**2,450**
—	222,160	**—**	**—**	**222,160**	**—**
—	—	**98,410**	**—**	**98,410**	**10,600**
(653,625)	3,994,265	**98,410**	**(244,250)**	**3,848,425**	**333,505**
(46,800)	—	**—**	**—**	**—**	**—**
(53,209)	464,184	**13,312**	**(52,336)**	**425,160**	**47,811**
(777,769)	4,485,279	**111,722**	**(303,241)**	**4,293,760**	**382,276**
(370,931)	1,064,004	**429,938**	**(847,168)**	**646,774**	**47,965**
$ (1,148,700)	$ 5,549,283	**$ 541,660**	**$ (1,150,409)**	**$ 4,940,534**	**$ 430,241**

(Dollars in thousands)	June 30, 2020	Additions	Reductions	June 30, 2021 As Adjusted Note 1t	**Additions**	**Reductions**	**June 30, 2022**	**Amounts Due Within One Year**
Accrued compensated absences	$ 52,281	$ 30,756	$ (25,120)	$ 57,917	**$ 27,856**	**$ (27,220)**	**$ 58,553**	**$ 26,900**
Customer deposits and trust funds	50,909	7,166	(11,591)	46,484	**3,445**	**(7,117)**	**42,812**	**2,954**
Leases (Note 7)	—	8,824	—	8,824	**311**	**(1,455)**	**7,680**	**1,328**
Net pension liability (Note 8c)	668,995	295,779	(240,187)	724,587	**301,650**	**(585,637)**	**440,600**	**—**
Net OPEB liability (Note 9f)	167,986	60,711	(63,966)	164,731	**81,462**	**(193,911)**	**52,282**	**—**
Workers' Compensation and third party claims (Note 15)	13,602	7,106	(10,419)	10,289	**4,469**	**(2,056)**	**12,702**	**6,013**
Fair value of interest rate swaps (Note 5e)	68,611	—	(19,625)	48,986	**—**	**(29,763)**	**19,223**	**—**
Other long-term liabilities	2,209	—	(23)	2,186	**10,745**	**(9)**	**12,922**	**10,770**
Total other long-term liabilities	$ 1,024,593	$ 410,342	$ (370,931)	$ 1,064,004	**$ 429,938**	**$ (847,168)**	**$ 646,774**	**$ 47,965**

7. LEASES

(a) Lessor

As of June 30, 2022, Metropolitan had thirty six active lease arrangements in which Metropolitan is the lessor with a maximum possible term of more than twelve months at commencement and an individual value of $250,000 or more. The thirty six leases include leases of Metropolitan owned land to another party primarily for the purposes of communication facilities, access for utility operations, parking lots or storage. The payment terms vary and are summarized as follows:

- Eleven of the leases are for the purpose of constructing and or maintaining communication facilities and require monthly payments which ranged between $2,137 and $5,064 during fiscal year 2022, and have annual increases between 3.0 to 5.0 percent. Two leases include an additional $1,500 annually for site access or road maintenance. Expiration dates on these leases are between November 2024 and April 2046, which include renewals that are reasonably certain to be exercised. Ten of these leases were entered into prior to the transition date of July 1, 2020 and the interest rate assumed is equal to the treasury yield rate at the transition date for the treasury bond closest to the term of the lease which was between 0.31 percent and 1.43 percent for these leases. One of these leases was entered into after the transition date and the interest rate assumed is equal to the treasury yield rate at commencement of lease for the treasury bond closest to the term of the leases which was 2.30 percent.
- Two of the leases are for the purpose of constructing and or maintaining communication facilities and require monthly payments of $2,624 with 15.0 percent increases every five years. These two leases are reasonably certain to be renewed through December 2031 and January 2032. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 1.20 percent.
- Two of the leases are for the purpose of storage and require monthly payments which ranged between $2,472 and $3,474 during fiscal year 2022, with annual increases of 3.0 percent. These two leases expire between July 2029 with options to renew that are not reasonably certain and August 2029 with no renewal options. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 0.69 percent.

- One lease, which started February 2018 and expires April 2031 with no option to renew, allows the use of Metropolitan land for a parking lot. The lease requires monthly payments which were $6,183 in fiscal year 2022 and increase annually based on producer price index. The variable increase is excluded from the calculation of the lease receivable. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 1.20 percent.
- One lease, which started January 2015 and is reasonably certain to be renewed through December 2034, allows access to Metropolitan land for utilities. The lease requires monthly payments that increase 3.0 percent annually and were $2,139 in fiscal year 2022 with a fixed annual road maintenance fee of $1,500. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 1.20 percent.
- Three of the leases for the purpose of secondary parking sites at Inland Feeder, began in January 2005, and are reasonably certain to be renewed through December 2059. These leases require annual payments which ranged between $5,294 and $9,993 in fiscal year 2022, and increase every two years based on a consumer price index (CPI) factor but in no case will be less than 3.0 percent or more than 5.0 percent each year or 6.0 percent and 10.0 percent in each two year increment, respectively. The minimum CPI of 3.0 percent per year was assumed in the calculation of the lease receivable. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 1.43 percent.
- Five leases are between Metropolitan and Southern California Edison (SCE) and were entered into because Metropolitan's transmission facilities that provide power to Metropolitan's pumping plants are interconnected with SCE's electrical system. The lease allows SCE access to Metropolitan owned land to continue operation and maintenance of the interconnected facilities. These leases commenced in October 2017 and continue through January and October 2099, with no optional renewals. Annual payments under these leases ranged between $6,036 and $16,118 in fiscal year 2022, with 3.0 percent annual increases. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 1.43 percent.
- Four of the leases that allow Metropolitan's land to be used for parking and landscaping, include three leases which require annual payments that increase between 3.0 to 4.0 percent annually and one that requires annual CPI increases. The variable CPI increase is excluded from the projection of the lease receivable. Three of the leases began February 1991, November 2008, April 2012 and are reasonably certain to be renewed through February 2036, October 2028, and March 2062, respectively. The fourth lease began May 2014 and expires in April 2044, with optional renewals beyond this date that are not reasonably certain and are excluded from the projection of the lease receivable. Payments on these leases ranged between $17,763 and $50,975 in fiscal year 2022. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was between 0.69 percent and 1.43 percent.
- Three leases allow Metropolitan land to be used for communication facilities and require annual payments that ranged between $40,636 and $43,604 in fiscal year 2022. For two of the leases, the annual payments increase between 3.0 percent and 5.0 percent each year. The other lease allows Metropolitan to review the payment every five years and adjust the rent at Metropolitan's discretion, typically by a CPI factor. The variable increase in rent based on CPI is excluded from the projection of the lease receivable. These three

leases began September 1996, August 2009 and April 2018 and are reasonably certain to be renewed through August 2046, July 2034 and March 2033, respectively. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was between 1.20 percent and 1.43 percent.

- One lease, which began January 2018 and expires December 2048 with no optional renewals, is for the purpose of providing access to a road on the CRA and requires an annual land use fee of $25,000 plus annual road maintenance fee of $7,000. Beginning in fiscal year 2022 the annual land use fee and road maintenance fee were subject to CPI increases. The variable CPI increase is excluded from the projection of the lease receivable. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 1.43 percent.
- One lease, which began October 2006 and expires December 2076 with no optional renewals, allows use of Metropolitan land for parking. The lease requires annual payments of $39,400 adjusted every two years by a CPI increase. The variable CPI increase is excluded from the projection of the lease receivable. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 1.43 percent.
- One lease, which began September 2011 and is reasonably certain to be renewed through August 2076, allows Western Municipal Water District to use Metropolitan land for water operation purposes in accordance with the Municipal Water District Law. This lease requires annual payments of $21,844 adjusted every two years by a CPI increase. The variable CPI increase is excluded from the projection of the lease receivable. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 1.43 percent.
- One lease began in September 2007 and is reasonably certain to be renewed through August 2057. The initial base rent in 2007 was $137,930 payable every 5 years with no less than 10 percent increase in payment at each 5 year increment. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 1.43 percent.

A summary of lease receivable activity during the year ended June 30, 2022 and 2021 are as follows:

(Dollars in thousands)	June 30, 2020	Additions	Reductions	June 30, 2021 As Adjusted Note 1t	**Additions**	**Reductions**	June 30, 2022
Leases of land	$ —	$ 27,788	$ (878)	$ 26,910	$ —	$ (812)	$ 26,098
Total leases receivable	$ —	$ 27,788	$ (878)	$ 26,910	$ —	$ (812)	$ 26,098

A summary of the deferred inflow of resources activity during the year ended June 30, 2022 and 2021 are as follows:

(Dollars in thousands)	June 30, 2020	Additions	Reductions	June 30, 2021 As Adjusted Note 1t	**Additions**	**Reductions**	June 30, 2022
Deferred inflows of resources related to leases	$ —	$ 27,788	$ (1,198)	$ 26,590	$ —	$ (1,238)	$ 25,352
Total deferred inflows of resources related to leases	$ —	$ 27,788	$ (1,198)	$ 26,590	$ —	$ (1,238)	$ 25,352

For fiscal years 2022 and 2021, there were no additions or reductions of the deferred inflow of resources or the lease receivable related to modifications or renewals and there were no reductions of the deferred inflow of resources or the lease receivable due to terminations.

Remaining amounts to be received over the term of the leases are as follows:

(Dollars in thousands)	**Lease revenue**
Fiscal year ending June 30,	
2023	$ 958
2024	854
2025	870
2026	768
2027	789
2028-2032	3,641
2033-2037	2,159
2038-2042	2,021
2043-2047	1,680
2048-2052	913
2053-2057	1,084
2058-2062	662
2063-2067	256
2068-2072	494
2073-2077	1,045
2078-2082	1,054
2083-2087	1,392
2088-2092	1,797
2093-2097	2,279
2098-2100	1,382
Total	$ 26,098

(b) Lessee

As of June 30, 2022, Metropolitan had sixteen active lease arrangements in which Metropolitan is the lessee with a maximum possible term of more than twelve months at commencement and an individual value of $250,000 or more. The leases are summarized as follows:

- Buildings: There were two active leases of buildings as of June 30, 2022 in which Metropolitan is leasing office space in Sacramento, CA and Washington, DC. The lease of space in Washington, DC began June 2016 and expires May 2023, with no optional extensions and a monthly rent of $8,312 at fiscal year ended June 30, 2022. The lease of office space in Sacramento, CA began December 2018 and expires May 2028 with two optional extensions of 5 years each, which Metropolitan is not reasonably certain to renew and required a monthly payment of $27,568 in fiscal year 2022. The annual payment due on both leases is increased by 2.5 percent each year. The interest rate assumed on these two leases is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which ranged between 0.19 percent and 0.69 percent.
- Equipment: There were two active leases of equipment as of June 30, 2022 in which Metropolitan is leasing various xerox copiers and printers used throughout Metropolitan facilities. These leases began in January and November 2018 and expire in January 2023 and November 2022, respectively, with fixed monthly payments of $14,597 and $9,691, respectively. There is no option to renew these leases beyond the expiration dates. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which was 0.19 percent.
- Land: There were twelve active leases of land as of June 30, 2022 summarized as follows:
    - Ten leases of land allow Metropolitan to construct and/or maintain communication facilities and equipment and commenced between March 2007 and July 2018. Optional renewals of these leases are reasonably certain resulting in expiration between April 2026 and October 2042. These require monthly payments between $1,385 and $25,088 with annual increases between 4.0 percent to 6.0 percent. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which ranged between 0.52 percent and 1.43 percent.
    - Two leases of land allow Metropolitan to store construction related equipment. These leases were entered into in October 2018 and February 2020 and are reasonably certain to be renewed through October 2025 and January 2025, respectively. One lease requires a monthly payment of $10,000 increased annually by a CPI factor which is excluded from the projection of the intangible right-to-use leased assets and the lease liability as it is variable in nature. The other lease requires a monthly payment of $8,500 which remains constant over the term of the lease. The interest rate assumed is equal to the treasury yield rate at July 1, 2020, the transition date, for the treasury bond closest to the term of the lease which ranged between 0.19 percent and 0.31 percent.

A summary of the lease asset activity during the year ended June 30, 2022 and 2021 are as follows:

(Dollars in thousands)	June 30, 2020	Additions	Remeasure	Deductions	June 30, 2021	**Additions**	**Remeasure**	**Deductions**	**June 30, 2022**
Intangible right-to-use leased assets:									
Buildings	$ —	$ 3,087	$ —	$ —	$ 3,087	**$ 36**	**$ —**	**$ (194)**	**$ 2,929**
Equipment	—	676	—	—	676	**—**	**—**	**—**	**676**
Land	—	6,597	—	—	6,597	**350**	**—**	**—**	**6,947**
Total intangible right-to-use leased assets	—	10,360	—	—	10,360	**386**	**—**	**(194)**	**10,552**
Accumulated amortization on intangible right-to-use leased assets:									
Buildings	$ —	(521)	$ —	$ —	$ (521)	**$ (534)**	**$ —**	**$ 194**	**$ (861)**
Equipment	—	(272)	—	—	(272)	**(273)**	**—**	**—**	**(545)**
Land	—	(877)	—	—	(877)	**(877)**	**—**	**—**	**(1,754)**
Total accumulated amortization on intangible right-to-use leased assets	—	(1,670)	—	—	(1,670)	**(1,684)**	**—**	**194**	**(3,160)**
Intangible right-to-use leased assets, net	$ —	$ 8,690	$ —	$ —	$ 8,690	$ (1,298)	$ —	$ —	$ 7,392

Future annual lease payments are as follows:

(Dollars in thousands)	**Principal**	**Interest**
Fiscal year ending June 30,		
2023	$ 1,328	$ 61
2024	1,172	52
2025	1,164	43
2026	1,082	34
2027	828	27
2028-2032	1,198	87
2033-2037	624	36
2038-2042	270	9
2043	14	—
Total	$ 7,680	$ 349

8. PENSION PLAN

(a) General Information about the Pension Plan

Plan Description

All full-time Metropolitan employees are required to participate in Metropolitan's Miscellaneous Plan with CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employee's Retirement Law. Metropolitan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues a separate comprehensive annual report. Copies of CalPERS' annual financial report may be obtained from its Executive Office, 400 Q Street, Sacramento, CA 95811.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Employees hired prior to January 1, 2013 (Classic members) with five years of total service are eligible to retire at age 50 with statutorily reduced benefits; employees hired after January 1, 2013 (PEPRA members) with at least five years of credited service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for improved non-industrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be 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. Metropolitan is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Metropolitan's total employer contributions were $81.5 million and $74.3 million for the fiscal years ended June 30, 2022 and 2021, respectively. The employee contribution rate was 7.25 percent of annual pay for PEPRA members for the fiscal years ended June 30, 2022 and 2021 and 7.0 percent of annual pay for Classic members in both years. Metropolitan contributes the full 7.0 percent for Classic members while PEPRA members contribute the full 7.25 percent. At June 30, 2022 and 2021, Metropolitan's pickup of the employee's 7.0 percent share were $11.0 million and $11.4 million, respectively. Payments made by Metropolitan to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The Plans' provisions and benefits in effect at June 30, 2022 and 2021 are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Final average compensation period	12 months	36 months
Sick leave credit	Yes	Yes
Retirement age	50-67	52-67
Monthly benefits as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Cost of living adjustment	2.0 %	2.0 %
Required employee contribution rates		
2022	7.0 %	7.25 %
2021	7.0 %	7.25 %
Required employer contribution rates		
2022	34.390 %	34.390 %
2021	32.426 %	32.426 %

At June 30, 2020 and 2019, the valuation dates for fiscal years 2022 and 2021, respectively, the following current and former employees were covered by the benefit terms:

	2022	2021
Valuation date	**6/30/2020**	6/30/2019
Inactive employees (or their beneficiaries) currently receiving benefits	**2,338**	2,268
Inactive employees entitled to but not yet receiving benefits	**898**	905
Active members	**1,850**	1,818
Total	**5,086**	4,991

(b) Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Metropolitan's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability at June 30, 2022 and 2021 was measured as of June 30, 2021 and 2020, respectively, using an annual actuarial valuation as of June 30, 2020 and 2019, respectively. The actuarial valuations as of June 30, 2020 and 2019 were rolled forward to June 30, 2021 and 2020, respectively, using standard update procedures.

The total pension liabilities for the measurement dates of June 30, 2021 and 2020 were based on the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality rate table[1]	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

[1] 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 include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments of 7.15 percent 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+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class for the measurement dates of June 30, 2021 and 2020.

Asset Class[(1)]	**Assumed Asset Allocation**	**Real Return Years 1-10**[(2)]	**Real Return Years 11+**[(3)]
Public Equity	**50.00 %**	**4.80 %**	**5.98 %**
Fixed Income	**28.00**	**1.00**	**2.62**
Inflation Assets	**—**	**0.77**	**1.81**
Private Equity	**8.00**	**6.30**	**7.23**
Real Assets	**13.00**	**3.75**	**4.93**
Liquidity	**1.00**	**—**	**(0.92)**
Total	**100.00 %**		

[(1)]*In the CalPERS Annual Comprehensive Financial Report, 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.*
[(2)]*An expected inflation of 2.00 percent used for this period*
[(3)]*An expected inflation of 2.92 percent used for this period*

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2021 and 2020 measurement dates was 7.15 percent. 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 a 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 of 7.15 percent was applied to all periods of projected benefit payments to determine the total pension liability.

(c) Changes in the Net Pension Liability

The following tables show the changes in net pension liability recognized over the measurement periods of June 30, 2021 and 2020:

	Increase (Decrease)		
(Dollars in thousands)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2020 (VD)	**$ 2,578,818**	**$ 1,854,231**	**$ 724,587**
Changes recognized for the measurement period:			
Service cost	38,574	—	38,574
Interest on total pension liability	181,233	—	181,233
Differences between expected and actual experience	3,634	—	3,634
Contribution - Employer	—	74,339	(74,339)
Contribution - Employee	—	17,521	(17,521)
Net investment income	—	417,420	(417,420)
Benefit payments, including refunds of employee contributions	(132,584)	(132,584)	—
Administrative expenses	—	(1,852)	1,852
Net Changes	**$ 90,857**	**$ 374,844**	**$ (283,987)**
Balance at June 30, 2021 (MD)	**$ 2,669,675**	**$ 2,229,075**	**$ 440,600**

	Increase (Decrease)		
(Dollars in thousands)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2019 (VD)	**$ 2,479,307**	**$ 1,810,312**	**$ 668,995**
Changes recognized for the measurement period:			
Service cost	37,178	—	37,178
Interest on total pension liability	174,996	—	174,996
Differences between expected and actual experience	13,319	—	13,319
Contribution - Employer	—	66,091	(66,091)
Contribution - Employee	—	16,230	(16,230)
Net investment income	—	90,131	(90,131)
Benefit payments, including refunds of employee contributions	(125,982)	(125,982)	—
Administrative expenses	—	(2,551)	2,551
Net Changes	**$ 99,511**	**$ 43,919**	**$ 55,592**
Balance at June 30, 2020 (MD)	**$ 2,578,818**	**$ 1,854,231**	**$ 724,587**

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

The following presents the net pension liability of the Plan as of the June 30, 2021 and 2020 measurement dates, calculated using the discount rate of 7.15 percent for both years. The table also shows what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

(Dollars in thousands)	**2022**	2021
Discount Rate -1%	**6.15 %**	6.15 %
Net Pension Liability	**$ 763,933**	$ 1,039,946
Current Discount Rate	**7.15 %**	7.15 %
Net Pension Liability	**$ 440,600**	$ 724,587
Discount Rate +1%	**8.15 %**	8.15 %
Net Pension Liability	**$ 170,085**	$ 460,599

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS GASB 68 Accounting Report for Metropolitan.

Events Subsequent to Measurement Date

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

On November 17, 2021, the CalPERS 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 percent (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 percent to 2.30 percent 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 CalPERS board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

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

The EARSL for the Plan for the period ending June 30, 2021 measurement date is 3.5 years, which was obtained by dividing the total service years of 17,798 (the sum of remaining service lifetimes of the active employees) by 5,086 (the total number of participants: active, inactive, and retired). The EARSL for the Plan for the June 30, 2020 measurement date is 3.4 years, which was calculated by dividing the total service years of 16,995 by the total number of participants of 4,991. Inactive employees and retirees have remaining service lifetimes equal to zero and total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

(d) Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2022 and 2021, Metropolitan recognized pension expense of $16.0 million and $92.2 million, respectively. At June 30, 2022 and 2021, Metropolitan has deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources Outflows		**Deferred Inflows of Resources Inflows**	
(Dollars in thousands)	**2022**	2021	**2022**	2021
Pension contributions subsequent to measurement date	**$ 81,525**	$ 74,339	**$ —**	$ —
Differences between expected and actual experience	**9,553**	15,785	**—**	(627)
Changes of assumptions	**—**	—	**—**	(962)
Net difference between projected and actual earnings on pension plan investments	**—**	13,096	**(207,915)**	—
Total	**$ 91,078**	$ 103,220	**$ (207,915)**	$ (1,589)

The amounts above are net of outflows and inflows recognized in the pension expense for the fiscal years ended June 30, 2022 and 2021. At June 30, 2022 and 2021, the deferred outflows of resources related to contributions subsequent to the measurement date of $81.5 million and $74.3 million, respectively, will be/was recognized as a reduction of the net pension liability in the fiscal years ending/ended June 30, 2023 and 2022, respectively.

The net difference between projected and actual earnings on pension plan investments, differences between expected and actual experience, and changes of assumptions will be recognized in future pension expense as follows:

(Dollars in thousands)		Deferred Outflows /(Inflows) of Resources
Fiscal year ending June 30,		
2023	$	(46,246)
2024		(45,510)
2025		(49,297)
2026		(57,309)
Total	$	(198,362)

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

(a) Plan Description and Benefits Provided

Through CalPERS, Metropolitan offers medical insurance to active and retired employees, as well as their qualified dependents under the Public Employees' Medical and Hospital Care Act (PEMHCA). Under PEMHCA, health coverage for the employee continues into retirement. Current plans offered are two PPO plans: PERS Gold and PERS Platinum; and eleven HMO plans through Anthem Blue Cross, Blue Shield, Health Net, Kaiser, Sharp, SmartCare, United Healthcare and Western Health. Metropolitan participates in the CERBT Fund, which is an agent multiple-employer plan available to employers to pre-fund OPEB benefits. Benefit provisions are established through negotiations between Metropolitan and its various bargaining units, which also apply to retirees. For employees hired on or after January 1, 2012, retirees must have a minimum of 10 years of PERS service and no less than five years of Metropolitan service in order to receive post-employment health benefits in accordance with PERS as per Government Code Section 22893. For employees hired prior to January 1, 2012, retirees are not required to meet the eligibility criteria. This benefit was provided to 2,022 and 1,954 retired Metropolitan employees at June 30, 2022 and 2021, respectively. CalPERS issues a separate comprehensive annual report that includes financial statements for its CERBT Fund. Copies of CalPERS' annual financial report may be obtained from its Executive Office, 400 Q Street, Sacramento, CA 95811.

(b) Funding Policy and Contributions

Contribution requirements are established by Memorandum of Understandings negotiated between Metropolitan and its various bargaining units. During fiscal years 2022 and 2021, Metropolitan contributed up to 100 percent of Anthem HMO Traditional Region 2 basic plan rate for all employees and retirees. During fiscal years 2022 and 2021, Metropolitan contributed the full actuarially determined contribution rate of 10.3 percent or $23.9 million and $23.2 million, respectively. Employees are not required to contribute to the plan.

(c) Employees Covered

At June 30, 2021 and 2020, the measurement dates for fiscal years 2022 and 2021, respectively, the following current and former employees were covered by the benefit terms:

	2022	2021
Measurement Date	**6/30/2021**	6/30/2020
Inactives employees (or their beneficiaries) currently receiving benefits	**1,812**	1,803
Inactive employees entitled to but not yet receiving benefits	**142**	143
Active members	**1,864**	1,867
Total	**3,818**	3,813

(d) Actuarial Assumptions Used to Determine Total OPEB Liability

The total OPEB liability used to calculate the net OPEB liability as of June 30, 2022 and 2021 was measured as of June 30, 2021 and 2020, respectively using an actuarial valuation as of June 30, 2021 and 2019, respectively. The actuarial valuation as of June 30, 2019 was rolled forward to the June 30, 2020 measurement date, using standard updated procedures. The June 30, 2021 and 2019 actuarial valuations were based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal cost	
Actuarial assumptions		
Funding policy	Metropolitan pre-funds full ADC	
Discount rate	6.75%	
Long-term expected rate of return on assets	6.75%	
General inflation	2.3% and 2.75% per annum in the 2021 and 2019 valuations, respectively.	
Salary increases	3.0% per annum	
Mortality, disability, termination, retirement[(1)]	Derived using CalPERS Membership Data	
Mortality improvement	Mortality projected fully generational with Society of Actuaries mortality improvement Scale MP-2021 and MP-2019 in the 2021 and 2019 valuations, respectively.	
Healthcare cost trend rate	2021 valuation:	2019 valuation:
	Pre-Medicare: 7.0% for 2022, decreasing to 3.83% for 2076 and later	Pre-Medicare: 7.25% for 2021, decreasing to 4.0% for 2076 and later
	Medicare: 5.5% for 2022, decreasing to 3.83% for 2076 and later	Medicare: 6.3% for 2021, decreasing to 4.0% for 2076 and later
Healthcare participation for future retirees	Currently covered: 100%; Currently waived: 90%	

[(1)]Derived from the CalPERS Experience Study dated November 2021 and December 2015 for the June 30, 2021 and June 30, 2019 actuarial valuations, respectively.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 and 2021 are summarized in the following table:

Asset class	**Target Allocation**	**Long-term expected real rate of return**
Global equity	**59.0 %**	**4.8 %**
Fixed income	**25.0**	**1.5**
TIPS	**5.0**	**1.3**
Commodities	**3.0**	**0.8**
REITs	**8.0**	**3.8**
Total	**100.0 %**	

(e) Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2021 and 2020 measurement dates was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that Metropolitan contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(f) Changes in the OPEB Liability

The following tables shows the changes in the net OPEB liability recognized over the measurement periods of June 30, 2021 and 2020:

	Increase (Decrease)		
(Dollars in thousands)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2020 (MD)	**$ 452,293**	**$ 287,562**	**$ 164,731**
Changes recognized for the measurement period:			
Service cost	11,473	—	11,473
Interest	30,563	—	30,563
Difference between expected and actual experience	6,034	—	6,034
Changes of assumptions	(48,447)	—	(48,447)
Contribution - employer	—	27,025	(27,025)
Net investment income	—	85,221	(85,221)
Benefit payments	(22,313)	(22,313)	—
Administrative expense	—	(174)	174
Net changes	**$ (22,690)**	**$ 89,759**	**$ (112,449)**
Balance at June 30, 2021 (MD)	**$ 429,603**	**$ 377,321**	**$ 52,282**

	Increase (Decrease)		
(Dollars in thousands)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2019 (MD)	**$ 434,759**	**$ 266,773**	**$ 167,986**
Changes recognized for the measurement period:			
Service cost	11,061	—	11,061
Interest	29,322	—	29,322
Contribution - employer	—	33,506	(33,506)
Net investment income	—	10,276	(10,276)
Benefit payments	(22,849)	(22,849)	—
Administrative expense	—	(144)	144
Net changes	**$ 17,534**	**$ 20,789**	**$ (3,255)**
Balance at June 30, 2020 (MD)	**$ 452,293**	**$ 287,562**	**$ 164,731**

(g) Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the OPEB Plan as of the June 30, 2021 and 2020 measurement dates if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

(Dollars in thousands)		**2022**		2021
Discount Rate -1%		**5.75 %**		5.75 %
Net OPEB Liability	**$**	**103,236**	$	222,863
Current Discount Rate		**6.75 %**		6.75 %
Net OPEB Liability	**$**	**52,282**	$	164,731
Discount Rate +1%		**7.75 %**		7.75 %
Net OPEB Liability	**$**	**9,669**	$	116,650

(h) Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the OPEB Plan if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement periods ended June 30, 2021 and 2020:

(Dollars in thousands)		**2022**		2021
Healthcare Trend Rate -1%		**6.0%/4.5 % decreasing to 3.0 %**		6.25%/5.3 % decreasing to 3.0 %
Net OPEB Liability	**$**	**3,096**	$	108,441
Current Healthcare Trend Rate		**7.0%/5.5 % decreasing to 4.0 %**		7.25%/6.3 % decreasing to 4.0 %
Net OPEB Liability	**$**	**52,282**	$	164,731
Healthcare Trend Rate +1%		**8.0%/6.5 % decreasing to 5.0 %**		8.25%/7.3 % decreasing to 5.0 %
Net OPEB Liability	**$**	**112,091**	$	233,820

(i) OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT Fund financial reports.

(j) Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

(k) OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the years ended June 30, 2022 and 2021, Metropolitan recognized OPEB expense of $10.7 million and $10.1 million, respectively. At June 30, 2022 and 2021, Metropolitan has deferred outflows and inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources		**Deferred Inflows of Resources**	
(Dollars in thousands)	**2022**	2021	**2022**	2021
OPEB contributions subsequent to measurement date	**$ 30,603**	$ 27,025	**$ —**	$ —
Differences between expected and actual experience	**4,827**	—	**(20,635)**	(30,462)
Changes of assumptions	**—**	—	**(40,494)**	(2,563)
Net difference between projected and actual earnings on OPEB plan investments	**—**	5,872	**(45,597)**	—
Total	**$ 35,430**	$ 32,897	**$ (106,726)**	$ (33,025)

The $30.6 million and $27.0 million reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 and 2020 measurement dates, respectively, will be/was recognized as a reduction of the net OPEB liability during the fiscal years ending/ended June 30, 2023 and 2022, respectively.

The net difference between projected and actual earnings on OPEB plan investments, differences between expected and actual experience, and changes of assumptions will be recognized in future expense as follows:

(Dollars in thousands)		Deferred Inflows of Resources
Fiscal year ending June 30,		
2023	$	(30,279)
2024		(29,757)
2025		(20,510)
2026		(21,353)
Total	$	(101,899)

10. COMMITMENTS AND CONTINGENCIES

(a) State Water Contract (see Note 11)

Estimates of Metropolitan's share of the projected fixed costs of the SWP are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates, and inflation. During the next five years, payments under the State Water Contract, exclusive of variable power costs, are currently estimated by the State to be as follows:

(Dollars in thousands)		State Water Contract Payments
Year ending June 30:		
2023	$	564,324
2024		541,635
2025		508,811
2026		510,079
2027		501,137

According to the State's latest estimates, Metropolitan's long-term commitments under the contract, for capital and minimum operations and maintenance costs, including interest to the year 2035, are as follows:

(Dollars in thousands)		State Water Long Term Commitments
Transportation facilities	$	3,310,242
Conservation facilities		2,299,328
Off-aqueduct power facilities[(1)]		12,301
East Branch enlargement		249,212
Revenue bond surcharge		631,668
Total long-term SWP contract commitments	$	6,502,751

[(1)]*These commitments represent operations and maintenance costs. Metropolitan was relieved of its obligation for capital costs in 2018.*

Metropolitan intends to exercise its option to extend its agreement with the State through 2085, which will result in annual minimum operations and maintenance costs through 2085. In addition, the amounts shown above do not contain any escalation for inflation, are subject to significant variation over time because the amounts are based on a number of assumptions, and are contingent on future events. None of the estimated long-term commitments are recorded as liabilities in the accompanying basic financial statements.

(b) Bay/Delta Regulatory and Planning Activities

The State Water Resources Control Board (State Board) is the agency responsible for setting water quality standards and administering water rights throughout California. Decisions of the State Board can affect the availability of water to Metropolitan and other water users throughout California. The State Board exercises its regulatory authority over Bay/Delta watershed supplies by means of public proceedings leading to regulations and decisions.

The Delta Stewardship Council (Council) is the California State agency tasked with creating and implementing a comprehensive management plan for the Delta. The Council, created by the 2009 Sacramento-San Joaquin Delta Reform Act, serves as an independent voice for science and policy in the Delta to achieve the state mandated coequal goals for the Delta of ecosystem restoration and water supply reliability. To accomplish its mission, the Council adopted and implements the Delta Plan, which is the state's long-term management plan for the Delta to further the coequal goals, including facilitating, coordinating, and integrating the activities of hundreds of local, state, and federal agencies that have responsibilities directly related to water, ecosystems, land use, recreation, flood control and other functions in the legally defined Delta. The Council is conducting updates to its Delta Plan, including a strategic levee investment policy. In addition, the Council is developing a draft climate change adaption plan for the Delta and Suisun Marsh as part of their Delta Adapts: Creating a Climate Resilient Future initiative. The Delta Adapts plan is intended to help inform and assess specific climate risks and vulnerabilities in the Delta and, in coordination with other agencies and stakeholders, develop adaptation strategies to address those vulnerabilities.

To avoid endangering State or federally listed species or adversely modifying their critical habitat, the Department of Water Resources (DWR) consults with the California Department of Fish and Wildlife (CDFW) and its federal agency counterparts under the California Endangered Species Act (ESA) and federal ESA, respectively, regarding the operation of the SWP. If a project may adversely affect a listed species, a formal consultation is held with the state and federal regulatory agencies. The regulatory agency(ies) then issue operating permits under the state and federal ESA jurisdiction, being a federal biological opinion and a state permit that is either a consistency determination or an Incidental Take Permit (ITP). Updated federal biological opinions were approved in February 2020 and CDFW issued a State ITP in March 2020. Both the federal and state permits have been challenged in court by multiple parties including water agencies and non-governmental organization groups. Metropolitan is involved in the federal permit litigation as part of the State Water Contractors, and in the State ITP litigation as Metropolitan, in order to protect its interests that the permits be based on the best available science and granted pursuant to correct legal standards. The litigation on the State ITP includes eight cases and has been ordered to be coordinated in Sacramento County Superior Court. The administrative records were certified in March 2022. Metropolitan and the other parties of the State Water Contractors are challenging the completeness of the administrative record. No date has been set for the hearing merits.

The Bay Delta Conservation Plan (BDCP) planning process, which began in 2007, was a voluntary collaboration of state, federal, and local water agencies, state and federal fish agencies, environmental organizations, and other interested parties to provide a comprehensive habitat conservation and restoration program for the Delta, including new Delta conveyance infrastructure as one of the conservation measures consisting of multiple new intakes on the Sacramento River connected to existing SWP and Central Valley Project water facilities in the south Delta by two main tunnels. In addition, the BDCP would have provided the basis for long-term permits under federal and state endangered species laws for activities covered by the plan based on the best available science, identified sources of funding, and an adaptive management and monitoring program, and it would have been incorporated into the Delta Plan if it met the requirements of the federal and state ESAs for a Habitat Conservation Plan/Natural Communities Conservation Plan (HCP/NCCP).

On April 30, 2015, the State announced its intent to study three new conveyance-only alternatives that would not be part of an HCP/NCCP, separating the conveyance facilities and habitat restoration measures into two separate efforts namely: CWF and California EcoRestore. Under the CWF, the new water conveyance facilities with proposed design changes would be constructed and operated, with federal ESA compliance achieved through section 7 consultation. State and Federal ESA permits were issued in June and July 2017, and the DWR approved CWF on July 21, 2017. Metropolitan and other State Water Contractors approved their respective participation in CWF in 2017 and 2018. On February 12, 2019, Governor Newsom announced that he did not support a two-tunnel Delta Conveyance project, but supports a single tunnel project. On April 29, 2019, Governor Newsom issued Executive Order N-10-19, directing several agencies to, among other things, "inventory and assess current planning to modernize conveyance through the Bay Delta with a new single tunnel project." On May 2, 2019, the DWR rescinded its approval of CWF and decertified the Environmental Impact Report (EIR). As of June 30, 2022, the DWR is continuing to develop a public Draft Environmental Impact Report (Draft EIR) under the California Environmental Quality Act for the Delta Conveyance Project. See Note 16 for subsequent events.

Eighteen SWP contractors have taken action in November and December 2020 and approved their participation in the planning and pre-construction costs for the Delta Conveyance Project and authorized the execution of a funding agreement with the DWR for such purpose. At its December 8, 2020, Board meeting, Metropolitan's Board authorized the General Manager to execute a funding agreement and committed funding for a Metropolitan participation level of 47.2 percent of the costs of preliminary design, environmental planning and other pre-construction activities to assist in the environmental process for the proposed Delta Conveyance Project. At a 47.2 percent participation level for Metropolitan, its forecasted funding agreement costs will be $160.8 million for calendar years 2021 through 2024. A range of reasonable alternatives to consider and analyze in the EIR has been identified and current efforts are focused on analyzing the alternatives' potential impacts on environmental resources. DWR also conducted interviews with stakeholders in February and early March of 2021 on the concept of incorporating a Community Benefits Program as part of the Delta Conveyance Project to help protect and enhance the cultural, recreational, natural resource and agricultural values of the Delta. DWR is also conducting a tribal consultation process as part of its environmental planning, consistent with State statutes and policies.

(c) Imperial Irrigation District

As of June 30, 2022, Metropolitan had advanced a total of $370.1 million to IID for construction costs, operations and maintenance costs, and indirect costs of the conservation projects. Metropolitan remains obligated to pay IID for actual operation and maintenance costs for the remainder of this agreement through at least 2041. In return, Metropolitan will receive between 85.0 TAF to 105.0 TAF in 2022 and annually thereafter depending upon the amount used by the CVWD. A total of at least 85.0 TAF and up to 105.0 TAF will be/was available in calendar years 2022 and 2021, respectively, for diversion by Metropolitan (see Note 4a).

(d) Sale of Water by the Imperial Irrigation District to San Diego County Water Authority

In April 1998, the San Diego County Water Authority (SDCWA) and IID executed an agreement (Transfer Agreement) for SDCWA's purchase from IID of Colorado River water that is conserved within IID. SDCWA is a Metropolitan member agency and one of the largest water purchasers from Metropolitan. In October 2003, the Transfer Agreement was revised as part of the Quantification Settlement Agreement (see Note 10e). The amended Transfer Agreement sets the maximum transfer amount at 205.0 TAF in 2021, with the transfer gradually ramping up to that amount over an approximately twenty-year period, stabilizing at 200.0 TAF per year beginning in 2023.

No facilities exist to provide for delivery of water from IID to SDCWA. In 1998, Metropolitan and SDCWA entered into an agreement for the exchange of the IID water to be acquired by SDCWA under the Transfer Agreement, with water to be delivered by Metropolitan. In 2003, the boards of directors of Metropolitan and SDCWA agreed to an increase in the price that SDCWA would pay to Metropolitan for this exchange of water, in return for Metropolitan's assignment to SDCWA of Metropolitan's rights to water conserved as a result of the lining of the All-American and Coachella Canals and $235.0 million, as set forth in an amended exchange agreement (Exchange Agreement) and an Allocation Agreement. Under the Exchange Agreement, SDCWA makes available to Metropolitan at its intake at Lake Havasu on the Colorado River the conserved Colorado River water acquired by SDCWA from IID and the conserved canal lining water allocated to SDCWA. In exchange, Metropolitan delivers an equal volume of water from its own sources of supply through its delivery system to SDCWA. The deliveries to both Metropolitan and SDCWA are deemed to be made in equal monthly increments. SDCWA pays Metropolitan a volumetric price for each delivery by Metropolitan. The price payable by SDCWA is calculated using the charges set by Metropolitan's Board from time to time to be paid by its member agencies for the conveyance of water through Metropolitan's facilities (see Note 1c). SDCWA has challenged the validity of Metropolitan's charges for conveyance of water that became effective January 1, 2011 and January 1, 2012, in San Diego County Water Authority v. Metropolitan Water District of Southern California; et al. On June 8, 2012, SDCWA filed a separate lawsuit challenging the rates adopted by Metropolitan's Board on April 10, 2012 and effective on January 1, 2013 and January 1, 2014. On May 30, 2014, SDCWA filed a separate lawsuit challenging the rates adopted by Metropolitan's Board on April 8, 2014 and effective on January 1, 2015 and January 1, 2016. On April 13, 2016, SDCWA filed a separate lawsuit challenging the rates and charges adopted by Metropolitan's Board on April 12, 2016 and effective on January 1, 2017 and January 1, 2018. On June 8, 2018, SDCWA filed a separate lawsuit challenging the rates and charges adopted by Metropolitan's Board on April 10, 2018 and effective on January 1, 2019 and January 1, 2020. The Exchange Agreement requires Metropolitan to pay the disputed portion of the amount paid by SDCWA under the Exchange Agreement and interest thereon to SDCWA, if SDCWA prevails in a dispute over the price payable by SDCWA under the Exchange Agreement. See Claims and Litigation, Note 10g.

(e) Quantification Settlement Agreement

The Quantification Settlement Agreement (QSA) is part of the California Plan, which is a plan to reduce California's use of Colorado River water to its basic apportionment of 4.4 million acre-feet per year when necessary through water conservation, transfers from higher priority agricultural users to Metropolitan's service area, and storage programs. The QSA was executed in October 2003 and establishes Colorado River water use limits for IID and the CVWD. It also provides for specific acquisitions of conserved water and water supply arrangements and restores the opportunity for Metropolitan to receive any special surplus water.

(f) Construction Programs and Contracts

The estimated cost, excluding contingencies, of Metropolitan's capital program for fiscal years 2023 through 2027 totals approximately $1.8 billion. Capital spending for fiscal year 2023 and 2024 is planned at $300.0 million each year. Planned capital spending for fiscal years 2025 through 2027 includes spending for Pure Water Southern California and is $372.0 million, $381.0 million and $475.0 million, respectively.

Over the next three years, Capital Investment Plan budget totals approximately $972.0 million with $213.0 million on refurbishment and replacement (R&R) work at pressure control facilities and pipelines throughout the distribution system; $173.3 million to continue relining of the Prestressed Concrete Cylinder Pipe portions of the Second Lower and Sepulveda feeders; $128.4 million targeted for R&R projects for the Colorado River Aqueduct; over $86.2 million for R&R work at Metropolitan's water treatment plants; $77.8 million on projects to mitigate drought impacts; and $55.9 million on a variety of information technology projects such as the Supervisory Control and Data Acquisition system.

Metropolitan had commitments under construction contracts in force as follows:

(Dollars in thousands)	June 30, 2022	2021
Weymouth water treatment plant basins nos. 5-8 & filter building no. 2 rehabilitation	**$ 90,025**	$ —
CRA pumping plants domestic water treatment system replacement	**30,937**	—
La Verne shops building completion - stage 5	**18,530**	—
Orange County Feeder relining - reach 3	**16,798**	—
CRA pumping plants sump rehabilitation	**15,792**	21,533
CRA pumping plants overhead cranes replacement	**12,460**	13,072
Second Lower Feeder PCCP rehabilitation - reach 3A	**11,645**	—
Jensen and Skinner water treatment plants battery energy storage systems	**9,093**	—
Henry J. Mills water treatment plant electrical upgrades, stage 2	**7,941**	—
Furnishing large-diameter conical plug valves	**6,592**	19,221
MWD headquarters building fire alarm and smoke control improvements	**6,546**	11,980
Replacement of Casa Loma siphon barrel no. 1	**6,444**	—
Weymouth plant battery energy storage system	**6,177**	—
Lake Mathews PCCP rehabilitation valve storage building	**4,154**	—
Sepulveda, West Valley, and East Valley feeders interconnection upgrades	**3,144**	—
OC-88 pump station chiller replacement	**2,584**	—
Furnishing butterfly valves for the F.E. Weymouth water treatment plant - schedule 1	**2,465**	4,815
Lake Mathews reservoir wastewater system replacement	**2,412**	—
Jensen water treatment plant ozone power supply units (PSU) replacement	**2,258**	—
Furnishing equipment for the Jensen ozone PSU upgrades	**2,116**	3,746
Upper Feeder Santa Ana River crossing expansion joint replacement(1)	**1,200**	—
Refurbish filter valve actuators for Diemer water treatment plant	**1,173**	2,086
Furnishing steel pipe for Etiwanda pipeline north relining, stage 3	**1,021**	—
Furnishing membrane filtration systems for the CRA domestic water treatment system	**715**	1,206
CRA mile 12 flow monitoring station upgrades	**455**	2,022
Furnishing steel pipe for Casa Loma siphon barrel no. 1	**273**	768
MWD headquarters building physical security upgrades and improvements	**81**	3,566
Garvey reservoir drainage and erosion improvements - areas 6, 7, 8, 10 and 11	**54**	520
Garvey reservoir sodium hypochlorite feed system	**51**	2,357
Gene wash reservoir discharge valve replacement	**—**	3,016
Jensen water treatment plant electrical upgrade - stage 2	**—**	2,604
F.E. Weymouth chlorination system upgrades	**—**	546
Other	**1,303**	2,185
Total	**$ 264,439**	$ 95,243

These commitments are being financed with operating revenues and debt financing.
(1) Upper Feeder Santa Ana River Crossing expansion joint teplacement project is a time and material contract. The amount in 2022 is a not-to-exceed contract amount.

(g) Claims and Litigation

Through several lawsuits filed by SDCWA since 2010, SDCWA has challenged the rates adopted by Metropolitan's Board in 2010, 2012, 2014, 2016 and 2018. Each of these lawsuits and the status thereof are briefly described below.

The 2010 and 2012 Cases. SDCWA filed San Diego County Water Authority v. Metropolitan Water District of Southern California, et al. on June 11, 2010 challenging the rates adopted by the Board on April 13, 2010, which became effective January 1, 2011 and January 1, 2012 (the "2010 Case"). The complaint requested a court order invalidating the rates adopted April 13, 2010, and that Metropolitan be mandated to allocate certain costs associated with the State Water Contract and the Water Stewardship Rate to water supply rates and not to transportation rates.

The contract price payable by SDCWA under the Exchange Agreement between Metropolitan and SDCWA is Metropolitan's transportation rates. Therefore, SDCWA also alleged that Metropolitan breached the Exchange Agreement by allocating certain costs related to the State Water Contract and the Water Stewardship Rate to its transportation rates because it resulted in an overcharge to SDCWA for water delivered pursuant to the Exchange Agreement.

On June 8, 2012, SDCWA filed a new lawsuit challenging the rates adopted by Metropolitan on April 10, 2012 and effective on January 1, 2013 and January 1, 2014 (the "2012 Case") based on similar claims, and further alleging that Metropolitan's rates adopted in 2012 violated Proposition 26.

Following a trial of both lawsuits in two phases and subsequent trial court ruling, the parties appealed. On June 21, 2017, the California Court of Appeal ruled that Metropolitan may lawfully include its State Water Project transportation costs in the System Access Rate and System Power Rate that are part of the Exchange Agreement's price term, and that Metropolitan may also lawfully include the System Access Rate in its wheeling rate, reversing the trial court decision on this issue. The court held Metropolitan's allocation of the State Water Project transportation costs as its own transportation costs is proper and does not violate the wheeling statutes (Water Code, § 1810, et seq.), Proposition 26 (Cal. Const., Article XIIIC, §1, subd.(e)), whether or not that Proposition applies to Metropolitan's rates, California Government Code section 54999.7, the common law, or the terms of the parties' Exchange Agreement.

The Court of Appeal also ruled that the record did not support Metropolitan's inclusion of its Water Stewardship Rate as a transportation cost in the Exchange Agreement price or the wheeling rate, under the common law and the wheeling statutes. The court noted that its holding does not preclude Metropolitan from including the Water Stewardship Rate in Metropolitan's full-service rate.

The Court of Appeal held that because the Water Stewardship Rate was included in the Exchange Agreement price, there was a breach by Metropolitan of the Exchange Agreement in 2011 through 2014 and remanded the case to the trial court for a redetermination of damages in light of its ruling concerning the Water Stewardship Rate. The Court of Appeal also found that the Exchange Agreement may entitle the prevailing party to attorneys' fees for both phases of the case, and directed the trial court on remand to make a new determination of the prevailing party, if any.

On September 27, 2017, the California Supreme Court denied SDCWA's petition for review, declining to consider the Court of Appeal's decision. The Court of Appeal's decision is therefore final.

After tendering payment in 2019 which SDCWA rejected, in February 2021 Metropolitan paid to SDCWA the same amount previously tendered of $44.4 million for contract damages for SDCWA's Water Stewardship Rate payments from 2011 to 2014 and pre-judgment and post-judgment interest. In September 2021, following a 2021 Court of Appeal opinion clarifying that its Water Stewardship Rate ruling applies to later years, Metropolitan paid to SDCWA the amount of $35.9 million for SDCWA's Water Stewardship Rate payments from 2015 to 2017 and pre-judgment interest. These payments include all amounts sought related to breach of the Exchange Agreement resulting from the inclusion of the Water Stewardship Rate in the contract price for Exchange Agreement transactions occurring from 2010 until the Water Stewardship Rate was no longer charged in the contract price for Exchange Agreement transactions, beginning in 2018. The payment included $58.1 million withdrawn from the Exchange Agreement Set-Aside Fund and $22.1 million withdrawn from reserves (the remainder of the statutory interest).

The Superior Court also issued an order finding SDCWA is the prevailing party on the contract in the 2010 and 2012 cases and is therefore entitled to its attorneys' fees and costs under the contract, and to statutory costs. On February 25, 2021, Metropolitan appealed both prevailing party determinations. The parties stipulated to $13,397,575.66 as the amount of SDCWA's attorneys' fees that may be awarded under the Exchange Agreement, in the event Metropolitan's appeal is unsuccessful. On March 17, 2022, the Court of Appeal held that SDCWA is the prevailing party in the 2010 and 2012 cases and is therefore entitled to attorney's fees under the parties' Exchange Agreement and litigation costs. On March 21, 2022, Metropolitan paid to SDCWA $14,296,864.99 ($13,397,575.66 fees award, plus statutory interest) and $352,247.79 for costs ($326,918.34 costs award, plus statutory interest).

The 2014, 2016 and 2018 Cases. SDCWA has also filed lawsuits challenging the rates adopted in 2014, 2016 and 2018 and asserting breach of the Exchange Agreement. Metropolitan filed cross-complaints in the three cases, asserting claims relating to rates and the Exchange Agreement, including reformation.

The operative Petitions for Writ of Mandate and Complaints allege the same Water Stewardship Rate claim and breach of the Exchange Agreement as in the 2010 and 2012 cases, but because Metropolitan paid the amounts sought to SDCWA, and the writ in the 2010 and 2012 cases encompasses these claims, these claims and cross-claims are moot. They also claim Metropolitan's wheeling rate fails to provide wheelers a reasonable credit for "offsetting benefits" pursuant to Water Code Section 1810, et seq., and that Metropolitan has breached the Exchange Agreement by failing to reduce the price for an "offsetting benefits" credit. The cases also alleged that in 2019 and 2020, Metropolitan misallocated its California WaterFix (CWF) costs as transportation costs and breached the Exchange Agreement by including those costs in the transportation rates charged. In April 2022, the parties requested the court's dismissal with prejudice of the claims and cross-claims relating to CWF. The cases also request a judicial declaration that Proposition 26 applies to Metropolitan's rates and charges, and a judicial declaration that SDCWA is not required to pay any portion of a judgment in the litigation. Metropolitan filed cross-complaints in each of these cases, asserting claims against relating to rates and the Exchange Agreement.

The cases were stayed pending resolution of the 2010 and 2012 cases, but the stays have been lifted and the cases have been consolidated in the San Francisco Superior Court.

Metropolitan and SDCWA each filed motions for summary adjudication of certain issues in the 2014, 2016 and 2018 cases with the court. Summary adjudication is a procedure by which a court may determine the merits of a particular claim or affirmative defense, a claim for damages, and/or an issue of duty before trial.

On May 4, 2022, the San Francisco Superior Court issued an order granting Metropolitan's motion for summary adjudication on its cross-claim for declaratory relief that the conveyance facility owner, Metropolitan, determines fair compensation, including any offsetting benefits; and denying its motion on certain other cross-claims and an affirmative defense.

On May 11, 2022, the San Francisco Superior Court issued an order granting SDCWA's motion for summary adjudication on: Metropolitan's cross-claim in the 2018 case for a declaration with respect to the lawfulness of the Water Stewardship Rate's inclusion in the wheeling rate and transportation rates in 2019 and 2020; certain Metropolitan cross-claims and affirmative defenses on the ground that Metropolitan has a duty to charge no more than fair compensation, which includes reasonable credit for any offsetting benefits pursuant to Water Code section 1811(c), with the court also stating that whether that duty arose and whether Metropolitan breached that duty are issues to be resolved at trial; Metropolitan's affirmative defenses that SDCWA's claims are untimely and SDCWA has not satisfied claims presentation requirements; Metropolitan's affirmative defense in the 2018 case that SDCWA has not satisfied dispute resolution requirements under the Exchange Agreement; SDCWA's claim, Metropolitan's cross-claims, and Metropolitan's affirmative defenses regarding the applicability of Proposition 26, finding that Proposition 26 applies to Metropolitan's rates and charges, with the court also stating that whether Metropolitan violated Proposition 26 is a separate issue; and Metropolitan's cross-claims and affirmative defenses regarding the applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan's rates. The court denied SDCWA's motion on certain other Metropolitan cross-claims and affirmative defenses.

Damages sought by SDCWA in connection with its claims for offsetting benefits credit under the Exchange Agreement exceed $334.0 million for the six years (2015 through 2020) at issue in these cases. In the event that SDCWA were to prevail in final adjudication of this issue, a determination of offsetting benefits credit due to SDCWA, if any could impact the Exchange Agreement price in future years.

Trial of the 2014, 2016 and 2018 cases occurred May 16 to July 1, 2022. See Note 16 Subsequent events.

Metropolitan is unable to assess at this time the likelihood of success of the pending cases, any possible appeals, settlements or any future claims.

(h) Drinking Water Quality Standards

Under the Safe Drinking Water Act Amendments of 1996, Congress required the United States Environmental Protection Agency to set new drinking water quality standards. New standards to control microbial pathogens and disinfection byproducts (DBPs) became effective in 2002. These rules are known as the Interim Enhanced Surface Water Treatment Rule and the Stage 1 Disinfectants/Disinfection By-Product Rule. These standards became more stringent in a second set of regulations effective 2006. The second set of regulations (the Stage 2 Disinfectants/ Disinfection Byproducts Rule and the Long-Term 2 Enhanced Surface Water Treatment Rule) did not require additional capital investment by Metropolitan.

Metropolitan identified ozone disinfection as the most cost-effective option to minimize the production of DBPs and achieve other water quality objectives. Ozone is now used as the primary disinfectant at the Diemer, Jensen, Mills, Skinner and Weymouth plants. The estimated cost of implementing ozone treatment at all five plants is over $1.1 billion.

(i) Reid Gardner Generating Station

Reid Gardner Generating Station (Plant) is a 557 megawatt coal-fired plant located near Moapa, Nevada. The Plant is owned and operated by Nevada Energy (NE). In 1983, DWR entered into a Participation Agreement to import power from the Plant to serve the SWP energy needs. DWR's interest in the Plant terminated on July 25, 2013. DWR and NE negotiated the terms of the divestiture including DWR's obligations to mitigate any environmental impacts associated with the electricity generated for DWR over the past thirty years. Metropolitan paid approximately 75.0 percent of DWR's costs associated with the generation of electricity at the Plant and will pay this proportion of DWR's assigned mitigation costs.

(j) Landfill Obligation

Federal and State laws and regulations require that Metropolitan perform certain maintenance and monitoring functions at its sole landfill site for 30 years after closure. They further require that a separate funding mechanism be established to ensure that sufficient funds are available for closure and postclosure costs. In October 1995, the landfill was closed and management's estimate of closure and postclosure costs for this site totaled approximately $2.0 million. The required thirty-year postclosure maintenance and monitoring of the landfill officially started in January 1998; after the installation of the landfill's final cover was completed. Approximately $9,000 and $24,000 were expended for post closure maintenance and monitoring activities in fiscal years 2022 and 2021, respectively.

The actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws or regulations. Funding of these costs has been derived from a separate trust account that has been established for closure and postclosure costs. The balance of the trust account is sufficient to cover the landfill liability. At June 30, 2022 and 2021, approximately $800,000, net of interest receipts and disbursements, was available in this account.

11. PARTICIPATION RIGHTS IN STATE WATER PROJECT

Metropolitan is one of 29 water suppliers contracting with the State of California for a system to provide water throughout much of California. Under the terms of the State Water Contract, as amended, Metropolitan is obligated to pay allocable portions of the cost of construction of the system and ongoing operations and maintenance costs through at least the year 2035, regardless of the quantities of water available from the project (see Note 10a). Metropolitan and the other contractors may also be responsible to the State for certain obligations of any contractor who defaults on its payments to the State.

Approximately 31 percent and 33 percent of Metropolitan's total expenditures during fiscal years ended June 30, 2022 and 2021, respectively, pertained to its net payment obligations for the SWP. These payments were primarily based on the contractual water delivery request, the annually requested and actual deliveries received, and the cost of power required for such deliveries, offset by credits received from the project.

The State Water Contract provides Metropolitan rights to water through 2052 but Management's present intention is to exercise Metropolitan's option to extend the contractual period to at least 2085, under similar terms, based on the Agreement in Principle reached in 2014. This corresponds to an estimated 125-year service life for the original facilities. The State is obligated to provide specified quantities of water throughout the life of the contract, subject to certain conditions.

The State has power generation facilities associated with its reservoirs and aqueducts. The power generated is utilized by the system for water transportation purposes. Power generated in excess of system needs is marketed to various utilities and California's power market. The revenues resulting from sales of excess power reduce the costs of pumping. Metropolitan and the other water contractors are responsible for repaying the operating costs of the power facilities regardless of the amount of power generated.

Metropolitan capitalizes its share of system construction costs as participation rights when such costs are billed by the State (see Notes 1i, 2, and 10a). Metropolitan's share of system operations and maintenance costs is charged to expense.

Metropolitan amortizes a portion of capitalized participation rights each month using a formula that considers the total estimated cost of the project, the estimated useful life, and estimated production capacity of the assets based upon maximum annual contracted deliveries provided by the State of California. Amortization expense totaled $150.5 million and $148.0 million in fiscal years 2022 and 2021, respectively.

12. DEPOSITS, PREPAID COSTS, AND OTHER

Balances at June 30, 2022 and 2021 were as follows:

	June 30,	
(Dollars in thousands)	**2022**	2021
Prepaid water costs	**$ 228,309**	$ 246,801
Prepaid costs-Delta Habitat conservation and conveyance	**58,627**	58,627
Prepaid costs-Delta Conveyance Project	**50,000**	25,000
Prepaid costs-California WaterFix	**7,494**	7,494
Prepaid expenses	**16,989**	27,418
Preliminary design/reimbursable projects	**20,407**	20,215
Other	**7,226**	18,614
Total deposits, prepaid costs, and other	**389,052**	404,169
Less current portion	**(63,279)**	(49,550)
Noncurrent portion	**$ 325,773**	$ 354,619

(a) Prepaid Water Costs

Metropolitan has entered into several water exchange and storage agreements with other agencies. These agreements provide Metropolitan with additional reliable water supplies to supplement deliveries of Colorado River and SWP water. Metropolitan is also actively pursuing other agreements, both within and outside its service area, to provide additional water supplies. The exchange and storage agreements generally provide for advance delivery of water during periods when water is available. At a later time when water is needed, these programs can then return water to improve Metropolitan's reliability. Expenditures associated with these agreements have been recorded as prepaid costs and are charged to cost of water as the water is withdrawn. At June 30, 2022 and 2021, prepaid water costs totaled approximately $228.3 million and $246.8 million, respectively, based on volumes of 864.5 TAF and 1,044.8 TAF, as of such dates.

(b) Prepaid Costs—Delta Habitat Conservation and Conveyance

In March 2009, Metropolitan, other SWP contractors, federal Central Valley Project contractors, and the U.S. Department of Interior's Bureau of Reclamation entered into funding agreements with DWR. The agreements are known collectively as the Delta Habitat Conservation and Conveyance Program (DHCCP) Funding Agreement and the Bay Delta Conservation Plan and Delta Habitat Conservation and Conveyance Plan (BDCP - DHCCP) Supplemental Funding Agreement. Metropolitan's three-year DHCCP agreement provides funding of approximately $35.0 million for Metropolitan's share (24 percent). Metropolitan's two-year BDCP-DHCCP agreement provides funding of approximately $25.0 million (25 percent). The funding provided by both agreements supports development of the BDCP which was later on adapted as CWF (see Note 10b) through environmental analysis, planning and design of Delta conservation measures including Delta water conveyance options. The two-tunnel CWF project shifted to a single tunnel project referred to as the Delta Conveyance Project with the announcement of Governor Newsom on February 12, 2019. Total prepaid costs at June 30, 2022 and 2021 were $58.6 million.

(c) Prepaid Costs—Delta Conveyance Project

The Board approved a 47.2 percent funding commitment for planning and pre-construction costs for the Delta Conveyance Project on December 18, 2020. As a result, Metropolitan remitted $25.0 million to DWR in January 2021 and an additional $25.0 million in fiscal year 2022. Total prepaid costs for the Delta Conveyance Project as of June 30, 2022 and 2021 was $50.0 million and $25.0 million, respectively.

(d) Prepaid Costs—California WaterFix

In fiscal year 2019, Metropolitan disbursed a total of $41.5 million to DWR for preconstruction planning costs of the CWF in accordance with the advance funding agreement entered into in August 2018. The $41.5 million was Metropolitan's share (31 percent) of the funding and DWR intends to refund Metropolitan for funds advanced through this agreement through bond financing actions. However, as a result of the shift to a single tunnel project and DWR's withdrawal of approval of the CWF Project as well as the rescission of other permitting applications (see Note 10b), Metropolitan requested, on June 27, 2019, that DWR return its contributions that have not been spent as of May 2, 2019. As of June 30, 2022 and 2021, DWR has remitted $34.0 million of unspent funds and $0.5 million of interest. Total advanced funds at June 30, 2022 and 2021 were $7.5 million.

(e) Preliminary Design/Reimbursable Projects

Metropolitan engages in preliminary design activities prior to obtaining Board approval of capital projects. The costs of these designs are recorded as prepaid costs. Once Board approval is obtained, these costs are added to the cost of the relevant construction project.

Reimbursable projects include work Metropolitan is contracted to perform for outside, non-related parties, and is subsequently billed for reimbursement.

13. DEFERRED COMPENSATION AND SAVINGS PLANS

For the benefit of its employees, Metropolitan has adopted a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Metropolitan has established another compensation deferral arrangement in accordance with Section 401(k) of the Internal Revenue Code. The 401(k) Savings Plan (savings plan) is available to substantially all employees. Metropolitan matches a maximum of 4.5 percent of the employee's total cash compensation in the savings plan. Amounts deferred by participants, Metropolitan matching contributions, and accumulated earnings thereon are fully vested. At June 30, 2022 and 2021, 1,631 and 1,670 employees, respectively, participated in the savings plan.

Metropolitan's contributions to the savings plan were as follows:

	June 30,	
(Dollars in thousands)	**2022**	2021
Employees	**$ 23,718**	$ 22,892
Metropolitan	**10,562**	10,271
	$ 34,280	$ 33,163
Eligible payroll	**$ 264,366**	$ 256,585
Employee contributions as percent of eligible payroll	**9.0 %**	8.9 %

Deferred amounts and matching contributions, if any, for both plans are transferred by Metropolitan each pay period to a third-party administrator who coordinates the investment of such proceeds in a variety of investment vehicles in accordance with the instructions of each participant. Accordingly, neither the assets nor the related liability of each plans were included in the accompanying basic financial statements. Metropolitan is not liable to its employees for any losses that may be incurred in connection with their participation in the plans.

14. NET POSITION

Net position is classified as either restricted, unrestricted, or net investment in capital assets, including State Water Project costs.

Net investment in capital assets, including State Water Project costs consist of capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition or construction of those assets and deferred outflows and inflows of resources related to debt. Metropolitan's capital assets, including SWP costs include plant and equipment (Notes 1h and 2), participation rights in State Water Project (Notes 1i, 2, and 11), participation rights in other facilities (Notes 1i, 2 and 4), and intangible right-to use leased assets (Notes 1j and 7). Net investment in capital assets, including State Water Project costs were approximately $6.2 billion and $6.1 billion at June 30, 2022 and 2021, respectively.

The restricted component of net position are those items that have external constraints placed on them by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions of enabling legislation. Restricted net position totaled $573.5 million and $532.7 million at June 30, 2022 and 2021, respectively, of which $235.9 million and $221.6 million, respectively, were set-aside for principal and interest payments on outstanding debt. The remaining $337.6 million and $311.1 million, respectively, relates to estimated operating and maintenance expense for July and August of the subsequent fiscal year. Each of these requirements is related to bond covenants.

The unrestricted component of net position are those items that do not meet the definition of "restricted" or "net investment in capital assets, including State Water Project costs." Unlike the restricted net position, the Board has discretion in determining the use and establishing minimum/maximum balance requirements for the unrestricted cash and investment portion of net position. The Board may at any time change or eliminate amounts established for these purposes. Unrestricted net position totaled $663.4 million and $520.7 million at June 30, 2022 and 2021, respectively.

15. RISK MANAGEMENT

Metropolitan is exposed to various risks of loss related to the design, construction, treatment, and delivery of water resources. Metropolitan self-insures most of its property losses, the first $25.0 million for general liability, fiduciary liability and directors' and officers' liability, and $5.0 million for workers' compensation. Metropolitan supplements its self-insurance program with $75.0 million excess general liability coverage, $60.0 million excess fiduciary liability coverage, $65.0 million excess for directors' and officers' liability coverage, and statutory limits excess workers' compensation coverage. Special insurance policies carried include aircraft hull and liability, a limited property damage policy, crime insurance, specialty crime coverage, and travel accident coverage. Coverage types and limits for fiscal year 2022 were unchanged from fiscal year 2021. Settlement amounts did not exceed the self-insurance or insurance coverage limits in any of the past three years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. The present value of liabilities for unpaid claims is based on a 1.5 percent annual interest rate over the life of the claims. Changes in the balances of claims liabilities during the past three fiscal years were included in accounts payable as follows:

	June 30,		
(Dollars in thousands)	**2022**	2021	2020
Unpaid claims, beginning of fiscal year	**$ 10,289**	$ 13,602	$ 12,958
Incurred claims (including IBNR)	**4,469**	7,106	5,545
Claim payments and adjustments	**(2,056)**	(10,419)	(4,901)
Unpaid claims, end of fiscal year	**12,702**	10,289	13,602
Less current portion	**(6,013)**	(4,792)	(4,122)
Noncurrent portion	**$ 6,689**	$ 5,497	$ 9,480

16. SUBSEQUENT EVENT

SDCWA v. Metropolitan Cases

Subsequent to the July 1, 2022 trial closing date of the 2014, 2016 and 2018 cases, the parties filed post-trial briefs on August 19, 2022. On September 14, 2022, the court granted in part and denied in part SDCWA's motion for partial judgement; the rulings did not resolve any claims or cross-claims. Trial closing arguments were held on September 27, 2022. The court directed the parties to file proposed statements of decision by December 16, 2022.

In connection with the 2010 and 2012 cases, on July 27, 2022, Metropolitan paid SDCWA $411,888.36 for attorneys' fees on appeals of post-remand orders.

Short-term and Long-term Debt

On July 7, 2022, Metropolitan issued $279.6 million of Water Revenue Refunding Bonds (WRRB), 2022 Series A, which refunded $181.2 million of WRRB, 2012 Series A; $26.5 million of WRRB, 2012 Series F; and $73.2 million of WRRB, 2012 Series G. In addition, a $35.6 million draw on the Wells Fargo Revolving Credit Facility was prepaid from the proceeds. This refunding resulted in projected present value savings of $40.1 million. The true interest cost was 2.91%. The final maturity is October 1, 2036. The bonds are subject to optional redemption provisions.

On July 27, 2022, Metropolitan issued $253.4 million of WRRB, 2022 Series B, which refunded $78.9 million of Water Revenue Bonds, 2000 Series B-3; $41.5 million of Special Variable Rate Water Revenue Refunding Bonds (SVRWRRB), 2016 Series B-1; $16.1 million of SVRWRRB, 2016 Series B-2; $55.7 million of Water Revenue Bonds, 2017 Series A ;$45.0 million of SVRWRRB, 2018 Series A-1; and $45.0 million of SVRWRRB, 2018 Series A-2. The true interest cost was 2.88%. The final maturity is July 1, 2040. The bonds are subject to optional redemption provisions.

On July 27, 2022, Metropolitan issued $147.7 million of SVRWRRB, 2022 Series C-1 (Taxable) and $134.6 million of SVRWRRB, 2022 Series C-2 (Taxable), which refunded, $140.4 million of WRRB, 2015 Series A, and $127.0 million of WRRB, 2016 Series A. The 2022 Series C-1 and C-2 bonds are variable rate bonds. The final maturity of the 2022 Series C-1 bonds is July 1, 2037 and the final maturity for the 2022 Series C-2 bonds is July 1, 2046. Both series of bonds are subject to optional and mandatory redemption provisions.

The 2022 Series B, 2022 Series C-1 and 2022 Series C-2 refunding bonds were issued as a common plan of finance. The combined refundings resulted in projected present value savings of $24.6 million.

Bay/Delta Regulatory and Planning Activities

The DWR released the Draft EIR for the Delta Conveyance Project on July 27, 2022 for public review and comments. The Draft EIR is based on the preliminary design of the proposed project including alternatives as provided by the Delta Conveyance Design and Construction Authority. The Draft EIR complies with the California Environmental Quality Act requirements that evaluates a range of alternatives to the proposed project and discloses the potential environmental effects of the proposed project and alternatives, and associated mitigation measures for potentially significant impacts.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

(Dollars in thousands)	2022	2021
Measurement date: June 30,	**2021**	2020
TOTAL PENSION LIABILITY		
Service cost	**$ 38,574**	$ 37,178
Interest on total pension liability	**181,233**	174,996
Changes of assumptions	**—**	—
Difference between expected and actual experience	**3,634**	13,319
Benefit payments, including refunds of employee contributions	**(132,584)**	(125,982)
Net change in total pension liability	**90,857**	99,511
Total pension liability - beginning	**2,578,818**	2,479,307
Total pension liability - ending (a)	**$ 2,669,675**	$ 2,578,818
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	**$ 74,339**	$ 66,091
Contribution - Employee	**17,521**	16,230
Net investment income[(1)]	**417,420**	90,131
Benefit payments, including refunds of employee contributions	**(132,584)**	(125,982)
Net plan to plan resource management	**—**	—
Administrative expense	**(1,852)**	(2,551)
Other miscellaneous income/(expense)[(2)]	**—**	—
Net change in fiduciary net position	**374,844**	43,919
Plan fiduciary net position - beginning[(3)]	**1,854,231**	1,810,312
Plan fiduciary net position - ending (b)	**$ 2,229,075**	$ 1,854,231
Plan net pension liability - ending (a) - (b)	**$ 440,600**	$ 724,587
Plan fiduciary net position as a percentage of the total pension liability	**83.50 %**	71.90 %
Covered payroll	**$ 235,294**	$ 225,707
Plan net pension liability as a percentage of covered payroll	**187.26 %**	321.03 %

[(1)]2015 amount was net of administrative expenses of $1,972.

[(2)]During Fiscal Year 2017-18, as a result of GASB 75, CalPERS reported its proportionate share of activity related to post-employment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB 68.

[(3)]Includes any beginning of year adjustment.

[(4)]GASB 68 requires ten years of information be presented but only eight years are available at this time. Additional years' information will be displayed as it becomes available.

See accompanying independent auditors' report

2020	2019	2018	2017	2016	2015[(4)]
2019	2018	2017	2016	2015	2014
$ 35,739	$ 33,583	$ 33,685	$ 29,142	$ 28,890	$ 28,505
168,122	161,023	156,661	152,500	146,852	139,190
—	(15,391)	125,734	—	(35,008)	—
16,205	(10,039)	(15,804)	(12,754)	14,665	—
(117,537)	(107,646)	(100,092)	(92,401)	(86,154)	(81,391)
102,529	61,530	200,184	76,487	69,245	86,304
2,376,778	2,315,248	2,115,064	2,038,577	1,969,332	1,883,028
$ 2,479,307	$ 2,376,778	$ 2,315,248	$ 2,115,064	$ 2,038,577	$ 1,969,332
$ 56,497	$ 48,780	$ 42,819	$ 38,393	$ 34,306	$ 33,853
15,631	15,749	14,895	15,034	14,787	15,185
114,220	139,003	171,562	8,304	35,301	236,746
(117,537)	(107,646)	(100,092)	(92,401)	(86,154)	(81,391)
—	(4)	—	—	—	—
(1,244)	(2,577)	(2,255)	(950)	(1,756)	—
4	(4,895)	—	—	—	—
67,571	88,410	126,929	(31,620)	(3,516)	204,393
1,742,741	1,654,331	1,527,402	1,559,022	1,562,538	1,358,145
$ 1,810,312	$ 1,742,741	$ 1,654,331	$ 1,527,402	$ 1,559,022	$ 1,562,538
$ 668,995	$ 634,037	$ 660,917	$ 587,662	$ 479,555	$ 406,794
73.02 %	73.32 %	71.45 %	72.22 %	76.48 %	79.34 %
$ 212,558	$ 204,635	$ 199,186	$ 195,878	$ 190,423	$ 186,850
314.74 %	309.84 %	331.81 %	300.01 %	251.84 %	217.71 %

NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the June 30, 2021 measurement date. However, offers of Two Years Additional Service Credit that occurred after the June 30, 2020 valuation date are not included in the figure above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no changes of assumptions for the 2016, 2019 through 2021 measurement dates. For the 2018 measurement date, demographic assumptions and inflation rate were changed in accordance with CalPERS experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. For the 2017 measurement date, the discount rate was reduced from 7.65 percent to 7.15 percent. For the 2015 measurement date, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). For the 2014 measurement date, amounts reported were based on the 7.5 percent discount rate.

SCHEDULE OF PENSION CONTRIBUTIONS

(Dollars in thousands)	**2022**	2021	2020	2019	2018	2017	2016	2015[1]
Actuarially determined contribution	**$ 81,525**	$ 74,339	$ 66,091	$ 56,497	$ 48,780	$ 42,819	$ 38,393	$ 34,306
Contributions in relation to the actuarially determined contribution	**(81,525)**	(74,339)	(66,091)	(56,497)	(48,780)	(42,819)	(38,393)	(34,306)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	**$ 241,288**	$ 235,294	$ 225,707	$ 212,558	$ 204,635	$ 199,186	$ 195,878	$ 190,423
Contributions as a percentage of covered payroll	33.8 %	31.6 %	29.3 %	26.6 %	15.4 %	21.5 %	19.6 %	18.02 %

[1] GASB 68 requires ten years of information be presented but only eight years are available at this time. Additional years' information will be displayed as it becomes available.

See accompanying independent auditors' report

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS

Methods and assumptions used to set the actuarially determined contribution rates for fiscal year 2022:

Valuation date: June 30, 2019

Actuarial Cost Method	Entry age, level percentage of payroll
Amortization Method/Period	Level percentage of payroll over 20 year period
Asset Valuation Method	Investment gains/losses amortized over a fixed 30-year period spread directly over 5 years.
Discount rate	7.00%
Inflation	2.50%
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Mortality improvement	15 years of mortality projection using 90% of Scale MP 2016 from the Society of Actuaries

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

(Dollars in thousands)	**2022**	2021	2020	2019	2018[1]
Measurement Date: June 30,	**2021**	2020	2019	2018	2017
TOTAL OPEB LIABILITY					
Service cost	**$ 11,473**	$ 11,061	$ 10,635	$ 10,325	$ 10,024
Interest	**30,563**	29,322	31,600	30,252	28,951
Changes of assumptions	**(48,447)**	—	(4,217)	—	—
Difference between expected and actual experience	**6,034**	—	(50,116)	—	—
Benefit payments	**(22,313)**	(22,849)	(21,328)	(20,487)	(19,525)
Net change in total OPEB liability	**(22,690)**	17,534	(33,426)	20,090	19,450
Total OPEB liability - beginning	**452,293**	434,759	468,185	448,095	428,645
Total OPEB liability - ending (a)	**$ 429,603**	$ 452,293	$ 434,759	$ 468,185	$ 448,095
PLAN FIDUCIARY NET POSITION					
Contribution - employer	**$ 27,025**	$ 33,506	$ 32,067	$ 34,674	$ 33,646
Net investment income	**85,221**	10,276	16,240	18,538	20,792
Benefit payments	**(22,313)**	(22,849)	(21,328)	(20,487)	(19,525)
Administrative expense	**(174)**	(144)	(57)	(400)	(107)
Net change in fiduciary net position	**89,759**	20,789	26,922	32,325	34,806
Plan fiduciary net position - beginning	**287,562**	266,773	239,851	207,526	172,720
Plan fiduciary net position - ending (b)	**$ 377,321**	$ 287,562	$ 266,773	$ 239,851	$ 207,526
Plan net OPEB liability - ending (a) - (b)	**$ 52,282**	$ 164,731	$ 167,986	$ 228,334	$ 240,569
Plan fiduciary net position as a percentage of the total OPEB liability	**87.83 %**	63.58 %	61.36 %	51.23 %	46.31 %
Covered payroll	**$ 235,294**	$ 225,707	$ 212,558	$ 204,635	$ 199,186
Plan net OPEB liability as a percentage of covered payroll	**22.22 %**	72.98 %	79.03 %	111.58 %	120.78 %

[1] *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.*

See accompanying independent auditors' report

NOTES TO SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Benefit Changes: There were no benefit changes for the June 30, 2017 through 2021 measurement dates.

Changes of Assumptions: For the June 30, 2021 and 2019 measurement dates, demographic assumptions were updated to CalPERS 2000-2019 experience study and 1997-2015 experience study, respectively, and mortality improvements were updated to Scale MP-2021 and Scale MP-2019, respectively. There were no changes of assumptions for the June 30, 2020, 2018 or 2017 measurement dates.

SCHEDULE OF OPEB CONTRIBUTIONS

(Dollars in thousands)	**2022**	2021	2020	2019	2018[(1)]
Actuarially determined contribution	**$ 23,922**	$ 23,217	$ 28,148	$ 27,328	$ 30,086
Contributions in relation to the actuarially determined contribution	**(30,603)**	(27,025)	(33,506)	(32,067)	(34,674)
Contribution deficiency (excess)	**$ (6,681)**	$ (3,808)	$ (5,358)	$ (4,739)	$ (4,588)
Covered payroll	**$ 241,288**	$ 235,294	$ 225,707	$ 212,558	$ 204,635
Contributions as a percentage of covered payroll	**12.68 %**	11.49 %	14.84 %	15.09 %	16.94 %

[(1)]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.

See accompanying independent auditors' report

NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS

Methods and assumptions used to set the actuarially determined contribution rates for fiscal year 2022 were from the June 30, 2019 actuarial valuation:

Actuarial Cost Method	Entry age, level percentage of payroll
Amortization Method/Period	Level percentage of payroll over 23 year closed period (17 years remaining on measurement date 6/30/20).
Asset Valuation Method	Investment gains/losses spread over 5 year rolling period with corridor of 80% and 120% of fair value
Discount rate	6.75%
Inflation	2.75%
Mortality, disability, termination, retirement	CalPERS 1997-2015 Experience Study
Medical trend	Pre-Medicare - 7.0% for 2022, decreasing to 4.0% for 2076 and later Medicare - 6.1% for 2022, decreasing to 4.0% for 2076 and later
Mortality improvement	Mortality projected fully generational with Scale MP-2019.

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FIDUCIARY FUND DESCRIPTIONS

PRIVATE PURPOSE TRUST FUNDS

Colorado River Authority

The Colorado River Authority is a separate governmental entity composed of Southern California public agencies formed in 2007 for the purpose of engaging in the study, research and information dissemination among the people of California and representatives of Congress and the State Legislature relative to California's rights to water and other resources from the Colorado River. By means of a Joint Powers Agreement, Metropolitan acts as the trustee for the funds furnished by the public agencies in support of the Colorado River Authority. The Joint Powers Agreement specifies that such moneys will be placed in a special account designated "Colorado River Joint Powers Authority Account" and disbursements from are to be made by Metropolitan in accordance with the agreement.

Delta Conveyance Finance Authority

The Delta Conveyance Finance Authority (Finance Authority) was created on July 3, 2018 through a Joint Powers Authority, whose members consist of water agencies (member agencies) that contract with the Department of Water Resources (DWR) for the purchase of water. The Finance Authority's original purpose was to assist DWR and member agency participants to finance all or a portion of the two-tunnel California WaterFix (CWF) project. At the direction of Governor Newsom, the CWF project was shifted towards a single tunnel Delta Conveyance Project (Project). The Finance Authority may still assist in the financing of the Project after the completion of the environmental review under the California Environmental Quality Act and National Environmental Policy Act and other permitting activities, which is expected in mid-2024. The Finance Authority's operation is supported by the collection of contributions from its member agencies. Their funds are deposited in Metropolitan's cash and investment pool and disbursed in accordance with the Treasury and Accounting agreement between the Finance Authority and Metropolitan.

Six Agency Committee

The Six Agency Committee's (Committee) is a member group composed of a member and an alternate member appointed by each of the governing bodies of the six major California public agencies with Colorado River rights and interests. The Committee was created by a Joint Powers Agreement, executed on January 5, 1950 and subsequently amended, to administer funds contributed by the Agencies for purposes that tend to secure their rights in and to the waters of the Colorado River system. In accordance with the purposes of the Joint Powers Agreement, the Committee provides monetary support to the Board in furtherance of its work in safeguarding the Agencies' rights and promoting their interests in and to the water of the Colorado River. Terms and conditions for support of the Colorado River Board are set forth in an annual agreement between the Committee and the Colorado River Board. Funds advanced by the Agencies in accordance with the annual agreement are deposited with Metropolitan, who holds the responsibility to serve as trustee over such funds. Upon completion of the Committee, any funds remaining with the Committee will be ratably refunded to the contributing Agencies.

FIDUCIARY FUND DESCRIPTIONS (CONTINUED)

CUSTODIAL FUNDS

Diamond Valley Lake Multi Species Reserve Fund

The Diamond Valley Lake Multi Species Reserve Fund was created under a Cooperative Management Agreement executed by Metropolitan, the California Department of Fish & Wildlife, the United States Fish & Wildlife service, the Riverside County Habitat Conservation Agency, the Riverside County Regional Park and Open Space District, the County of Riverside, and the Riverside County Park Facilities Corporation for impacts related to Metropolitan's construction of the Diamond Valley Lake reservoir. The Cooperative Management Agreement provides for the acquisition, management, operation and maintenance of certain lands located in the southwestern portion of Riverside County in conformance with and to fulfill the requirements of the Southwestern Riverside Multi-Species Habitat Conservation Plan. The Southwestern Riverside Multi-Species Reserve initially comprised land owned by Metropolitan and the Riverside County Park Facilities Corporation, and now includes Riverside County Habitat Agency and United States Bureau of Land Management property. In accordance with the Cooperative Management Agreement, funds are deposited in Metropolitan's cash and investment pool and disbursements of funds are made by Metropolitan in accordance with the agreement. The balances reported in the Diamond Valley Lake Multi Species Reserve Fund in Metropolitan's fiduciary fund statements exclude Metropolitan's share based on the percentage of Metropolitan owned land in the Multi Species Reserve and do not reflect the balance of funds available for it's management

Water Utility Climate Alliance Membership

The Water Utility Climate Alliance (WUCA) is an association of water utility agencies formed with a mission to provide leadership and collaboration on climate change issues affecting water agencies across the United States. The organization comprises 12 of the nation's largest water providers, including Metropolitan, who agreed to contribute funds to finance WUCA approved expenditures through a Fiscal Agent Agreement. In accordance with the Fiscal Agent Agreement, Metropolitan was designated as the Fiscal Agent for the contributions made by member agencies and the funds are deposited in Metropolitan's interest-bearing cash and investment accounts. Disbursement of funds from the available WUCA resources are made by Metropolitan in accordance with the Fiscal Agent Agreement. The balances reported in the WUCA fund in Metropolitan's fiduciary fund statements exclude Metropolitan's share of contributions and do not reflect the balance of funds available for WUCA.

COMBINING STATEMENTS OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS

	June 30, 2022			
(Dollars in thousands)	**Colorado River Association**	**Delta Conveyance Finance Authority**	**Six Agency Committee**	**Total Private Purpose Trust Funds**
Assets				
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	$ 491	$ 479	$ 1,702	**$ 2,672**
Total assets	$ 491	$ 479	$ 1,702	**$ 2,672**
Liabilities				
Accounts payable and accrued expenses	$ —	$ 17	$ —	**$ 17**
Due to other governments	—	—	4	**4**
Total liabilities	—	17	4	**21**
Net Position				
Restricted for organizations and other governments	491	462	1,698	**2,651**
Total Liabilities and Net Position	$ 491	$ 479	$ 1,702	**$ 2,672**

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS (CONTINUED)

	June 30, 2021			
(Dollars in thousands)	**Colorado River Association**	**Delta Conveyance Finance Authority**	**Six Agency Committee**	**Total Private Purpose Trust Funds**
Assets				
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	$ 500	$ 559	$ 2,118	$ 3,177
Total assets	$ 500	$ 559	$ 2,118	$ 3,177
Liabilities				
Accounts payable and accrued expenses	$ —	$ 7	$ 65	$ 72
Due to other governments	—	—	—	—
Total liabilities	—	7	65	72
Net Position				
Restricted for organizations and other governments	500	552	2,053	3,105
Total Liabilities and Net Position	$ 500	$ 559	$ 2,118	$ 3,177

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS

	Fiscal Year Ended June 30, 2022			
(Dollars in thousands)	**Colorado River Association**	**Delta Conveyance Finance Authority**	**Six Agency Committee**	**Total Private Purpose Trust Funds**
Additions				
Contributions from participating agencies	$ —	$ —	$ 2,445	**$ 2,445**
Return of unspent funds	—	—	4	**4**
Interest	—	3	—	**3**
Total additions	—	3	2,449	**2,452**
Deductions				
Support payments to the Colorado River Board	—	—	2,400	**2,400**
Expensed equipment	—	—	10	**10**
Computer systems and software	—	—	9	**9**
Administrative expenses	9	—	—	**9**
Support payments for Colorado River system augmentation and conservation	—	—	268	**268**
Professional services	—	93	117	**210**
Total deductions	9	93	2,804	**2,906**
Net Increase (Decrease) in Fiduciary Net Position	(9)	(90)	(355)	**(454)**
Net position, Beginning of Year	500	552	2,053	**3,105**
Net position, End of Year	$ 491	$ 462	$ 1,698	**$ 2,651**

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUNDS (CONTINUED)

	Fiscal Year Ended June 30, 2021			
(Dollars in thousands)	**Colorado River Association**	**Delta Conveyance Finance Authority**	**Six Agency Committee**	**Total Private Purpose Trust Funds**
Additions				
Contributions from participating agencies	$ —	$ —	$ 2,307	$ 2,307
Return of unspent funds	—	—	189	189
Interest	—	7	—	7
Total additions	—	7	2,496	2,503
Deductions				
Support payments to the Colorado River Board	—	—	2,200	2,200
Expensed equipment	—	—	8	8
Computer systems and software	—	—	12	12
Administrative expenses	1	—	1	2
Support payments for Colorado River system augmentation and conservation	—	—	309	309
Professional services	—	72	60	132
Total deductions	1	72	2,590	2,663
Net Increase (Decrease) in Fiduciary Net Position	(1)	(65)	(94)	(160)
Net position, Beginning of Year	501	617	2,147	3,265
Net position, End of Year	$ 500	$ 552	$ 2,053	$ 3,105

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

	Fiscal Year Ended June 30, 2022		
(Dollars in thousands)	**Diamond Valley Lake Multi Species Reserve Fund**	**Water Utility Climate Alliance Membership**	**Total Custodial Funds**
Assets			
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	$ 2,060	$ 380	**$ 2,440**
Interest receivable	2	—	**2**
Total assets	$ 2,062	$ 380	**$ 2,442**
Liabilities			
Accounts payable and accrued expenses	$ —	$ 41	**$ 41**
Due to other governments	29	—	**29**
Total liabilities	29	41	**70**
Net Position			
Restricted for organizations and other governments	2,033	339	**2,372**
Total Liabilities and Net Position	$ 2,062	$ 380	**$ 2,442**

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF FIDUCIARY NET POSITION CUSTODIAL FUNDS (CONTINUED)

	Fiscal Year Ended June 30, 2021		
(Dollars in thousands)	**Diamond Valley Lake Multi Species Reserve Fund**	**Water Utility Climate Alliance Membership**	**Total Custodial Funds**
Assets			
Restricted pooled cash and investments, at fair value (Notes 1d and 3):	$ 2,095	$ 440	$ 2,535
Interest receivable	1	—	1
Total assets	$ 2,096	$ 440	$ 2,536
Liabilities			
Accounts payable and accrued expenses	$ —	$ 55	$ 55
Due to other governments	27	—	27
Total liabilities	27	55	82
Net Position			
Restricted for organizations and other governments	2,069	385	2,454
Total Liabilities and Net Position	$ 2,096	$ 440	$ 2,536

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS

	Fiscal Year Ended June 30, 2022		
(Dollars in thousands)	**Diamond Valley Lake Multi Species Reserve Fund**	**Water Utility Climate Alliance Membership**	**Total Custodial Funds**
Additions			
Contributions from participating agencies	$ 44	$ 149	**$ 193**
Interest	12	2	**14**
Total additions	56	151	**207**
Deductions			
Payments to other governments for conservation	92	—	**92**
Professional services	—	197	**197**
Total deductions	92	197	**289**
Net Increase (Decrease) in Fiduciary Net Position	(36)	(46)	**(82)**
Net position, Beginning of Year	2,069	385	**2,454**
Net position, End of Year	$ 2,033	$ 339	**$ 2,372**

See accompanying Independent Auditors' Report.

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS (CONTINUED)

	Fiscal Year Ended June 30, 2021		
(Dollars in thousands)	**Diamond Valley Lake Multi Species Reserve Fund**	**Water Utility Climate Alliance Membership**	**Total Custodial Funds**
Additions			
Contributions from participating agencies	$ 44	$ 233	$ 277
Interest	24	5	29
Total additions	68	238	306
Deductions			
Payments to other governments for conservation	94	—	94
Professional services	—	161	161
Total deductions	94	161	255
Net Increase (Decrease) in Fiduciary Net Position	(26)	77	51
Net position, Beginning of Year	2,095	308	2,403
Net position, End of Year	$ 2,069	$ 385	$ 2,454

See accompanying Independent Auditors' Report.

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STATISTICAL SECTION

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

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

The Metropolitan Water District of Southern California
Table 1
Ten-Year Summary of Net Position by Component (Unaudited)-Accrual Basis
(Dollars in millions)

	Fiscal Year Ended June 30,									
	2022	2021 [1] As Adjusted	2020 [2] As Adjusted	2019	2018 [3],[4] As Adjusted	2017[4] As Adjusted	2016	2015 [5] As Adjusted	2014	2013 [6] As Adjusted
Net investment in capital assets, including State Water Project costs	$ 6,219.5	$ 6,141.4	$ 6,121.6	$ 6,131.6	$ 5,968.8	$ 6,067.0	$ 5,772.4	$ 5,572.5	$ 5,593.0	$ 5,399.5
Restricted for:										
Debt service	235.9	221.6	232.4	180.7	201.4	224.6	199.5	263.2	171.6	205.2
Other expenses	337.6	311.1	276.6	237.9	206.2	182.4	183.3	178.8	147.7	170.1
Unrestricted	663.4	520.7	308.9	286.0	310.1	283.7	528.6	867.2	1,288.7	1,025.4
Total Net Position	$ 7,456.4	$ 7,194.8	$ 6,939.5	$ 6,836.2	$ 6,686.5	$ 6,757.7	$ 6,683.8	$ 6,881.7	$ 7,201.0	$ 6,800.2

(1) Adjustment relates to the implementation of GASB Statement No. 87, *Leases*, in fiscal year 2022 with a restatement of fiscal year 2021 balances. Fiscal years 2013 through 2020 have not been adjusted.

(2) Adjustment relates to the adoption of GASB Statement No. 84, *Fiduciary Activities*. This pronouncement requires fiduciary activities meeting specific criteria to be reported in fiduciary funds.

(3) Adjustment relates to Metropolitan's implementation of GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. GASB 75 requires the reporting of a net Other Postemployment Benefit (OPEB) liability in the basic financial statements when an organization's OPEB liability exceeds the net position available for paying benefits. Fiscal years 2013 through 2017 have not been adjusted.

(4) Net investment in capital assets, including State Water Project costs, restricted for other expenses and unrestricted net position in fiscal years 2018 and 2017 were adjusted to conform to fiscal year 2019 presentation. Fiscal years 2013 through 2016 were not adjusted.

(5) Adjustment relates to Metropolitan's implementation of GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71. (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASB 68 requires the reporting of net pension liability in the basic financial statements when an organization's pension liability exceeds the net position available for paying benefits while GASB 71 requires the recognition of beginning deferred outflow of resources for pension contributions made after the measurement date. Fiscal years 2013 through 2014 have not been adjusted.

(6) Adjustment relates to the adoption of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This pronouncement requires debt issuance costs (except prepaid insurance costs) to be recognized as expense in the period incurred.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California

Table 2

Ten-Year Summary of Changes in Net Position (Unaudited)-Accrual Basis
(Dollars in millions)

	Fiscal Year Ended June 30,									
	2022	2021[1] As adjusted	2020	2019	2018[2] As adjusted	2017	2016	2015[3] As adjusted	2014	2013
Water revenues [4]	$ 1,515.1	$ 1,404.7	$ 1,188.0	$ 1,148.7	$ 1,285.2	$ 1,150.5	$ 1,166.0	$ 1,382.9	$ 1,484.7	$ 1,282.5
Readiness-to-serve charges	135.0	133.0	134.5	136.5	137.5	144.0	155.5	162.0	154.0	144.0
Capacity charge	37.0	31.7	30.5	33.0	34.6	39.7	44.7	37.5	28.4	28.7
Power sales	7.7	19.0	15.9	18.3	23.7	20.9	7.5	8.4	14.6	24.5
Operating revenues	1,694.8	1,588.4	1,368.9	1,336.5	1,481.0	1,355.1	1,373.7	1,590.8	1,681.7	1,479.7
Taxes, net	168.1	160.6	146.9	142.7	127.3	115.4	107.9	102.3	94.5	94.8
Investment income, net	—	4.1	28.9	36.0	10.6	6.2	19.4	—	5.7	—
Gain on sale of plant assets	9.2	—	—	—	—	—	—	—	—	—
Other	8.7	10.9	24.5	10.4	12.9	7.3	10.2	5.4	—	6.1
Nonoperating revenues	186.0	175.6	200.3	189.1	150.8	128.9	137.5	107.7	100.2	100.9
Total revenues	1,880.8	1,764.0	1,569.2	1,525.6	1,631.8	1,484.0	1,511.2	1,698.5	1,781.9	1,580.6
Power and water costs	(605.7)	(480.9)	(438.7)	(375.8)	(446.5)	(455.4)	(552.3)	(473.6)	(510.1)	(371.3)
Operations and maintenance	(475.3)	(508.2)	(557.4)	(493.9)	(507.4)	(487.5)	(650.1)	(543.4)	(439.7)	(419.8)
Litigation payments	(50.9)	(44.4)	—	—	—	—	—	—	—	—
Depreciation and amortization	(376.8)	(364.5)	(353.0)	(361.1)	(330.3)	(301.7)	(376.5)	(374.8)	(261.5)	(265.4)
Operating expenses	(1,508.7)	(1,398.0)	(1,349.1)	(1,230.8)	(1,284.2)	(1,244.6)	(1,578.9)	(1,391.8)	(1,211.3)	(1,056.5)
Bond interest, net of amount capitalized [5]	(93.5)	(91.6)	(100.7)	(126.9)	(124.5)	(134.6)	(126.9)	(132.5)	(146.7)	(150.2)
Interest and adjustments on OAPF [6]	—	—	—	—	—	(0.6)	(0.8)	(1.2)	(1.6)	(2.1)
Investment expense, net	(10.9)	—	—	—	—	—	—	(3.6)	—	(0.4)
Loss on disposal of plant assets	—	(13.2)	(10.2)	(13.7)	(88.7)	(20.9)	—	—	—	—
Other	(6.4)	(6.2)	(5.9)	(5.3)	(68.2)	(9.4)	(4.6)	—	(23.7)	—
Nonoperating expenses	(110.8)	(111.0)	(116.8)	(145.9)	(281.4)	(165.5)	(132.3)	(137.3)	(172.0)	(152.7)
Total expenses	(1,619.5)	(1,509.0)	(1,465.9)	(1,376.7)	(1,565.6)	(1,410.1)	(1,711.2)	(1,529.1)	(1,383.3)	(1,209.2)
Capital contributions	0.3	0.3	—	0.8	1.5	—	2.1	2.3	2.2	1.7
Changes in net position	$ 261.6	$ 255.3	$ 103.3	$ 149.7	$ 67.7	$ 73.9	$ (197.9)	$ 171.7	$ 400.8	$ 373.1

(1) Adjustment relates to the implementation of GASB Statement No. 87, *Leases*, in fiscal year 2022 with a restatement of fiscal year 2021 balances. Fiscal years 2013 through 2020 have not been adjusted.

(2) Metropolitan implemented GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* GASB 75 requires the reporting of a net Other Postemployment Benefit (OPEB) liability in the basic financial statements when an organization's OPEB liability exceeds the net position available for paying benefits. Fiscal years 2013 through 2017 have not been adjusted.

(3) Metropolitan implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71. (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. GASB 68 requires the reporting of net pension liability in the basic financial statements when an organization's pension liability exceeds the net position available for paying benefits while GASB 71 requires the recognition of beginning deferred outflow of resources for pension contributions made after the measurement date. Fiscal years 2013 through 2014 have not been adjusted.

(4) Water revenues includes revenues from water sales, exchanges, and wheeling.

(5) Metropolitan implemented GASB Statement No. 89, *Accounting for Interest Incurred before the End of a Construction Period,* in fiscal year 2022, which no longer allows for capitalization of interest costs. Fiscal years 2013 through 2021 have not been adjusted.

(6) Off-Aqueduct Power Facilities. The State relieved Metropolitan of its obligation during the fiscal year ended June 30, 2018.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 3
Ten-Year Summary of Water Revenues by Component (Unaudited)-Accrual Basis
(Dollars in thousands)

Fiscal Year Ended June 30,	Water Sales [1]				
	Treated	Untreated	Tier 2 [2] [3]	Exchange	Total
2022	$ 925,817.5	$ 423,797.5	$ —	$ 165,454.8	$ 1,515,069.8
2021	840,130.7	397,566.6	—	167,038.1	1,404,735.4
2020	754,496.5	293,438.7	—	140,062.6	1,187,997.8
2019	727,511.1	318,940.9	—	102,221.8	1,148,673.8
2018	805,392.6	383,632.6	—	96,139.0	1,285,164.2
2017	704,254.2	358,841.4	—	87,437.0	1,150,532.6
2016	681,045.9	401,837.7	(1,180.3)	84,337.0	1,166,040.3
2015	805,798.0	489,016.4	9,252.8	78,830.9	1,382,898.1
2014	884,280.0	501,778.9	17,210.8	81,346.5	1,484,616.2
2013	805,277.9	399,865.2	2,914.9	74,469.7	1,282,527.7

(1) Water sales rates vary based on the program. See Table 4 for rates.

(2) Tier 2 dollars reflect the premium paid by the member agency for water taken in excess of their maximum purchase commitment. Either treated/untreated or both could have caused the agency to exceed their maximum.

(3) The 2016 credit resulted from a correction of water sales between member agencies.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 4
Ten-Year Summary of Water Revenues Rate Structure (Unaudited)
(Dollars per acre-foot unless otherwise specified)

	Calendar Year (1)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tier 1 Supply Rate	$ 243	$ 243	$ 208	$ 209	$ 209	$ 201	$ 156	$ 158	$ 148	$ 140
Tier 2 Supply Rate	285	285	295	295	295	295	290	290	290	290
System Access Rate	389	373	346	326	299	289	259	257	243	223
Water Stewardship Rate	—	—	65	69	55	52	41	41	41	41
System Power Rate	167	161	136	127	132	124	138	126	161	189
Full Service Untreated:										
Tier 1	799	777	755	731	695	666	594	582	593	593
Tier 2	841	819	842	817	781	760	728	714	735	743
Treatment Surcharge	344	327	323	319	320	313	348	341	297	254
Full Service Treated:										
Tier 1	1,143	1,104	1,078	1,050	1,015	979	942	923	890	847
Tier 2	1,185	1,146	1,165	1,136	1,101	1,073	1,076	1,055	1,032	997
Readiness-to-Serve Charge ($ millions)	140	130	136	133	140	135	153	158	166	142
Capacity Charge ($ per cubic foot per second)	12,200	10,700	8,800	8,600	8,700	8,000	10,900	11,100	8,600	6,400

(1) Rates are set on a calendar year basis.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 5
Principal Water Revenue Customers (Unaudited) - Accrual Basis
(Dollars in thousands)

	Fiscal Year Ended June 30, 2022				Fiscal Year Ended June 30, 2013			
	Amount	%		Rank	Amount	%		Rank
Treated Water Sales								
Member Agency								
MWD of Orange County	$ 142,946.3	15.4	%	1	$ 147,755.3	18.3	%	1
West Basin MWD	131,559.0	14.2		2	98,246.6	12.2		2
City of Los Angeles	126,821.8	13.7		3	74,694.6	9.3		5
Calleguas MWD	99,453.0	10.7		4	90,035.5	11.2		4
Eastern MWD	68,857.7	7.4		5	53,623.3	6.7		6
Subtotal	$ 569,637.8	61.4	%		$ 464,355.3	57.7	%	
Total Treated Water Sales	$ 925,817.5	100.0	%		$ 805,277.9	100.0	%	
Untreated Water Sales								
Member Agency								
City of Los Angeles	$ 199,690.0	47.1	%	1	$ 172,072.1	43.0	%	1
Inland Empire Utility Agency	51,856.7	12.2		2	34,013.5	8.5		3
MWD of Orange County	44,658.7	10.5		3	17,554.2	4.4		5
Subtotal	$ 296,205.4	69.8	%		$ 223,639.8	55.9	%	
Total Untreated Water Sales	$ 423,797.5	100.0	%		$ 399,865.2	100.0	%	
Tier 2 Sales								
Member Agency								
City of Los Angeles	$ —	—	%		$ 2,598.4	89.1	%	1
Subtotal	$ —	—	%		$ 2,598.4	89.1	%	
Total Tier 2 Sales	$ —	—	%		$ 2,914.9	100.0	%	
Exchange								
Member Agency								
San Diego County Water Authority	$ 157,321.6	95.1	%	1	$ 74,469.7	100.0	%	1
Subtotal	$ 157,321.6	95.1	%		$ 74,469.7	100.0	%	
Total Exchange	$ 165,454.8	100.0	%		$ 74,469.7	100.0	%	
Total Water Revenue	**$ 1,515,069.8**				**$ 1,282,527.7**			

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 6
Ten-Year Summary of Property Tax Levies and Collections (Unaudited)-Cash Basis
(Dollars in thousands)

Fiscal Year Ended June 30,	Total Tax Levy	Tax Collections Current	Tax Collections Delinquent	Tax Collections Total (1)	Outstanding Delinquent Taxes (2)	Percent of Current Taxes Collected to Total Tax Levy	Percent of Total Tax Collections to Total Tax Levy	Percent of Delinquent Taxes to Total Tax Levy
2022	$ 164,714	$ 156,528	$ 3,350	$ 159,878	$ 8,186	95.0 %	97.1 %	5.0 %
2021	153,026	153,026	8,081	161,107	—	100.0	105.3	—
2020	143,646	143,646	3,456	147,102	—	100.0	102.4	—
2019	130,566	130,566 (3)	14,588 (3)	145,154	—	100.0 (3)	111.2	—
2018	121,647	121,647 (3)	8,019 (3)	129,666	—	100.0 (3)	106.6	—
2017	112,727	112,727 (3)	2,410 (3)	115,137	—	100.0 (3)	102.1	—
2016	104,829	104,829	5,825	110,654	—	100.0	105.6	—
2015	100,066	97,687	5,320	103,007	2,379	97.6	102.9	2.4
2014	94,963	94,963	3,744	98,707	—	100.0	103.9	—
2013	92,247	89,576	7,078	96,654	2,671	97.1	104.8	2.9

(1) Total tax collections exclude cash payments on new annexations.

(2) Delinquent taxes shown are net of the "Allowance for Uncollectibles" determined by historical trends of collections and payments.

(3) In fiscal year 2020, current and delinquent tax collections were revised for fiscal years 2017 through 2019 but total tax collections was not affected by the changes.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 7
Ten-Year Summary of Assessed Valuations and Property Tax Rates (Unaudited)
(Dollars in billions)

Fiscal Year Ended June 30,	Gross Assessed Valuation [1]	Homeowner's Exemption	Net Assessed Valuation	Secured Property Percentage Tax Rate
2022	$ 3,392.1	$ 14.8	$ 3,377.3	0.0035 %
2021	3,263.3	15.1	3,248.2	0.0035
2020	3,092.4	15.3	3,077.1	0.0035
2019	2,916.6	15.4	2,901.2	0.0035
2018	2,740.6	15.6	2,725.0	0.0035
2017	2,583.4	15.8	2,567.6	0.0035
2016	2,451.0	15.9	2,435.1	0.0035
2015	2,315.0	16.2	2,298.8	0.0035
2014	2,183.4	16.4	2,167.0	0.0035
2013	2,097.4	16.7	2,080.7	0.0035

(1) Gross assessed valuations (before deduction of Homeowner's and Business Inventory Exemptions), as of August each year, of all secured and unsecured property within Metropolitan's service area, as certified by the County Auditor-Controllers for the respective counties.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 8
Ten-Year Summary of Assessed Valuation Within Metropolitan's Service Area - By Counties (Unaudited)
(Dollars in billions)

Fiscal Year Ended June 30,	Los Angeles		Orange		San Diego		Riverside		San Bernardino		Ventura		Total	
	AV [1]	% [2]	AV	%	AV	%	AV	%	AV	%	AV	%	AV	%
2022	$ 1,652.7	48.7	$ 681.0	20.1	$ 586.2	17.3	$ 221.0	6.5	$ 135.0	4.0	$ 116.2	3.4	$ 3,392.1	100.0
2021	1,593.5	48.8	655.0	20.1	566.4	17.4	209.0	6.4	127.1	3.9	112.3	3.4	3,263.3	100.0
2020	1,504.9	48.7	625.2	20.2	537.7	17.4	196.2	6.3	120.2	3.9	108.2	3.5	3,092.4	100.0
2019	1,415.3	48.5	591.4	20.3	508.6	17.4	184.6	6.3	113.0	3.9	103.7	3.6	2,916.6	100.0
2018	1,327.5	48.5	557.1	20.3	479.7	17.5	172.9	6.3	104.2	3.8	99.2	3.6	2,740.6	100.0
2017	1,251.3	48.4	524.5	20.3	452.0	17.5	163.1	6.3	97.8	3.8	94.7	3.7	2,583.4	100.0
2016	1,185.4	48.4	498.3	20.3	427.9	17.5	154.7	6.3	93.9	3.8	90.8	3.7	2,451.0	100.0
2015	1,117.4	48.3	470.7	20.3	405.0	17.5	146.3	6.3	89.1	3.8	86.5	3.8	2,315.0	100.0
2014	1,060.8	48.6	441.9	20.2	381.7	17.5	133.7	6.1	83.5	3.8	81.8	3.8	2,183.4	100.0
2013	1,012.5	48.3	426.6	20.3	369.0	17.6	129.0	6.2	80.9	3.8	79.4	3.8	2,097.4	100.0

[1] Assessed Valuation.

[2] Percent of Total Assessed Valuation within Metropolitan.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California

Table 9

Ten-Year Summary of Ratios of General Obligation Debt to Net Assessed Valuations, Total Outstanding Debt to Total Household Income, and Amounts of Total and Net Outstanding Debt per Capita (Unaudited)

(Amounts in thousands)

Fiscal Year Ended June 30,	Population [1]	Net Assessed Valuations (NAV)	General Obligation (G.O.) Debt	Revenue Bond Debt	Notes and Loans	Unamortized Bond Discounts and Premiums, net	Total Outstanding Debt	Accumulated Resources Restricted for Repayment of Principal	Net Total Outstanding Debt	Ratio of G.O. Debt to NAV	Net Outstanding Debt per Capita
2022	18,673	$ 3,377,339,505	$ 20,175	$ 3,848,425	$ 35,645	$ 425,160	$ 4,329,405	$ (123,525)	$ 4,205,880	0.00 %	$ 225.2
2021	18,721	3,248,320,002	26,830	3,994,265	35,645	464,184	4,520,924	(111,810)	4,409,114	0.00	235.5
2020	18,817	3,077,116,471	37,300	3,968,845	82,445	366,281	4,454,871	(123,940)	4,330,931	0.00	230.2
2019	18,842	2,901,199,673	48,050	3,933,245	46,800	307,310	4,335,405	(116,825)	4,218,580	0.00	223.9
2018	18,860	2,725,018,457	60,600	4,233,860	—	212,499	4,506,959	(96,725) [3]	4,410,234 [3]	0.00	233.8
2017	18,829	2,567,616,063	74,905	4,301,985	—	202,848	4,579,738	(114,730)	4,465,008	0.00	237.1
2016	18,760	2,435,059,261	92,865	4,188,950	9,153	232,467	4,523,435	(153,270)	4,370,165	0.00	233.0
2015	18,692	2,298,791,445	110,420	4,157,105	10,684	200,028	4,478,237	(98,595)	4,379,642	0.00	234.3
2014	18,598	2,167,044,473	132,275	4,271,540	11,675	200,896	4,616,386	(82,285)	4,534,101	0.01	243.8
2013	18,481	2,080,710,578	165,085	4,450,650	12,161	210,283	4,838,179	(110,535)	4,727,644	0.01	255.8

Fiscal Year Ended June 30,	Population [1]	Total Household Income (THI) [2]	General Obligation (G.O.) Debt	Revenue Bond Debt	Notes and Loans	Unamortized Bond Discounts and Premiums, net	Total Outstanding Debt	Ratio of Total Outstanding Debt to THI	Total Outstanding Debt per Capita
2022	18,673	$ n/a	$ 20,175	$ 3,848,425	$ 35,645	$ 425,160	$ 4,329,405	n/a %	$ 231.9
2021	18,721	n/a	26,830	3,994,265	35,645	464,184	4,520,924	n/a	241.5
2020	18,817	n/a	37,300	3,968,845	82,445	366,281	4,454,871	n/a	236.7
2019	18,842	1,341,790,418	48,050	3,933,245	46,800	307,310	4,335,405	0.32	230.1
2018	18,860	1,288,257,814	60,600	4,233,860	—	212,499	4,506,959	0.35	239.0
2017	18,829	1,224,898,669	74,905	4,301,985	—	202,848	4,579,738	0.37	243.2
2016	18,760	1,155,679,001	92,865	4,188,950	9,153	232,467	4,523,435	0.39	241.1
2015	18,692	1,107,415,207	110,420	4,157,105	10,684	200,028	4,478,237	0.40	239.6
2014	18,598	1,025,884,337	132,275	4,271,540	11,675	200,896	4,616,386	0.45	248.2
2013	18,481	984,899,139	165,085	4,450,650	12,161	210,283	4,838,179	0.49	261.8

(1) Population data is reported for Metropolitan's service area. Amounts reflect revisions based on current data from the State of California Department of Finance and/or revisions to the service area boundaries.

(2) THI is based on population data and per capita income for Metropolitan's six county service area. Population data is from the State of California Department of Finance and per capita income data is from the U.S. Department of Commerce. Amounts reflect revisions based on current data available.

(3) Accumulated Resources Restricted for Repayment of Principal for fiscal year 2018 were corrected in fiscal year 2020 resulting in revisions to previously reported amounts for, Net Total Outstanding Debt.

n/a: not available

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration, State of California Department of Finance, and U.S. Department of Commerce

The Metropolitan Water District of Southern California
Table 10
Direct and Overlapping Bonded Debt (Unaudited)
As of June 30, 2022

2021-22 Assessed Valuation $ 3,377,259,657,240

OVERLAPPING TAX AND ASSESSMENT DEBT:	Percentage Applicable		Debt June 30, 2022
Community College Districts	Various	$	13,766,707,003
Los Angeles Unified School District	99.634		10,730,641,580
San Diego Unified School District	99.959		4,767,393,891
Other Unified School Districts	Various		16,685,904,823
High School and School Districts	Various		8,064,312,859
City of Los Angeles	99.994		738,970,659
Other Cities	Various		180,087,698
Irvine Ranch Water District Improvement Districts	100		513,545,003
Santa Margarita Water District Improvement Districts	100		32,885,000
Other Water Districts	Various		22,565,105
Healthcare Districts	Various		634,669,501
Other Special Districts	Various		7,656,681
Community Facilities Districts	Various		7,480,555,462
1915 Act Bonds and Other Special Assessment District Bonds	Various		983,030,124
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$	64,608,925,389
METROPOLITAN WATER DISTRICT TOTAL DIRECT DEBT		**$**	**20,175,000**
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$	64,629,100,389

OVERLAPPING GENERAL FUND DEBT:	Percentage Applicable		Debt June 30, 2022
Los Angeles County Obligations	93.283	$	2,520,813,871
Orange County Obligations	99.923		909,483,158
Riverside County Obligations	66.688		1,027,180,827
San Bernardino County Obligations	50.759		179,001,614
San Diego County Obligations	96.703		574,362,633
Ventura County Obligations	76.331		238,469,494
City of Anaheim General Fund Obligations	99.887		640,986,695
City of Long Beach General Fund Obligations and Pension Obligation Bonds	100		74,995,000
City of Los Angeles General Fund Obligations	99.994		1,429,170,249
City of Pasadena General Fund and Pension Obligation Bonds	100		521,106,250
City of San Diego General Fund Obligations	99.949		561,508,013
Other City General Fund Obligations	Various		7,584,640,214
Water District General Fund Obligations	Various		58,546,804
Los Angeles Unified School District Certificates of Participation	99.634		120,268,201
Other School District General Fund Obligations	Various		1,982,576,605
Other Special District General Fund Obligations	Various		68,564,403
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$	18,491,674,031
Less: Obligations supported from other revenue sources			874,682,852
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$	17,616,991,179
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$	5,142,935,807
GROSS COMBINED TOTAL DEBT		$	88,263,710,227 [1]
NET COMBINED TOTAL DEBT		$	87,389,027,375

[1] Debt instruments included are general obligation bonds, lease revenue bonds and certificates of participation (when supported by the general fund), pension obligation bonds, 1915 Act special assessment bonds and Mello-Roos Act special assessment bonds. Excluded are enterprise revenue bonds, mortgage revenue bonds, tax and revenue anticipation notes and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2021-22 Assessed Valuation:		
Direct Debt ($20,175,000)		**0.001%**
Total Direct and Overlapping Tax and Assessment Debt		1.91 %
Gross Combined Total Debt		2.61 %
Net Combined Total Debt		2.59 %
Ratios to Redevelopment Incremental Valuation:	$ 484,659,101,774	
Total Overlapping Tax Increment Debt		1.06 %

See accompanying Independent Auditors' Report.

Source: California Municipal Statistics, Inc. San Francisco, California

The Metropolitan Water District of Southern California
Table 11
Ten-Year Summary of Legal Debt Margin Information (Unaudited)
(Dollars in millions)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013 [3] As Adjusted
15 Percent of Assessed Value [1a]										
Debt limit	$ 508,810	$ 489,492	$ 463,864	$ 437,493	$ 411,095	$ 387,508	$ 367,651	$ 347,242	$ 327,508	$ 314,606
Debt applicable to the limit [2]	4,329	4,521	4,455	4,335	4,507	4,842	4,773	4,478	4,616	4,838
Legal debt margin	$ 504,481	$ 484,971	$ 459,409	$ 433,158	$ 406,588	$ 382,666	$ 362,878	$ 342,764	$ 322,892	$ 309,768
Total debt applicable to the limit as a percentage of debt limit	0.85 %	0.92 %	0.96 %	0.99 %	1.10 %	1.25 %	1.30 %	1.29 %	1.41 %	1.54 %
100 Percent of Equity [1b]										
Debt limit	$ 7,456	$ 7,194	$ 6,940	$ 6,836	$ 6,686	$ 6,758	$ 6,684	$ 6,882	$ 7,201	$ 6,800
Debt applicable to the limit [2]	3,848	3,994	3,969	3,933	4,234	4,302	4,189	4,157	4,272	4,451
Legal debt margin	$ 3,608	$ 3,200	$ 2,971	$ 2,903	$ 2,452	$ 2,456	$ 2,495	$ 2,725	$ 2,929	$ 2,349
Total debt applicable to the limit as a percentage of debt limit	51.61 %	55.52 %	57.19 %	57.53 %	63.33 %	63.66 %	62.67 %	60.40 %	59.32 %	65.46 %

Legal Debt Margin Calculations for Fiscal Year Ended June 30, 2022

15 Percent of Assessed Value	
2021-22 taxable assessed valuation	$ 3,392,066
Debt limit (15% of total assessed value)	$ 508,810
Applicable debt outstanding as of June 30, 2022	$ 4,329
Legal debt margin	$ 504,481
100 Percent of Equity (Net Position)	
Net position of Metropolitan as of June 30, 2022	$ 7,456
Debt limit (100% of equity/net position)	$ 7,456
Revenue bonds outstanding as of June 30, 2022	$ 3,848
Legal debt margin	$ 3,608

[1] The Metropolitan Water District Act (Act) provides for two limitations on indebtedness, which may be incurred by Metropolitan:

[a] Indebtedness is limited to 15 percent of the assessed value of all taxable property within Metropolitan.

[b] Revenue bonds limited to 100 percent of equity (net position) as of the end of the last fiscal year prior to the issuance of such bonds.

[2] The Act defines the calculations for debt limits based on gross debt outstanding. Accordingly, debt applicable to the limit is not netted for applicable reserves.

[3] Adjustment relates to implementation of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 12
Ten-Year Summary of Revenue Bond Debt Service Coverage (1) (Unaudited)
(Dollars in millions)

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water Revenues[2]	$ 1,515	$ 1,405	$ 1,188	$ 1,149	$ 1,285	$ 1,151	$ 1,166	$ 1,383	$ 1,485	$ 1,283
Additional Revenues[3]	172	165	165	170	172	184	200	199	182	173
Total Revenues	1,687	1,570	1,353	1,319	1,457	1,335	1,366	1,582	1,667	1,456
Operating Expenses[4]	(1,255)	(1,029)	(1,026)	(916)	(963)	(927)	(1,201)	(1,005)	(854)	(793)
Net Operating Revenues	432	541	327	403	494	408	165	577	813	663
Power Sales & Other [5]	47	32	30	40	52	72	252	171	34	48
Interest on Investments[6]	7	10	20	34	8	4	18	13	19	(2)
Adjusted Net Operating Revenues	486	583	377	477	554	484	435	761	866	709
Senior and Subordinate Bonds Debt Service[7]	(275)	(279)	(272)	(333)	(340)	(306)	(309)	(280)	(343)	(298)
Subordinate Revenue Obligations	—	—	—	—	—	(2)	(1)	(1)	(1)	(1)
Funds Available from Operations	$ 211	$ 304	$ 105	$ 144	$ 214	$ 176	$ 125	$ 480	$ 522	$ 410
Ratios										
Debt Service Coverage on all Senior and Subordinate Bonds[8]	1.77	2.09	1.39	1.43	1.63	1.58	1.41	2.72	2.52	2.38
Bonds and Additional Bonds Debt Service Coverage[9]	—	—	—	—	—	1.57	1.41	2.71	2.51	2.37

(1) Prepared on a modified accrual basis for fiscal years 2013-2022.

(2) Water Revenues include revenues from water sales, exchanges, and wheeling.

(3) Additional Revenues include readiness-to-serve and capacity charges.

(4) Operating expenses include only the expenses applicable to the debt service coverage calculation. Therefore, operating expenses in this table don't tie to Total operating expenses per the Statement of Revenues, Expenses and Changes in Net Position.

(5) Fiscal years 2018, 2017, 2016, and 2015 include $1 million, $33 million, $222 million, and $142 million, respectively, in transfers from revenue reserves to fund conservation credit expenses.

(6) Excludes interest applicable to Bond Construction accounts, Excess Earning account(s), and Other Trust accounts.

(7) Previously reported as Bonds and Additional Bonds Debt Service for fiscal years 2013-2017.

(8) Previously reported as Bonds and Additional Bonds Debt Service Coverage for fiscal years 2013-2017.

(9) Previously reported as Debt Service Coverage on all Obligations for fiscal years 2013-2017. The State Revolving Fund Loan was paid off at the end of fiscal year 2017, therefore the ratio is the same as Debt Service Coverage on all Senior and Subordinate Bonds and is not presented beginning with fiscal year 2018.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 13
Ten-Year Summary of Demographic Statistics (Unaudited)

	Calendar Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Population (in thousands) [1]										
Los Angeles County	9,945	10,012	10,064	10,101	10,223	10,215	10,192	10,069	10,020	9,912
Orange County	3,162	3,185	3,191	3,193	3,189	3,182	3,165	3,133	3,105	3,072
Riverside County	2,432	2,421	2,401	2,384	2,383	2,362	2,331	2,295	2,268	2,244
San Bernardino County	2,181	2,182	2,174	2,160	2,147	2,145	2,128	2,092	2,076	2,065
San Diego County	3,288	3,304	3,294	3,293	3,315	3,297	3,276	3,212	3,182	3,147
Ventura County	838	845	845	850	849	854	853	844	840	834
Per Capita Income [2]										
Los Angeles County	n/a	n/a	$ 65,094	$ 62,224	$ 58,419	$ 55,624	$ 53,521	$ 49,366	$ 46,530	$ 44,474
Orange County	n/a	n/a	71,711	69,268	65,400	60,360	57,749	55,200	54,519	52,342
Riverside County	n/a	n/a	42,418	40,637	39,261	36,782	35,589	33,945	33,278	31,742
San Bernardino County	n/a	n/a	42,043	40,316	38,816	36,835	35,431	32,932	32,747	32,072
San Diego County	n/a	n/a	63,729	61,386	57,913	55,168	53,298	51,711	51,384	49,719
Ventura County	n/a	n/a	64,715	61,712	59,178	55,779	54,155	50,928	50,507	48,837
Median Household Income [3]										
Los Angeles County	$ 77,456	n/a	$ 72,797	$ 68,093	$ 65,006	$ 61,338	$ 59,134	$ 55,746	$ 54,529	$ 53,001
Orange County	100,559	n/a	95,934	89,759	86,217	81,827	78,428	76,306	74,163	71,983
Riverside County	79,024	n/a	73,260	66,964	63,944	60,134	58,292	57,006	54,095	52,651
San Bernardino County	74,845	n/a	67,903	63,857	60,420	56,337	53,803	52,041	52,323	50,770
San Diego County	91,003	n/a	83,985	79,079	76,207	70,824	67,320	66,192	61,426	60,330
Ventura County	96,454	n/a	92,236	84,566	82,857	80,135	80,032	75,449	77,363	71,517
Unemployment Rate [4]										
Los Angeles County	8.9 %	12.3 %	4.4 %	4.7 %	4.8 %	5.3 %	6.6 %	8.2 %	9.8 %	10.9 %
Orange County	6.0	9.0	2.8	3.0	3.5	4.0	4.4	5.5	6.5	7.6
Riverside County	7.3	10.2	4.3	4.5	5.3	6.1	6.7	8.2	10.3	12.1
San Bernardino County	7.4	9.7	3.9	4.1	5.0	5.8	6.4	8.0	10.3	11.9
San Diego County	6.5	9.5	3.3	3.4	4.0	4.7	5.2	6.4	7.8	8.9
Ventura County	6.2	8.8	3.7	3.8	4.5	5.2	5.6	6.6	7.9	9.1

n/a: not available

Sources:

(1) Data from State of California Department of Finance (DoF). The most recent calendar year for which information is available is 2021. Includes population for the entire county. Amounts from prior years reflect revisions based on current data.

(2) Data from U.S. Department of Commerce. The most recent calendar year for which information is available is 2019.

(3) Data from U.S. Census Bureau (American Community Survey). The most recent calendar year for which information is available is 2021. Calendar year 2020 data is not included due to a change in methodology for surveying and calculating the data in that year, which was not comparative to the prior years presented. Calendar year 2021 returned to the prior methodology for surveying and calculating data.

(4) Data from U.S. Bureau of Labor Statistics and State of California Employment Development Department (EDD). The most recent calendar year for which information is available is 2021. Rates from prior years reflect revisions based on current data.

See accompanying Independent Auditors' Report.

The Metropolitan Water District of Southern California
Table 14
Principal Employers within Service Area (Unaudited)

	Calendar Year					
	2021			2012		
Company or Organization	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment
Allied Universal	800,000	1	26.87 %	n/a	n/a	n/a %
Taco Bell Corp	210,000	2	7.06	166,000	1	7.84
Walt Disney Co	190,000	3	6.38	166,000	2	7.84
Alorica Inc	100,000	4	3.36	n/a	n/a	n/a
Chipotle Mexican Grill Inc	97,660	5	3.28	n/a	n/a	n/a
Gores Group	84,000	6	2.82	84,000	5	3.97
Kaiser Permanente Southern CA	75,740	7	2.55	n/a	n/a	n/a
Dole Food Co Inc	74,800	8	2.51	74,800	6	3.53
Advantage Solutions Inc	70,000	9	2.35	n/a	n/a	n/a
Board of Trustees California State University	47,000	10	1.58	47,000	8	2.22
	1,749,200		58.76 %	537,800		25.40 %
Total Employment	2,976,858			2,117,650		

n/a: not available

Note: The most recent year for which information is available is 2021. Population includes companies with employees of 10,000 or more.

See accompanying Independent Auditors' Report.

Source: Data Axle (formerly Infogroup)

The Metropolitan Water District of Southern California
Table 15
Ten-Year Summary of Operating Information (Unaudited)

Mission Statement: The mission of the Metropolitan Water District of Southern California is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

	Fiscal Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Acre-feet [1] water sold:										
Treated	825	771	705	707	788	736	731	892	1,029	984
Untreated	540	520	381	449	553	573	683	829	846	685
Exchange	298	304	277	221	219	178	179	180	180	183
	1,663	1,595	1,363	1,377	1,560	1,487	1,593	1,901	2,055	1,852
Acre-feet [1] water sold by usage:										
Domestic and municipal uses	1,612	1,522	1,255	1,352	1,481	1,454	1,569	1,858	2,039	1,829
Agricultural uses	—	—	—	—	—	—	—	—	—	23
Replenishment and other	51	73	108	25	79	33	24	43	16	—
	1,663	1,595	1,363	1,377	1,560	1,487	1,593	1,901	2,055	1,852
Source of Water Supplies-Acre-feet [1], [2], [3]:										
Local Supplies	1,696.9	1,831.1	1,697.0	1,667.1	1,742.9	1,717.2	1,679.9	1,711.7	1,925.6	1,896.1
L.A. Aqueduct	62.2	133.0	274.2	322.6	307.7	224.7	57.9	57.7	61.0	113.4
Colorado River Aqueduct	1,082.8	891.1	410.0	601.8	494.6	594.6	1,086.5	1,184.4	1,103.0	640.0
State Water Project (California Aqueduct)	516.2	633.3	1,036.4	921.8	1,222.5	1,242.7	691.7	592.4	805.8	1,162.0
	3,358.1	3,488.5	3,417.6	3,513.3	3,767.7	3,779.2	3,516.0	3,546.2	3,895.4	3,811.5
Number of employees	1,838	1,879	1,876	1,877	1,832	1,794	1,772	1,770	1,765	1,746
Colorado River Aqueduct (miles)	242	242	242	242	242	242	242	242	242	242
Distribution System Pipeline (miles) [4]	830	830	830	830	830	830	830	830	830	819
Storage Capacity (thousand acre-feet)	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072
Pumping Plants	6	6	6	6	6	6	6	6	6	6
Water Filtration Plants	5	5	5	5	5	5	5	5	5	5
Hydroelectric Plants	16	16	16	16	16	16	16	16	16	16

(1) Water volumes are reported in thousand acre-feet.

(2) Reflects regional sources of water supply within Metropolitan's service area.

(3) Actual production data from prior years are updated based on the most current available information.

(4) The increase in distribution system pipeline is due to the Inland Feeder becoming operational.

See accompanying Independent Auditors' Report.

Source: Office of the Assistant General Manager, Finance and Administration

The Metropolitan Water District of Southern California
Table 16
Projects Completed as of June 30, 2022 (Unaudited)

Completion Date	Contract/ Spec. No.	Project	Bid Amount[1]	Final Amount[2]
7/22/21	1900/1900	Diemer water treatment plant west basin and filter building rehabilitation	$ 38,539,196	$ 40,075,700
8/31/21	1920/1816	Colorado River Aqueduct installation of radial gates at seven facilities	10,439,354	10,904,970
11/29/21	1921/1829	F. E. Weymouth water treatment plant water quality instrumentation improvements	2,944,000	2,983,582
12/8/21	M-3048/M-3048	Diamond Valley Lake boat launch docks refurbishment	189,890	189,890
12/16/21	1883/1883A	F. E. Weymouth water treatment plant chlorination systems upgrades	8,487,170	8,801,404
12/21/21	M-3051/M-3051	Iron Mountain pumping plant house 73-I renovation	98,890	103,685
1/6/22	M-3044/M-3044	Colorado River Aqueduct housing window replacement	241,565	245,835
1/27/22	M-3040/M-3040	Live Oak reservoir asphalt concrete pavement rehabilitation	123,000	128,751
3/16/22	2016/2016	Colorado River Aqueduct cholla wash conduit lining - MM 126.55 to MM 126.74	3,280,920	3,373,480
4/14/22	1945/1945	Lake Mathews IT disaster recovery facility upgrades	448,900	448,900
4/21/22	M-3056/M-3056	Metropolitan headquarter building WiFi upgrade	127,120	127,120
4/25/22	1878/1666	Gene wash reservoir discharge valve replacement	5,316,900	5,375,921
4/27/22	M-3052/M-3052	Irvine regulating structure sump drain line modifications	69,000	70,219
5/11/22	M-3037/M-3037	Skinner dry polymer building roof replacement	139,700	139,700
6/7/22	M-3053/M-3053	Weymouth plant natural gas system improvement	178,000	179,580
6/8/22	1914/1914	Jensen water treatment plant electrical upgrade - stage 2	14,784,000	15,436,467

(1) Bid amount represents the original approved contract amount and does not include approved change orders.

(2) Final contract amounts represent actual earnings through end of June 2022 and may change as resolution of pending issues are finalized.

The Metropolitan Water District of Southern California

Table 17

Major Construction Contracts in Progress as of June 30, 2022 (Unaudited)-Accrual Basis

Contract No.	Project	Percentage Contract Complete through 6/30/2022	Estimated Contract Completion Date	Contract Earnings through 6/30/2022[(1)]	Bid Amount [(2)]
1884	Garvey reservoir sodium hypochlorite feed system	98%	July 2022	$ 2,379,557	$ 2,418,149
1885	La Verne shops building completion - stage 5	2%	May 2024	400,000	18,930,000
1886	Jensen plant vehicle maintenance building roof replacement	17%	July 2022	47,640	282,390
1887	Western San Bernardino County Region erosion control improvements - stage 1	52%	November 2022	355,000	677,898
1903	Second Lower Feeder PCCP rehabilitation – reach 3A	2%	June 2023	240,000	11,884,700
1905	Metropolitan headquarters building improvements	99%	July 2022	50,523,668	43,998,000
1908	Colorado River Aqueduct (CRA) pumping plants sump rehabilitation	42%	July 2022	11,450,270	26,900,000
1926	CRA mile 12 flow monitoring station upgrades	78%	August 2022	1,594,518	2,022,000
1938	MWD headquarters building physical security upgrades and improvements	99%	July 2022	5,917,636	5,822,000
1944	Lake Mathews reservoir wastewater system replacement	37%	March 2023	1,403,375	3,815,000
1946	CRA pumping plants overhead cranes replacement	8%	September 2023	1,058,339	13,419,000
1949	CRA pumping plants domestic water treatment system replacement	6%	February 2025	1,886,981	32,824,000
1951	Skinner water treatment plant cathodic protection	97%	July 2022	234,733	240,933
1958	CRA replacement of Casa Loma siphon barrel no. 1	44%	June 2023	5,055,160	11,499,000
1961	Orange County Feeder relining - reach 3	2%	September 2023	428,000	17,226,250
1962	MWD headquarters building fire alarm and smoke control improvements	54%	January 2023	7,619,485	13,999,000
1966	Sepulveda, West Valley, and East Valley feeders interconnection upgrades	—	August 2023	—	3,143,592
1970	Garvey reservoir drainage and erosion improvements - areas 6, 7, 8, 10 and 11	96%	September 2022	1,421,749	1,294,800
1982	Weymouth water treatment plant basins nos. 5-8 & filter building no. 2 rehabilitation	4%	May 2025	3,815,000	93,840,000
1984	Skinner water treatment plant facility area paving	99%	July 2022	2,046,950	1,936,977
1990	Henry J. Mills water treatment plant electrical upgrades, stage 2	14%	January 2025	1,258,727	9,200,000
1998	Jensen and Skinner water treatment plants battery energy storage systems	22%	October 2022	2,511,652	11,604,521
2001	Jensen water treatment plant ozone power supply units (PSU) replacement	—	December 2022	—	22,578,970
2013	Lake Mathews PCCP rehabilitation valve storage building	13%	August 2023	605,279	4,759,000
2014	Weymouth plant battery energy storage system	—	December 2023	—	6,176,521
2024	OC-88 pump station chiller replacement	3%	June 2023	70,000	2,654,000
2045	Upper Feeder Santa Ana River crossing expansion joint replacement	—	December 2022	—	1,200,000
M-3024A	OC-88 pump station fire protection system upgrades	5%	November 2022	8,000	197,600
M-3043	Lake Mathews tank farm roof modifications	69%	January 2023	143,945	209,680
M-3049	Metropolitan delta properties flow meter, datalogger and telemetry installation, phase 4	—	December 2022	—	137,500

(1) Earnings reflected represent the value of work performed by the contractor as of the date indicated and include contract retention and other similar deductions from amounts earned by the contractor but otherwise required to be withheld by Metropolitan by law or contract.

(2) Bid amount represents the original approved contract amount and does not include approved change orders.

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

San Bernardino, California

Basic Financial Statements and Supplementary Information

For the Year Ended June 30, 2022

Table of Contents

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

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San Bernardino, CA 92408
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Independent Auditor's Report

Board of Directors
San Bernardino Valley Municipal Water District
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the San Bernardino Valley Municipal 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 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, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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.

Other Matters

As discussed in Note 1 to the financial statements, in the year ended June 30, 2022, the District adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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 December 7, 2022, on our consideration of the District's internal control over financial reporting and on our tests of is 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
December 7, 2022

San Bernardino Valley Municipal Water District (District) was formed on February 17, 1954, under the Municipal Water District Act of 1911. The District is one of 29 contractors to the California State Water Project, which delivers water from Northern California to various parts of the state. A major function of the District is to import and deliver water into its service area through participation in the State Water Project and to manage groundwater storage within its boundaries. The District's service area encompasses approximately 353 square miles in southwestern San Bernardino County and a portion of Riverside County. It spans the eastern two-thirds of the San Bernardino Valley, the Crafton Hills, and a portion of the Yucaipa Valley and includes the cities and communities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Bloomington, Highland, East Highland, Mentone, Grand Terrace, and Yucaipa. The District is governed by a five member board, representing five geographical divisions within the District, which is elected by the citizens in a general popular election.

In 1960, the District entered into a contract with the State Department of Water Resources to receive an annual allotment of up to 102,600 acre-feet of water from the State Water Project. The District has been importing water from the State Water Project since 1972.

Overview of the Basic Financial Statements

San Bernardino Valley Municipal Water District is a special purpose governmental district (Special District) engaged only in activities that support themselves through tax levies and user fees. Accordingly, the accompanying financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board.

These financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data about the District's financial condition and operating results. They are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The Statement of Revenues, Expenses and Changes in Net Position describes the financial results of the District's operations for the years reported. These results, or changes in net position, are the increases or decreases in the bottom line of the Statement of Net Position.

The Statement of Cash Flows conveys to financial statement users how the District managed cash resources during the year. This statement converts the income or loss from operations presented on the Statement of Revenues, Expenses and Changes in Net Position into actual cash provided by or used for operations. The Statement of Cash Flows also details how the District obtains cash through financing and investing activities and, conversely, how cash is spent for these purposes.

Summary Financial Information and Analysis

Condensed Statement of Net Assets
in millions

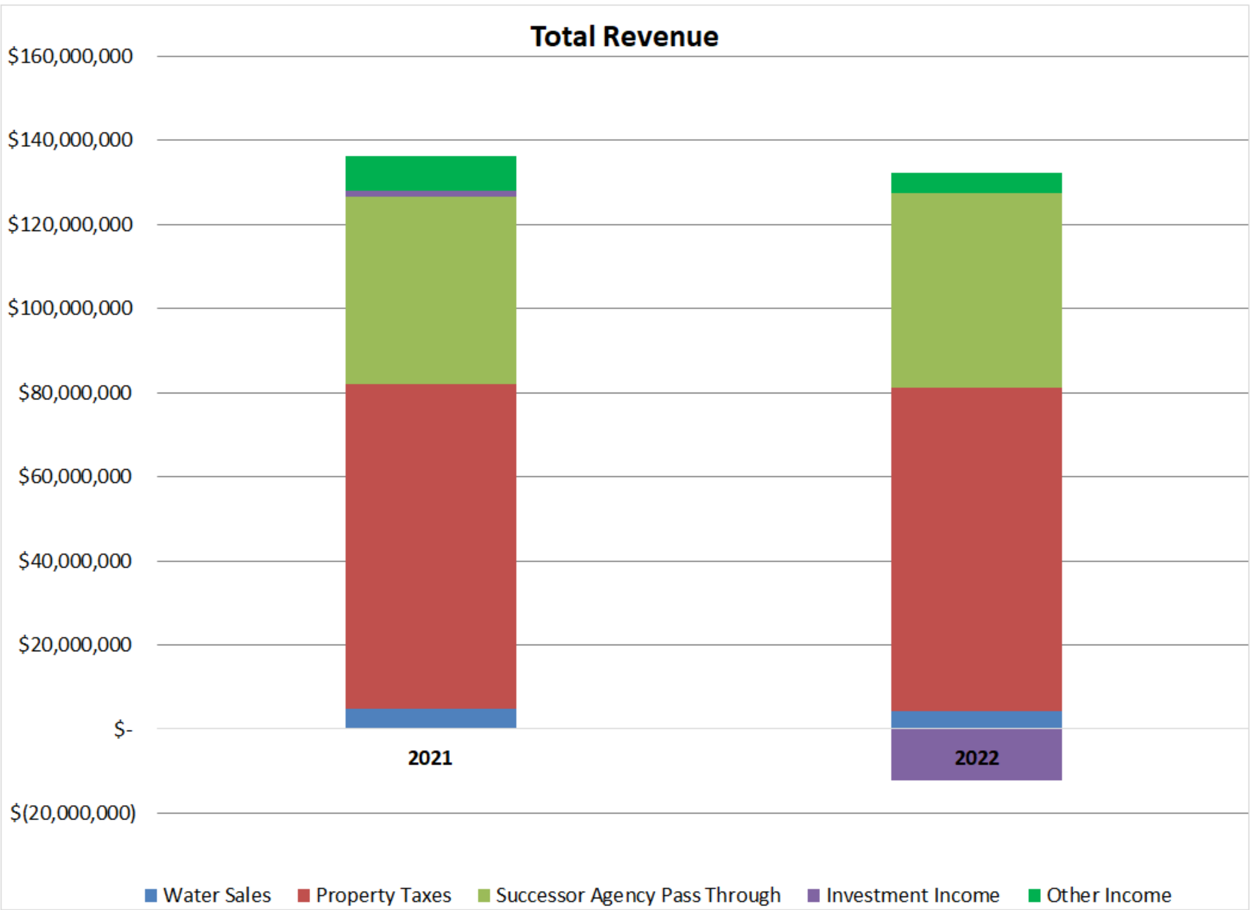
	2022	2021	Change
Assets:			
Current and other Noncurrent Assets	$ 87.70	$ 156.17	$ (68.47)
Restricted Assets	466.31	432.22	34.09
Capital assets - net	521.74	440.01	81.73
Total Assets	1,075.75	1,028.40	47.35
Deferred Outflows of Resources	2.77	2.78	(0.01)
Liabilities:			
Current Liabilities	18.29	11.42	6.87
Payable from Restricted Assets	0.83	1.01	(0.18)
Non-Current Liabilities	8.44	13.31	(4.87)
Total Liabilities	27.56	25.74	1.82
Deferred Inflows of Resources	5.12	4.42	0.70
Net Position			
Net Investment in Capital Assets	514.91	432.95	81.96
Restricted	465.12	430.84	34.28
Unrestricted	65.81	137.23	(71.42)
Total Net Position	$ 1,045.84	$ 1,001.02	$ 44.82

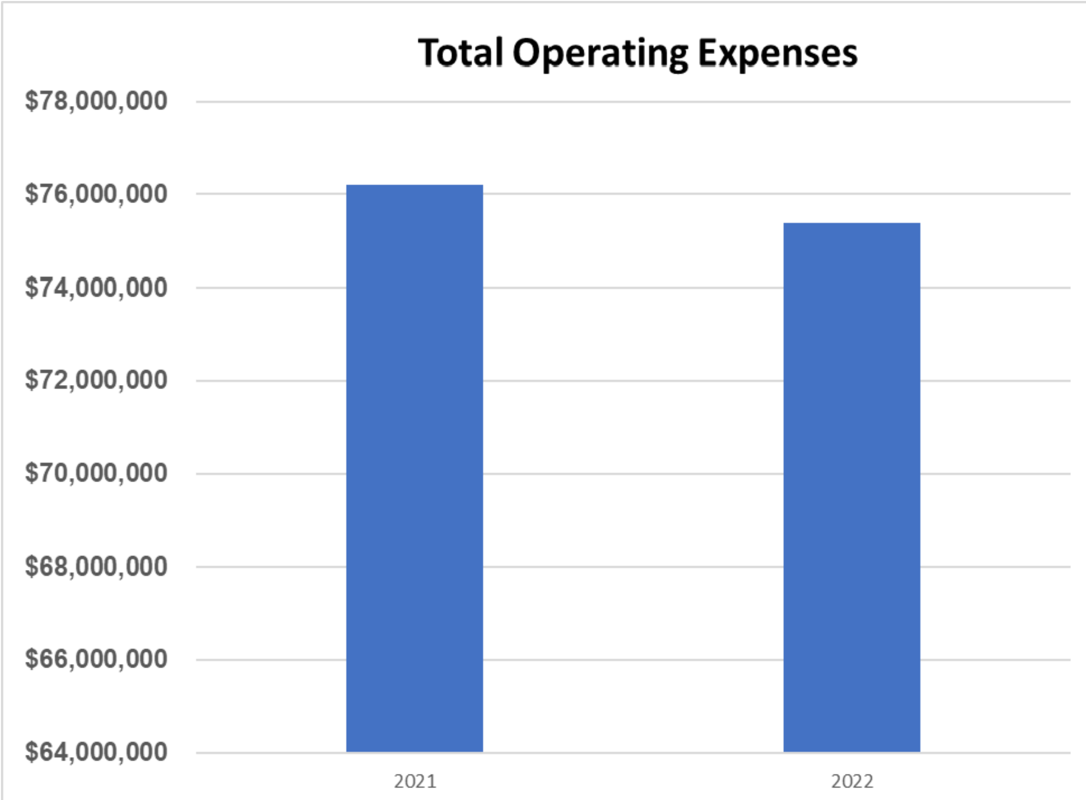
Condensed Statement of Revenues, Expenses and Changes in Net Assets
in millions

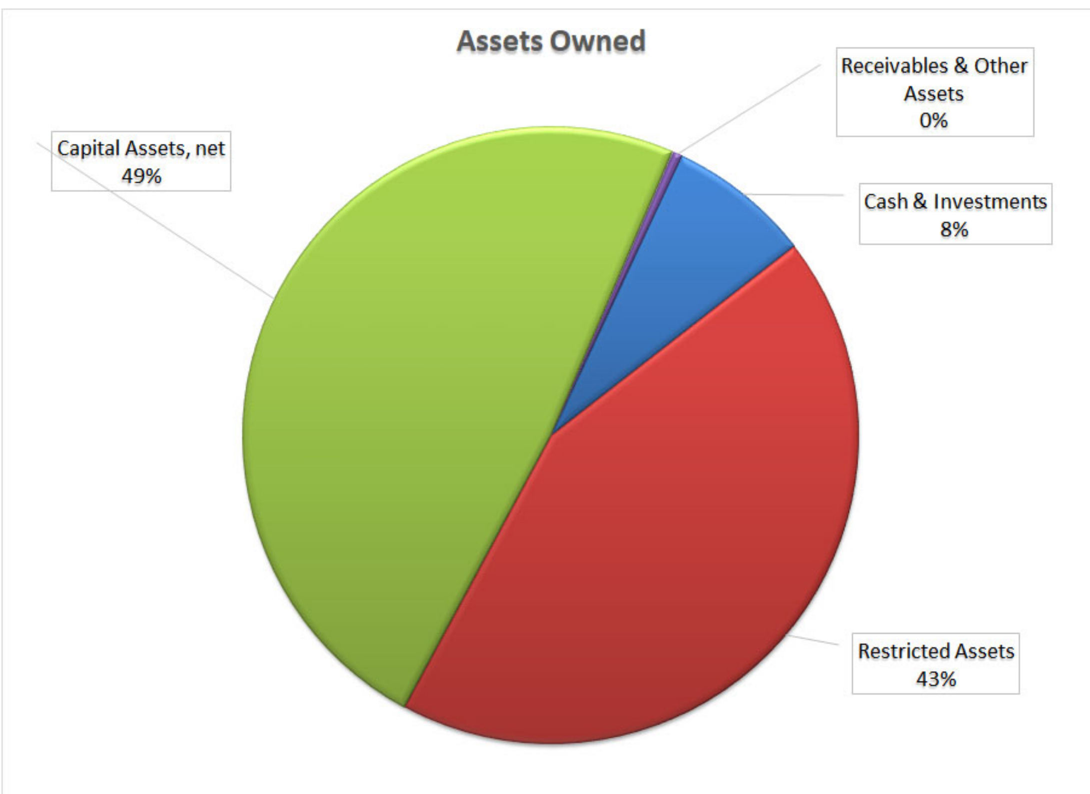
	2022	2021	Change
Operating Revenues	$ 7.49	$ 9.67	$ (2.18)
Operating Expenses	75.40	76.20	(0.80)
Nonoperating Revenues (Expenses)	112.23	124.25	(12.02)
Contributions in aid of Construction	0.50	0.50	-
Change in Net Position	44.82	58.22	(13.40)
Net Position, Beginning of Year	1,001.02	942.80	58.22
Net Position, End of Year	$ 1,045.84	$ 1,001.02	$ 44.82

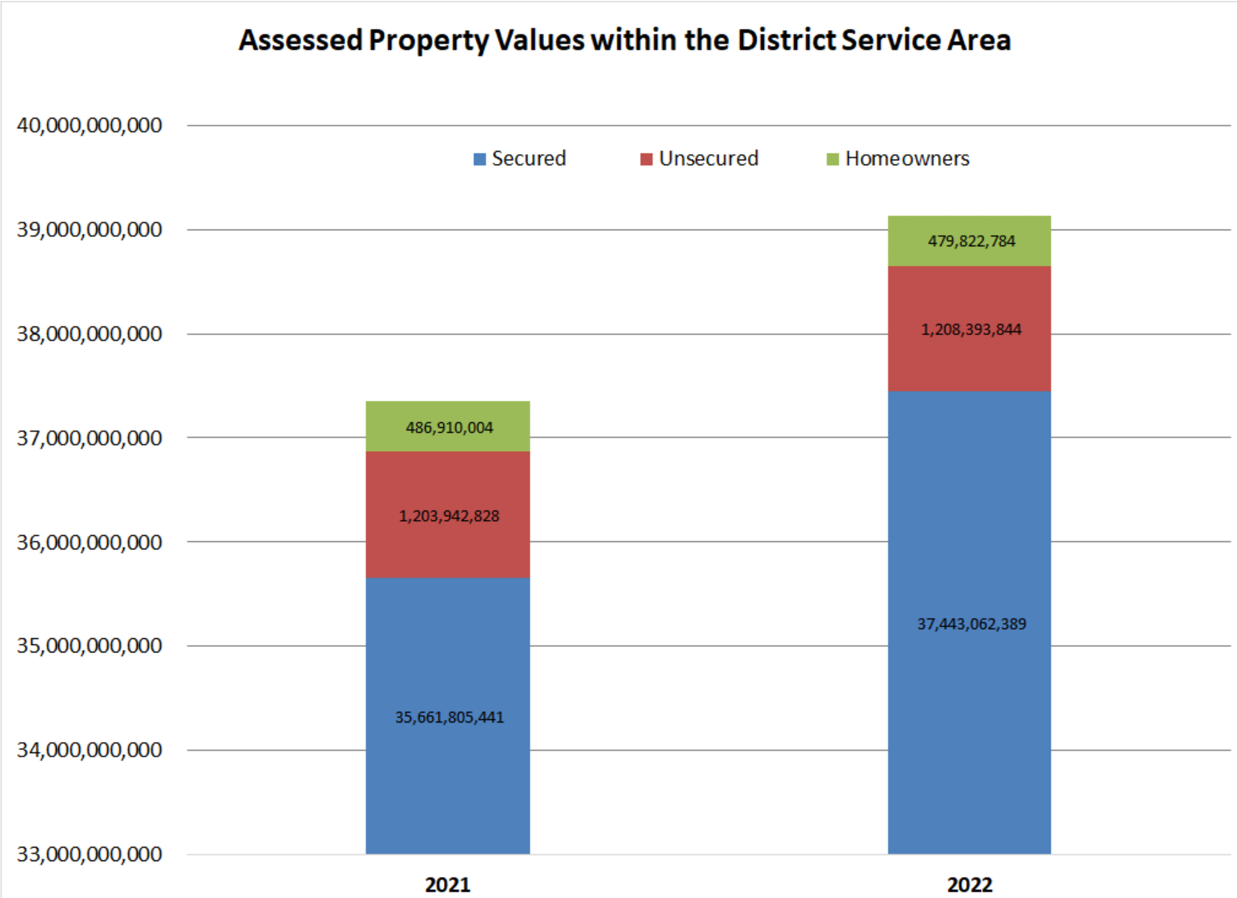
The decrease from fiscal year June 30, 2021 to June 30, 2022 in investment income is due a significant decline in investment interest rates and adjusting the portfolio to market at year end. The significant changes in operating expense from fiscal year June 30, 2021 to 2022 pertains to an increase in source of supply which contains payments to the Department of Water Resources and local resources investment program, wages and benefits due to adding additional staff and consultants and adjustments for changes in the accrual of CalPERS pension plan obligations.

Below is a comparison of Revenue and Operating Expenses over the past two fiscal years:




Total Operating Expenses
$78,000,000
$76,000,000
$74,000,000
$72,000,000
$70,000,000
$68,000,000
$66,000,000
$64,000,000
2021
2022


Assets Owned
Receivables & Other Assets 0%
Cash & Investments 8%
Restricted Assets 43%
Capital Assets, net 49%



The increase in Net Position included an operating loss of $67.90 million. This is due in part to the District being required by the California State Controller's office to report property taxes as nonoperating revenue. However, the majority of the property tax revenues are used for State Water Project expenditures which are included in operating expenses.

Total Nonoperating revenues decreased by $14.07 million over the prior year. Total property taxes received decreased by $0.31 million due to a decrease in the State Water Contract tax rate in fiscal year 2021 by $.0125 cents. The assessed values within the District's service area experienced a 5.6% increase over the prior year and the Board voted to reduce the State Water Project debt service tax rate to $0.13/$100 of assessed value. Successor Agency pass through payments increased by $1.95 million over the prior year. Interest income decreased over the prior year by $13.68 million and grant income decreased by $2.08 million over the prior year.

Categories of Net Position

The District is required to present its net position in three categories: Net investment in Capital Assets, Restricted, and Unrestricted.

Net Investment in Capital Assets

At June 30, 2022, the amount the District had invested in capital assets, net of related debt was $514.91 million. This balance was obtained by combining Construction in Progress of $33.65 million with Capital Assets in Service, net of Accumulated Depreciation and Amortization of $488.09 million and minus the Certificates of Participation of $6.83 million.

Restricted Net Position – Debt Service

The District has restricted Net Position of $465.12 million, which consists of tax proceeds that were levied for State Water Project payments plus interest on investments less State Water Project related expenditures. The Board of Directors has designated $30 million of this amount to be retained for the purpose of Maintenance and Repairs on the State Water Project distribution pipelines, pump stations and reservoirs. The balance of restricted Net Position of $435.12 million is to be used for future expenses related to the State Water Project.

The District's future commitment for State Water Project costs over the years 2022 to 2035, according to a payment schedule dated June 30, 2022 is estimated to total $980.52 million.

Unrestricted Net Position

The District had unrestricted Net Position of $65.81 million at June 30, 2022. The District has an extensive future capital improvement plan which consists of many projects which include Enhanced Santa Ana River Spreading, Santa Ana River Tributary / Storm Water Capture, Recycled Water Systems and Conjunctive Use Well Projects.

Construction in Progress (CIP)

The projects still in progress on June 30, 2022 included Riverside Groundwater Aquifer Storage Project, Design and Construction of Waterman Hydroelectric Plant, the Enhanced Recharge Project 1B, the Regional Recycled Water Pipeline, and several pipeline turnouts.

Capital Assets

The District made payments to the Department of Water Resources during the year totaling $55.43 million net of credits and refunds for participation rights in the State Water Project. This was a decrease of $2.41 million over the prior year mainly attributable to the variable energy cost component during the fiscal year June 30, 2022. Additional information on capital assets can be found in the notes to the financial statements.

Certificates of Participation

The District issued $8.57 million in Certificates of Participation (COP) bonds during the fiscal year ending June 30, 2012. The District received an AAA bond rating from Standard and Poors which was reaffirmed in August 2017. Bond proceeds were used to build the Baseline Feeder Well Replacement Project. Additional information on the Certificate can be found in the notes to the financial statements.

Net Pension and Other Post-Employment Benefits Liability

During fiscal year ended June 30, 2022 the District recorded a Net Pension Asset in the amount of $150 thousand. During fiscal year ended June 30, 2022 the District recorded a Net Other Post-Employment Benefits Liability in the amount of $1.99 million.

Contacting the District's Financial Management

This financial report is designed to provide our customers, investors, and creditors with an overview of the District's financial operations and condition. If you have questions about this report or need additional information, you may contact the District at (909) 387-9200 or 380 E. Vanderbilt Way, San Bernardino, CA 92408.

Statement of Net Position
June 30, 2022

ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,742,268
Investments	78,343,494
Property taxes receivable	225,771
Accounts receivable	1,045,788
Leases receivable	1,220,861
Accrued interest receivable	122,252
Current portion of other receivable	6,854
Current portion of notes receivable	761,100
Prepaid expenses	563
Total current assets - unrestricted	84,468,951
Restricted assets:	
Cash and cash equivalents	75,971,077
Investments	387,340,047
Total restricted cash and investments	463,311,124
Property taxes receivable	1,442,766
Accrued interest receivable	733,074
Water bank inventory	824,614
Total restricted assets	466,311,578
Noncurrent assets:	
Capital assets:	
Capital assets in service	323,694,976
Accumulated depreciation	(71,731,036)
Capital assets, net	251,963,940
Participation rights in State Water Project facilities (at cost)	446,283,734
Accumulated amortization	(210,149,872)
Participation rights in State Water Project facilities - net	236,133,862
Total capital assets, net of accumulated depreciation and amortization	488,097,802
Construction in progress	33,646,067
Total capital assets, net	521,743,869
Other noncurrent assets:	
Other receivables, net of current portion	204,888
Notes receivable, net of current portion	2,938,110
Water stock	88,500
Total noncurrent assets	524,975,367
Total assets	1,075,755,896
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	1,858,236
Other post-employment benefits related	912,222
Total deferred outflows of resources	2,770,458

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

Statement of Net Position, (Continued)
June 30, 2022

LIABILITIES	
Current liabilities:	
Payables from current assets - unrestricted:	
Accounts payable	$ 1,645,139
Accrued employee benefits	988,701
Accrued interest payable	141,622
Unearned revenue	15,032,931
Deposits	257,827
Certificates of participation, current portion	225,000
Total payables from current assets - unrestricted	18,291,220
Payable from restricted assets:	
Accounts payable	446,450
Santa Ana River restoration/recovery trust fund	379,917
Total payables from current assets - restricted	826,367
Non-current liabilities:	
Certificates of participation, non-current portion	6,510,000
Premium on certificates of participation, net	98,045
Net pension liability (asset)	(150,148)
Net other post-employment benefits liability	1,985,297
Total non-current liabilities	8,443,194
Total liabilities	27,560,781
DEFERRED INFLOWS OF RESOURCES	
Pension related	854,961
Other post-employment benefits related	3,079,346
Leases related	1,190,475
Total deferred inflows of resources	5,124,782
NET POSITION	
Net investment in capital assets	514,910,824
Restricted:	
Debt service - State Water Project	459,810,089
Debt service - Devil Canyon-Castaic	5,308,500
Unrestricted	65,811,378
Total net position	$ 1,045,840,791

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

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

OPERATING REVENUES	
Water sales	$ 4,161,008
Other operating revenues	3,331,027
Total operating revenues	7,492,035
OPERATING EXPENSES	
Source of supply:	
Operations, maintenance, power and replacement	28,452,169
Purchased water	7,138,273
Local resources investment program	1,780,158
	37,370,600
Administrative and general:	
Salaries	4,511,671
Retirement and benefits	2,683,331
Retirement and benefits - pension and OPEB adjustments	(5,112,522)
Payroll taxes	299,814
Consultants	6,485,282
Legal and accounting	1,127,727
Office supplies and expense	267,954
Dues and subscriptions	495,850
Water conservation, public education and information	154,209
Field improvements	339,719
Maintenance and repair	1,077,546
Utilities	1,133,369
Inland Empire Brine Line fees	1,984,068
Insurance	208,432
Auto and travel	122,853
Lodging and meals	36,827
Taxes and licenses	134,507
Tax collection fee	379,684
	16,330,321
Other operating expenses:	
Depreciation and amortization	21,695,987
Total operating expenses	75,396,908
OPERATING LOSS	(67,904,873)

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

Statement of Revenues, Expenses and Changes in Net Position, (Continued)
For the Year Ended June 30, 2022

NONOPERATING REVENUES	
Revenues:	
Property taxes:	
Debt service	$ 65,151,166
General purpose distribution	11,817,868
Successor Agency pass through	46,279,648
Investment income	(12,164,054)
Lease revenue	55,210
Grants and other revenues	1,068,962
Gain (loss) on disposal of capital assets	297,176
	112,505,976
Expenses:	
Interest expense	278,084
	278,084
Total nonoperating revenues	112,227,892
Income before contributions	44,323,019
Contributions in aid of construction	499,598
Change in net position	44,822,617
Net position - beginning of year, as restated (note 15)	1,001,018,174
Net position - end of year	$ 1,045,840,791

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

Statement of Cash Flows
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from water sales	$ 11,955,399
Cash received from other operating activities	3,251,871
Cash paid for source of supply	(37,370,600)
Cash paid to other suppliers	(14,505,710)
Cash paid for employees' wages, taxes and benefits	(7,350,989)
Net cash used for operating activities	(44,020,029)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes received - general purpose distribution	11,675,312
Successor Agency pass through received	46,279,648
Grants and other revenues received	1,068,962
Net cash provided by noncapital financing activities	59,023,922
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Property taxes received - debt service	64,724,176
Proceeds from sale of capital assets	591,509
Proceeds from contribution in aid of construction	499,598
Proceeds from collection of notes receivable	774,404
Acquisition of capital assets	(78,845,212)
Payments for construction in progress	(24,871,123)
Payments on lease receivable	24,824
Principal payments on debt	(215,000)
Interest paid	(287,544)
Net cash used for capital and related financing activities	(37,604,368)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(143,465,049)
Redemption of investments	140,952,739
Investment income	21,535,260
Net cash provided by investing activities	19,022,950
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,577,525)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	82,290,870
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 78,713,345

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

Statement of Cash Flows, (Continued)
For the Year Ended June 30, 2022

RECONCILIATION TO STATEMENTS OF NET POSITION		
Current assets:		
Cash and cash equivalents - current	$	2,742,268
Cash and cash equivalents - restricted		75,971,077
Total cash and cash equivalents	$	78,713,345
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating loss	$	(67,904,873)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization		21,695,987
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable		705,853
Other receivable		(74,656)
Prepaid expenses		(563)
Deferred outflows of resources		
Pension related		(137,775)
Other post-employment benefits related		151,103
Increase (decrease) in:		
Accounts payable		(596,720)
Accrued employee benefits		143,827
Unearned revenue		7,084,038
Deposits		39,600
Net pension liability		(3,822,399)
Net other post-employment benefits liability		(814,544)
Deferred inflows of resources		
Pension related		34,534
Other post-employment benefits related		(523,441)
Net cash used for operating activities	$	(44,020,029)
SCHEDULE OF NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction in progress additions included in accounts payable	$	12,693

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

Note 1: Reporting Entity and Summary of Significant Accounting Policies

Organization and operations of the reporting entity

San Bernardino Valley Municipal Water District (the District) was formed on February 17, 1954, under the Municipal Water District Act of 1911. The District is one of 29 contractors to the California State Water Project, which delivers water from Northern California to various parts of the state. The purpose of the District is to import and deliver water into its service area through participation in the State Water Project and to manage groundwater storage within its boundaries. The District's service area encompasses approximately 352 square miles in southwestern San Bernardino County. It spans the eastern two-thirds of the San Bernardino Valley, the Crafton Hills, and a portion of the Yucaipa Valley, and includes portions of the cities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Bloomington, Highland, Grand Terrace, and Yucaipa. The District is governed by a five member board, representing five geographical divisions within the District, which is elected by the citizens in a general popular election.

The San Bernardino Valley Municipal Water District Financing Corporation (the Corporation) was created in May of 2011 by a joint exercise of powers agreement for the purpose of acquiring, constructing, rehabilitating, financing and refinancing, or providing for the sale or leasing of public capital improvements. It is governed by a Board of Directors comprised of the District's Board of Directors. The Corporation has issued debt which is secured solely from installment payments payable under an installment purchase agreement entered into by the District and the Corporation. All accounts or funds created and established pursuant to any instrument or agreement to which the Corporation is a party, and any interest earned or accrued thereon, shall incur to the benefit of the District. Separate financial statements are not prepared for the Corporation. It is reported as a blended component unit.

Measurement focus, basis of accounting and financial statement presentation

The District's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP) and the Uniform Systems of Accounts for Water Utility Districts as prescribed by the Controller of the State of California. Under this basis, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District has elected to follow all pronouncements of the Governmental Accounting Standards Board (GASB).

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits at financial institutions, investments in money market funds and government securities that are highly liquid and readily available with an original maturity of three months or less, and deposits in the State of California Local Agency Investment Fund (LAIF). Deposits in the LAIF can be withdrawn at any time without penalty.

Note 1: Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Investments

Investments are stated at fair value (the value at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale). 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 or sale of investments.

Allowance for doubtful accounts

Notes and accounts receivable are reported net of an allowance for uncollectible accounts. Allowances are reported when notes and accounts are proven to be uncollectible. There were no allowances for uncollectible accounts to be netted with accounts or notes receivable for 2022. Refer to Note 6 for details of the notes receivable.

Prepaid expenses

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

Inventories

Inventories are valued at purchase cost using the weighted average cost of consumption method. Refer to Note 4 for more information regarding inventory.

Capital assets

Capital assets are stated at original cost. District policy has set the capitalization threshold for reporting capital assets at $5,000. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. The cost of maintenance is charged to operating expense. Land, right of ways, pipeline capacity, and construction in progress are not depreciated. Other tangible property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Useful Lives
Buildings	30-40
Furniture, fixtures and equipment	5-50
Vehicles	5-10
Water transportation and distributions lines	10-100

The capital cost component of the transportation charges and the Delta water charge the District pays for participation rights in the State Water Project are being capitalized as paid and amortized using the straight-line method over the remaining life of the State Water Contract, which expires in 2035.

Note 1: Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Employee benefits

District employees earn vacation and sick leave days based on length of service. Employees may accumulate vacation time not to exceed two annual vacation periods, as determined by length of service, and unused sick leave to a maximum of 1,280 hours. Upon termination, the District is obligated to compensate employees for 100% of the accrued unused vacation time, and 25% of the accrued unused sick leave. Compensated absences are presented in the current liabilities section of the statement of net position.

The District provides a Health and Dependent Care Reimbursement Plan to employees eligible under the District's plan. Any unused benefits under this plan carry over to following years to a maximum of $25,000. The accrued medical reimbursement plan liability is presented in the current liabilities section of the statement of net position.

The District provides a deferred compensation plan to employees on a voluntary basis. Employees may elect to have a portion of their current earnings withheld and invested with Voya Financial and Annuity Company or PERS deferred compensation plan. Benefits are generally available upon the employee's death, disability, retirement, severe hardship, or termination of employment.

Restricted resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed, in accordance with its Reserve Policy.

Net position

Net position is categorized as follows:

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

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

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

Operating and nonoperating activities

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are water sales.

Operating expenses include costs associated with the purchasing, pumping, and distribution of water, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Note 1: Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Property taxes

Property taxes are attached as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are due in two installments. The first installment is due on November 1 and is payable through December 10 without penalty. The second installment is due on February 1 and becomes delinquent on April 10. Property taxes are remitted to the District from the County of San Bernardino and County of Riverside at various times throughout the year.

Contributions

Contributions in aid of construction represent cash and capital assets contributed to the District by other governmental agencies for the acquisition, construction or improvement of District capital assets.

Pension plans

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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires 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 (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

Other post-employment benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (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 recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 requires 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 (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

Note 1: Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until then. The District currently has pension and other post-employment benefits related deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has pension, other post-employment benefits, and leases related deferred inflows of resources.

Accounting Changes

During the fiscal year ended June 30, 2022, the District implemented the following accounting standards:

In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB Statement No. 87 is effective for the District's fiscal year ending June 30, 2022. The District's beginning net position was restated as a result of implementing GASB Statement No. 87 (see note 15).

Note 2: Cash, Cash Equivalents, and Investments

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

Statement of Net Position:		
Current assets:		
Cash in bank and on hand	$	1,444,366
Cash in Local Agency Investment Fund		1,297,902
Total cash and cash equivalents		2,742,268
Investments		78,343,494
Total unrestricted		81,085,762
Restricted:		
Cash in bank		2,848,831
Cash in Local Agency Investment Fund		72,375,707
Cash held by trustee		366,622
Cash held in trust		379,917
Total cash and cash equivalents		75,971,077
Investments		387,335,047
Department of Water Resources bonds		5,000
Total investments		387,340,047
Total restricted		463,311,124
Total cash and cash equivalents and investments	$	544,396,886

Cash, cash equivalents, and investments as of June 30, 2022 consisted of the following:

Cash on hand	$	350
Deposits with financial institutions		5,039,386
Cash in Local Agency Investment Fund		73,673,609
Investments		465,683,541
Total cash and cash equivalents and investments	$	544,396,886

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

Investments authorized by the California Government Code and the District's investment policy

The table below identifies the investment types that are authorized by the District in accordance with Section 53601 of 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, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio	Maximum investment in one issuer
U.S. Treasury Bills, Notes and Bonds	5 years	None	None
Federal Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
California Local Agency Investment Fund	N/A	None	$ 75,000,000
JPA Pools/CAMP	N/A	None	None
Medium-Term Notes	5 years	30%	None
Money Market Funds	N/A	20%	None
Collateralized Bank Deposits	None	25%	None
Municipal Bonds	5 years	30%	None

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is 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 and longer term investments and by timing cash flows from maturities so that 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.

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

Interest rate risk, (Continued)

As of June 30, 2022, the District had the following investments and maturities:

		Remaining maturity (in months)			
Investment type	Amount	12 or less	13 to 24	25 to 36	More than 36
Federal Agency Securities	$ 66,629,148	$ 26,605,900	$ 40,023,248	$ -	$ -
JPA Pools/CAMP	110,580,737	110,580,737	-	-	-
Municipal Bonds	10,887,733	2,125,040	7,185,354	711,900	865,439
U.S. Treasury Bills, Notes and Bonds	194,648,418	37,537,438	64,883,113	92,227,867	-
Negotiable Certificates of Deposit	3,890,828	3,890,828	-	-	-
Medium-Term Notes	78,362,942	9,969,752	23,979,371	38,956,006	5,457,813
Money Market Funds	683,735	683,735	-	-	-
Total investments	$ 465,683,541	$ 191,393,430	$ 136,071,086	$ 131,895,773	$ 6,323,252

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 required by (where applicable) the California Government Code, the District's investment policy and the actual rating as of year-end for each investment type.

Credit ratings of investments as of June 30, 2022 were as follows:

		Minimum	Rating as of year end			
Investment type	Amount	legal rating	AAA	AA	A	Not rated
Federal Agency Securities	$ 66,629,148	N/A	$ -	$ 66,629,148	$ -	$ -
JPA Pools/CAMP	110,580,737	N/A	110,580,737	-	-	-
Municipal Bonds	10,887,733	N/A	2,637,304	6,884,479	198,214	1,167,736
U.S. Treasury Bills, Notes and Bonds	194,648,418	N/A	-	194,648,418	-	-
Negotiable Certificates of Deposit	3,890,828	A	-	1,121,915	2,768,913	-
Medium-Term Notes	78,362,942	A	-	17,557,456	60,805,486	-
Money Market Funds	683,735	AAA	683,735	-	-	-
Total investments	$ 465,683,541		$ 113,901,776	$ 286,841,416	$ 63,772,613	$ 1,167,736

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

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. The District's investment policy is to apply the prudent investor standard as set forth in the California Government Code: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

The District's investment policy limits certain investments to minimum credit ratings issued by nationally recognized statistical rating organizations. The District's investments in commercial paper, medium-term notes, and money market funds at June 30, 2022, met their respective minimum credit ratings requirements.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total District's investments are as follows:

Issuer	Investment type	Reported amount	Percentage of Portfolio
Federal Home Loan Mortgage Corp.	Federal Agency Securities	$ 50,395,221	9.37%

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty 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. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of June 30, 2022, demand deposits with financial institutions in excess of federal depository insurance limits of $250,000 were fully collateralized by securities in a separate account held by the same institution.

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in LAIF is based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio), which was $73,673,609 as of June 30, 2022. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The District may invest up to $75,000,000 in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the internet at www.treasurer.ca.gov.

Investment in California Asset Management Program

The District is a voluntary participant in the California Asset Management Program (CAMP), which was established as a nontaxable investment portfolio under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with comprehensive investment management services. There are no minimum deposit requirements or limits on deposits and withdrawals. Dividends from net investment income are declared on a daily basis and paid on the last day of the month. Dividends paid are automatically reinvested in each account by the purchase of additional shares. The contract creating the program specifies the types of investments that can be made by the investment portfolio with available cash: U.S. Government securities, securities of federally sponsored agencies, repurchase agreements, banker's acceptances, negotiable certificates of deposit and commercial paper. 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 CAMP which was $110,580,737 as of June 30, 2022.

Investments with fair values highly sensitive to interest rate fluctuations

At June 30, 2022, the District did not hold investments that were highly sensitive to interest rate fluctuations beyond that already indicated in the information provided above.

Fair value measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

Investments in the Local Agency Investment Fund are not subject to the fair value hierarchy.

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

Fair value measurements, (Continued)

The District has the following fair value measurements as of June 30, 2022:

Investments by Fair Value Level	Total	Fair Value Measurement Using Level 1	Level 2	Level 3
U.S. Treasury Bills, Notes and Bonds	$ 194,648,418	$ 194,648,418	$ -	$ -
Federal Agency Securities	66,629,148	-	66,629,148	-
Municipal Bonds	10,887,733	-	10,887,733	-
Negotiable Certificates of Deposit	3,890,828	-	3,890,828	-
Medium-Term Notes	78,362,942	-	78,362,942	-
Total investments by fair value level	354,419,069	$ 194,648,418	$ 159,770,651	$ -
Investments not subject to the fair value hierarchy:				
JPA Pools/CAMP	110,580,737			
Money market mutual funds	683,735			
Total	$ 465,683,541			

The District's investment in the Local Agency Investment Fund of $73,673,609 is measured at amortized cost which approximated fair value.

The District's investment in the California Asset Management Program of $110,580,737 is measured at amortized cost which approximated fair value.

Note 3: Leases Receivable

On July 1, 2020, the District entered into a 295-month lease as lessor for the use of cell towers on the District's land. An initial lease receivable was recorded in the amount of $711,951. As of June 30, 2022, the value of the lease receivable is $700,324. The lessee is required to make monthly variable principal and interest payments of $2,500, based on annual CPI increases. The lease has an implied interest rate of 2.6%. The value of the deferred inflow of resources as of June 30, 2022 was $682,990, and the District recognized lease revenue of $28,961.

On July 1, 2020, the District entered into a 244-month lease as lessor for the use of cell towers on the District's land. An initial lease receivable was recorded in the amount of $533,734. As of June 30, 2022, the value of the lease receivable is $520,537. The lessee is required to make monthly variable principal and interest payments of $2,300, based on annual CPI increases. The lease has an implied interest rate of 2.5%. The value of the deferred inflow of resources as of June 30, 2022 was $507,485, and the District recognized lease revenue of $26,249.

Note 3: Leases Receivable (Continued)

The following is a summary of the leases receivable and related lease revenue for the year ended June 30, 2022:

	Initial Receivable	Remaining Receivable	Deferred Inflows of Resources	Lease Revenue
Lease 1	$ 711,951	$ 700,324	$ 682,990	$ 28,961
Lease 2	533,734	520,537	507,485	26,249
Total	$ 1,245,685	$ 1,220,861	$ 1,190,475	$ 55,210

Note 4: Water Bank Inventory

The Metropolitan Water District of Southern California, a State Water Project Contractor, has allowed the District to utilize capacity in the Kern Delta Water Bank, for the purpose of increasing water supply in a dry year. The District has stored 6,300 acre-feet and is able to call on a maximum of 5,000 acre-feet per year of this stored water. This stored water is classified as a restricted asset and is valued at cost.

The following is a summary of the water bank inventory for the year ended June 30, 2022:

	Acre-feet	Inventory cost
Balance at June 30, 2021	6,300	$ 824,614
Reductions	-	-
Balance at June 30, 2022	6,300	$ 824,614

Note 5: Capital Assets

Summaries of changes in capital assets in service for the year ended June 30, 2022 were as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated:				
Land, right of ways, and pipeline capacity	$ 49,276,258	$ 56,754,501	$ 294,333	$ 105,736,426
Construction in progress	10,558,014	23,088,053	-	33,646,067
Total capital assets, not being depreciated	59,834,272	79,842,554	294,333	139,382,493
Capital assets, being depreciated:				
Buildings	6,958,811	-	-	6,958,811
Distribution lines	196,434,633	1,795,763	-	198,230,396
Brine line	7,121,795	-	-	7,121,795
Furniture, fixtures and equipment	1,647,513	179,061	471,011	1,355,563
Vehicles	529,503	92,768	28,524	593,747
Yucaipa Dam	3,698,238	-	-	3,698,238
Total capital assets, being depreciated	216,390,493	2,067,592	499,535	217,958,550
Less accumulated depreciation	(67,246,735)	(4,983,836)	(499,535)	(71,731,036)
Total capital assets, being depreciated, net	149,143,758	(2,916,244)	-	146,227,514
Participation rights in State Water Project Facilities	424,464,852	21,818,882	-	446,283,734
Less accumulated amortization	(193,437,721)	(16,712,151)	-	(210,149,872)
Participation rights in State Water Project Facilities, net	231,027,131	5,106,731	-	236,133,862
Total capital assets, net	$ 440,005,161	$ 82,033,041	$ 294,333	$ 521,743,869

Depreciation and amortization expense for the year ended June 30, 2022 was $21,695,987.

Note 6: Notes Receivable

Notes receivable at June 30, 2022 consisted of the following:

The District entered into a loan agreement with East Valley Water District in January 2015 for the amount of approximately $4 million for the construction, operation and maintenance of the city creek turnout and the plant 134 Hydroelectric Station. Interest shall accrue monthly on the unpaid and outstanding balance of the costs commencing from the effective date and continuing until repayment in full at the Local Agency Investment Fund interest rate, with accrued but unpaid interest also bearing interest. The term is eleven years, or until the date on which the debt incurred by the District in financing the project is paid in full, including interest or other charges, whichever occurs later.	$	1,708,363
The District entered into a loan agreement with West Valley Water District in December 2016 for the amount of approximately $4.36 million for the construction, operation and maintenance of the Lytle Creek Turnout and the Roemer Hydroelectric Station. Interest is accrued monthly on the unpaid and outstanding balance of the costs commencing from the effective date and continuing until repayment in full at the Local Agency Investment Fund interest rate, with accrued but unpaid interest also bearing interest. The term is eleven years, or until the date on which the debt incurred by the District in financing the project is paid in full, including interest or other charges, whichever occurs later.		1,990,847
		3,699,210
Less current portion of notes receivable		(761,100)
Total notes receivable, net of current portion	$	2,938,110

Note 7: Unearned Revenue

The District receives cash advances from various water purveyors in exchange for commitments of future water deliveries. As of June 30, 2022, total unearned revenue amounted to $15,032,931.

Note 8: Certificates of Participation

Project Finance Agreements (direct placement)

The District issued Revenue Certificates of Participation, Series 2011A on July 7, 2011, in the amount of $8,565,000, to fund capital improvements to the Baseline Feeder Project. The certificates are secured by the District's annual net revenues, meaning the revenues for any given fiscal year, excluding property taxes levied for the State Water Project, less the operation and maintenance costs for that fiscal year. Principal and interest are due in semiannual installments beginning on July 1, 2012 and ending on July 1, 2041. Interest rates range from 2.00% to 4.25%. Certificates are subject to extraordinary prepayment prior to their respective stated maturities at a prepayment price equal to the principal amount thereof plus accrued interest without a premium or penalty.

Note 8: Certificates of Participation (continued)

Project Finance Agreements (direct placement) (continued)

In May 2012, the District executed a Restated and Amended Agreement for the Construction, Operation and Maintenance of the New Baseline Feeder System with the District of Rialto, Riverside Highland Water Company and the West Valley Water District. The agreement requires annual capital payments by Rialto, Riverside Highland and West Valley to reimburse the District for the Debt Service on the 2011A Certificates of Participation. The District receives 100% reimbursement from the above mentioned entities and pays the annual principal and interest payable on the bonds to the bond trustee. Construction activities funded by the 2011A Certificates of Participation were completed as of June 30, 2013.

The following is a summary of bonds payable for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due within one year
2011A Certificates of Participation	$ 6,950,000	$ -	$ (215,000)	$ 6,735,000	$ 225,000
Premium on certificates of participation	103,205	-	(5,160)	98,045	-
Total certificates of participation, net	$ 7,053,205	$ -	$ (220,160)	$ 6,833,045	$ 225,000

The aggregate principal and interest debt to maturity payments for certificates of participation are summarized as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 225,000	$ 278,744	$ 503,744
2024	230,000	269,644	499,644
2025	240,000	260,244	500,244
2026	250,000	250,444	500,444
2027	260,000	240,244	500,244
2028 - 2032	1,475,000	1,032,320	2,507,320
2033 - 2037	1,805,000	692,990	2,497,990
2038 - 2042	2,250,000	254,841	2,504,841
Totals	$ 6,735,000	$ 3,279,471	$ 10,014,471

The District repaid $498,242 during the year ended June 30, 2022, of which $215,000 related to principal payments and $283,242 related to imputed interest.

In the event of default or termination, the District has agreed, upon demand, to immediately repay the Trustee or the Owners of not less than a majority in aggregate principal amount of Certificates at the time Outstanding will be entitled an amount equal to unpaid installment payments, including accrued interest thereon, and all penalty assessments due. In the event of default or termination, interest shall accrue at the rate or rates applicable to the installment payments.

Note 9: Defined Benefit Pension Plans (PERS)

A. General information about the pension plan

Plan description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

Hire date	Prior to January 1, 2011	On or after January 1, 2011 and prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 60	2.0% @ 60	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	50-60	50-60	52-62
Monthly benefits, as a % of eligible compensation	2.0%-3.0%	1.92%-2.0%	1.0%-2.0%
Required employee contribution rates	8.0%	7.0%	7.5%
Required employer comtribution rates	17.200%	10.470%	8.090%

Note 9: Defined Benefit Pension Plans (PERS), (Continued)

A. General information about the pension plan, (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be 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. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2022 were $778,783. The actual employer payments of $627,920 made to CalPERS by the District during the measurement period ended June 30, 2021 differed from the District's proportionate share of the employer's contributions of $1,288,593 by $660,673, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net 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 as follows.

Note 9: Defined Benefit Pension Plans (PERS), (Continued)

B. Net pension liability, (Continued)

Actuarial methods and assumptions used to determine total pension liability

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter.

(1) 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 include 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.

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+ 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.

Note 9: Defined Benefit Pension Plans (PERS), (Continued)

B. Net pension liability, (Continued)

The expected real rates of return by asset class are as follows:

Asset Class[1]	Current Target Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)

[1] In the System's ACFR, 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.

[2] An expected inflation of 2.0% used for this period

[3] An expected inflation of 2.92% used for this period

Change of assumptions

There were no change of assumptions for measurement date June 30, 2021.

Discount rate

The discount rate used to measure the total pension liability for PERF C 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 2020-21. 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.

Note 9: Defined Benefit Pension Plans (PERS), (Continued)

B. Net pension liability, (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.

Pension plan fiduciary net position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

C. Proportionate share of net pension liability

The following table shows the Plan's proportionate share of the net position liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability / (Asset)
Balance at: 6/30/2020 (VD)	$ 31,765,523	$ 28,093,272	$ 3,672,251
Balance at: 6/30/2021 (MD)	32,612,164	32,762,312	(150,148)
Net changes during 2020-21	846,641	4,669,040	(3,822,399)

Valuation Date (VD), Measurement Date (MD)

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the miscellaneous Plan as of the June 30, 2020 and 2021 measurement dates was as follows:

Proportion - June 30, 2020	0.087060%
Proportion - June 30, 2021	(0.00791%)
Change - Increase (Decrease)	(0.09497%)

Note 9: Defined Benefit Pension Plans (PERS), (Continued)

C. Proportionate share of net pension liability, (Continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

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

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Tier 1 Plan's Net Pension Liability (Asset)	$ 4,155,665	$ (150,148)	$ (3,709,703)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions

As of the start of the measurement period (July 1, 2020), the District's net pension liability for the plan was $3,672,251. For the measurement period ending June 30, 2021 (the measurement date), the District incurred a pension credit of $3,146,857 for the Plan.

Note 9: Defined Benefit Pension Plans (PERS), (Continued)

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions, (Continued)

As of June 30, 2022, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ (16,838)	$ -
Differences between Projected and Actual Investment Earnings	131,072	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	854,961
Change in Employer's Proportion	965,219	-
Pension Contributions made Subsequent to Measurement Date	778,783	-
	$ 1,858,236	$ 854,961

These amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense. Contributions subsequent to the measurement date of $778,783 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources, Net
2023	$ 46,650
2024	73,379
2025	68,241
2026	36,222
2027	-
Thereafter	-
	$ 224,492

E. Payable to the pension plan

At June 30, 2022, the District reported a payable of $-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

Note 10: Other-Post Employment Benefits (OPEB)

Plan description

The District offers a health care plan to active and retired employees, as well as their qualified dependents. For employees hired prior to April 19, 2011, the District pays the entire cost of the monthly medical and dental insurance premiums for retired employees and their dependents who have reached at least age 50 with a minimum of 10 years' service. District-provided benefits continue for the life of the retiree and eligible family members. Benefits are also continued to surviving family members in the event of the death of an active eligible employee if age plus service at death equals 60 or more. For employees hired after April 19, 2011, who have reached at least age 60 with a minimum of 15 years of service, the District pays the entire cost of the monthly medical and dental insurance premiums for retired employees and their dependents until the employee reaches the age of Medicare eligibility as determined by the United States Department of Health and Human Services. The District participates in the ACWA medical program and Delta Dental of California. Retirees may enroll in any of the single-employer benefit plans offered by the District. The authority to establish and amend postemployment benefits resides with the District's Board of Directors.

The District intends to pre-fund its other postemployment benefits (OPEB) with CalPERS through the California Employers' Retiree Benefits Trust (CERBT) Fund. The CERBT is a trust fund that allows public employers to pre-fund the future cost of their retiree health insurance benefits and OPEB obligations for their covered employees or retirees. Employers that elect to participate in the CERBT make contributions into the trust fund. Participating employers use investment earnings to pay for retiree health benefits, similar to the CalPERS pension trust. CalPERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the CERBT. That report may be obtained by writing to CalPERS Headquarters, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811, or on the internet at www.calpers.ca.gov.

Employees covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	30
Inactive employees or beneficiaries currently receiving benefits	10
Total	40

Contributions

The Plan and its contribution requirements are established by Ordinance and may be amended by Board action to update the original ordinance. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022, the District's cash contributions were $608,247 in payments to the CalPERS' California Employer's Retiree Benefit Trust (CERBT).

Note 10: Other-Post Employment Benefits (OPEB), (Continued)

Net OPEB liability

The District's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	6.73%
Inflation	2.01%
Salary Increases	3.25% annual increases
Investment Rate of Return	6.73%
Mortality Rate	The mortality rates used in this valuation are those used in the CalPERS 2017 experience study.

The long-term expected rate of return on OPEB plan investments was determined using a building–block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Equity	44%	5.23%
Fixed Income	48%	1.15%
REIT's	8%	5.08%
Cash	0%	0.00%
Total	100%	

Discount rate

The discount rate used to measure the total OPEB liability was 6.73 percent. The projection of cash flows used to determine the discount rate assumed that District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 10: Other-Post Employment Benefits (OPEB), (Continued)

Changes in the OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (B)	Net OPEB Liability (c)= (a) - (b)
Balance at June 30, 2021			
(Measurement Date June 30, 2020)	$ 6,317,174	$ 3,517,333	$ 2,799,841
Changes recognized for the measurement period:			
Service Cost	115,141	-	115,141
Interest	427,236	-	427,236
Difference between expected and actual experience	(11,779)	-	(11,779)
Contributions - employer	-	645,965	(645,965)
Net investment income	-	700,473	(700,473)
Benefit payments	(170,965)	(170,965)	-
Administrative expenses	-	(1,296)	1,296
Net Changes	359,633	1,174,177	(814,544)
Balance at June 30, 2022			
(Measurement Date June 30, 2021)	$ 6,676,807	$ 4,691,510	$ 1,985,297

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the net OPEB liability of the District's 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, 2021:

	Discount Rate - 1% 5.73%	Current Discount Rate 6.73%	Discount Rate + 1% 7.73%
Net OPEB Liability	$ 2,943,752	$ 1,985,297	$ 1,196,590

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 rate, for measurement period ended June 30, 2021:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 1,150,949	$ 1,985,297	$ 2,978,403

Note 10: Other-Post Employment Benefits (OPEB), (Continued)

OPEB plan fiduciary net position

CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS' website at www.calpers.ca.gov.

Recognition of deferred outflows and deferred inflows of resources

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

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

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	For assumption changes and experience gains/losses, we assumed Average Future Working Lifetime, averages over all active and retirees (retirees are assumed to have no future working years)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of $578,635. As of fiscal year ended June 30, 2022, 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	$ 608,247	$ -
Changes of assumptions	-	(2,723,429)
Differences between expected and actual experience	303,975	(40,552)
Net difference between projected and actual earnings on OPEB plan investments	-	(315,365)
Total	$ 912,222	$ (3,079,346)

Note 10: Other-Post Employment Benefits (OPEB), (Continued)

OPEB expense and deferred outflows/inflows of resources related to OPEB, (Continued)

The $608,247 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability in the upcoming year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	$ (869,524)
2024	(872,159)
2025	(821,501)
2026	(171,700)
2027	(19,476)
Thereafter	(21,011)
	$ (2,775,371)

Note 11: Commitments and Contingencies

Construction contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves. The District has committed to $34,289,005 in open construction contracts as of June 30, 2022. These include:

Project	Approved Contract	Payments To Date	Balance To Complete
Cactus Basin Project	$ 2,020,000	$ 897,633	$ 1,122,367
Waterman Turnout Hydroelectric Project	2,824,174	2,656,537	167,637
Enhanced Recharge Project Phase 1B	4,236,576	2,286,168	1,950,408
Enhanced Recharge Phase 1A, Basin Lining Improvements	94,025	84,133	9,892
Regional Recylced Water Pipeline	55,891,175	24,852,474	31,038,701
	$ 65,065,950	$ 30,776,945	$ 34,289,005

State of California Department of Water Resources

On December 30, 1960, the District entered into a contract with the State of California, Department of Water Resources to receive an annual entitlement for water from the State Water Project. The District assumed a proportionate share of capital costs and minimum operations, maintenance, power and replacement costs of the State facilities, in addition to paying variable operations, maintenance, power and replacement costs on a per-acre-foot charge for water deliveries received.

Note 11: Commitments and Contingencies (Continued)

State of California Department of Water Resources, (Continued)

The District's future commitment for State Water Project costs over the years 2022 to 2035, according to the payment schedule dated June 30, 2022, is estimated as follows:

Transportation charges:	
Capital cost component	$ 52,075,423
Minimum operations, maintenance, power and replacement component	268,109,620
Variable operations, maintenance, power and replacement component	220,499,756
	540,684,799
Delta water charges	123,416,722
Water system revenue bond surcharge	38,346,874
Off Aqueduct power facilities charges	657,628
East branch extension capital cost	277,418,309
Total	$ 980,524,332

Jointly governed organization

The District participates in the following jointly governed organization with other districts and agencies for various water projects and operating facilities in Southern California:

Santa Ana Watershed Project Authority

The Santa Ana Watershed Project Authority (SAWPA) was formed under a joint exercise of power agreement for the purpose of undertaking projects for water quality control, protection, and pollution abatement in the Santa Ana River Watershed. SAWPA is composed of five member water agencies within the watershed area: Eastern Municipal Water District, Orange County Water District, San Bernardino Valley Municipal Water District, Western Municipal Water District, and the Inland Empire Utilities Agencies. Each participating agency appoints one commissioner and one alternate commissioner to form the Board of Commissioners, the governing body of SAWPA. Financial data for SAWPA is available online at www.sawpa.org.

Condensed financial information for the operation of SAWPA for the fiscal year ended June 30, 2021 is as follows:

	2021
Total assets	$ 176,898,456
Total deferred outflows of resources	$ 2,820,019
Total liabilities	$ 104,553,366
Total deferred inflows of resources	$ 1,838,107
Total net position	$ 73,327,002
Total revenues	$ 32,024,564
Total expenses	$ (32,022,668)
Change in net position	$ 1,896

Note 12: Funds Held in Trust

The District is the administrator and custodian of funds held in trust on behalf of the California Department of Fish & Game (CDFG), as prescribed in the Memorandum of Agreement dated March 2007 (Agreement). The Agreement requires the District and Western Municipal Water District to deposit a combined sum of $50,000 per year, from 2007 to 2017, into a segregated fund administered by the District. Accordingly, the segregated fund is presented as a restricted asset and liability in these financial statements. The CDFG shall direct the District on the disbursements from the fund as needed, in accordance with the Agreement. The balance of the Santa Ana River Restoration/Recovery Trust Fund as of June 30, 2022 was $379,917.

Note 13: Net Position

The components of net position consist of the following on June 30, 2022:

Net investment in capital assets:	
Capital assets, net	$ 251,963,940
Participation rights in State Water Project facilities - net	236,133,862
Construction in progress	33,646,067
Less:	
Certificates of participation	(6,735,000)
Premium on certificates of participation, net	(98,045)
Total net investment in capital assets	514,910,824
Restricted net position:	
Restricted for debt service - State Water Project	459,810,089
Restricted for debt service - Devil Canyon-Castaic	5,308,500
Total restricted net position	465,118,589
Unrestricted net position:	
Nonspendable net position:	
Prepaid expenses	563
Water bank inventory	824,614
	825,177
Spendable net position:	
Operating reserve	64,986,201
Total unrestricted net position	65,811,378
Total net position	$ 1,045,840,791

Note 14: 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. To help mitigate some of these risks, the District has purchased commercial insurance as follows:

Property loss - Insured up to $100,000,000 per occurrence (total insurable value of $73,028,872 as of June 20, 2019), with a $5,000 deductible for buildings, personal property, fixed equipment, mobile equipment, and licensed vehicles.

Boiler and machinery - Insured up to $100,000,000 per occurrence (total insurable value of $73,028,872 as of June 20, 2019), with a $10,000 deductible for boiler and machinery breakdown.

Auto liability - Insured up to $1,000,000 per occurrence with no deductible for property damage.

Information security and privacy liability - Insured up to $2,000,000 per occurrence with no deductible for security and privacy breaches.

Pollution liability - Insured up to $2,000,000 per occurrence with no deductible for underground storage tanks.

The District has obtained liability, property and workers compensation insurance through Association of California Water Agencies (ACWA) Joint Power Insurance Authority (JPIA) beginning in July 2021.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are charged to expense as invoiced. There have been no significant reductions in insured liability coverage from coverage in the prior year, and there were no instances in the past three years where a settlement exceeded the District's coverage.

Note 15: Prior Period Adjustment

The District's net position was restated as follows due to the implementation of GASB Statement No. 87:

Beginning net position, as previously reported	$ 1,001,022,674
Restatement due to change in accounting principle	(4,500)
Beginning net position, as restated	$ 1,001,018,174

Required Supplementary Information
Schedule of District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date
Last 10 Years*

Measurement Date	Employer's Proportion of the Collective Net Pension Liability (Asset)[1]	Employer's Proportionate Share of the Collective Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability (Asset) as a Percentage of the Employer's Covered Payroll	Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
6/30/2014	0.089700%	$ 5,587,972	$ 2,166,220	258%	77%
6/30/2015	0.084587%	5,805,949	2,279,057	255%	77%
6/30/2016	0.072157%	6,243,808	2,210,568	282%	76%
6/30/2017	0.027173%	2,694,804	2,127,895	127%	90%
6/30/2018	0.023636%	2,277,589	2,252,665	101%	92%
6/30/2019	0.028612%	2,931,878	2,761,632	106%	90%
6/30/2020	0.033751%	3,672,251	2,907,350	126%	88%
6/30/2021	-0.002776%	(150,148)	3,422,597	-4%	100%

[1] Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscallaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will displayed up to 10 years as needed as information becomes available.

Required Supplementary Information
Schedule of Plan Contributions
Last 10 years*

Fiscal Year	Contractually Determined Contributions	Contributions in Relation to the Contractually Determined Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014-15	$ 654,436	$ (654,436)	$ -	$ 2,279,057	28.72%
2015-16	1,563,043	(1,563,043)	-	2,210,568	70.71%
2016-17	4,308,248	(4,308,248)	-	2,127,895	202.47%
2017-18	380,370	(380,370)	-	2,252,665	16.89%
2018-19	601,348	(601,348)	-	2,761,632	21.78%
2019-20	709,684	(709,684)	-	2,907,350	24.41%
2020-21	627,920	(627,920)	-	3,422,597	18.35%
2021-22	778,783	(778,783)	-	4,119,491	18.90%

* Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will displayed up to 10 years as needed as information becomes available.

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios as of the Measurement Date
Last 10 years*

Measurement Period Ended June 30:	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	$ 415,185	$ 153,033	$ 117,741	$ 123,628	$ 115,141
Interest on the Total OPEB Liability	317,872	409,717	387,786	409,881	427,236
Actual and expected experience difference	(1,955)	87,576	(48,509)	345,803	(11,779)
Changes in assumptions	(5,400,852)	(802,057)	-	(461,236)	-
Benefit payments	(126,972)	(141,570)	(136,035)	(133,104)	(170,965)
Net change in Total OPEB Liability	(4,796,722)	(293,301)	320,983	284,972	359,633
Total OPEB Liability - beginning	10,801,242	6,004,520	5,711,219	6,032,202	6,317,174
Total OPEB Liability - ending (a)	6,004,520	5,711,219	6,032,202	6,317,174	6,676,807
Plan Fiduciary Net Position					
Contribution - employer	2,026,972	141,570	886,035	558,104	645,965
Net investment income	28,815	116,588	142,801	157,273	700,473
Benefit payments	(126,972)	(141,570)	(136,035)	(133,104)	(170,965)
Administrative expense	(135)	(1,014)	(444)	(1,551)	(1,296)
Net change in Plan Fiduciary Net Position	1,928,680	115,574	892,357	580,722	1,174,177
Plan Fiduciary Net Position - beginning	-	1,928,680	2,044,254	2,936,611	3,517,333
Plan Fiduciary Net Position - ending (b)	1,928,680	2,044,254	2,936,611	3,517,333	4,691,510
Net OPEB Liability - ending (a) - (b)	$ 4,075,840	$ 3,666,965	$ 3,095,591	$ 2,799,841	$ 1,985,297
Plan fiduciary net position as a percentage of the total OPEB liability	32.12%	35.79%	48.68%	55.68%	70.27%
Covered-employee payroll (1)	$ 2,127,895	$ 2,252,665	$ 2,763,767	$ 2,894,400	$ 3,414,697
Net OPEB liability as a percentage of covered-employee payroll (1)	191.54%	162.78%	112.01%	96.73%	58.14%

Notes to schedule:

(1) Covered-employee payroll represented above is based on covered-employee payroll provided by the employer. GASB 75 defines covered-employee payroll as the total payroll of employees that are provided OPEBs through the OPEB plan. Contributions are not based on a measure of pay, therefore, covered-employee payroll is used in this schedule.

Mortality Improvement: The mortality rates used in this valuation are those used in the 2017 CalPERS experience study.

* 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.

Fiscal Year 2017-18 was the first year of implementation.

Required Supplementary Information
Schedule of OPEB Plan Contributions
Last 10 years*

Fiscal Year Ended June 30	2017	2018	2019	2020	2021	2022
Actuarially Determined Contributions (ADC) (2)	$ 529,151	$ 529,151	$ 388,949	$ 391,749	$ 339,717	$ 339,717
Contribution in relation to the ADC	(2,026,972)	(141,570)	(886,035)	(558,104)	(645,965)	(608,247)
(Excess)/deficiency	$ (1,497,821)	$ 387,581	$ (497,086)	$ (166,355)	$ (306,248)	$ (268,530)
Covered-employee payroll (3)	$ 2,127,895	$ 2,252,665	$ 2,763,767	$ 2,894,400	$ 3,414,697	$ 3,414,697
Contribution as a percentage of covered-employee payroll (3)	95.26%	6.28%	32.06%	19.28%	18.92%	17.81%

[2] Employers setting a discount rate based on the assumption that assets will be sufficient to cover all future benefit payments under the plan are assumed to annually make contributions equal to the actuarially determined contribution. Annual contributions made that are substantially less than the ADC would require additional support for use of a discount rate equal to the long-term expected return on trust assets.

[3] Covered-Employee Payroll represented above is based on covered-employee payroll provided by the employer. GASB 75 defines covered-employee payroll as the total payroll of employees that are provided benefits through the OPEB plan. Accordingly, if OPEB covered-employee payroll shown above is different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2022 were from the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Methodology	Straight-line amortization. For assumption changes and experience gains/losses: Average Future Working Lifetime averages over all actives and retirees (retirees are assumed to have no future working years). For asset gains and losses: 5 years.
Asset Valuation Method	Market value
Discount Rate	6.73%
Inflation	2.01%
Payroll Growth	3.25% per annum, in aggregate
Investment Rate of Return	6.73% per annum
Healthcare Trend Rates	6.90% initial, decreasing to 5.00% in 2028 and later
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2017 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

* 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.

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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*

Independent Auditor's Report

Board of Directors
San Bernardino Valley Municipal Water District
San Bernardino, 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 accompanying financial statements of the business-type activities of San Bernardino Valley Municipal 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 San Bernardino Valley Municipal Water District's basic financial statements, and have issued our report thereon dated December 7, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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.*

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 7, 2022

January 31, 2023

Corey McCullough
Montague DeRose and Associates, LLC
2801 Townsgate Road, Suite 221
Westlake Village, CA 91361

ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT ZONE NO. 7

Fiscal Year Ended 6/30	Assessed Valuation (1)	Tax on Secured Property (2)	Delinquencies at June 30 Amount	Delinquencies at June 30 Percent	Tax Rate Per $100 Assessed Valuation Agency Total Rate	Tax Rate Per $100 Assessed Valuation Typical Total Rate
2015	$46,590,971,389	$11,113,571	$ 74,553	0.67%	0.0250	1.1292
2016	50,227,748,217	16,575,533	221,027	1.33	0.0343	1.0873
2017	53,661,748,685	17,078,709	131,010	0.77	0.0333	1.0915
2018	57,115,444,470	19,695,457	126,311	0.64	0.0359	1.1581
2019	61,423,451,270	19,553,061	124,982	0.64	0.0332	1.1654
2020	65,870,004,511	19,418,423	135,389	0.70	0.0309	1.1702
2021	69,421,461,427	20,419,370	136,808	0.67	0.0309	1.1389
2022	71,991,152,283	21,127,340	228,736	1.08	0.0307	1.1572
2023	77,002,762,222	(3)	(3)	(3)	0.0279	1.1548

Direct and Overlapping Bonded Debt at December 31, 2022:

Total Gross Direct Debt	$0
Less: Supported Debt	0
Total Net Direct Debt	$0
Total Gross Overlapping Tax and Assessment Debt	$1,925,362,155
Less: Supported Debt	0
Total Net Overlapping Tax and Assessment Debt	$1,925,362,155
Total Gross Overlapping General Fund Debt	$319,883,498
Less: Supported Debt	12,719,601
Total Net Overlapping General Fund Debt	$307,163,897
Total Gross Overlapping Tax Increment Debt	$15,780,000
Less: Supported Debt	0
Total Net Overlapping Tax Increment Debt	$15,780,000
Total Gross Direct and Overlapping Bonded Debt	$2,261,025,653
Less: Self-supporting Debt	12,719,601
Total Net Direct and Overlapping Bonded Debt	$2,248,306,052

Ratio to Assessed Valuation at December 31, 2022:

Gross Direct Debt	0.00%
Net Direct Debt	0.00%
Total Gross Overlapping Tax and Assessment Debt	2.50%
Total Net Overlapping Tax and Assessment Debt	2.50%
Gross Direct and Overlapping Bonded Debt	2.94%
Net Direct and Overlapping Bonded Debt	2.92%

(1) The assessed valuations include state-reimbursable exemptions.
(2) Excludes tax levy on inventories and other unsecured property.
(3) Available at end of fiscal year.

KD:($400)

January 20, 2023

Corey McCullough
Montague DeRose and Associates, LLC
2801 Townsgate Road, Suite 221
Westlake Village, CA 91361

SANTA BARBARA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Fiscal Year Ended 6/30	Assessed Valuation (1)	Tax on Secured Property (2)	Delinquencies at June 30 Amount	Delinquencies at June 30 Percent	Tax Rate Per $100 Assessed Valuation Agency Total Rate	Tax Rate Per $100 Assessed Valuation Typical Total Rate
1999	$26,929,428,510	$292,586,142	$2,482,863	0.85%	0.00000	1.02221
2000	28,506,012,483	312,186,449	4,545,263	1.46	0.00000	1.01919
2001	30,811,725,758	336,579,195	6,194,044	1.84	0.00000	1.02724
2002	33,470,431,216	325,958,442	4,097,562	1.26	0.00000	1.02799
2003	35,986,575,550	348,404,287	4,327,765	1.24	0.00000	1.02707
2004	38,619,690,313	378,733,525	3,827,763	1.01	0.00000	1.02530
2005	42,010,491,267	412,156,061	4,490,277	1.09	0.00000	1.02086
2006	46,430,715,568	459,630,599	5,978,796	1.30	0.00000	1.02586
2007	51,053,483,690	508,780,407	10,760,629	2.11	0.00000	1.02631
2008	54,591,882,970	547,037,318	13,322,133	2.44	0.00000	1.02633
2009	56,957,844,751	570,319,442	15,942,615	2.80	0.00000	1.03483
2010	57,102,686,939	573,825,003	13,723,941	2.39	0.00000	1.03496
2011	57,601,688,658	575,911,027	9,363,054	1.63	0.00000	1.03496
2012	58,359,033,685	582,738,827	7,131,251	1.22	0.00000	1.03619
2013	58,837,930,366	590,636,407	5,574,662	0.94	0.00000	1.03969
2014	61,284,526,961	617,343,477	4,463,837	0.72	0.00000	1.04840
2015	64,587,513,414	658,541,674	4,942,942	0.75	0.00000	1.04840
2016	67,794,437,086	684,498,184	1,674,439	0.24	0.00000	1.04515
2017	70,290,131,386	720,076,190	4,641,237	0.64	0.00000	1.04088
2018	74,174,960,316	749,310,498	7,405,629	0.98	0.00000	1.05136
2019	77,584,016,408	785,888,856	7,629,757	0.97	0.00000	1.06593
2020	81,434,155,659	826,936,584	10,360,976	1.25	0.00000	1.05998
2021	85,301,256,419	868,876,273	10,225,299	1.18	0.00000	1.05761
2022	88,590,288,518	906,588,849	8,396,478	0.93	0.00000	1.05763
2023	95,684,025,683	(3)	(3)	(3)	0.00000	1.06109

Direct and Overlapping Bonded Debt at December 31, 2022:

Total Gross Direct Debt	$0
Less: Supported Debt	0
Total Net Direct Debt	$0
Total Gross Overlapping Tax and Assessment Debt	$1,051,256,997
Less: Supported Debt	0
Total Net Overlapping Tax and Assessment Debt	$1,051,256,997
Total Gross Overlapping General Fund Debt	$96,306,683
Less: Supported Debt	28,205,000
Total Net Overlapping General Fund Debt	$68,101,683
Total Gross Overlapping Tax Increment Debt	$24,945,000
Less: Supported Debt	0
Total Net Overlapping Tax Increment Debt	$24,945,000
Total Gross Direct and Overlapping Bonded Debt	$1,172,508,680
Less: Supported Debt	28,205,000
Total Net Direct and Overlapping Bonded Debt	$1,144,303,680

Ratio to Assessed Valuation at December 31, 2022:

Gross Direct Debt 0.00%
Net Direct Debt 0.00%
Total Gross Overlapping Tax and Assessment Debt 1.10%
Total Net Overlapping Tax and Assessment Debt 1.10%
Gross Direct and Overlapping Bonded Debt 1.23%
Net Direct and Overlapping Bonded Debt 1.20%

(1) The assessed valuations include state-reimbursable exemptions and exclude redevelopment incremental valuations. Beginning in 1988-89, assessed valuations exclude unitary utility valuations.
(2) Excludes tax levy on inventories and other unsecured property.
(3) Information not available until fiscal year is completed.

KD:($400)

January 25, 2023

Corey McCullough
Montague DeRose and Associates, LLC
2801 Townsgate Road, Suite 221
Westlake Village, CA 91361

KERN COUNTY WATER AGENCY

Fiscal Year Ended 6/30	Assessed Valuation (1)	Tax on Secured Property (2)	Delinquencies at June 30 Amount	Delinquencies at June 30 Percent	Tax Rate Per $100 Assessed Valuation: Agency Rate	Typical Total Rate: City of Bakersfield Total Rate	Typical Total Rate: Elk Hills School District
1998	$34,411,749,796	$12,984,313	$480,525	3.70%	0.091601	1.172489	1.019745
1999	32,692,348,290	13,035,390	282,929	2.17	0.089041	1.139540	1.016470
2000	36,368,798,648	(3)	(3)	(3)	0.088270	1.162026	1.035082
2001	38,813,931,812	15,981,366	295,032	1.85	0.077322	1.157759	1.017135
2002	41,429,323,346	15,210,702	339,798	2.23	0.061936	1.117621	1.015612
2003	39,976,729,738	15,776,379	476,821	3.02	0.060665	1.160526	1.019332
2004	42,165,212,745	18,525,332	(3)		0.063662	1.146391	1.021406
2005	45,443,236,748	16,054,006	237,483	1.48	0.063200	1.156496	1.056077
2006	52,596,138,408	13,726,652	258,314	1.88	0.047579	1.133705	1.055929
2007	64,149,863,242	12,223,309	384,215	3.14	0.038184	1.122182	1.047846
2008	71,491,760,384	18,521,313	802,472	4.33	0.053401	1.157296	1.050210
2009	75,766,431,779	17,059,057	572,984	3.36	0.052517	1.151185	1.054710
2010	70,423,049,669	19,500,828	565,663	2.90	0.064063	1.180167	1.064484
2011	74,597,201,953	17,863,779	345,942	1.94	0.058402	1.176436	1.053897
2012	76,240,534,603	25,718,178	379,982	1.48	0.074783	1.191102	1.054265
2013	81,254,773,400	18,041,862	234,670	1.30	0.057330	1.174290	1.043923
2014	81,080,979,985	21,461,367	244,116	1.14	0.062029	1.144662	1.073345
2015	85,601,304,520	21,947,286	235,109	1.07	0.056660	1.117595	1.069056
2016	76,936,246,496	22,535,818	231,106	1.03	0.060768	1.133600	1.079475
2017	72,752,296,314	24,676,414	301,531	1.22	0.068450	1.118033	1.142412
2018	77,288,726,481	33,033,896	351,729	1.06	0.090374	1.220308	1.112009
2019	80,502,901,315	32,788,630	383,891	1.17	0.082148	1.200369	1.094740
2020	84,074,584,469	37,953,554	583,988	1.54	0.094733	1.207273	1.164463
2021	86,453,205,524	39,228,346	469,095	1.20	0.091399	1.208096	1.187214
2022	86,596,320,841	39,301,161	429,340	1.09	0.091788	1.197957	1.148820
2023	96,646,213,815	Will be available after completion of fiscal year			0.086983	1.186749	1.077940

Direct and Overlapping Bonded Debt at December 31, 2022

Total Gross Direct Debt	$0
Less: Supported Debt	0
Total Net Direct Debt	$0
Total Gross Overlapping Tax and Assessment Debt	$1,750,408,260
Less: Supported Debt	0
Total Net Overlapping Tax and Assessment Debt	$1,750,408,260
Total Gross Overlapping General Fund Debt	$458,513,995
Less: Supported Debt	0
Total Net Overlapping General Fund Debt	$458,513,995
Total Gross Overlapping Tax Increment Debt	$58,819,000
Less: Supported Debt	0
Total Net Overlapping Tax Increment Debt	$58,819,000
Gross Direct and Overlapping Bonded Debt	$2,267,741,255
Net Direct and Overlapping Bonded Debt	$2,267,741,255

Ratios to Assessed Valuation at December 31, 2022:

Gross Direct Debt	0.00%
Net Direct Debt	0.00%
Gross Direct and Overlapping Tax and Assessment Debt	1.72%
Net Direct and Overlapping Tax and Assessment Debt	1.72%
Gross Direct and Overlapping Bonded Debt	2.23%
Net Direct and Overlapping Bonded Debt	2.23%

(1) Assessed Valuations are based on 100% of cash value beginning in 1981-82, rather than 25% as in previous years. The assessed valuations include state-reimbursable exemptions and exclude redevelopment incremental valuations. Beginning in 1988-89, assessed valuations exclude unitary utility valuations.
(2) Excludes tax levy on inventories and other unsecured property.
(3) Information unavailable.

KD:($400)

March 3, 2023

Corey McCullough
Montague DeRose and Associates, LLC
2801 Townsgate Road, Suite 221
Westlake Village, CA 91361

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Fiscal Year Ended 6/30	Assessed Valuation (1)	Tax on Secured Property (2)	Delinquencies at June 30 Amount	Percent		Tax Rate Per $100 Assessed Valuation Agency Total Rate (3)	Typical Total Rate (6)
2006	1,643,013,823,543	(4)	(4)		(4)	0.0052	1.155967
2007	1,839,880,963,698	(4)	(4)		(4)	0.0047	1.179045
2008	2,015,721,475,188	(4)	(4)		(4)	0.0045	1.174687
2009	2,120,944,531,740	(4)	(4)		(4)	0.0043	1.189738
2010	2,081,864,775,527	(4)	(4)		(4)	0.0043	1.220441
2011	2,049,887,037,949	(4)	(4)		(4)	0.0037	1.269859
2012	2,068,668,852,729	(4)	(4)		(4)	0.0037	1.245849
2013	2,097,369,921,305 (7)	(4)	(4)		(4)	0.0035	1.265550
2014	2,183,386,537,251	47,704,924.11	536,777.41	1.13%	(5)	0.0035	1.224234
2015	2,314,948,470,714	48,035,283.02	521,310.97	1.09	(5)	0.0035	1.218651
2016	2,451,003,605,785	52,507,872.55	582,061.13	1.11	(5)	0.0035	1.191994
2017	2,583,386,184,090	56,623,896.43	507,550.17	0.90	(5)	0.0035	1.191849
2018	2,739,625,782,568 (8)	61,460,534.68	566,960.01	0.92	(5)	0.0035	1.193027
2019	2,916,620,002,752	67,179,889.79	666,681.73	0.99	(5)	0.0035	1.196046
2020	3,092,426,782,060	73,220,841.42	1,180,662.61	1.61	(5)	0.0035	1.174279
2021	3,263,355,524,486	79,522,572.33	961,258.75	1.21	(5)	0.0035	1.200129
2022	3,377,259,657,240	84,155,068.76	1,033,002.57	1.23	(5)	0.0035	1.175208
2023	3,624,752,706,804	available at end of fiscal year				0.0035	1.165520

Direct and Overlapping Bonded Debt at December 31, 2022:

Total Gross Direct Debt	$20,175,000
Less: Self-supporting Debt	0
Total Net Direct Debt	$20,175,000
Total Gross Overlapping Tax and Assessment Debt	$65,280,011,234
Less: Self-supporting Debt	223,773,081
Total Net Overlapping Tax and Assessment Debt	$65,056,238,153
Total Gross Direct and Overlapping Tax and Assessment Debt	$65,300,186,234
Less: Self-supporting Debt	223,773,081
Total Net Direct and Overlapping Tax and Assessment Debt	$65,076,413,153
Total Gross Overlapping General Fund Obligation Debt	$18,253,369,372
Less: Self-supporting Debt	889,322,977
Total Net Overlapping General Fund Obligation Debt	$17,364,046,395
Overlapping Tax Increment Debt	$4,706,521,115
Gross Direct and Overlapping Bonded Debt	$88,260,076,721
Less: Self-supporting Debt	1,113,096,058
Net Direct and Overlapping Bonded Debt	$87,146,980,663

Ratios to Assessed Valuation at December 31, 2022:

Gross Direct Debt	0.001%
Net Direct Debt	0.001%
Gross Direct and Overlapping Tax and Assessment Debt	1.80%
Net Direct and Overlapping Tax and Assessment Debt	1.80%
Total Gross Direct and Overlapping Bonded Debt	2.43%
Total Net Direct and Overlapping Bonded Debt	2.40%

(1) Assessed Valuations are based on 100% of cash value beginning in 1981-82, rather than 25% as in previous years. The assessed valuations include state-reimbursable exemptions. Beginning in 1988-89, assessed valuations exclude unitary utility valuations.
(2) Excludes tax levy on inventories and other unsecured property.
(3) Base rate for all member areas. Some areas added after formation of the District pay higher rates.
(4) Information unavailable.
(5) Los Angeles County portion only.
(6) Los Angeles County TRA 67.
(7) Excludes Orange County November 2012 unsecured adjustments.
(8) The 2017-18 Assessed Valuation is $1,005,087,583 less than the 8/15/2017 reported certified assessed valuation. The reduction is due to the discovery of 28 tax rate areas in Los Angeles County with double-counted assessed valuations.

March 3, 2023

Corey McCullough
Montague DeRose and Associates, LLC
2801 Townsgate Road, Suite 221
Westlake Village, CA 91361

METROPOLITAN WATER DISTRICT

2022-23 Assessed Valuation: $3,624,752,706,804

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/31/22
Community College Districts	Various	$14,034,013,575
Los Angeles Unified School District	99.340	10,666,443,754
San Diego Unified School District	99.961	5,082,611,069
Other Unified School Districts	Various	16,507,604,247
High School and School Districts	Various	8,247,935,536
City of Los Angeles	99.991	1,039,586,429
Other Cities	Various	148,697,829
Irvine Ranch Water District Improvement Districts	100.	503,245,003
Santa Margarita Water District Improvement Districts	100.	31,290,000
Other Water Districts	Various	18,076,396
Healthcare Districts	Various	620,267,173
Other Special Districts	Various	5,220,053
Community Facilities Districts	Various	7,500,696,547
1915 Act Bonds and Other Special Assessment District Bonds	Various	874,323,623
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$65,280,011,234
Less: Obligations supported from other revenue sources		223,773,081
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$65,056,238,153
METROPOLITAN WATER DISTRICT TOTAL DIRECT DEBT		**$20,175,000**
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$65,300,186,234
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$65,076,413,153
OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County Obligations	93.099%	$ 2,439,003,778
Orange County Obligations	99.925	732,117,500
Riverside County Obligations	66.456	1,004,556,573
San Bernardino County Obligations	50.753	134,437,084
San Diego County Obligations	96.726	498,574,167
Ventura County Obligations	76.244	226,345,563
City of Anaheim General Fund Obligations	99.892	621,197,101
City of Long Beach General Fund Obligations and Pension Obligation Bonds	100.	64,305,000
City of Los Angeles General Fund Obligations	99.991	1,302,707,076
City of Pasadena General Fund and Pension Obligation Bonds	100.	518,951,250
City of San Diego General Fund Obligations	99.95	540,274,256
Other City General Fund Obligations	Various	8,065,425,097
Water District General Fund Obligations	Various	55,668,654
Los Angeles Unified School District Certificates of Participation	99.340	97,224,058
Other School District General Fund Obligations	Various	1,892,492,237
Other Special District General Fund Obligations	Various	60,089,978
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$18,253,369,372
Less: Obligations supported from other revenue sources		889,322,977
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$17,364,046,395
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$4,706,521,115
GROSS COMBINED TOTAL DEBT		$88,260,076,721 (1)
NET COMBINED TOTAL DEBT		$87,146,980,663

(1) Debt instruments included are general obligation bonds, lease revenue bonds and certificates of participation (when supported by the general fund), pension obligation bonds, 1915 Act special assessment bonds and Mello-Roos Act special assessment bonds. Excluded are enterprise revenue bonds, mortgage revenue bonds, tax and revenue anticipation notes and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2022-23 Assessed Valuation:

Direct Debt ($20,175,000)... 0.001%
Total Gross Direct and Overlapping Tax and Assessment Debt.......... 1.80%
Total Net Direct and Overlapping Tax and Assessment Debt 1.80%
Gross Combined Total Debt 2.43%
Net Combined Total Debt.. 2.40%

Ratios to Redevelopment Incremental Valuation ($522,778,621,451):
Total Overlapping Tax Increment Debt... 0.90%

KD:($1,000)

January 31, 2023

Corey McCullough
Montague DeRose and Associates, LLC
2175 N. California Blvd., Suite 422
Walnut Creek, CA 94596

SAN BERNARDINO COUNTY VALLEY MUNICIPAL WATER DISTRICT

Fiscal Year Ended 6/30	Assessed Valuation (1)	Tax on Secured Property (2)	Delinquencies at June 30 Amount	Delinquencies at June 30 Percent	Tax Rate Per $100 Assessed Valuation: Agency Rate	Typical Total Rate: School District Total Rate	Typical Total Rate: Total Tax Rate
2015	$44,303,762,567				0.1625	0.0987	1.2612
2016	46,634,312,131				0.1625	0.0970	1.2595
2017	49,387,383,172				0.1625	0.0874	1.2499
2018	52,417,437,603				0.1525	0.0870	1.2395
2019	56,318,797,318				0.1525	0.0731	1.2256
2020	60,512,590,555				0.1425	0.0901	1.2326
2021	63,897,480,184				0.1425	0.1011	1.2436
2022	68,601,041,418				0.1300	0.1196	1.2496
2023	74,728,079,954				0.1300	0.0729	1.2029

Direct and Overlapping Bonded Debt at December 31, 2022:

Total Gross Direct Debt	$0
Less: Supported Debt	0
Total Net Direct Debt	$0
Total Gross Overlapping Tax and Assessment Debt	$1,391,266,646
Less: Supported Debt	0
Total Net Overlapping Tax and Assessment Debt	$1,391,266,646
Total Gross Overlapping General Fund Debt	$258,541,916
Less: Self-supporting Debt	0
Total Net Overlapping General Fund Debt	$258,541,916
Total Gross Overlapping Tax Increment Debt	$449,284,596
Less: Supported Debt	0
Total Net Overlapping Tax Increment Debt	$449,284,596
Gross Direct and Overlapping Bonded Debt	$2,099,093,158
Net Direct and Overlapping Bonded Debt	$2,099,093,158

Ratios to Assessed Valuation at December 31, 2022:

Gross Direct Debt	0.00%
Net Direct Debt	0.00%
Gross Direct and Overlapping Tax and Assessment Debt	1.86%
Net Direct and Overlapping Tax and Assessment Debt	1.86%
Gross Direct and Overlapping Bonded Debt	2.81%
Net Direct and Overlapping Bonded Debt	2.81%

(1) The assessed valuations include state-reimbursable exemptions and exclude redevelopment incremental valuations.
(2) Information unavailable.

KD:($400)

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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HARVEST PRO
Pacific AgPak

GENERAL MANAGER
Jim Barrett

ASSISTANT GENERAL MANAGER
Robert Cheng

CLERK OF THE BOARD
Sylvia Bermudez

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

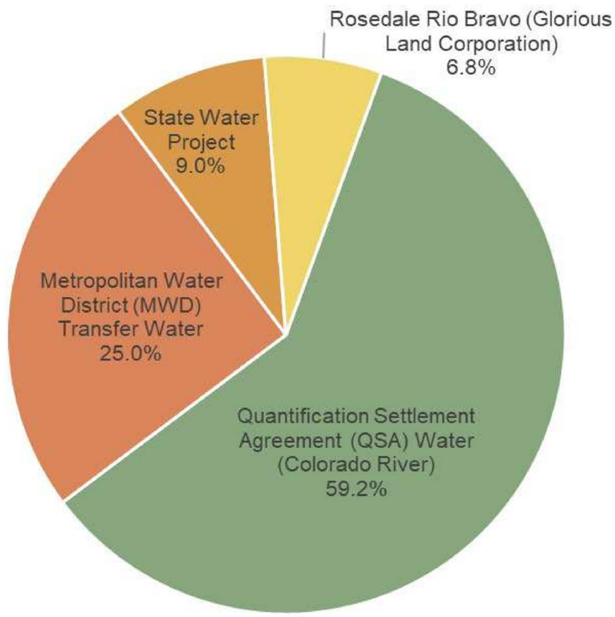
CVWD is governed by a five-member Board of Directors elected to four-year terms by District voters. Each Director lives in and represents one of five directorial divisions of the District, and is elected by voters who also live in that division. Terms of office are staggered, and elections are held every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

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

Similar to the Domestic Fund, the District completed a five-year cost of service study in Fiscal year 2021 for the Canal Fund. The Board held water rates at the fiscal year 2022 level for fiscal year 2023 but adopted the fiscal year 2023 cost of service rates for the Quagga Mussel Surcharge, Outside ID 1 Surcharge, Oasis Surcharge, and Gate Charges. The table below shows the five-year history of Canal rates:

Canal Five-Year Rate History

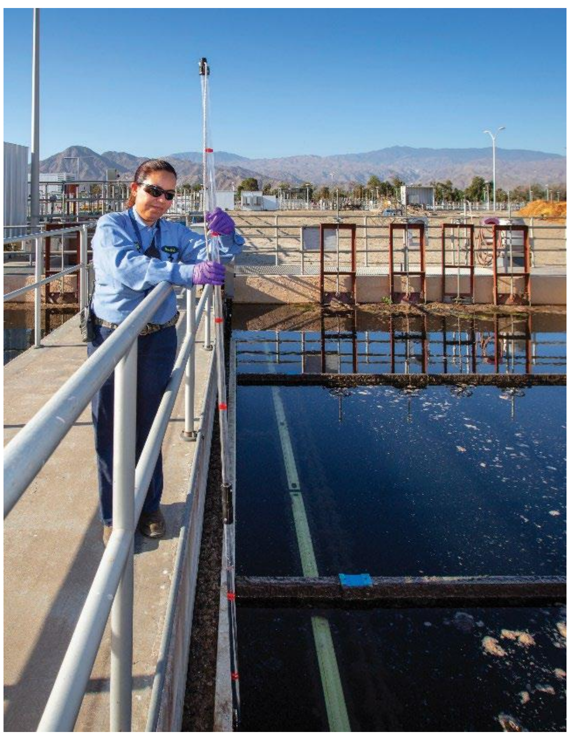
Service (Per AF/Occurrence)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Irrigation Water Commodity Charge: Agriculture	$34.32	$34.32	$34.32	$34.32	$34.32
Irrigation Water Commodity Charge: Non-Agriculture*	34.32	34.32	34.32	34.32	34.32
Construction Water Commodity Charge*	47.41	47.41	47.41	51.33	51.33
Water Supply Surcharge	67.80	67.80	67.80	67.80	67.80
Quagga Mussel Surcharge	2.78	2.78	2.78	3.18	3.63
Outside ID 1 Surcharge ($/acre/month)	3.69	3.69	3.69	3.92	4.17
Oasis Surcharge	3.69	3.69	3.69	3.92	59.26
Gate Charge - Scheduled	16.66	16.66	16.66	19.80	23.53
Gate Charge - Unscheduled	33.32	33.32	33.32	39.60	47.07

** All Non-Agriculture and Construction Water customers pay the Irrigation Water Commodity Charge and the Water Supply Surcharge.*

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

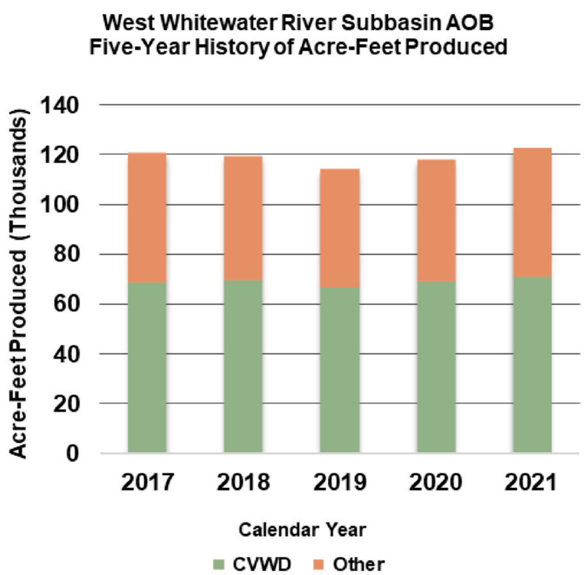
CVWD has three replenishment funds: the West Whitewater Replenishment Fund, the Mission Creek Replenishment Fund, and the East Whitewater Replenishment Fund. Replenishment assessment charges are used to fund a portion of the costs of importing supplemental water for the replenishment of the subbasins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

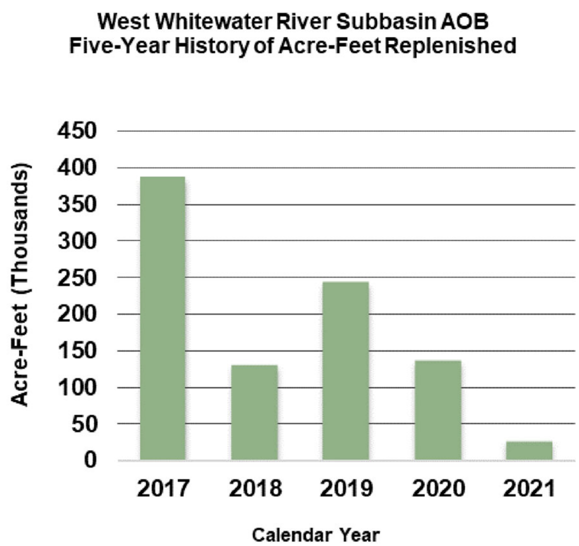
During fiscal year 2021, the District completed five-year cost of service studies for all three replenishment funds covering fiscal years 2022 to 2026. Based on the study, new rates were adopted in fiscal year 2022 for the West Whitewater Replenishment Fund and the East Whitewater Replenishment Fund, 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:





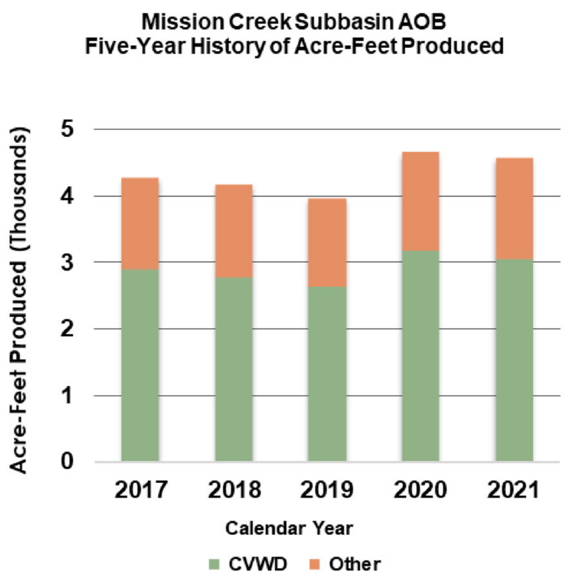
The table below shows the five-year history of the replenishment assessment charges (RAC) in the West Whitewater Replenishment Fund.

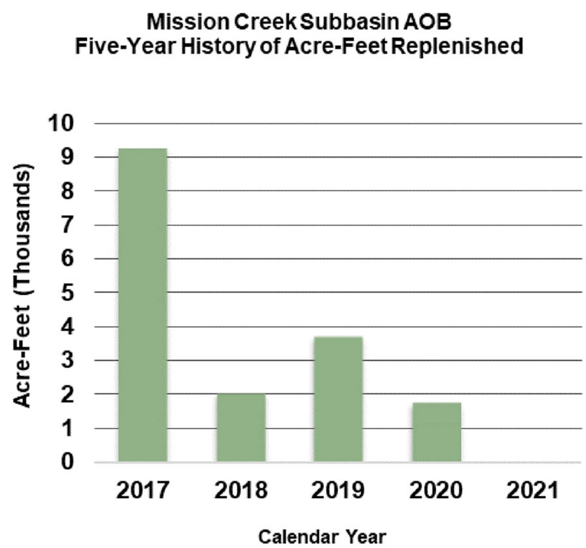
Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
West Whitewater Replenishment Rate (AF)	$ 143.80	$ 143.80	$ 143.80	$ 165.37	$ 165.37

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.

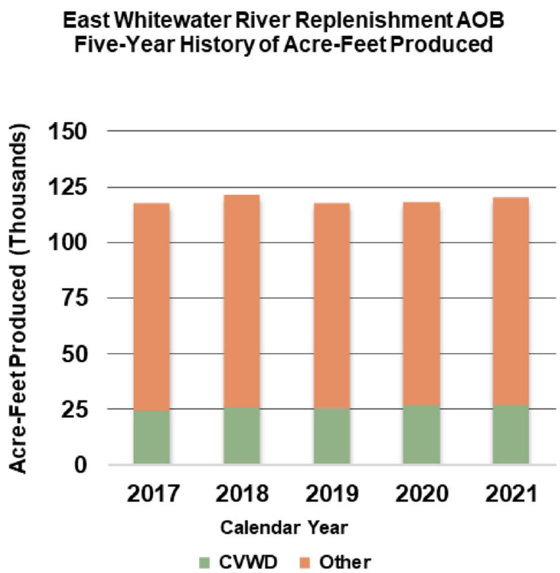
Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Mission Creek Replenishment Rate (AF)	$ 135.52	$ 135.52	$ 135.52	$ 135.52	$ 135.52

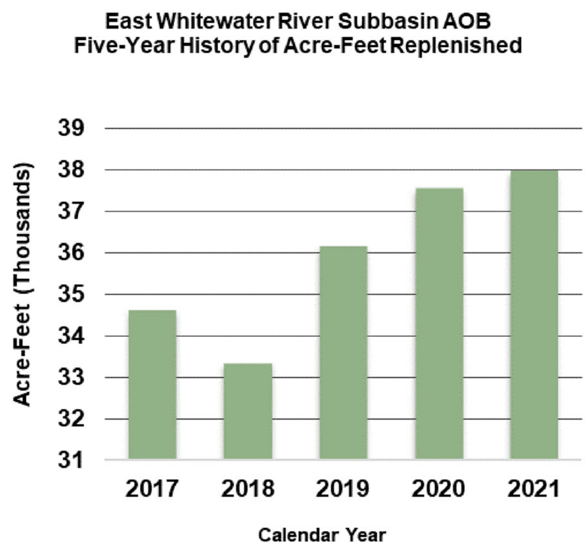
East Whitewater Replenishment Fund

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 squares miles from flooding. The entire system includes approximately 169 miles of channels built along the natural alignment of dry creeks that flow from the surrounding mountains into the Whitewater River. Along with the channels, 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 conversation. 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

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

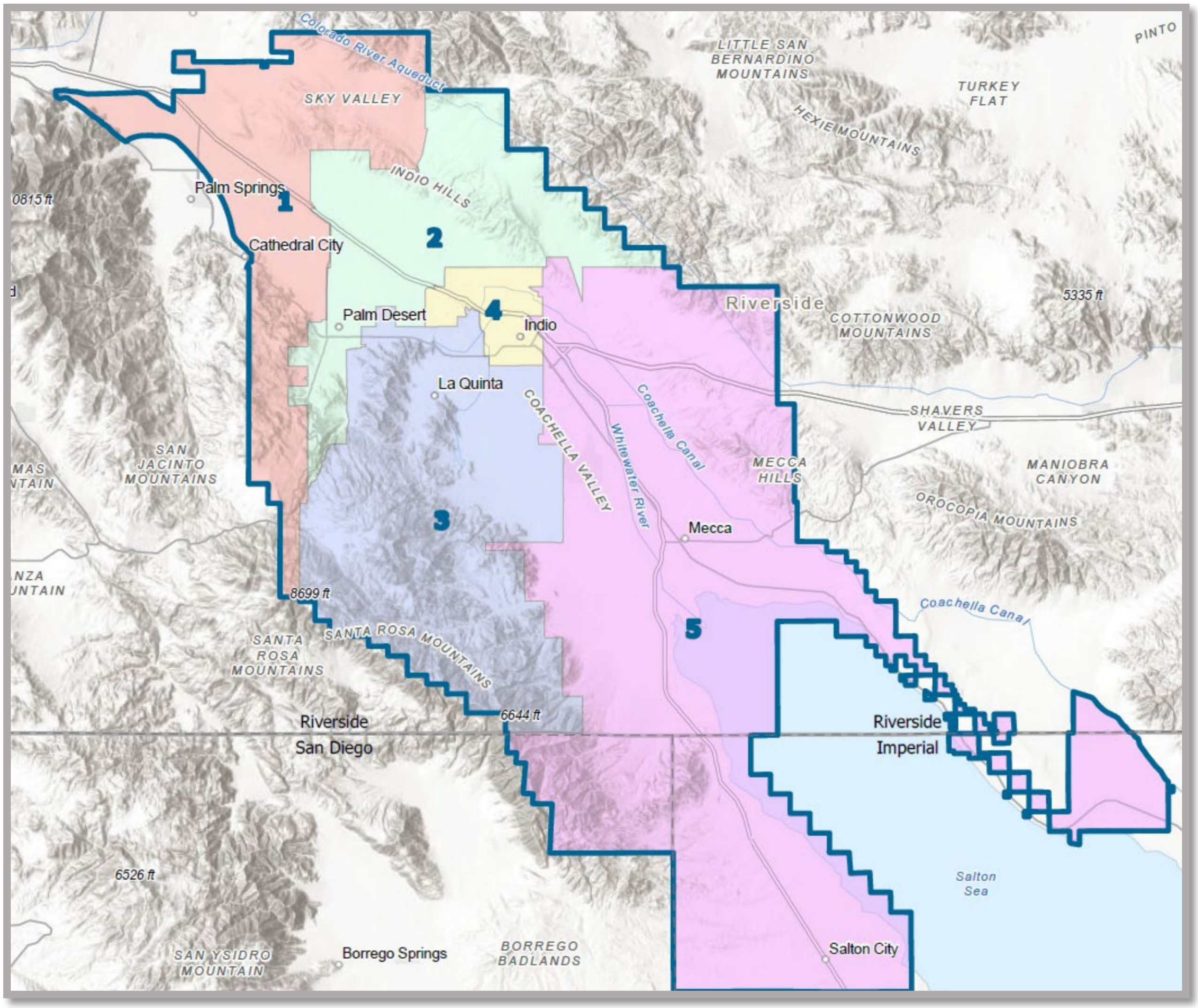
Cástulo R. Estrada
Board Vice President
Division Five

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

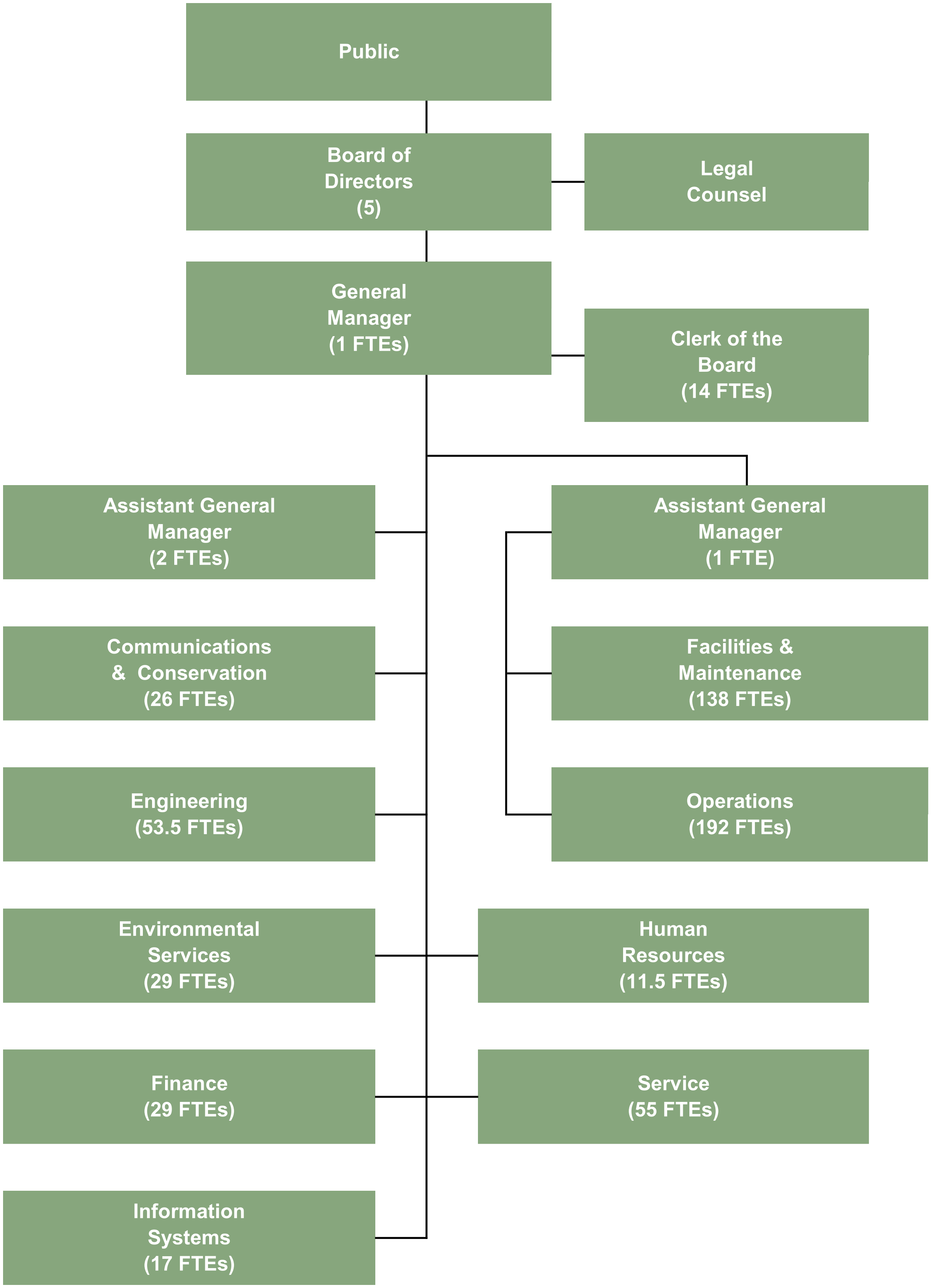
3 - John Powell Jr.

4 - Peter Nelson

5 - Cástulo R. Estrada

COACHELLA VALLEY WATER DISTRICT

ORGANIZATIONAL CHART



District Departments & Directors

Executive Administration

General Manager	***Jim Barrett***
Assistant General Manager	***Robert Cheng***
Assistant General Manager	***Dan Charlton***

District Department Heads

Clerk of the Board	***Sylvia Bermudez***
Communication & Conservation	***Scott Burritt***
Engineering	***Carrie Oliphant***
Environmental Services	***Steve Bigley***
Finance	***Rick Aragon***
Human Resources	***Scott Hunter***
Information Systems	***Luis Maciel***
Service	***Scott Burritt***

Acknowledgements

Finance Staff

Controller	***Karrie Swaine***
Finance Manager (Budget)	***David Lacy***
Senior Accountant (Financial Analysis, Fixed Assets & Reporting)	***Sara Hypes***
Accountant (Cash and Account Reconciliations)	***Doug Kneuer***
Revenue Manager	***Irene Martinez***
Accounting Technician II (Accounts Payable)	***Tina Casarrubias***
Accounting Technician I (Accounts Payable)	***Vincent Naranjo***
Accounting Technician I (Accounts Receivable)	***John Norton***
Accounting Technician I (Accounts Receivable)	***Ana Fisher***
Accounting Technician II (Payroll)	***Karla Kezis***
Accounting Technician I (Payroll)	***Jose Villalobos***
Financial Analyst I (Capital Projects)	***Nancy Clark***
Financial Analyst II (Grants)	***Laura Kleeman***

Special Acknowledgement

Communications Specialist	***Andrea Shek***
Administrative Assistant I	***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

FINANCIAL

CliftonLarsonAllen LLP
CLAconnect.com

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.

Board of Directors
Coachella Valley Water District

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

CliftonLarsonAllen LLP

Irvine, California
December 19, 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.

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.

- 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.

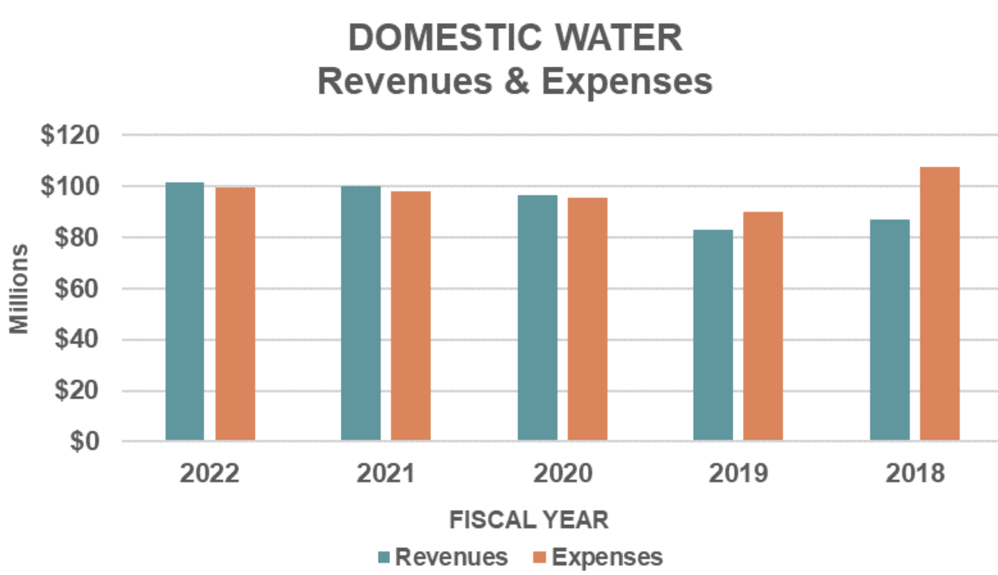
Overview of Fund Group Activity

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.



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.

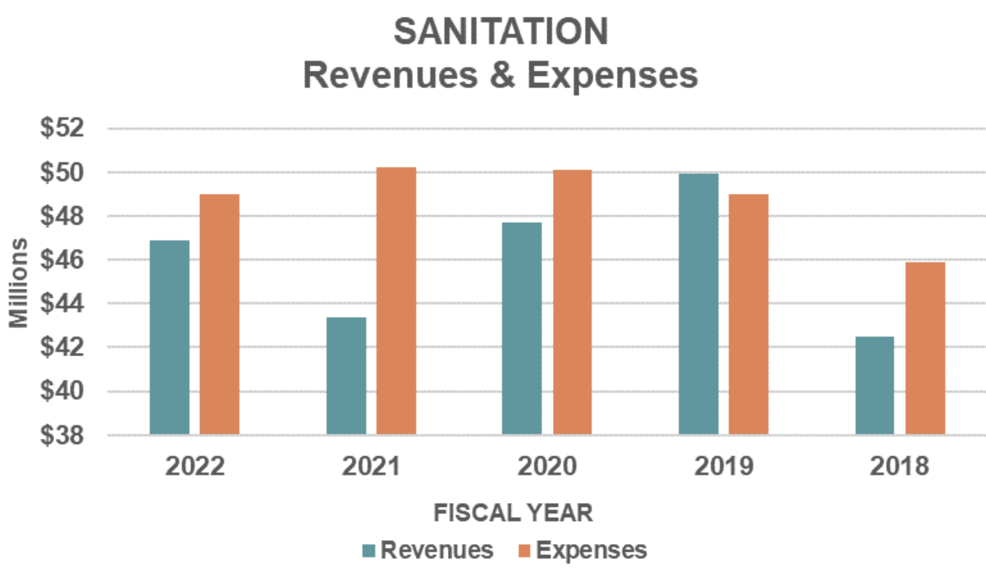
Operating expenses increased by 1.4 million, driven by increased costs for materials and supplies of $1.2 million, water purchases of $1.6 million, power costs of $1 million, wages and salaries of approximately $1.3 million, and other charges of $1.5 million. These were offset by a reduced benefit cost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

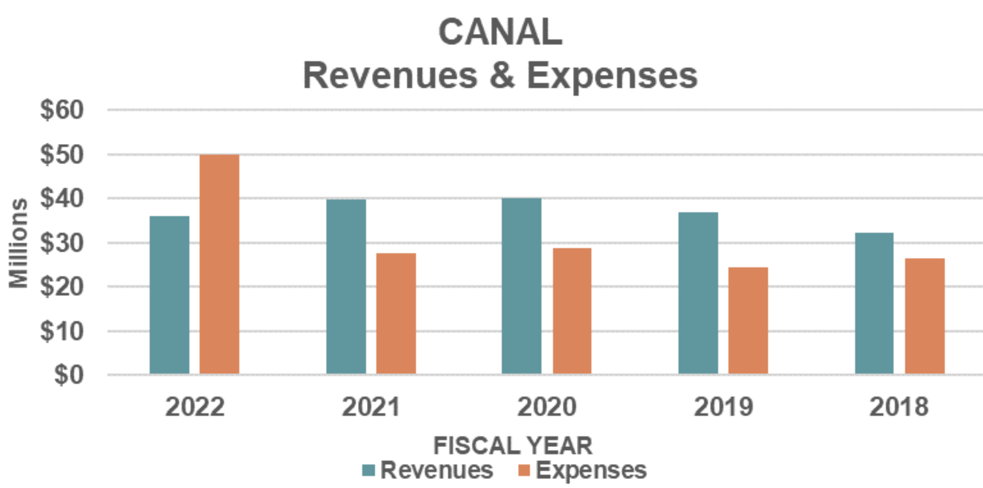
Total net non-operating income increased by $2.6 million, mostly due to an increase of $4.9 million in intergovernmental revenue and offset by a decrease in investment income of $2.9 million.

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.

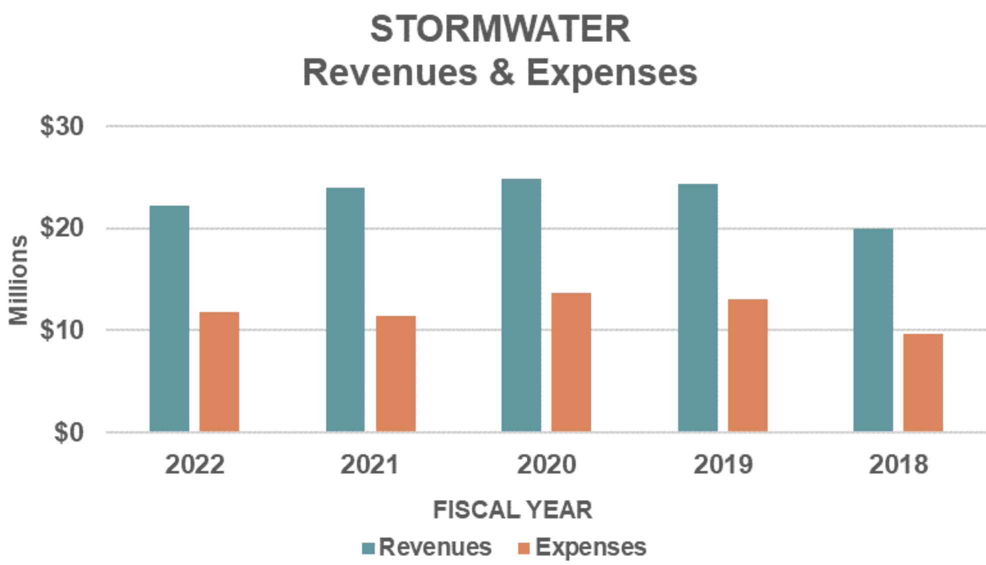


Net operating loss increased by $22.7 million, to $28.4 million, resulting mainly from an increase in claims liability of $17.8 million due to pending litigation regarding canal rates, as well as an increase in water purchase costs of $4.1 million related to a step increase in the QSA of 5,000 AF. In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

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.

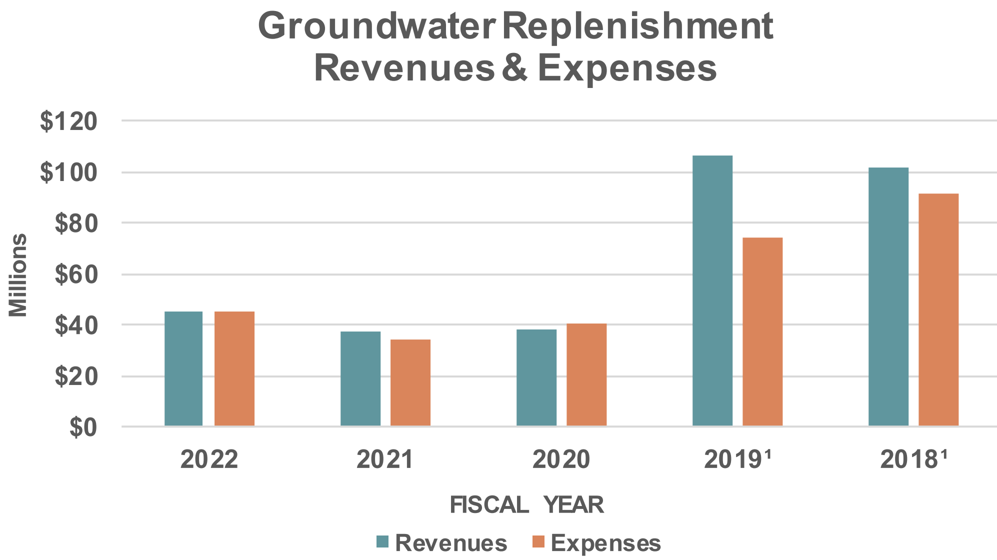


Total net operating loss in fiscal year 2022 is $11.4 million, which is a $165 thousand increase as compared to the prior fiscal year. Net Nonoperating revenues decreased by $1.5 million, mainly due to an increase of $1.6 million in property taxes and $1.7 million in intergovernmental revenue, offset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

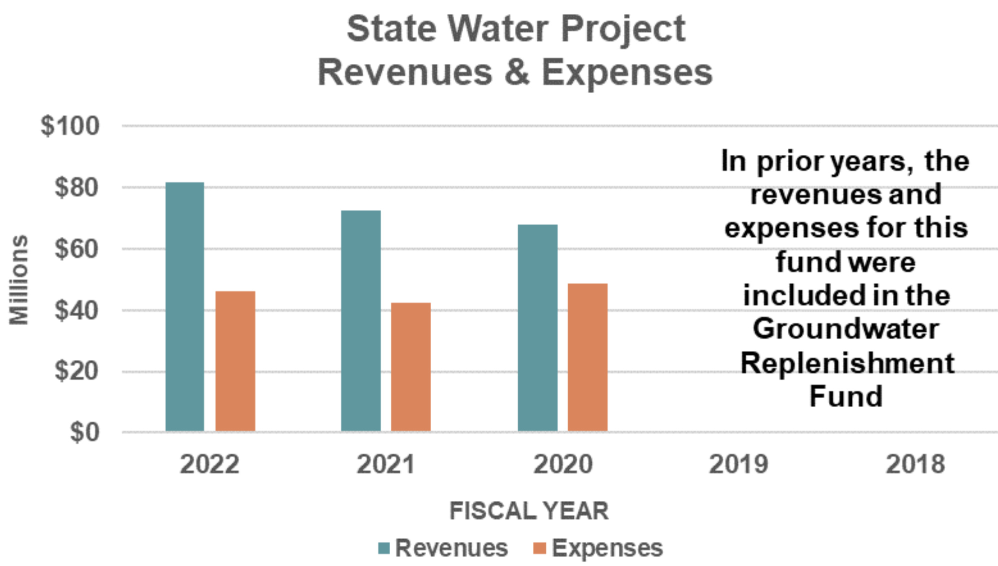


[1] Previously included State Water Project Revenues & Expenses

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.

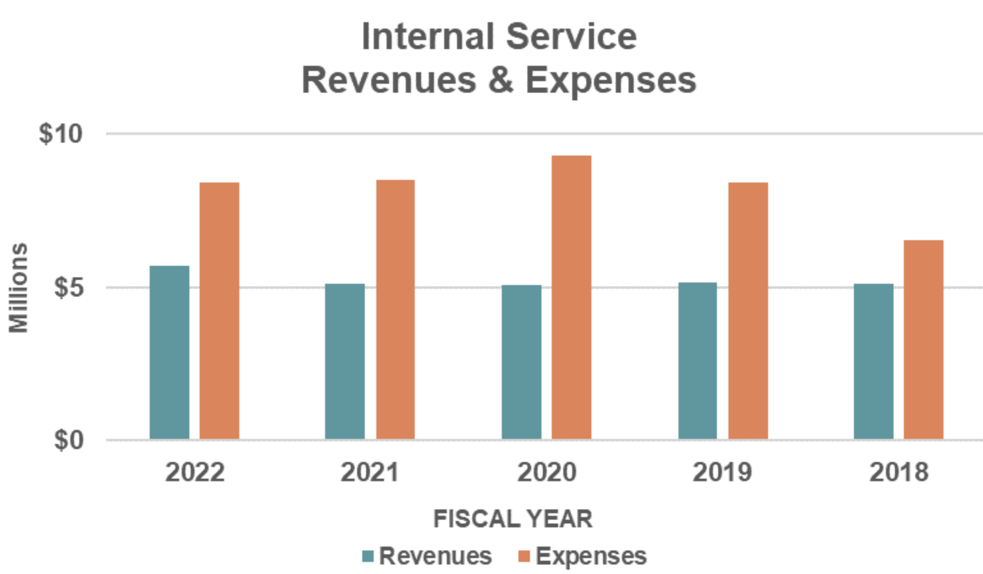
In fiscal year 2022, total assets increased by $35.2 million, resulting from increases in cash and investments of $19.7 million, and net capital assets of $15.1 million. Total liabilities remained stable and had a slight decrease of $109 thousand.



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.



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.

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.

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 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.

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.

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.

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

	Domestic Water	Sanitation	Canal Water	Stormwater
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
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	76,106,669	61,705,268	57,770,292	143,946,921
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	564,254,828	445,672,173	100,411,289	190,563,962
Total Noncurrent Assets	700,577,355	473,631,332	100,469,260	237,917,884
Total Assets	776,684,024	535,336,600	158,239,552	381,864,805
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	15,208,286	8,344,235	4,498,996	1,618,247

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	55,086,791	37,569,499	432,185,440	1,437,700
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	165,842,216	275,098,778	1,741,843,246	11,818,674
Total Noncurrent Assets	166,787,476	275,098,778	1,954,482,085	11,818,674
Total Assets	221,874,267	312,668,277	2,386,667,525	13,256,374
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	1,761,995	(5,232)	31,426,527	1,026,223

See accompanying Notes to Basic Financial Statements.

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

	Domestic Water	Sanitation	Canal Water	Stormwater
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
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	18,296,849	5,943,952	4,270,584	9,392,910
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	93,161,489	23,786,742	31,602,437	97,891,684
Total Liabilities	111,458,338	29,730,694	35,873,021	107,284,594
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	23,575,812	14,137,413	6,595,451	12,374,942
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	$ 656,858,160	$ 499,812,728	$ 120,270,076	$ 263,823,516

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
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
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	94,715,030	41,496,395	21,459,509	58,718
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	99,252,152	48,995,558	49,887,997	11,438,169
OPERATING LOSS	(4,537,122)	(7,499,163)	(28,428,488)	(11,379,451)
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)	6,180,054	5,378,746	14,469,359	21,732,588
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	12,702,690	9,523,792	(13,988,494)	14,040,802
Net Position - Beginning of Year, as Restated	644,155,470	490,288,936	134,258,570	249,782,714
NET POSITION - END OF YEAR	$ 656,858,160	$ 499,812,728	$ 120,270,076	$ 263,823,516

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	34,060,724	-	191,790,376	5,433,587
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	43,144,598	46,385,481	299,103,955	8,397,938
OPERATING LOSS	(9,083,874)	(46,385,481)	(107,313,579)	(2,964,351)
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)	8,894,543	81,575,579	138,230,869	255,716
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	(206,831)	35,190,098	57,262,057	(2,529,234)
Net Position - Beginning of Year, as Restated	99,052,813	277,342,940	1,894,881,443	12,033,365
NET POSITION - END OF YEAR	$ 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 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	2,227,519	1,104,205	(7,453,968)	(10,604,287)
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	6,649,532	2,781,783	14,212,547	24,509,031
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	30,688,825	(16,269,557)	(3,443,491)	42,599,922
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	(9,750,081)	23,251,101	5,871,317	(17,583,119)
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	16,944,708	15,589,266	8,422,015	21,275,547
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 46,760,503	$ 26,456,798	$ 17,608,420	$ 60,197,094
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	(93,719,444)	(53,025,871)	(35,291,565)	(120,649,646)
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 46,760,503	$ 26,456,798	$ 17,608,420	$ 60,197,094

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	$ -	$ 177,773,762	$ -
Cash Received from Interfund Service Provided	-	-	-	5,469,454
Cash Paid to Employees for Services	(5,254,970)	(267,729)	(79,752,820)	(3,278,607)
Cash Paid to Suppliers of Goods and Services	(33,889,069)	(40,322,206)	(158,307,215)	(2,691,205)
Net Cash Provided (Used) by Operating Activities	(4,969,807)	(40,589,935)	(60,286,273)	(500,358)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Transfers In	-	-	-	179,401
Cash Transfers Out	(17,500)	-	(179,401)	-
Payments Received from (Provided to) Other Governments	477,849	-	10,859,336	-
Cash Received from Property Taxes	11,590,097	81,828,118	131,351,522	-
Net Cash Provided by Noncapital Financing Activities	12,050,446	81,828,118	142,031,457	179,401
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(31,465,449)	(20,892,046)	(139,944,109)	(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)	-	-	-
Interest Received (Paid) on Interfund Debt	(596,478)	-	-	-
Proceeds from Long-Term Debt	-	-	131,149,760	-
Principal Paid on Long-Term Debt	(8,535)	-	(10,345,345)	-
Interest Paid on Long-Term Debt	(1,139,301)	-	(1,527,593)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(35,879,188)	(20,892,046)	(3,195,535)	(160,378)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Purchases	(15,413,781)	(11,359,417)	(157,679,955)	(320,101)
Proceeds from Maturity of Investments	41,453,131	-	169,665,222	890,594
Interest Received on Investments	853,122	131,038	5,468,044	23,218
Net Cash Provided (Used) by Investing Activities	26,892,472	(11,228,379)	17,453,311	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	$ 2,227,519	$ 1,104,205	$ (7,453,968)	$ (10,604,287)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Assets Contributed by Other Parties	$ 4,268,238	$ 2,450,603	$ -	$ 3,800,000
Capital Assets in Accounts Payable	$ 938,832	$ 1,939,875	$ 1,441,321	$ 6,823,981

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	$ (4,969,807)	$ (40,589,935)	$ (60,286,273)	$ (500,358)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Assets Contributed by Other Parties	$ -	$ -	$ 10,518,841	$ -
Capital Assets in Accounts Payable	$ 3,579,619	$ -	$ 14,723,628	$ 323

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.

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.

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.

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.

<u>Fiduciary Funds</u>
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.

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.

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:

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

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

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.

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.

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.

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

<u>Lessor</u>

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.

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.

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	$ 584,331,331

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	$ 584,331,331

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:

	Asset Weightings	
Asset Classes	Range	Target
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%

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.

Authorized Investment Type	Minimum Rating	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
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.

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:

		Remaining Investment Maturities		
Investment Type:	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	$ 507,382,944	$ 178,988,728	$ 152,022,541	$ 176,371,675

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:

Investment Type	Total as of June 30, 2022	Minimum Legal Rating	Exempt From Disclosure	AAA-A	Aaa*	Not Rated
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	$ 507,382,944		$ 109,255,954	$ 341,700,666	$ 10,923,766	$ 45,502,558

* 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:

Issuer	Investment Type	Reported Amount
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

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.

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:

Investment Type	Totals	Level 1	Level 2	Level 3
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.

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:

Year Ending June 30,	Principal	Interest	Total Payment
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	$ 12,877,547	$ 4,066,012	$ 16,943,559

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.

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	386,518,617	-	20,892,046	-	407,410,663
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	101,971,804	2,525,312	-	(614,543)	103,882,573
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	315,758	-	80,198	-	395,956
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	4,210,920	-	-	-	4,210,920
Total Depreciable or Amortizable Assets	2,185,370,687	40,597,920	27,532,975	(614,543)	2,252,887,039
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	(127,288)	-	(104,778)	-	(232,066)
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	(32,534)	-	(48,805)	-	(81,339)

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	(665,102,455)	-	(37,202,941)	-	(702,305,396)
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	(112,687,275)	-	(6,132,221)	-	(118,819,496)
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	(56,233,536)	-	(5,422,245)	614,543	(61,041,238)
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	-	-	(78,673)	-	(78,673)
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	-	-	(167,562)	-	(167,562)
Total Accumulated Depreciation or Amortization	(834,183,088)	-	(49,157,225)	614,543	(882,725,770)
Net Depreciable or Amortizable Assets	1,351,187,599	40,597,920	(21,624,250)	-	1,370,161,269
Capital Assets, Net	$ 1,637,203,685	$ -	$ 116,681,432	$ (223,197)	$ 1,753,661,920

(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.

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

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

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.

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Project Name	Contract Amount	Expenditures to Date as of June 30, 2022	Remaining Commitments
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	$ 268,737,029	$ 146,344,537	$ 122,392,492

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	$ 98,819,657	$ 153,210,000	$ (11,668,515)	$ 240,361,142	$ 4,621,123	$ 235,740,019

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

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.

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	(262,015)
Liability at June 30, 2021	1,831,837
Claims and Changes in Estimate	23,931,279
Claim Payments	(443,372)
Liability at June 30, 2022	$ 25,319,744

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.

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.

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:

Year Ending June 30,	Principal	Interest	Total Payment
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	$ 33,420,512	$ 13,313,608	$ 46,734,120

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.

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:

Year Ending June 30,	Principal	Interest	Total Payment
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	$ 18,684,879	$ 5,282,806	$ 23,967,685

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:

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

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:

Year Ending June 30,	Principal	Interest	Total Payment
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	53,340,000	42,020,008	95,360,008
Unamortized Premium	6,934,810	-	6,934,810
Total	$ 60,274,810	$ 42,020,008	$ 102,294,818

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.

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	2021A COP		2021B COP		
June 30,	Principal	Interest	Principal	Interest	Total
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	$ 53,017,973	$ 37,698,925	$ 810,000	$ 60,143	$ 91,587,041

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.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Leases Payable (Continued)

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

Year Ending June 30,	Principal	Interest	Total Payment
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	$ 4,660,968	$ 1,755,321	$ 6,416,289

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:

	Date of Issue	Amount of Issue	Outstanding June 30, 2022
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		$ 11,586,008	$ 4,181,528

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 statue 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.

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:

Hire Date	Prior to Jan. 5, 2008*+	Prior to Jan. 1, 2013+	On or After Jan. 1, 2013*
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 PEPRA that implemented new benefit formulas, a final compensation period, and new contribution requirements for new employees eligible to participate in the Plan.
+ Closed to new entrants.

Employees Covered

At the June 30, 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.

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.

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:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
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	100.00%		

(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.

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)	$ 468,115,483	$ 393,631,588	$ 74,483,895

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

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

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability	$ 137,596,306	$ 74,483,895	$ 22,358,978

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:

	Deferred Outflow of Resources	Deferred Inflow of Resources
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	$ 29,671,169	$ (37,335,301)

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:

Year Ending June 30,	Amount
2023	$ (6,743,094)
2024	(5,805,025)
2024	(6,744,037)
2025	(8,726,561)
2026	246,989
Total	$ (27,771,728)

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.

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.

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

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:

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

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.

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.

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	(1,916,233)	(4,394,573)	2,478,340
Balance at June 30, 2022 (Measurement Date)	$ 32,926,702	$ 30,618,732	$ 2,307,970

* 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)	$ 5,328,047	$ 2,307,970	$ (414,652)

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 heath 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)	$ (1,441,691)	$ 2,307,970	$ 6,750,297

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	$ 2,781,581	$ (11,165,995)

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

Year Ending June 30,	Amount
2023	$ (1,811,149)
2024	(1,812,164)
2025	(1,811,641)
2026	(605,058)
2027	(856,989)
Thereafter	(1,487,413)
Total	$ (8,384,414)

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.

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.

	50 TAF IID		33 TAF IID		35 TAF MWD		Total IID/MWD	
Calendar Year	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

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.

Calendar Year	Original Funding Schedule	Adjustment for Advances	Total Calendar Year Payments
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

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.

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.

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:

Calendar Year	Amount due
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	$ 924,686,427

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.

NOTE 13 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

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

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:

Martinez Canyon Spreading Area and the (TEL) Facilities Loan

Year Ending June 30,	Principal	Interest	Total
2023	$ 2,062,808	$ 13,882	$ 2,076,690

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.

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	$ 179,401

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	$ 1,961,647,631

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	$ 243,579,368

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

	Canal Water
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.

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.

REQUIRED SUPPLEMENTARY


AHEAD AHEAD
SIGNAL SIGNAL

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	(8,217,475)	(9,940,264)	(10,976,030)	(11,747,022)	(33,850,422)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ (21,200,000)
Covered Payroll	$ 36,151,428	$ 38,917,148	$ 40,954,846	$ 42,572,677	$ 45,067,739
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
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	(22,901,638)	(18,080,196)	(20,107,596)
Contribution Deficiency (Excess)	$ (4,500,000)	$ (600,000)	$ (1,300,000)
Covered Payroll	$ 46,938,578	$ 48,621,446	$ 50,112,556
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
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*

	2022
Fiscal Year End	June 30, 2022
Measurement Date	June 30, 2022
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	(2,879,533)
Net Change in Total OPEB Liability	(1,916,233)
Total OPEB Liability - Beginning of Year	34,842,935
Total OPEB Liability - End of Year (a)	32,926,702
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	(2,879,533)
Net Change in Plan Fiduciary Net Position	(4,394,573)
Plan Fiduciary Net Position - Beginning of Year	35,013,305
Plan Fiduciary Net Position - End of Year (b)	30,618,732
Net OPEB Liability - Ending (a)-(b)	$ 2,307,970
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	92.99%
Covered-Employee Payroll	$ 50,112,556
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*

	2021	2022
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	(2,353,855)	(3,379,533)
Contribution Deficiency (Excess)	$ (591,855)	$ (1,615,533)
Covered-Employee Payroll	$ 48,621,446	$ 50,112,556
Contributions as a Percentage of Covered-Employee Payroll	4.84%	6.74%

Notes to Schedule

Valuation Date	6/30/2019	6/30/2019

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*

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

	2022
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.

SUPPLEMENTARY

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

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

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	1,421,684	8,500,335	9,995	10,675,770
LIABILITIES				
Accounts Payable	10,734	17,011	-	27,745
Total Liabilities	10,734	17,011	-	27,745
NET POSITION				
Held for Bondholders	1,410,950	8,483,324	9,995	10,648,025
Total Net Position	$ 1,410,950	$ 8,483,324	$ 9,995	$ 10,648,025

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

	Assessment District No. 33	Assessment District No. 67	Assessment District No. 68
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	60,022	(343)	204,021
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	60,209	30	212,603
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(187)	(373)	(8,582)
Net Position - Beginning of Year	207,791	79,359	465,748

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	680,887	544,109	(6)	1,488,690
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	674,542	179,291	4	1,126,679
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	6,345	364,818	(10)	362,011
Net Position - Beginning of Year	1,404,605	8,118,506	10,005	10,286,014

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 Payments[1]	Interest Payments[1]	Total Debt Service[1]	Principal Balance[1]
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 Payments[1]	Interest Payments[1]	Total Debt Service[1]	Principal Balance[1]
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 Payments[1]	Interest Payments[1]	Total Debt Service[1]	Principal Balance[1]
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 Payments[1]	Interest Payments[1]	Total Debt Service[1]	Principal Balance[1]
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 Payments[1]	Interest Payments[1]	Total Debt Service[1]	Principal Balance[1]
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

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.

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**
Percent Change	*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.

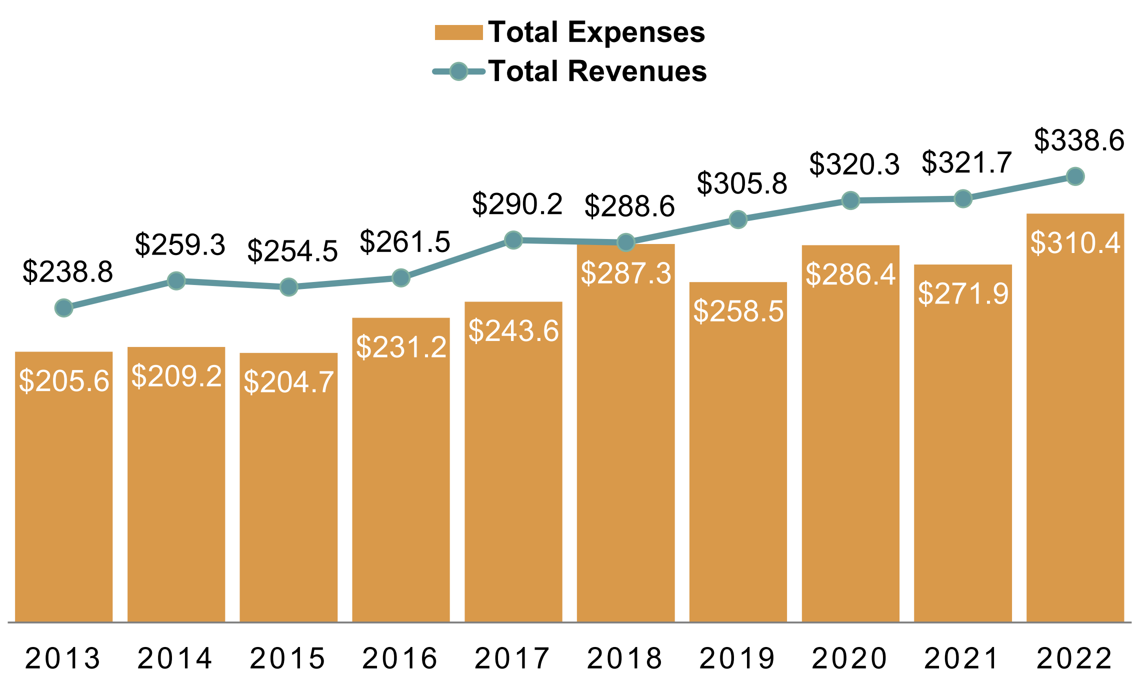
Please allow for rounding differences

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:

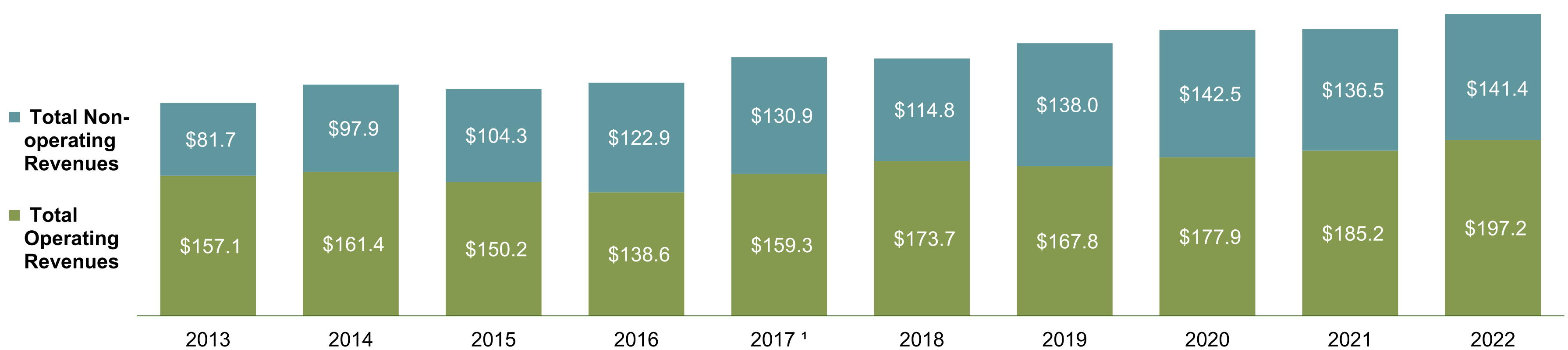
[1] *Fiscal year 2018 Capital expenditures related to Chromium 6 were expensed due to a change in legislation*
Please allow for rounding differences



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

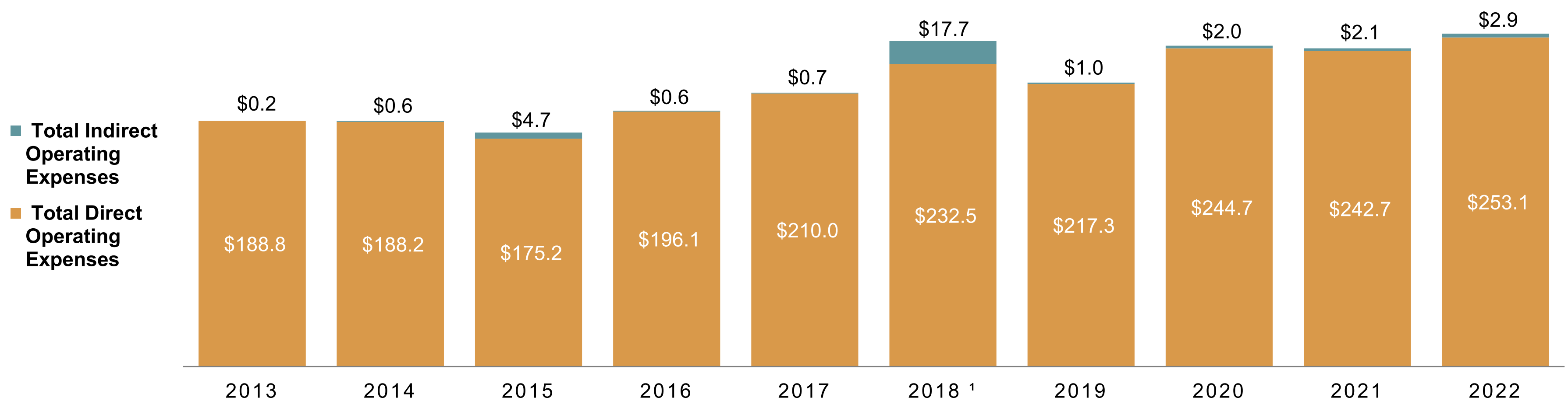


Expenses by Function
Last Ten Fiscal Years
Numbers in Millions

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

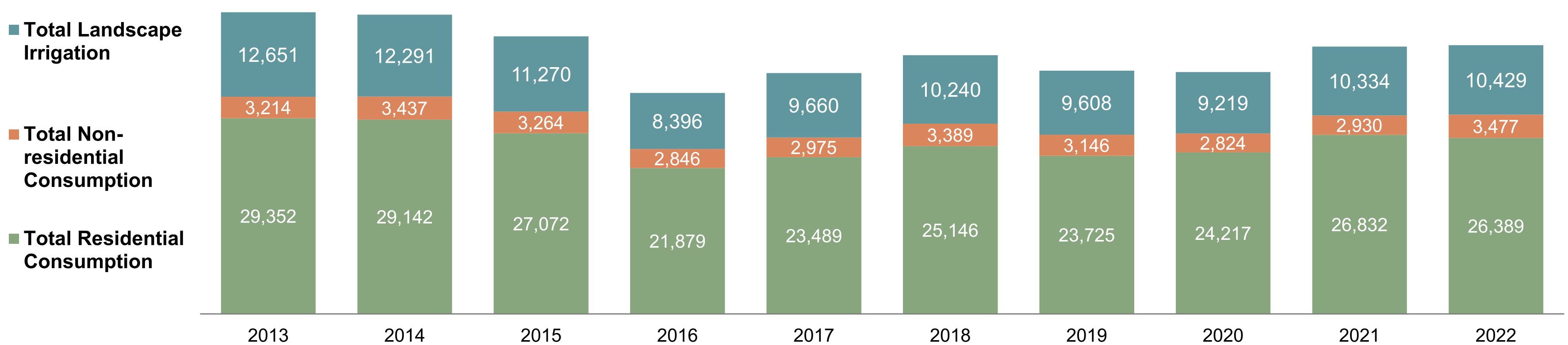
Source:

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**

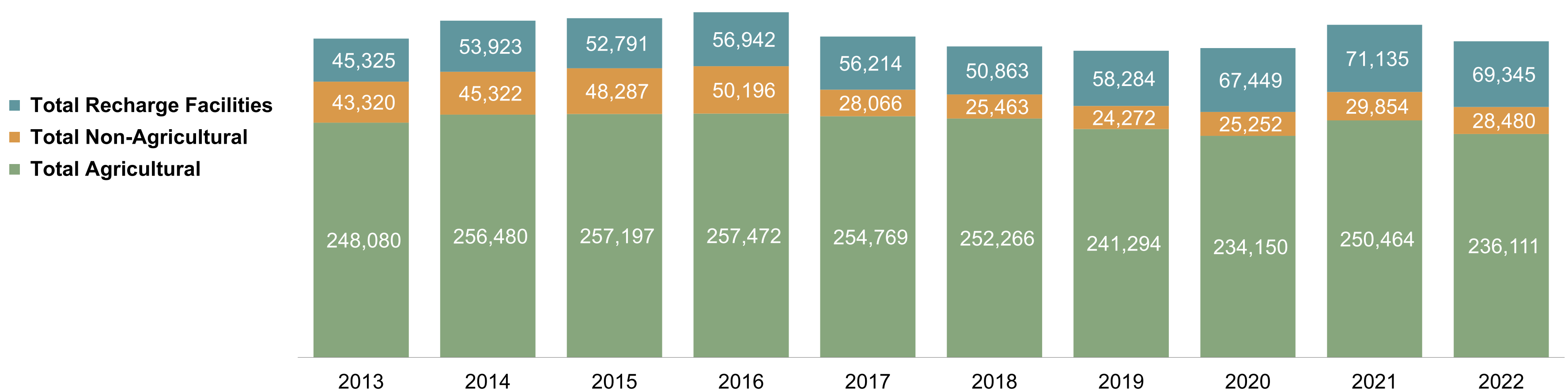
Note:
Consumption is listed by class per CCF (hundred cubic feet) of water
Source:
Coachella Valley Water District



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**

<u>Source:</u>
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*

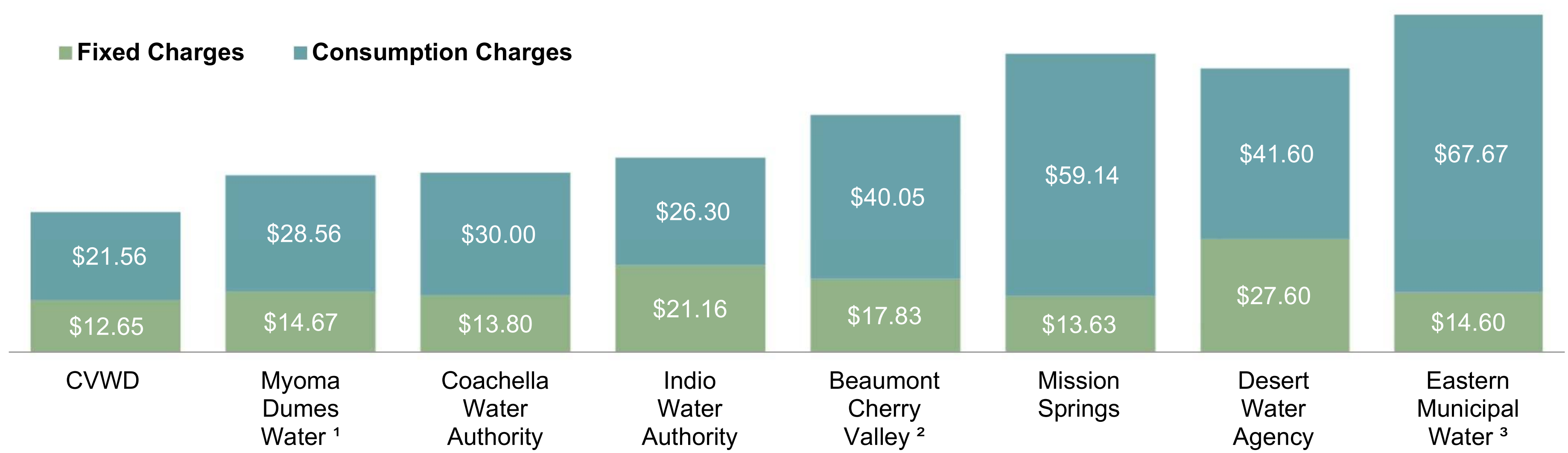
[2] *Rates effective January 2022. SCE power charge and San Gorgonio Pass Water Agency importation charge included in consumptive rate*

[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



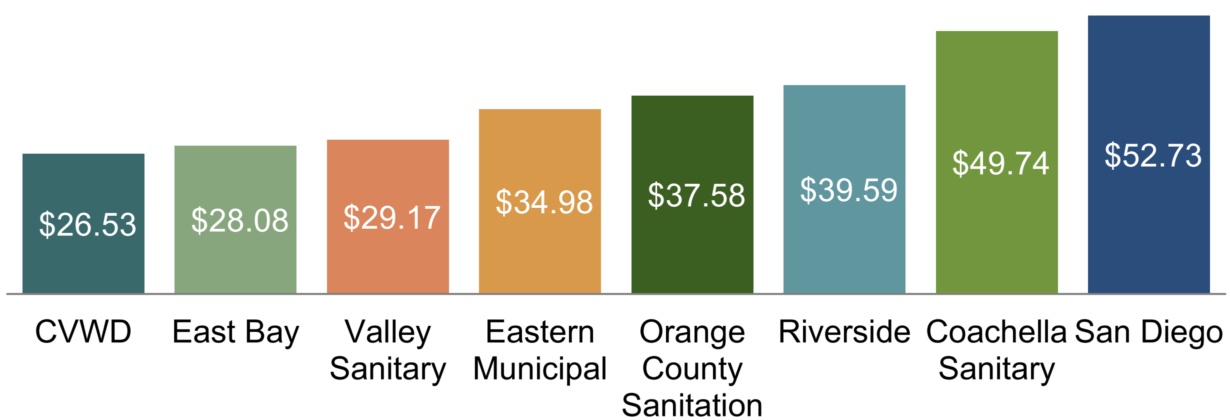
Residential Sewer Rate Comparison
(Monthly Rate - one ESU)

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 Rank	Calendar Year 2012 Calendar Year Revenue	Calendar Year 2012 % of All Customers	Calendar Year 2021 Rank	Calendar Year 2021 Calendar Year Revenue	Calendar Year 2021 % 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 Rank	Calendar Year 2012 Calendar Year Revenue	Calendar Year 2012 % of All Customers	Calendar Year 2021 Rank	Calendar Year 2021 Calendar Year Revenue	Calendar Year 2021 % 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 Rank	Calendar Year 2012 Calendar Year Revenue	Calendar Year 2012 % of All Customers	Calendar Year 2021 Rank	Calendar Year 2021 Calendar Year Revenue	Calendar Year 2021 % 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 Rate[1]	% 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**
Total debt applicable to the limit as a percentage of debt limit	*0.0000%*	*0.0000%*	*0.0000%*	*0.0000%*	*0.0000%*	*0.0000%*	*0.0000%*	*0.0000%*	*0.0017%*	*0.0036%*

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 Capita[2]
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

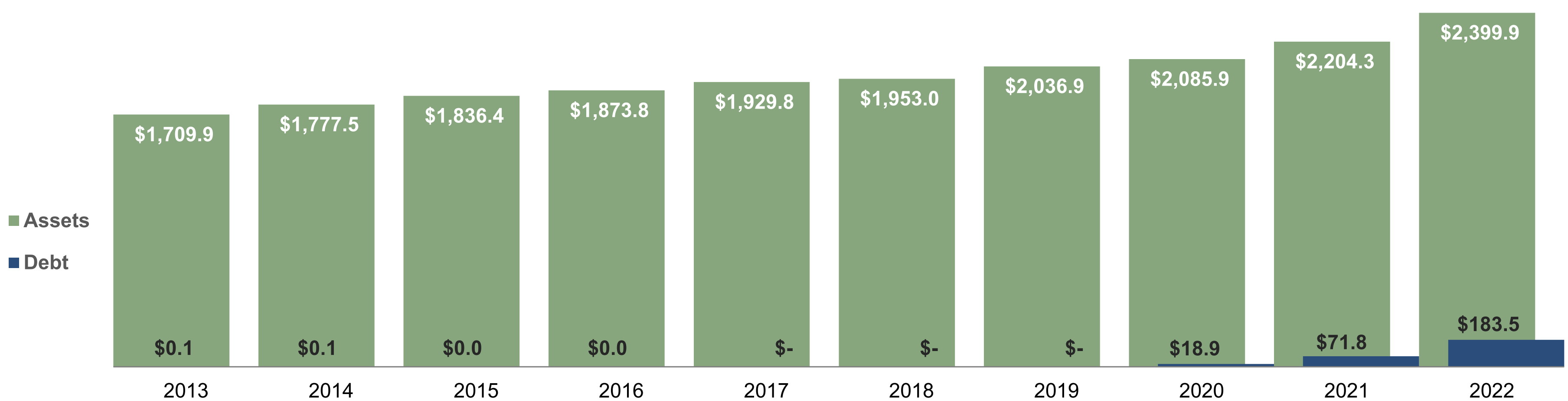
Source:

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%

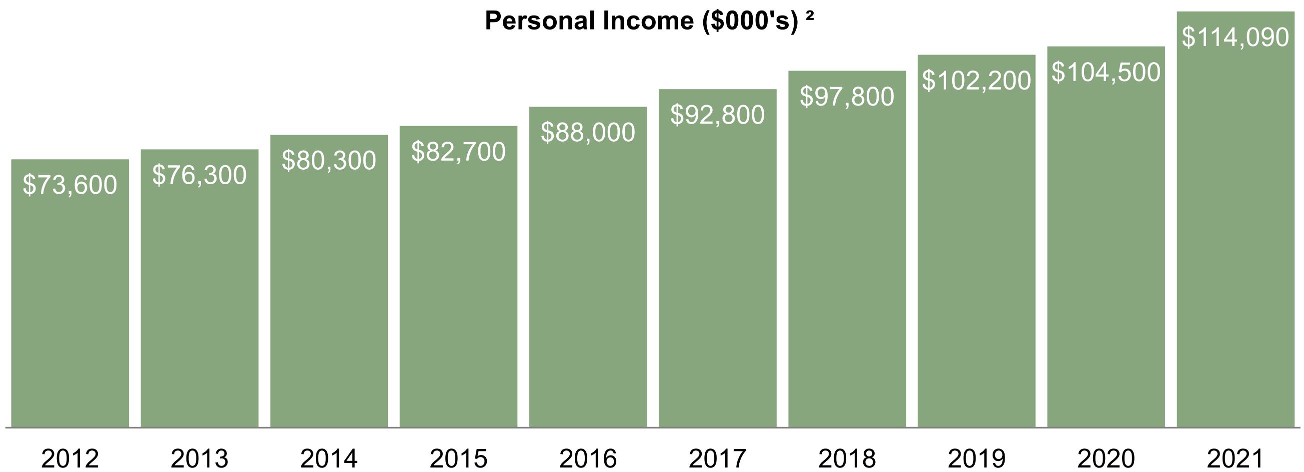
Source:
Coachella Valley Water District

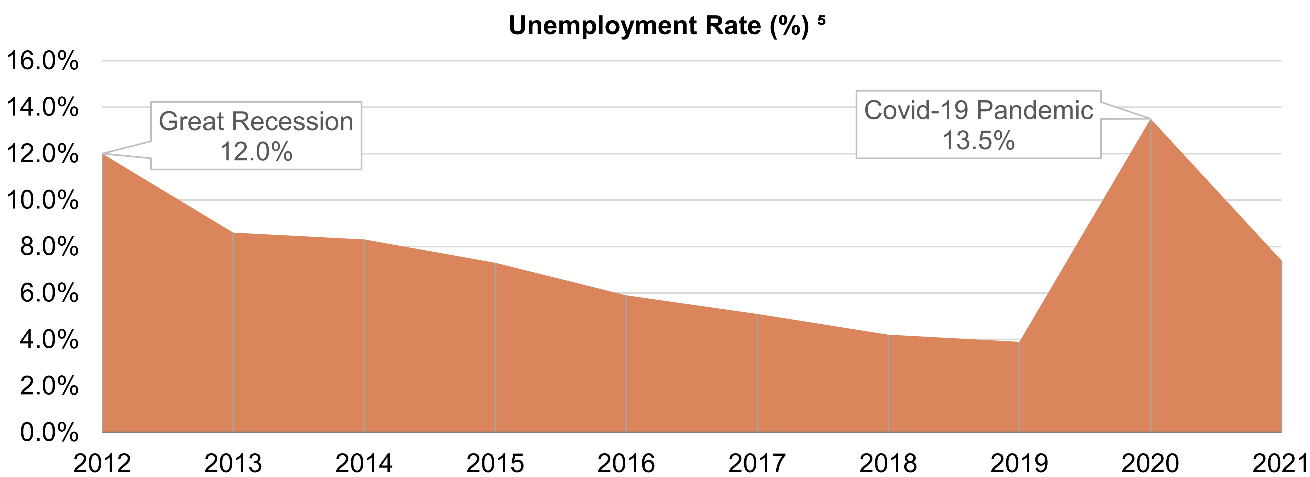


Demographic and Economic Statistics
Riverside County
Last Ten Calendar Years

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*

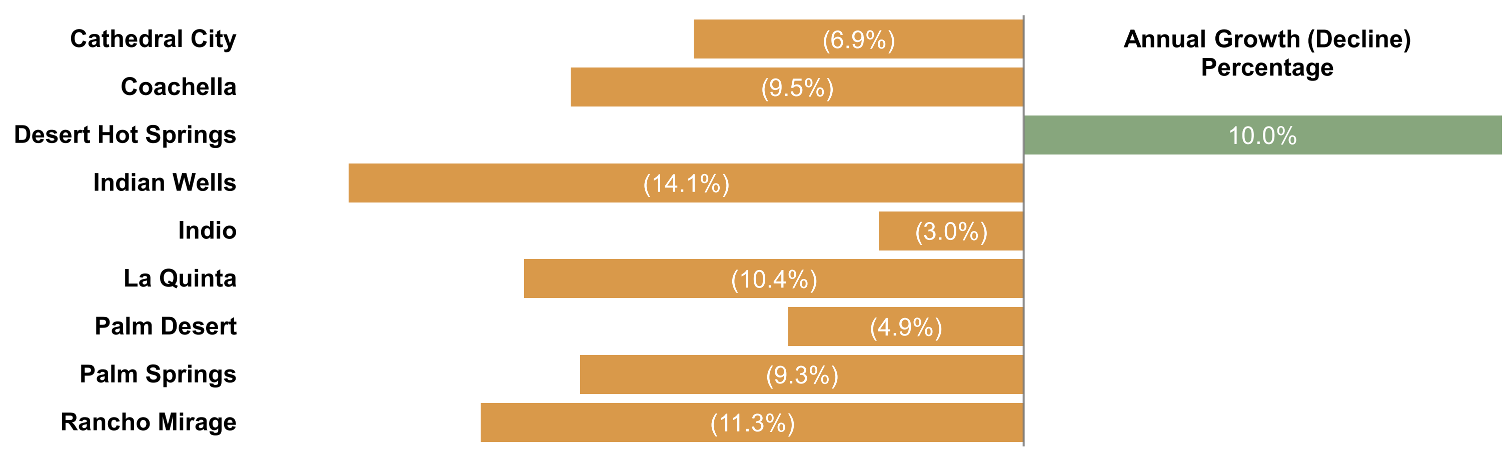




Demographic Statistics
Population of Major Cities in the Coachella Valley
Last Ten Calendar Years

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
Increase (Decrease)	506	549	568	573	244	748	865	(3,767)	3,801	3,105
Percent Change	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.2%*	*0.7%*	*0.8%*	*(3.4%)*	*3.5%*	*2.8%*

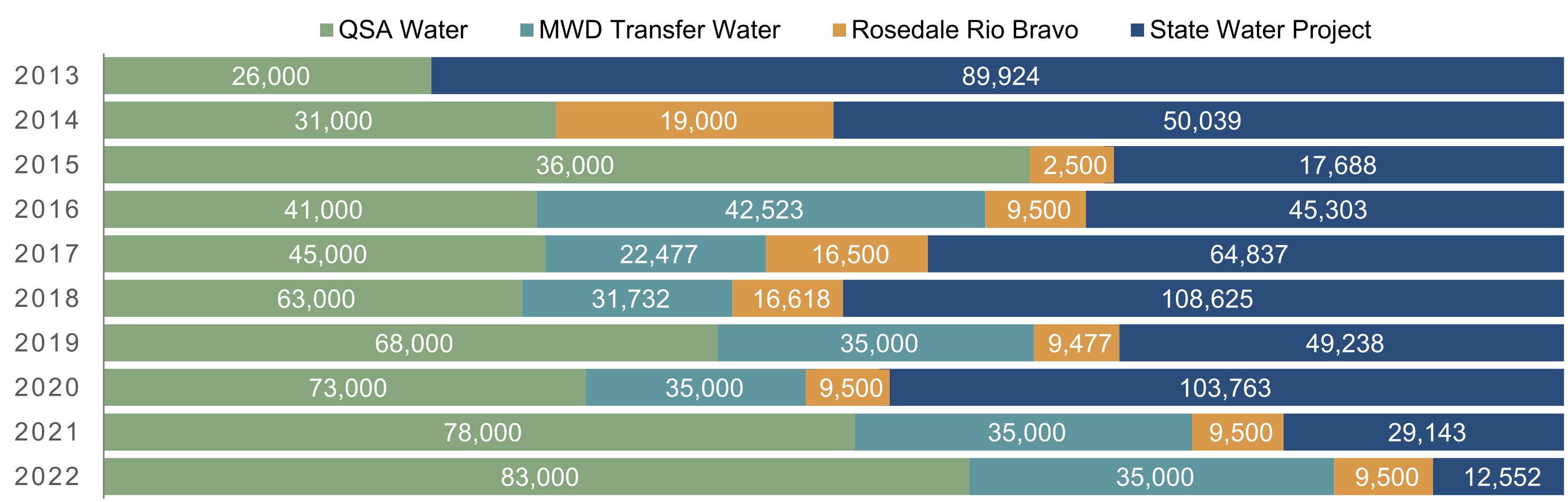
Note:
[1] *Total active meters reported on Operating Indicators may not match; fire protection was excluded from operating indicators.*

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)

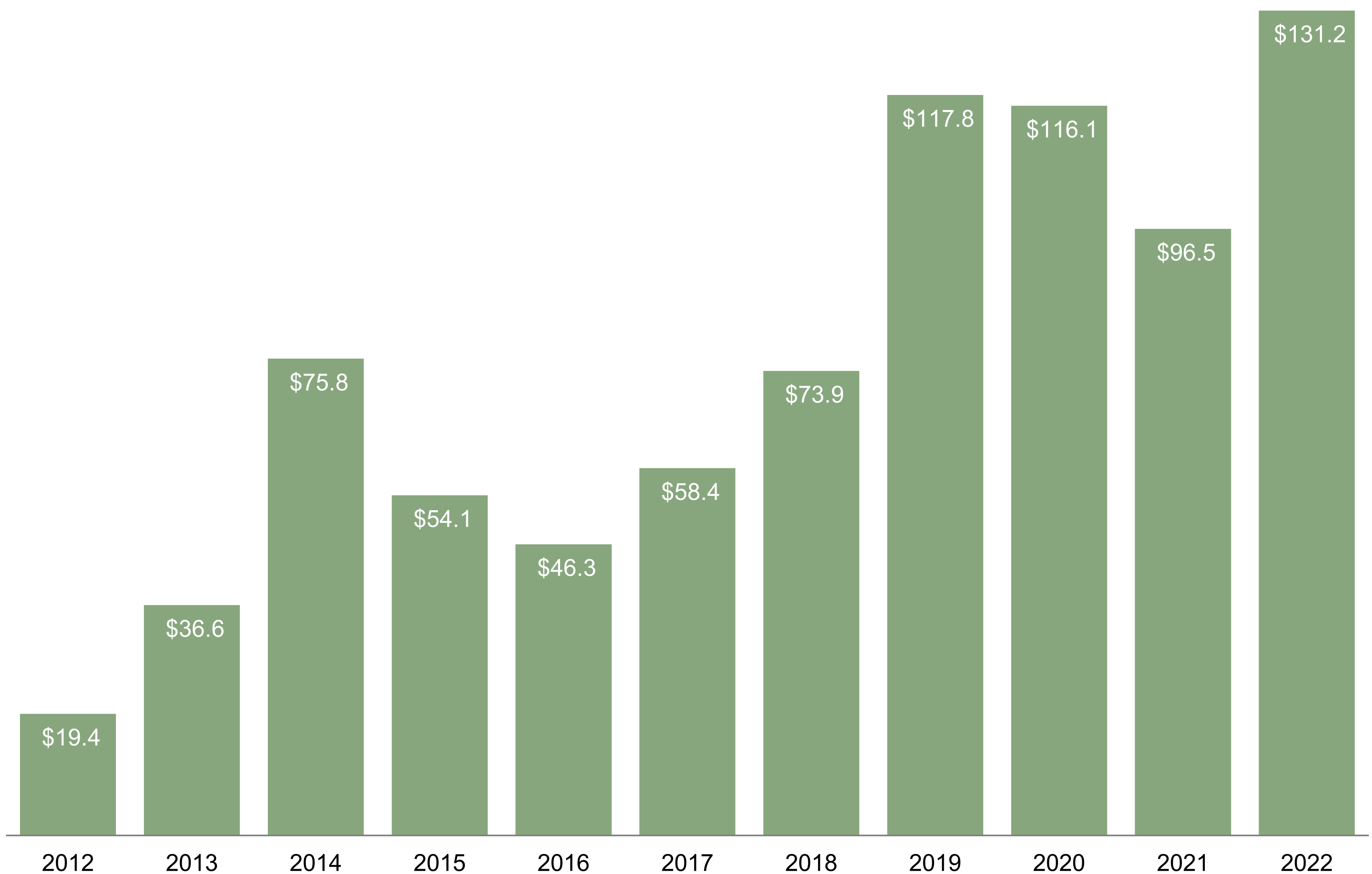
Department	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration [1, 9]	36.0	36.0	37.0	41.0	41.0	41.5	42.5	43.0	42.0	17.0
Engineering	69.0	44.0	44.0	42.0	45.0	47.0	47.0	52.0	49.0	51.5
Environmental [2]	-	24.0	25.0	27.0	25.0	29.0	28.5	26.5	27.5	29.0
Finance	25.0	26.5	26.5	28.0	27.0	26.0	28.0	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



February 8, 2023

Corey McCullough
Montague DeRose and Associates, LLC
2801 Townsgate Road, Suite 221
Westlake Village, CA 91361

COACHELLA VALLEY WATER DISTRICT

Fiscal Year Ended 6/30	Assessed Valuation (1)	Tax on Secured Property (2)	Delinquencies at June 30 (3) Amount	Percent	Tax Rate Per $100 Assessed Valuation Agency Rate	City of Palm Desert Typical Total Rate
2005	$34,689,838,224	$ 7,010,229.60	$ 165,232.40	2.36%	0.02080	1.16345
2006	40,849,315,754	8,297,735.25	232,316.42	2.80	0.02080	1.14269
2007	49,369,258,966	10,081,434.09	455,568.32	4.52	0.02080	1.13248
2008	57,138,070,411	22,027,814.70	1,200,899.03	5.45	0.04000	1.13786
2009	59,452,782,695	22,833,708.14	1,343,206.18	5.88	0.04000	1.13985
2010	55,401,982,267	32,082,602.97	1,468,110.58	4.58	0.06000	1.16107
2011	52,031,861,265	39,999,488.67	1,241,962.32	3.10	0.08000	1.20031
2012	49,864,967,996	38,402,778.42	855,692.61	2.23	0.08000	1.21462
2013	49,462,284,058	38,275,020.93	687,383.14	1.80	0.08000	1.21151
2014	51,168,171,341	49,401,338.75	791,186.87	1.60	0.10000	1.22949
2015	53,975,107,674	52,398,688.57	720,706.93	1.38	0.10000	1.23309
2016	56,681,572,546	55,133,156.86	793,827.66	1.44	0.10000	1.23002
2017	58,765,758,045	57,235,443.25	709,989.58	1.24	0.10000	1.20635
2018	60,682,916,422	59,209,283.00	642,240.40	1.08	0.10000	1.21281
2019	63,700,378,093	62,350,839.24	1,106,535.17	1.77	0.10000	1.21396
2020	66,403,221,015	64,802,071.34	1,584,913.21	2.45	0.10000	1.21364
2021	69,115,067,919	66,991,047.26	1,079,082.31	1.61	0.10000	1.21337
2022	72,376,086,875	77,226,006.73	1,237,821.80	1.60	0.11000	1.22450
2023	78,660,852,430	will be available at end of fiscal year			0.11000	1.22450

Direct and Overlapping Bonded Debt at December 31, 2022:

Total Gross Direct Debt	$0
Less: Self-supporting Debt	0
Total Net Direct Debt	$0
Total Gross Overlapping Tax and Assessment Debt	$1,279,003,543
Less: Supported Debt	0
Total Net Overlapping Tax and Assessment Debt	$1,279,003,543
Total Gross Overlapping General Fund Debt	$594,262,849
Less: Supported Debt	0
Total Net Overlapping General Fund Debt	$594,262,849
Total Gross Overlapping Tax Increment Debt	$789,105,941
Less: Supported Debt	0
Total Net Overlapping Tax Increment Debt	$789,105,941
Gross Direct and Overlapping Bonded Debt	$2,662,372,333
Net Direct and Overlapping Bonded Debt	$2,662,372,333

Ratios to Assessed Valuation at December 31, 2022:

Gross Direct Debt	0.00%
Net Direct Debt	0.00%
Gross Direct and Overlapping Tax and Assessment Debt	1.63%
Net Direct and Overlapping Tax And Assessment Debt	1.63%
Gross Direct and Overlapping Bonded Debt	3.38%
Net Direct and Overlapping Bonded Debt	3.38%

(1) Assessed Valuations are based on 100% of cash value beginning in 1981-82, rather than 25% as in previous years. The assessed valuations include state-reimbursable exemptions and include redevelopment incremental valuations. Beginning in 1988-89, assessed valuations exclude unitary utility valuations.
(2) Excludes tax levy on inventories and other unsecured property.
(3) Riverside County portion only

KD:($400)