

COACHELLA VALLEY WATER DISTRICT

Fiscal Year

2022-23

ANNUAL COMPREHENSIVE

Financial Report *Fiscal Year Ended June 30, 2023*



COACHELLA, CALIFORNIA



Coachella Valley Water District
Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2023



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

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Peter Nelson, Director, Division 4

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Robert Cheng, Assistant General Manager

Dan Charlton, Assistant General Manager

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COACHELLA VALLEY WATER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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INTRODUCTION





COACHELLA VALLEY WATER DISTRICT

Established in 1918 as a public agency

GENERAL MANAGER
Jim Barrett

ASSISTANT GENERAL MANAGER
Robert Cheng

CLERK OF THE BOARD
Sylvia Bermudez

ASSISTANT GENERAL MANAGER
Dan Charlton

October 23, 2023

To the Board of Directors, Customers, Stakeholders, and other Interested Parties of the Coachella Valley Water District:

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, 2023. 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 with 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 in this report, based upon a comprehensive framework of internal controls 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.

Clifton Larson Allen LLP, a licensed, certified public accountant firm, has audited the District's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2023, 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, 2023, 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 are 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 District's financial condition.

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

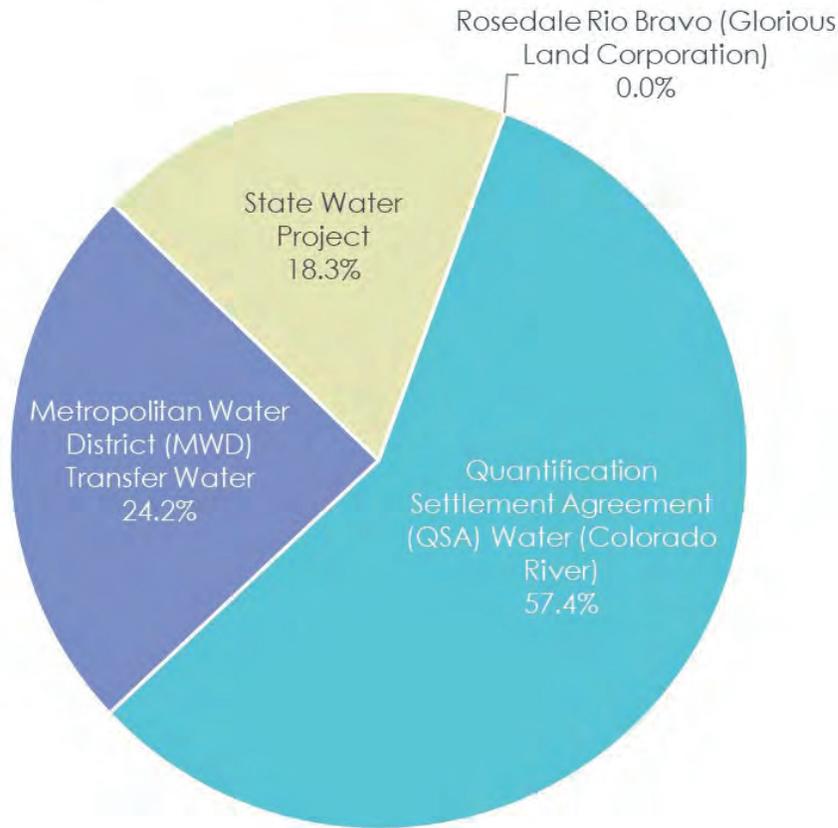
CVWD is governed by a five-member Board of Directors elected to four-year terms by District voters. Each Director lives in and represents one of five directorial divisions of the District and is elected by voters who also live in that division. Terms of office are staggered, and elections are held every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

The Board of Directors sets policy and represents 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 Southern California's water resource management and the Lower Colorado River Basin.

To fulfill this role, the District must work effectively and cooperate with the State and federal governments, numerous local jurisdictions, and other water purveyors. 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 water sources to serve its customers: groundwater, recycled water, and imported water, with groundwater being actively replenished by imported water sources. 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).

**FY 2022-2023 Purchased Imported Water
Allocation**



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 water source 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, which the District receives at no additional cost. Additional Colorado River water allotments vary based on the Quantification Settlement Agreement (QSA) terms. 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 following 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 2022:

Domestic Water Fund System Information

Population Served	270,000
Active Accounts	113,481
Average Daily Demand	81.4 MGD
Total Water Delivered	91,230 af
Active Wells	94
Total Daily Well Pumping Capacity	237 MGD
Distribution Reservoirs	67
Storage Capacity	171.7 MG
Distribution Piping System	2,043 Miles

In fiscal year 2023, the actual water consumption decreased from 92,512 af to 84,540 af, as compared to fiscal year 2022, a change of 8.6% as the region experienced another year of warmer than average temperatures and the implementation of temporary drought penalties in response to the prior year's lower than average 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 actively encouraged conservation. However, those measures were rescinded on April 1, 2023, in response to the extremely wet winter and increased mountain snowpack.

Domestic Water Rates

The District uses a budget-based tiered rate structure to charge customers the cost to provide service and promote water use efficiency. Domestic water service is divided 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 below, there are five tiers, with the first two 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 fiscal year 2021, the District completed a five-year cost of service study (COSS) 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, support growth, and provide funding for aging infrastructure. Rate increases were not adopted in fiscal year 2023. In June 2023, the Board of Directors elected to raise rates for fiscal year 2024. The domestic single-family five-year rate history is shown in 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 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 (USBR) to construct the Coachella Branch of the All-American Canal. Reclamation agreed to deliver water to CVWD for potable and irrigation purposes within the 137,000-acre 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, 18 miles north of Yuma, Arizona. The water is diverted, again, 38 miles downstream, into the Coachella Canal.

CVWD entered into a contract to construct 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. The next page shows some of the operating information as of calendar year 2022:

Canal Water Fund System Information

Irrigable Acres for Service	77,121
Active Accounts	1,348
Total Water Delivered	314,978 af
Average Daily Demand	863 af
Maximum Daily Demand	1,470 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-feet (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 are 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. Class 2 will benefit from any remaining legacy supply of the 301,000 af per year if it is not fully utilized by Class 1 customers, which is typically the case. 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. It 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 COSS 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
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	245,000
Active Accounts	103,616
Average Daily Flow	17.05 MGD
Wastewater Reclamation Plants	5
Total Daily Plant Capacity	33.1 MGD
Collection Piping System	1,170 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). Nonresidential customers are assigned ESU values based on 90% of their average daily water usage.

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

The District completed a COSS for the Sanitation Fund in fiscal year 2022. The study created a financial plan and determined 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:



GROUNDWATER REPLENISHMENT FUND GROUP

CVWD has three replenishment funds: West Whitewater Replenishment Fund, Mission Creek Replenishment Fund, and 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.

Groundwater Fund System Information

In Cooperation with Desert Water Agency

Replenishment Facilities	4
Replenishment from Imported Water	53,953 af
Imported Supply from 1973 through 2022	4,562,483 af



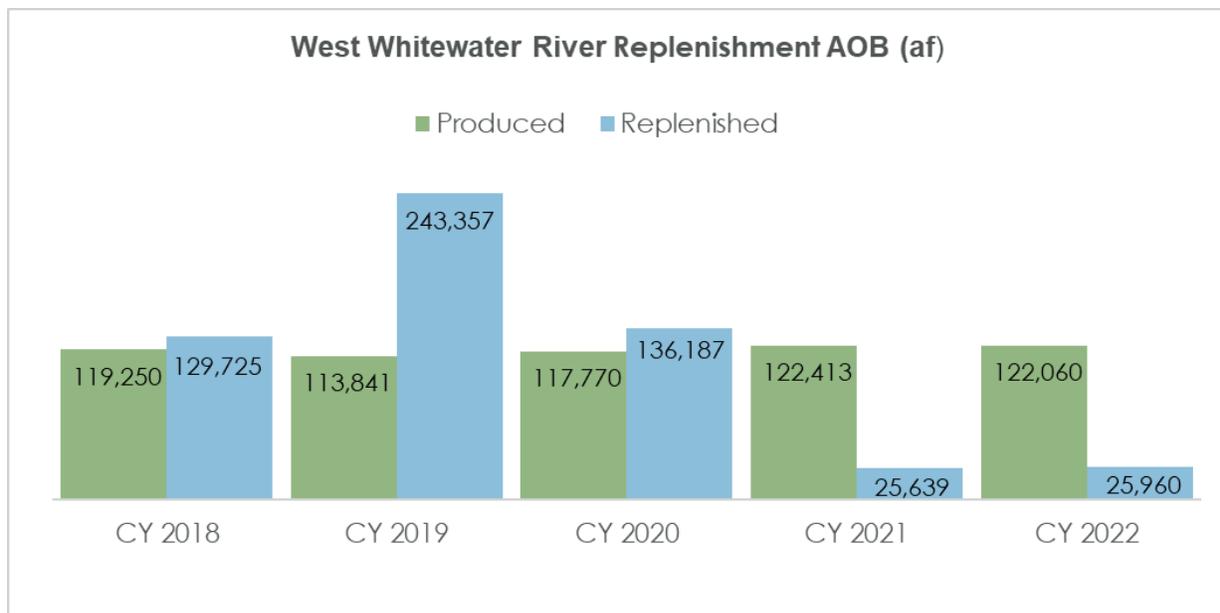
During fiscal year 2021, the District completed five-year COSSs for all three replenishment funds covering fiscal years 2022 to 2026. Based on the study, new rates were adopted in fiscal year 2022 for the West Whitewater Replenishment Fund and the East Whitewater Replenishment Fund, but no new rates 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 (DWA) 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 2022, the replenishment assessment charge applicable (assessable) groundwater production within CVWD's West Whitewater River Subbasin Area of Benefit (AOB) was 122,060 af, compared to 122,413 af in calendar year 2021.

For calendar year 2022, 25,960 af were replenished in the West Whitewater River Subbasin AOB. The amount of water replenished varies year-to-year due, in part, to the 1984 Advance Delivery Agreement between CVWD, DWA, and Metropolitan Water District (MWD), whereby the District will allow MWD to pre-deliver 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 graph below shows 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.

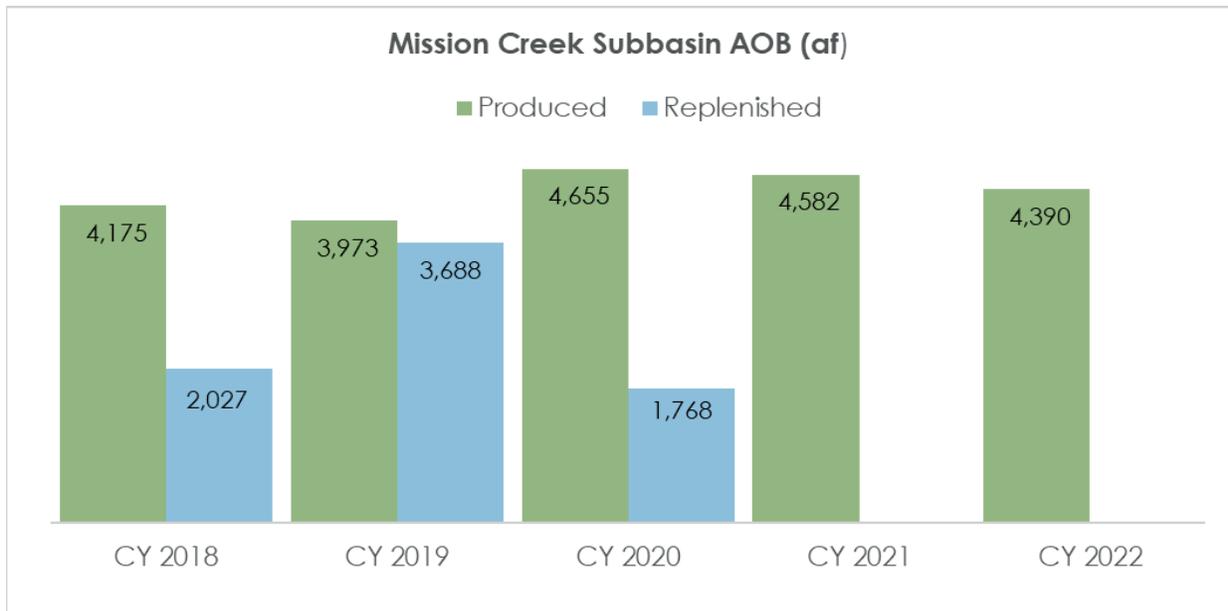
Fund Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
West Whitewater Replenishment Rate (AF)	\$ 143.80	\$ 143.80	\$ 143.80	\$ 165.37	\$ 165.37

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 calendar year 2022, total assessable production in the Mission Creek Subbasin AOB was 13,751 acre-feet, a decrease of 3 percent from 2021. The assessable production in CVWD's Mission Creek Subbasin AOB was 4,390 af.

By the end of 2021, CVWD and DWA have jointly replenished 167,044 af in the Mission Creek Subbasin AOB. However, due to critically dry year conditions in the Sierra Nevada Mountains in calendar years 2021 and 2022, no water was delivered to the Mission Creek AOB for direct replenishment.

The graph below shows 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.

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

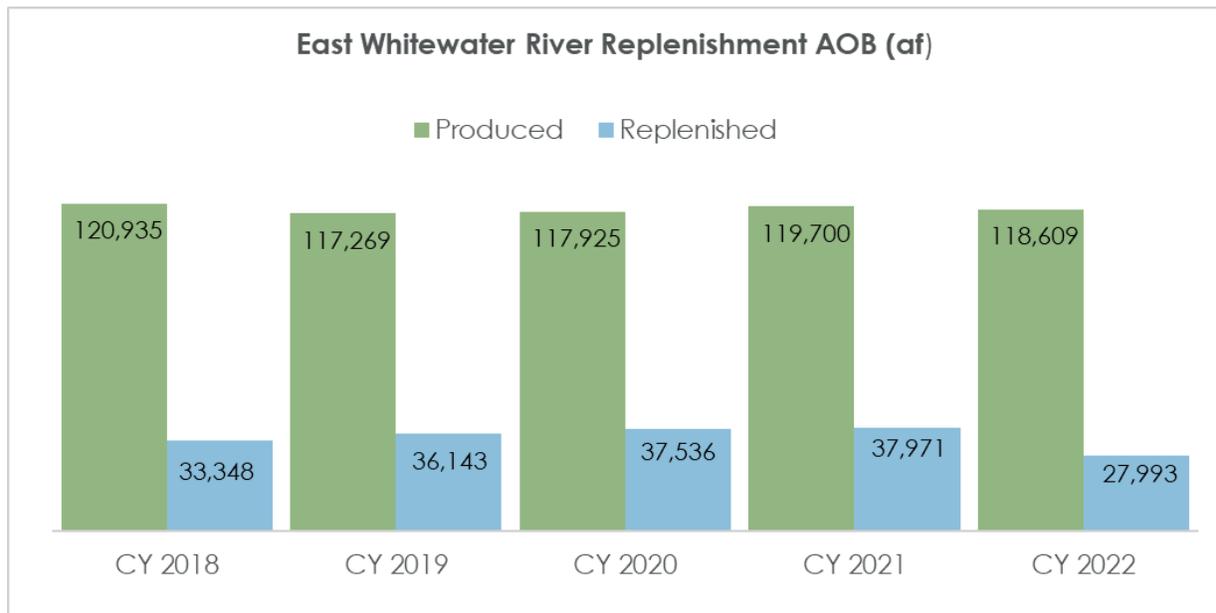
East Whitewater Replenishment Fund

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. The loan was repaid as of June 30, 2023.

In calendar year 2022, assessable production in the East Whitewater River Subbasin AOB was 118,609 af, representing a 1 percent decrease from 2021. By the end of 2022, CVWD had replenished a total of 516,389 af of water in this subbasin with water supplied by the Colorado River via the Coachella Branch of the All-American Canal. Replenishment totaled 27,993 af in calendar year 2022.

The graph below shows 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 East Whitewater Replenishment Fund.

Fund Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
East Whitewater Replenishment Rate (AF)	\$ 66.00	\$ 66.00	\$ 66.00	\$ 72.27	\$ 72.27

STORMWATER FUND

In 1937, the Coachella Valley Stormwater District of Riverside County was merged into the Coachella Valley Water District. The District became responsible for much of the region's stormwater protection, helping to prevent loss of life and extensive property damage. CVWD protects over 590 square miles from flooding. The entire system includes approximately 169 miles of channels built along the natural alignment of dry creeks that flow from the surrounding mountains into the Whitewater River. Along with the channels, several levees have been constructed to collect rapidly rushing floodwater as it pours from the adjacent mountains onto the valley floor. The CVWD flood protection system is a 50-mile storm channel 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 Phase 2 completion is anticipated in fiscal year 2024.



2) Economic Indicators

The District's total net position increased by \$57.1 million in fiscal year 2023 compared to the prior year. Total revenues increased by \$41.3 million primarily due to an increase in charges for meter and service fees as well as growth in grant funding sources and property taxes, offset by a decline in replenishment revenue. Total expenses increased by \$30.7 million, mainly from an increase in employee wages and benefits as well as estimated legal claims and other operating costs. A reduction in water purchases offset these.

The estimated population of major cities surrounding the Coachella Valley is just over 370,000, which can increase to almost 600,000 during 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 sectors and are a critical component of the Valley's economy. Organizations and Cities in the Coachella Valley host multiple significant 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 with sufficient water supply for its operational needs is critical while remaining at the forefront of ensuring appropriate measures are taken to maintain water conservation. This includes the conversion of irrigated turf and landscaping to native plantings and the utilization of nonpotable water.

Employment

The average Unemployment rate in Riverside County hit a low of 4.2% in calendar year 2022, back to the rate it was in calendar year 2019. This has been on a steady decline since the peak of 10.1% in 2020 at the height of the pandemic.

Housing

The Riverside County single-family median home price was \$628,000 as of June 2023, a 0.48% decrease from the prior year. In addition, although housing inventory remains low, there has been a 16% year-over-year decrease in sales of existing single-family median homes in Riverside County as of June 2023.

Crop Production

The District irrigates about 77,000 acres of cropland in the Coachella Valley. During calendar year 2022, the District delivered about 260,000 acre-feet to 1,348 customers. The seven largest crops for calendar year 2022 were dates, grapes, bell peppers, hemp, lemon-lime, lettuce, and carrots.

Over 60% of farms in the Coachella Valley use drip irrigation. Besides reducing water use, drip irrigation allows pesticides 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 2023 Highlights

- Total net position increased by \$57.1 million.
- Total capital assets increased by \$145.2 million, mainly due to the completion of several major capital projects:
 - Reservoir 4605-2
 - Highway 86 Transmission Main
 - Lincoln Street Project
 - Irrigation Lateral 119.64-7.5 Replacement Project - Phase 1
 - Johnson Street Drain Improvement Project
 - FY 2017-2018 Nonpotable Water (NPW) Pipeline Connection Projects
 - Madison Club – Avenue 54 Meter Connection Project
 - Salt and Nutrient Management Plan Monitoring Wells (15) – Phase 1 Project
 - Sewer Pipeline Rehabilitation – Palm Desert and Thousand Palms Project

- The capital improvement program reached an execution rate of 82.2%, which exceeded the target rate of 75%.
- Funding large capital projects with low-cost loans and grants continues to be a priority for the District. In fiscal year 2023, CVWD secured a \$60.9 loan from the USBR to fund irrigation lateral and box structure replacements for the Canal fund. The District also secured \$7.5 million from USBR to fund the Mid-Canal Storage project, which is being completed in partnership with the San Diego County Water Authority and the San Luis Rey River Indian Water Authority. This in-line reservoir will allow the storage of approximately 728 af of water to improve flow variations caused by changes in supply and demand. In addition, the District was awarded a \$12.3 million Water Infrastructure Improvements for the Nation (WIIN) grant to fund nonpotable water connection projects. Finally, the District was awarded a combined \$6.0 million for the North Shore/Dale Kiler, Booster Stations, and Tank 7101-2 projects from the United States Department of Agriculture (USDA).
- Fiscal year 2023 saw successful partnerships with several local cities to support conservation efforts. In early 2023, the Board authorized increasing turf rebate payments for conversion to desert-friendly landscaping from \$2 per square foot (sq ft) to \$3 per sq ft to support reductions in outdoor water use out of response to the severe drought conditions statewide at the beginning of the fiscal year. In addition, drought penalties were adopted to raise awareness and reduce consumption as part of the Level 2 drought restrictions due to the same conditions. Local cities, including Rancho Mirage, Indian Wells, and Palm Desert, established matching funds to incentivize turf replacement projects, allowing qualified projects to receive up to \$6 per sq ft in rebate payments. Due to these efforts, rebates to homeowners nearly tripled from fiscal year 2022 to 2023, from 378 to 1,083, with a total of 1.7 million sq ft of turf replaced with a desert-friendly landscape. Large landscape customers replaced an additional 2.3 million sq ft in fiscal year 2023. The combined total from turf conversion will result in approximately 6,700 af of water saved over a ten-year period. \$10.9 million in revenue from drought penalties was the primary funding source for the District's portion of turf rebate payments of \$11.8 million.

4) Fiscal Year 2024 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 service levels, 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 the addition of full-time personnel.

The adopted fiscal year 2024 operating budget increased to \$331.3 million from \$307.1 million, a \$24.2 million, or 7.9% increase, compared to fiscal year 2023. The primary driver of the budgeted increase is related to purchases of water, as the District is expected to be eligible to receive 100% of its allotment of State Water Project (SWP) water due to the unexpectedly wet winter of calendar year 2022, as well as other contracted water.

The Board also approves an annual capital improvement budget (CIB) based on the District's infrastructure needs. The fiscal year 2024 CIB is \$141.3 million, an increase of \$5.7 million, or 4.2%, compared to fiscal year 2023. The CIB includes funding for various projects and vehicle and equipment replacements.

Staff

The District budget has 570 staff members responsible for daily operations and implementing strategic initiatives and policies set forth by the Board of Directors. This is an increase of one position compared to fiscal year 2023 for the Administration department to support the imported water section.

Challenges Facing the District

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

Investment in Infrastructure

The aging infrastructure and rising demand on the water supply due to the continual growth of the Valley present an ongoing and significant challenge for CVWD in the short and long term. The District has aggressively pursued alternative funding sources for the past few years, including grants, loans, and revenue bond debt issuance to support capital project needs.

In addition, the District implemented a Comprehensive Asset Management Plan approximately seven 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 the likelihood and consequence of failure. To date, over 300,000 physical assets, assessed at a replacement cost of approximately \$7 billion, have been identified, inventoried, located, photographed, condition-scored, and valued. These physical assets have been entered into the new Computerized Maintenance Management System (CMMS) implemented in Fiscal Year 2022-2023.

Drought and Hydrological Volatility Impacts

Fiscal year 2022-2023 marked a year of historically extreme hydrological volatility. The year began with a 5% State Water Project Table A allocation as California was dealing with the impacts of a multi-year and very severe drought that left other areas of Southern California that are primarily reliant on State Water Project supplies on restricted allotments based on health and safety needs. By April 2023, the SWP allocation was increased for the first time in 17 years to 100%, with Northern Sierra snowpack peaking at 199% of average and Southern Sierra snowpack peaking at 300% of average after a high number of significant atmospheric rivers hit California between the end of December 2022 and March 2023. Although the Colorado Basin saw above-average precipitation with peak snowpack at 164%, this single good year was not enough to reverse the impacts of the multi-decade drought on the Colorado River. As of the end of September 2023, Lake Powell and Lake Mead are at 36% and 34% full, respectively.

Similarly, the District began the year enforcing Level 2 measures of the Water Shortage Contingency Plan, inclusive of drought penalties for higher water use, due to the Governor's

March 28, 2022, executive order stemming from the State's severe drought conditions. The District also offered a turf removal rebate program at \$3 per square foot to help incentivize conservation. However, due to the transition to wet hydrological conditions by March 2023, the Board rescinded Level 2 measures and drought penalties and reduced the turf removal rebate to \$2 per square foot for applications after the end of the fiscal year.

The District also participated in a program with the USBR that seeks short-term water conservation of Colorado River use to help support higher levels in Lake Mead.

As part of this program with the USBR, the District will temporarily reduce groundwater replenishment via the Thomas E. Levy facility by 35,000 acre-feet per year from 2023 through 2025 for a rebate of \$400 per acre-foot, representing \$14 million in additional revenues for the Canal Fund per year of the program.

Finally, The District is actively participating in ongoing discussions with the Colorado River Basin States and other Colorado River contractors regarding the recommendations for the future Operating Guidelines for the River, as the guidelines expire in 2026. These post-2026 Operating Guidelines will provide the framework for bringing the use of the River into longer-term sustainability and adapting to the changing hydrologic conditions, including necessary reductions in water use amongst the parties based on ongoing changes to water conditions in the region.

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 retirement benefit unfunded liability, caused mainly 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. Going forward, the District intends to make annual payments against the unfunded liability on an accelerated basis, starting at \$16.7 million in Fiscal year 2023-2024, escalated by annual payroll growth. Based on current actuarial projections, this plan is projected to reduce unfunded liability payments by 10 years and \$36 million. As of the CalPERS Actuarial Valuation for measurement date ending June 30, 2022, the District's funded ratio is 70.8% with an unfunded liability ratio of 29.2%.

Other Post Employment Benefits (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. The District began reimbursing itself for retiree benefit costs in Fiscal Year 2022-2023 from the Trust and began annual contributions to the trust based on actuarial recommendations. As of June 30, 2023, the OPEB plan is 95.9% funded.

Recent Storm Damage

On August 19, 2023, the Governor of the State of California proclaimed a State of Emergency due to the extreme weather-related events caused by Tropical Storm Hillary. Subsequently, the District issued a local emergency declaration for the same storm and adopted Resolution 2023-25 on September 5, 2023. District property damages related to water control facilities, public utilities, debris removal, road and bridge systems (non-Federal Highway Administration (FHWA) system), and emergency protective measures are preliminarily estimated at \$3.7 million. Federal or State reimbursements are not anticipated for these expenses.

In addition, on September 1, 2023, severe weather caused a flood event in Riverside and Imperial Counties within the District's boundaries. Heavy rain caused additional widespread damage and flooding as the storm moved over the area. In response, Imperial County declared a Local Emergency on September 2, 2023, and the District adopted Resolution 2023-26 on September 12, 2023. District property damage related to water control facilities, public utilities, debris removal, road and bridge systems (non-FHWA system), and emergency protective measures are preliminarily estimated at \$3.5 million.

Pending Litigation

Replenishment Assessment Charge Litigation

Plaintiff Howard Jarvis Taxpayers Association, the successor in interest to 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 Proposition 26.

On April 21, 2022, the trial court granted the petition, finding the District had not met its burden to show that the RAC Rates met the requirements of Proposition 26. On August 11, 2023, the trial court entered judgment against the District and ordered refunds totaling \$13,874,856. A post-judgment motion for attorney fees is due October 27, 2023. The District appealed on August 21, 2023. The District believes it has meritorious defenses to the claims and will assert them on appeal.

Canal Rates Litigation

Plaintiff Howard Jarvis Taxpayers Association, the successor in interest to Randall C. Roberts, alleges the District's Canal Water rates violate Proposition 218. Originally, Plaintiff Roberts brought the action as a representative of a class consisting of the District's current and former non-agricultural property owners and water customers who directly and indirectly paid "Class 2" Canal Water rates.

On November 29, 2021, the court entered a final order on the merits, finding the Canal Rates did not comply with Proposition 218. On March 1, 2023, the trial court entered judgment against the District and ordered refunds totaling \$17,769,357. On September 1, 2023, the trial court ordered attorney fees of \$4.4 million to be deducted from the refund award. The District appealed the judgment on March 2, 2023, which, if successful, will reduce or eliminate both the refund liability and the fee award. The District believes it has meritorious defenses to the claims and asserts them on appeal.

SWP Litigation

Plaintiff Howard Jarvis Taxpayers Association, the successor in interest to Randall C. Roberts, alleges that the District's State Water Project ad valorem property tax (SWP Tax) violates Propositions 13, 26, and 218.

On March 14, 2023, the trial court granted the petition, concluding the District must refund and rescind the SWP Tax for the years in issue. The decision does not interfere with the District's authority to levy the tax in future years, and the District believes its levy for the 2023-24 fiscal year is compliant with the trial court ruling. The matter is now in the remedies phase, which will likely last until Spring 2024. The District intends to appeal the court's order when a final judgment enters following the remedies phase. The District believes it has meritorious defenses to the claims and will assert them on appeal.

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 to stay 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 mediation sessions.

Financial Stability

Overall, the District's financial stability remains stable and strong for the fiscal year ending June 30, 2023. Supply chain issues and inflationary pressures continue to cause numerous delays in the completion of planned capital improvement projects, including a considerable increase in project costs. CVWD continues to monitor and proactively respond 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. 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 (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Coachella Valley Water District for the fiscal year ended June 30, 2022. This was the 10th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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 annual comprehensive 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, 2022

Christopher P. Morill

Executive Director/CEO

COACHELLA VALLEY WATER DISTRICT Service Boundary Map



COACHELLA VALLEY WATER DISTRICT
Board of Directors

Mission Statement

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



John Aguilar
Division One



Anthony Bianco
Division Two



John Powell Jr.
Board President
Division Three

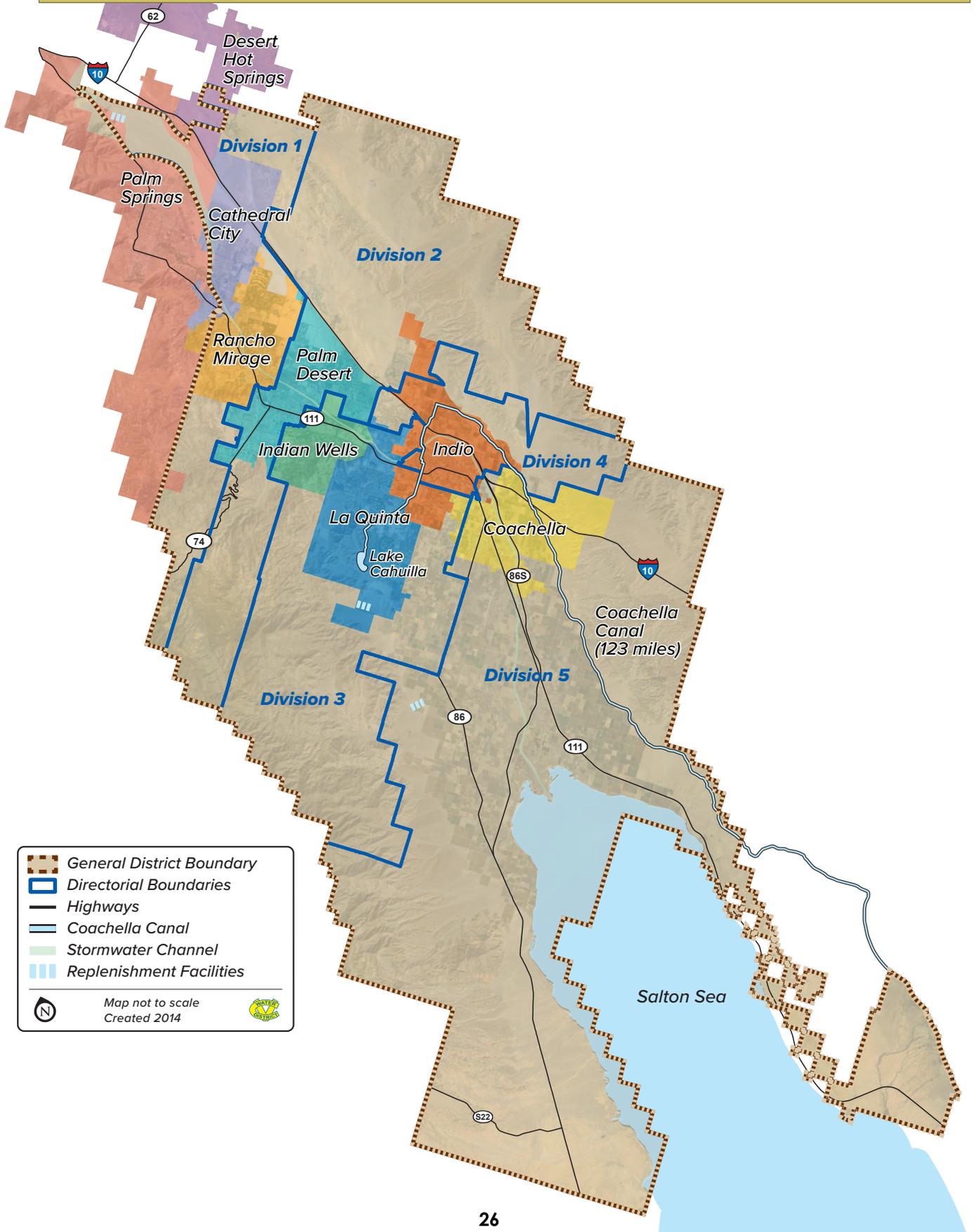


Peter Nelson
Division Four

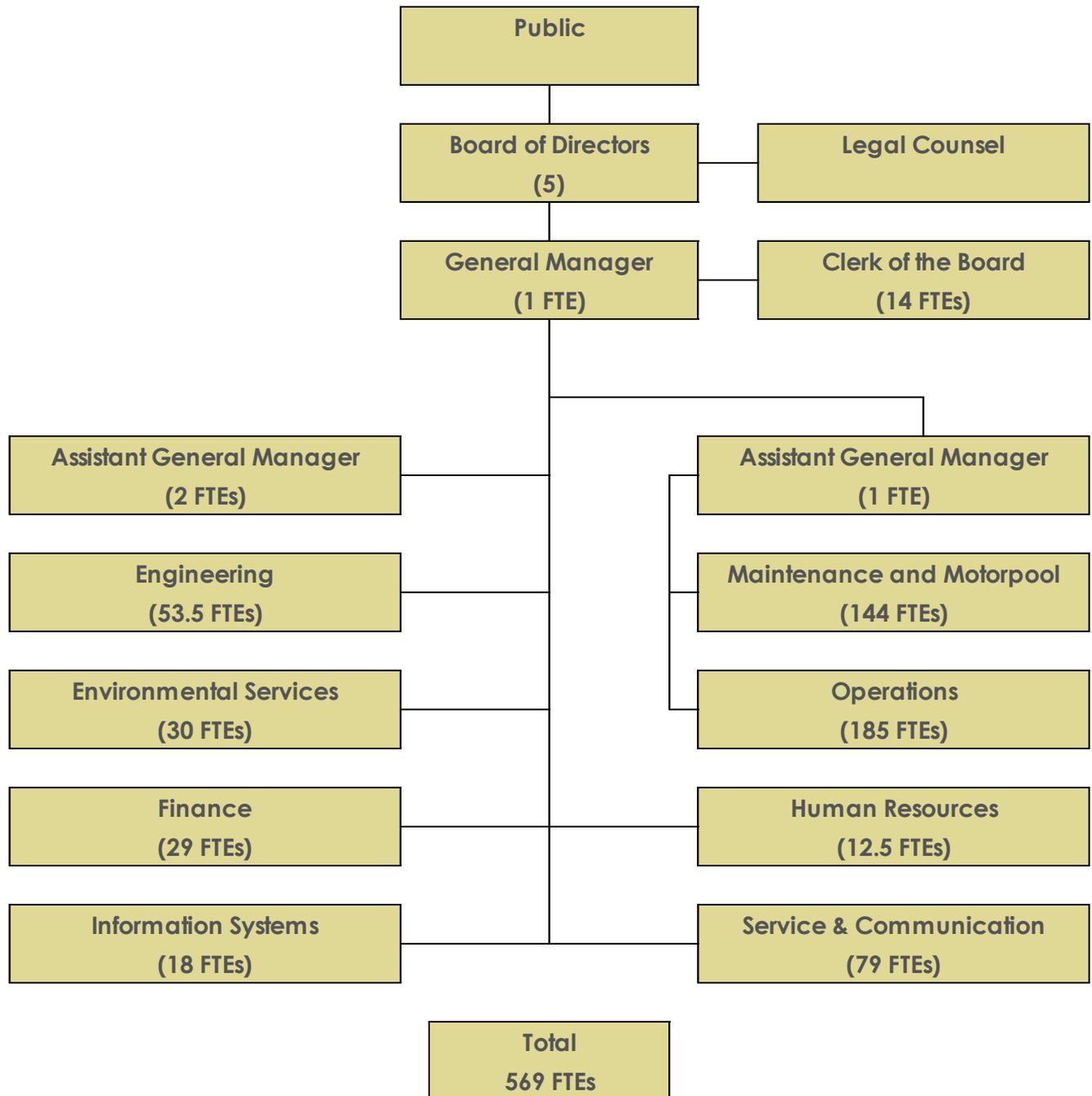


Cástulo R. Estrada
Board Vice President
Division Five

COACHELLA VALLEY WATER DISTRICT Directorial Boundary Map



COACHELLA VALLEY WATER DISTRICT Organizational Chart



District Departments & Directors

Executive Administration

General Manager
Assistant General Manager
Assistant General Manager

Jim Barrett
Robert Cheng
Dan Charlton

District Department Heads

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

Sylvia Bermudez
Scott Burritt
Carrie Oliphant
Joanne Le
Rick Aragon
Scott Hunter
Luis Maciel
Scott Burritt

Acknowledgments

Finance Staff

Controller
Accounting Supervisor
Accountant
Accountant
Accounting Technician II (Accounts Payable)
Accounting Technician I (Accounts Payable)
Accounting Technician II (Accounts Receivable)
Accounting Technician I (Accounts Receivable)
Accounting Technician II (Payroll)
Accounting Technician II (Payroll)
Financial Analyst I (Capital Projects)
Financial Analyst II (Grants)

Karla Romero
Sara Hypes
Tristan Morales
Hernan Leyva
Tina Casarrubias
Pedro Almanza
Vincent Naranjo
Nicole Tangcora
Jose Villalobos
Karla Kezis
Nancy Clark
Laura Kleeman

Special Acknowledgments

Communications Specialist
Administrative Assistant I

Andrea Shek
Lena Luna

For any additional inquiries, you may contact us at:

In Person Inquiry:

Coachella Valley Water District
Steve Robbins Administration Building
75-515 Hovley Lane East
Palm Desert, CA 92211
Phone: (760) 398-2651

Mailing Address

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

FINANCIAL



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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for 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 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.

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Irvine, California
October 23, 2023

**COACHELLA VALLEY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Coachella Valley Water District's (District) annual financial report presents our analysis of the District's financial performance and activities for the fiscal year ended June 30, 2023. 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 primary activities include the sale and delivery of groundwater to domestic and commercial accounts; the 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 Governmental Accounting Standards Board (GASB) standards.

The Statement of Net Position shows the District's financial position on June 30, 2023. The statement includes the District's assets (i.e., the nature and amount of investment 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 for 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, 2023. 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 of 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 describe 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. Like other special Districts, the District 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 full 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 The 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.

The Supplementary Information 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 is not pledged to these Districts; therefore, they are accounted for in custodial funds and are included in the basic financial statements. In addition, this section includes detailed debt service and maturity schedules for all current debt issuances and loans payable.

Financial Highlights

The following are highlights of the District's financial status during the specified period. These items are discussed in detail in subsequent sections of this report.

- As of June 30, 2023, the District's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$2.02 billion, broken down as \$1.59 billion invested in net capital assets, \$150.8 million in restricted funds, and \$282.0 million in unrestricted funds. 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 \$57.1 million, or an increase of 2.9% from the prior fiscal year, primarily due to an increase in restricted net position of \$39.3 million and a \$38.5 million increase in unrestricted net position. Net investment in capital assets decreased by \$20.7 million or 1.7% overall.
- The decrease in net investment in capital assets is mainly attributable to the reclassification of an inter-fund loan between the Domestic fund and the West Replenishment Fund. In previous years, the loan was captured in the unrestricted funds. This amount is offset by the completion of several major projects, particularly in the sanitation fund (\$5.5 million), stormwater (\$4.5 million), and capitalization of the District's portion of the State Water Project (\$14.4 million) offset by corresponding debt. The increase in restricted net position of \$39.3 million was primarily driven by an increase of \$25.2 million in State Water Funds related to excess revenue over expenses for fiscal year 2023 and an increase of \$11.6 million in funds held for construction, capital, and replacement. In addition, those funds legally restricted for debt service increased by \$2.4 million.
- Annually, the District sets an objective to complete budgeted capital projects. For fiscal year 2022-2023, the threshold was set to 75%. In fiscal year 2023, the District reached an execution rate of 82.2%.
- Operating revenues increased by approximately \$2.4 million, or 1.2%, from the prior fiscal year. This is mainly due to an increase in meter and service fees of \$2.7 million and sanitation service fees of \$3.6 million. The Sanitation fund raised rates for fiscal year 2023, while the Domestic Funds increases are tied to a \$2.7 million increase in other customer installations related to a developer-funded well installation on well 4615-1. While Domestic sales increased by \$10.9 with the implementation of drought penalties it was offset by a corresponding decrease in sales for the Canal and replenishment funds in response to the

drought. These increases were offset by a \$2.3 million reduction in groundwater replenishment charges due to reduced groundwater replenishment in response to the drought and a \$1.7 million decrease in other charges.

- Total Operating expenses increased by approximately \$27.4 million, or 8.9%, as compared to the prior fiscal year, resulting in an increased net operating loss of \$22.2 million or 20.16% as costs continue to rise across the board. However, water purchase cost is highly variable and can vary depending on the availability of water and project timing each year. For fiscal year 2023, there was a \$9.2 million decrease in water purchase cost due to curtailment efforts at the Thomas E. Levy Facility in response to the drought and decreased water availability from other agreements.
- Other general operations expenses increased dramatically by 36.7% or 11.4 million mostly due to an additional \$10.3 million in rebates issued from the Domestic fund. In addition, there were increases in wages and salaries of \$3.4 million, benefits of \$8.2 million, materials and supplies of \$3.5 million, as well as \$1.1 million in utilities. In addition, accrued legal claims payables increased by \$7.2 million due to legal cases still pending against the District.
- Non-operating revenues increased by \$38.9 million, or 22.6%, compared to the prior fiscal year. The change is mainly due to an increase of \$15.8 million in property taxes due to strong assessed valuation (AV) growth in the area and \$19.7 million in investment income returns due to the rising interest rate returns on the District's investment portfolios, as well as a net \$2.5 million increase in intergovernmental revenue related to new agreements for cash payments in lieu of replenishment of \$7.0 million offset by a net reduction of \$3.5 million for the Sanitation fund related to a prior year grant for the 2017-2018 Nonpotable water connection State Revolving Fund of \$5.0 million.
- Non-operating expenses increased by \$3.3 million, or 115.3%, compared to the prior fiscal year, due to increased interest expense on the District's outstanding debt due to new loans.

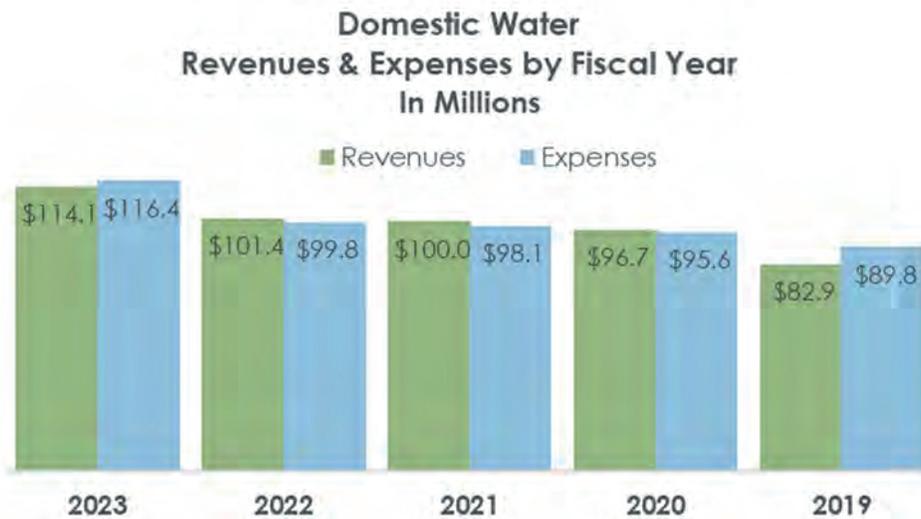
Overview of Fund Group Activity

Domestic Water Fund. Activity associated with providing domestic water to the residents of the Coachella Valley. In fiscal year 2023, the Domestic Water Fund net position increased by \$4.2 million compared to the fiscal year 2022 net position.

Total assets increased by \$15.4 million. Cash and investments (including restricted cash) increased by \$15.8 million as a reflection of increased cash flows from customers, better managing the liquid portfolio of the District's funds as well as an increased return on investments. In contrast, capital assets net of depreciation and amortization decreased by \$576 thousand. Overall, projects in the Domestic fund achieved an execution rate of 89.1% in fiscal year 2023 primarily due to the completion of the design phase of five projects. In addition, two major construction projects were completed: Reservoir 4605-2 and Highway 86 Transmission Main – Lincoln Street. Short-term assets Due from other governments increased by \$3.7 million, mostly from funds received for drought relief from the Department of Water Resources. Advances to Other funds decreased by \$4.7 million with the payoff of the inter-fund loan to the East Replenishment Fund for the Thomas E. Levy Facility and a principal paydown of the loan to the West Replenishment Fund for the Mid-Valley Pipeline.

Deferred pension and OPEB-related items resulted in a net increase in outflows of \$13.3 million, with an increase in inflows of \$16.1 million.

Total liabilities increased by \$40.6 million, mainly due to an increase of \$27.7 in net pension liability and a \$6.2 million increase in payables for year-end. In addition, deferred revenue increased by \$7.0 million related to advance grant proceeds for a grade-separation project in Mecca, which is expected to take several years.



Operating revenues increased overall by \$4.9 million, primarily due to an increase of \$3.8 million in sales revenue related to the implementation of drought penalties and a \$2.7 million increase in meter and service fees related to a developer-funded well installation for well 4615-1. These were offset by a \$1.4 million decrease in other charges related to prior-year project reimbursements.

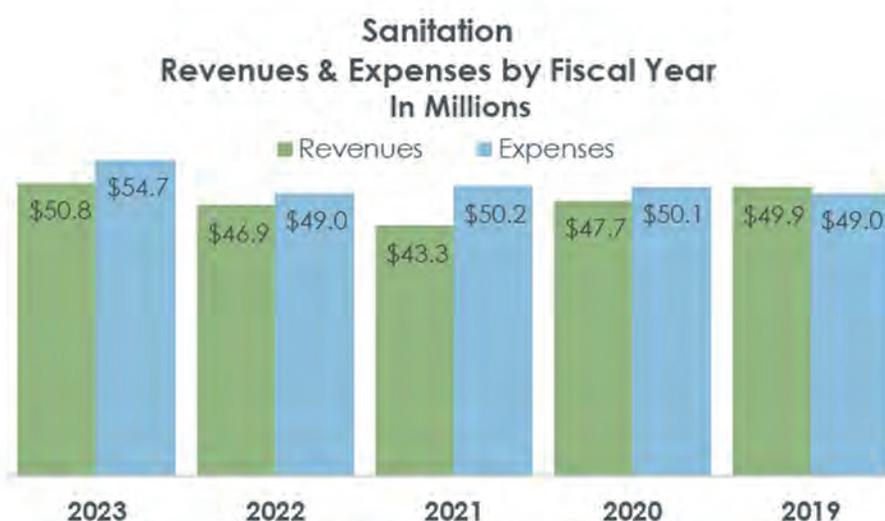
Operating expenses increased by \$16.3 million, driven by increased costs for benefits of \$3.7 million, materials and supplies of \$1.2 million, power costs of \$1 million, wages and salaries of approximately \$1.2 million, and other charges of \$9.9 million. These were offset by a reduced water purchase cost of \$1.2 million.

Total net non-operating revenues increased by \$6.5 million, primarily due to significant increases in the Domestic Fund's share of investment income of \$3.7 million and intergovernmental revenue of \$2.4 million.

Sanitation Fund. Activity associated with the District's wastewater reclamation plants. The plants allow the District to provide sanitation services to most of the Coachella Valley. The Sanitation Fund's net position increased by \$5.4 million from the fiscal year 2022 net position.

Cash and investments (including restricted cash) increased by \$2.0 million. Net capital assets increased by \$4.5 million. Projects in the sanitation fund achieved a completion rate of 59.9% with the capitalization of numerous nonpotable pipeline connections and the rehabilitation of several sewer pipelines. Total liabilities increased by \$14.2 million due to an increase in net pension liabilities, offset by a decrease in net OPEB liability.

Deferred outflows increased by \$7.3 million, while deferred inflows decreased by \$9.1 million primarily due to deferred pension-related items, leases, and OPEB.



The sanitation fund incurred a net operating loss of \$9.6 million, a year-over-year increase of \$2.1 million, or 28.6%, from the prior year. This loss increase is despite an increase of \$3.6 million in sanitation and service charge revenue due to a combination of higher sanitation rates of 8.5% for fiscal year 2023 and an increase in new development. Increases in personnel costs of \$2.7 million, costs for materials and supplies of \$1.3 million, and \$1.2 million in power costs increased Operating expenses. Depreciation costs increased by \$707 thousand with the addition of the new assets mentioned above.

Total net non-operating income increased by \$281 thousand, as investment income increased by \$3.7 million, offset by a reduction of \$3.5 million in intergovernmental income for grant-funded project cost reimbursement of \$2.9 million.

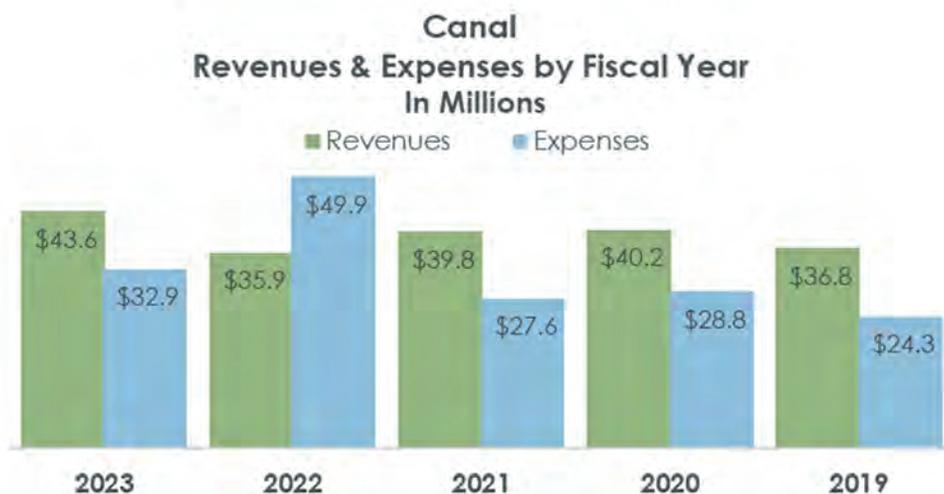
Canal Water Fund. Activity associated with providing irrigation water to agricultural farmers, farm drainage, and several golf courses in the Coachella Valley. In fiscal year 2023, the total net position for the canal water fund decreased by \$10.5 million, or \$8.72%.

Total assets increased by \$14.6 million, mainly resulting from an increase in accounts receivables related to an agreement with the Department of the Interior (DOI) for cash payments in lieu of water orders from Lake Mead to help with the drought, as well as a loan receivable from United

States Bureau of Reclamation (USBR) related to capital construction on several irrigation laterals. Net Capital Assets increased by \$3.8 million with the completion of the two infrastructure capital projects: Irrigation Lateral 119.64-7.5 Replacement and Johnson Street Drain Improvement. Overall, projects in the Canal fund achieved an execution rate of 77.0%. These increases were offset by a decrease in Cash and Investments by \$5.5 million as consumption in the Canal fund decreased by 46,659 acre-feet in response to the drought-related curtailment efforts.

Total liabilities increased by \$13.0 million or 36.2%, mainly due to an \$8.4 million increase in net pension liability and a \$4.5 million increase in loans payable for the previously mentioned USBR loan. Estimated claims liability increased by \$1.1 million due to pending litigation over canal rates.

Deferred pension and OPEB outflows increased by \$4.0 million, while deferred inflows decreased by \$4.9 million.



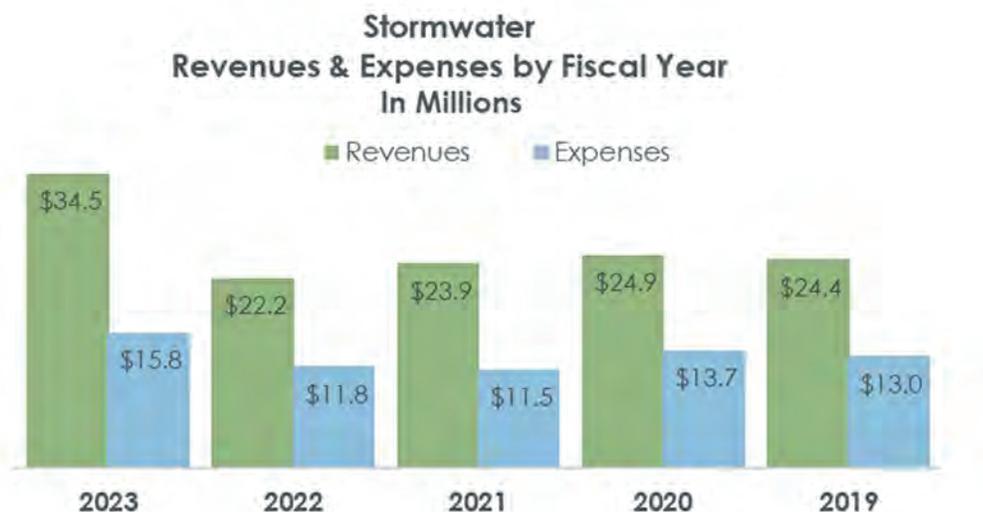
Net operating loss decreased by \$13.8 million, to \$14.6 million, resulting mainly from a decrease in the accrual for current year claims liability expense. In fiscal year 2021-2022, the pending litigation accrual was \$ 16.7 million lower versus a \$1.1 million current-year adjustment due to pending litigation regarding canal rates. In addition, as well as a decrease in water purchase costs of \$4.3 million related to a water exchange agreement with Metropolitan Water District (MWD) resulting from a reclassification from revenue that offset the expense, to a direct reduction of the expense.

Stormwater Fund. Activity associated with providing stormwater protection in the Coachella Valley. In fiscal year 2023, the total net position for the Stormwater Fund increased by \$15.3 million compared to fiscal year 2022.

Total assets increased by \$38.8 million, primarily resulting from a \$63.1 million increase to Construction in Progress as several large projects for flood control are underway, including the North Indio Flood Control Phase 2 and the Stormwater Channel Slope Protection along Avenue 54. This increase was offset by a \$38.2 million decrease in restricted cash as the proceeds from the Stormwater COP (Certificate of Participation) Series 2022 A debt issuance were completely drawn down in fiscal year 2023. Conversely, cash and investments increased by \$9.6 million due to increased returns on investments. Projects in the stormwater fund achieved a completion rate of 90.3%.

Total liabilities increased by \$28.4 million, primarily due to the final draw on the Water Infrastructure Finance and Innovation Act (WIFIA) loan with the Environmental Protection Agency for \$25.3 million related to the second phase of the North Indio Flood Control project. These were

offset by a \$2.1 million reduction in the year-end payables and a \$1.6 million reduction in the Stormwater COP balance.



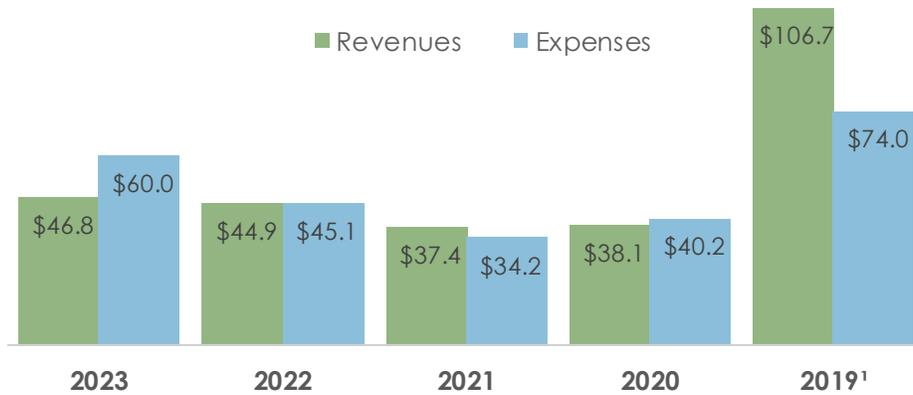
Total net operating loss in fiscal year 2023 is \$12.7 million, which is a \$1.4 million or 11.9% increase compared to the prior fiscal year primarily due to increased costs for personnel costs of \$688 thousand and other costs of \$388 thousand. Net Nonoperating revenues increased by \$6.7 million, mainly due to an increase of \$3.2 million in property taxes and \$7.5 million in investment income, offset by a decrease in intergovernmental revenue of \$1.4 million and increased interest expense of \$2.6 million associated with the WIFIA loan and Stormwater COP.

Groundwater Replenishment Fund Group. Activity associated with replenishing the underground aquifer in the Coachella Valley. In fiscal year 2023, total net position decreased by \$15.5 million.

Total assets increased by \$15.6 million, primarily driven by an increase in cash and investments of \$7.8 million as well as an increase in Construction in Progress (CIP) of \$4.1 million due to the continued progress on several capital projects, including the Oasis In-lien Recharge Phase 2. In addition, lease assets increased with a \$4.1 million capital lease for land in the West Whitewater AOB facility. Overall, projects in the groundwater funds achieved a completion rate of 74.5% for fiscal year 2023 with the completion of the Madison Club – Avenue 54 Connection project.

Total liabilities increased by \$35.6 million, primarily due to a \$27.4 million increase in claims liability related to the State Water Project (SWP) ad valorem tax rates case. In addition, there was a \$5.1 million increase in accounts payable at year-end. These were offset by a decrease in Advances from Other funds of \$4.7 million with the payoff of the inter-fund loan for the East Replenishment Fund for the Thomas E. Levy Facility and a principal paydown of the loan for the West Replenishment Fund for the Mid-Valley Pipeline.

Groundwater Replenishment Revenues & Expenses by Fiscal Year In Millions



¹ Previously included State Water Project Revenues & Expenses

Net operating loss increased by \$17.1 million or 188.5%, due mainly to the \$22.1 million increase in legal claims for the SWP case offset by an \$8.4 million decrease to water purchase cost and \$935 thousand reduction in power costs as a direct result of curtailment efforts at the Thomas E. Levy Facility in La Quinta in response to the drought. As a corollary to this, Replenishment Charges declined by \$2.3 million as Domestic production declined in calendar year 2023. Nonoperating revenue increased by \$1.8 million, primarily due to an increase in investment earnings of \$2.0 million, offset by a \$314 thousand increase in interest expenses.

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 year 2020 to better account for the revenue and expense activities.

In fiscal year 2023, total assets increased by \$49.7 million, resulting from increases in cash and investments of \$34.4 million and net capital assets of \$14.4 million. Total liabilities increased by \$10.4 million due to a year-end water purchase payable to Metropolitan Water District.

**State Water Project
Revenues & Expenses by Fiscal year
In Millions**



Net operating loss increased by \$5.1 million, or 11.0%, primarily due to an increase of \$4.7 million in water purchases, while other operating expenses increased by a net \$452 thousand. Nonoperating revenues increased by \$9.5 million, consisting of an increase of \$9.2 million in property tax, and investment income of \$296 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.

Motorpool's ending net position for fiscal year 2023 is \$7.0 million, a decrease of \$2.5 million from fiscal year 2022, which is driven by an increase in accrued liabilities for claims and pension costs.

**Internal Service
Revenues & Expenses by Fiscal Year
In Millions**



Net operating loss increased by \$1.1 million, a 35.7% year-over-year increase, primarily resulting from a \$282 thousand reduction in operating revenues and accrued legal claims of \$2.0 million, as well as increases in personnel costs of \$441 thousand, offset by decreases in expenses for contract services (\$171 thousand), and other operating costs (\$517 thousand).

Financial Analysis of the District

Financial position summary

The Statement of Net position (Table 1) shows an overall net increase of \$57.1 million for the fiscal year ending June 30, 2023, compared to the previous fiscal year ending net position.

Total assets increased by \$136.8 million or 5.7% compared to the prior fiscal year. The total increase is comprised of an increase in current assets of \$72.7 million, offset by a decrease of \$31.6 million in noncurrent assets. Of note, net capital assets increased by \$95.6 million.

Current assets increased in all categories by \$72.7 million or 16.8%. Of those categorized as current assets, the growth was primarily driven by an increase in cash and investments of \$52.5 million. Investment income has increased due to the Federal Reserve's policy decision to raise the Federal Funds target rate in response to rising inflation, resulting in higher yields for the District. Additionally, recent investment policy changes allowed the District to invest funds in short-term liquidity portfolios like the California Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP) to take advantage of higher short-term yields. The overall rate of return for fiscal year 2023 was 1.8% versus 1.1% in fiscal year 2022. Due from other governments increased by \$13.0 million, primarily due to funds expected from the USBR in lieu of drawing water from Lake Mead. In addition, loan receivables increased by \$4.5 million for funds requested related to the USBR Irrigation Lateral projects. Interest receivable increased by \$1.5 million also due to better investment returns. Property tax receivables increased by \$921 thousand, prepaid expenses increased by \$673 thousand, and accounts receivable decreased by \$793 thousand.

Total noncurrent assets increased by \$64.0 million, primarily due to an increase in construction in progress (CIP), for a variety of reasons, including delayed funding agency approvals, delays with acquiring the necessary right-of-way, lack of resources within the engineering design firms resulting in schedule delays on delivering design plans, and construction related issues such as long lead time for items. By contrast, Restricted cash and investments decreased overall by \$26.5 million, primarily due to fully expending the COP Series 2022 bond proceeds, offset by increases in restricted cash from Developer funds. Advances to other funds decreased by \$4.7 million due to the payoff/paydown of inter-fund loans between the Domestic and Replenishment Funds.

The total net increase of \$95.6 million in capital assets is mainly due to the completion of several major capital projects including Reservoir 4605-2, Highway 86 Transmission Main – Lincoln Street Project, Irrigation Lateral 119.64-7.5 Replacement Project - Phase 1, Johnson Street Drain Improvement Project, FY 2017-2018 Nonpotable Water (NPW) Pipeline Connection Projects, Madison Club – Avenue 54 Meter Connection Project, Salt, and Nutrient Management Plan Monitoring Wells (15) – Phase 1 Project, and Sewer Pipeline Rehabilitation – Palm Desert and Thousand Palms Project.

Total liabilities increased by \$146.5 million, or 35.8%, primarily due to the following increases: \$62.4 million in net pension liability, \$30.8 million in estimated claims payable, \$29.2 million in loans payable, \$17.0 million in accounts payable, and \$7.0 million in unearned revenue. These increases were offset by a \$2.2 million reduction in COP liability, a \$4.7 million reduced liability for advances from other funds, and a \$925 thousand reduction in net OPEB liability.

Deferred Outflows of Resources increased by \$30.0 million due to actuarial changes in assumptions as well as a net difference between projected and actual earnings on pension plan investments. Deferred Inflows of Resources decreased by \$36.9 million, primarily due to differences between expected and actual experience.

As of June 30, 2023, investment in capital assets net of related debt is \$1.59 billion, a decrease of \$20.7 million or 1.3% compared to fiscal year 2022. Investments in capital assets (i.e., land

improvements, buildings, and equipment), less any related outstanding debt used to acquire these assets, represent approximately 78.6% of the District's net position. Restricted net position increased by \$39.3 million, or 35.3%, representing 7.5% of net position. Unrestricted net position increased by \$38.5 million, or 15.8%, and amounts to 14.0% of total net position.

Table 1
COACHELLA VALLEY WATER DISTRICT
Condensed Statement of Net Position
As of June 30, 2023
(In Millions)

	2023	2022	Dollar Change	Percentage Change
Current Assets	\$ 506.4	\$ 433.6	\$ 72.7	16.8%
Noncurrent Assets	181.0	212.6	(31.6)	(14.9%)
Capital Assets, Net of Depreciation & Amortization	1,849.3	1,753.7	95.6	5.5%
Total Assets	2,536.7	2,399.9	136.8	5.7%
Deferred Outflow of Resources	62.5	32.5	30.0	92.5%
Total Deferred Outflow of Resources	62.5	32.5	30.0	92.5%
Current Liabilities	72.4	44.4	28.0	62.9%
Long-term Liabilities	483.9	365.3	118.6	32.5%
Total Liabilities	556.3	409.7	146.5	35.8%
Deferred Inflow of Resources	24.1	61.0	(36.9)	(60.5%)
Total Deferred Inflow of Resources	24.1	61.0	(36.9)	(60.5%)
Net Investment in Capital Assets	1,585.9	1,606.6	(20.7)	-1.3%
Restricted Net Position	150.8	111.5	39.3	35.3%
Unrestricted Net Position	282.0	243.6	38.5	15.8%
Total Net Position	\$ 2,018.7	\$ 1,961.6	\$ 57.1	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 \$57.1 million, or 2.9%, in the fiscal year ending June 30, 2023.

Total revenues increased by \$41.3 million, or 12.2% compared to the prior fiscal year, comprised of a \$2.4 million increase in operating revenues and \$38.9 million in non-operating revenues.

The increase in total operating revenues of \$2.4 million is primarily driven by increases in meter and service fees of \$2.7 million and sanitation service fees of \$3.6 million due to increased rates in both the Domestic and Sanitation funds. These were offset by \$2.3 million in groundwater replenishment charges due to decreased replenishment and \$1.7 million in other charges.

Non-operating revenues increased by \$38.9 million, or 27.5%, attributed to a \$19.7 million increase in investment income, a \$15.8 million increase in property taxes, driven by assessed property value growth, and a \$2.5 million increase in intergovernmental revenue and \$1.0 million in other income.

Total expenses increased by \$30.7 million, or 9.9%, in fiscal year 2023, which consisted of a \$27.4 million increase in general operating expenses and a \$3.3 million increase in non-operating expenses.

The increase in Operating expenses is primarily driven by an \$11.4 million increase in other costs, \$8.2 million in Benefit costs, and a \$7.2 million increase in claims payable. Water purchases can be volatile, as they rely heavily on weather conditions and water availability water purchases. For fiscal year 2023 Water Purchase Costs declined by \$9.2 million.

Non-operating expenses increased by \$3.3 million due to increased interest expense, as the District has taken on more debt in the form of loans and bonds.

Total Capital contributions decreased by \$8.3 million or 31.2%. Specifically, the contributed plant decreased by \$4.3 million compared to fiscal year 2022. Development fees also decreased by \$3.9 million or 24.5%. The fluctuations in capital contributions are attributed to the varying stages of the projects, from design, construction, and completion from year to year. In some years, 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, 2023
(In Millions)

	2023	2022	Dollar Change	Percentage Change
Operating Revenues				
Water Sales	\$ 90.1	\$ 90.3	\$ (0.1)	(0.2%)
Water and Sewer Availability	3.0	2.9	0.1	3.7%
Meter and Service Fees	26.6	23.8	2.7	11.5%
Sanitation Service fees	44.8	41.2	3.6	8.9%
Groundwater Replenishment Charges	27.7	30.0	(2.3)	(7.5%)
Other charges	7.4	9.1	(1.7)	(18.1%)
Total Operating Revenues	199.7	197.2	2.4	1.2%
Non-Operating Revenue	180.2	141.4	38.9	27.5%
Total Revenues	379.9	338.6	41.3	12.2%
Operating Expenses				
General Operations	187.8	153.2	34.6	22.6%
Water Purchases	75.1	84.3	(9.2)	(11.0%)
Utilities	22.0	20.9	1.2	5.5%
Depreciation & Amortization Expense	50.0	49.2	0.8	1.7%
Total Operating Expenses	334.9	307.5	27.4	8.9%
Non-Operating Expense	6.2	2.9	3.3	115.3%
Total Expenses	341.0	310.4	30.7	9.9%
Income before capital contributions	38.8	28.2	10.6	37.7%
Capital Contributions	6.2	10.5	(4.3)	(41.3%)
Development Fees	12.1	16.0	(3.9)	(24.5%)
Change in Net Position	57.1	54.7	2.4	4.3%
Beginning Net Position	1,961.6	1,906.9	54.7	2.9%
Ending Net Position	\$ 2,018.7	\$ 1,961.6	\$ 57.1	2.9%

Note: Please allow for rounding differences.

Capital Assets

As of June 30, 2023, the District's Net Capital Assets totaled \$1.85 billion, an increase of \$95.6 million, or 5.5%. Capital assets include all of the District's major infrastructure assets consisting of water treatment facilities, water mains, pipes, storage reservoirs, wells, water reclamation facilities, stormwater improvements, irrigation and drainage facilities, land, water rights, intangibles, lease assets, District headquarters, and other structures, as well as vehicles and other equipment. Assets valued at \$10,000 or greater are capitalized per the District's capitalization policy; assets acquired with federal grant/loan funds of \$5,000 or greater are capitalized.

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

Table 3
COACHELLA VALLEY WATER DISTRICT
Capital Assets
As of June 30, 2023
(In Millions)

	2023	2022	Dollar Change	Percentage Change
Infrastructure, Plant, Land Improvements, & Intangibles				
Domestic Water	744.8	721.8	23.0	3.2%
Sanitation	635.6	632.6	2.9	0.5%
Canal	86.2	82.9	3.3	4.0%
Stormwater	185.6	178.3	7.3	4.1%
Groundwater Replenishment	118.9	117.6	1.3	1.1%
Motorpool	3.9	3.9	(0.0)	(0.0%)
Equipment	122.8	103.9	18.9	18.2%
Construction in progress	300.0	236.5	63.6	26.9%
Land and Land Rights	73.3	73.3	0.1	0.1%
Water rights	73.6	73.6	(0.0)	(0.0%)
Interest in jointly owned facilities	428.1	407.4	20.7	5.1%
Lease Assets	8.9	4.8	4.1	100.0%
Total capital assets	2,781.5	2,636.4	145.2	5.5%
Less depreciation & Amortization	932.3	882.7	49.5	5.6%
Net capital assets	\$ 1,849.3	\$ 1,753.7	\$ 95.6	5.5%

Note: Please allow for rounding differences.

For more detailed information on capital asset activity, please refer to Note 4: Capital Assets.

Economic Factors and Next Year's Budget

A majority of the District service area is located in Riverside County. The District's economy relies mainly on tourism (hotels and resorts), construction, and agriculture. The District produces, stores, treats, and distributes potable water for a permanent population of more than 270,000. The District also provides nonpotable water, regional sanitation services, water reclamation, groundwater management, agricultural irrigation and drainage, and stormwater protection for the Coachella Valley, with a population of 400,000 which can increase up to 600,000 during winter and parts of the spring season.

The continuing disruption to supply chains and high inflation remain a concern globally. The economic market has experienced continued volatility, especially in the pricing of materials, food, and the real estate market in the United States. Despite the financial volatility, CVWD's conservative approach, combined with its diligent and agile pursuit of various funding avenues to finance large capital projects, including grants and loans, means CVWD maintains a strong financial position.

The District's total budget for fiscal year 2024 is \$472.6 million.

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, 2023**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
CURRENT ASSETS				
Cash and Investments	\$ 69,872,049	\$ 47,862,817	\$ 47,351,030	\$ 152,236,626
Receivables:				
Accounts	9,223,844	2,066,827	3,674,416	951,558
Property Taxes	213,222	1,047,059	348,680	544,872
Interest	548,234	386,830	224,999	723,493
Deposits	-	200,000	-	-
Loan	-	-	4,452,347	-
Allowance for Uncollectible Accounts	-	-	-	(590,266)
Leases	130,502	89,433	18,863	333,712
Supplies Inventory	6,462,958	-	-	-
Prepaid Items	834,704	-	200,000	2,500
Due from Other Governments	4,871,197	1,772,686	12,336,082	193,220
Total Current Assets	<u>92,156,710</u>	<u>53,425,652</u>	<u>68,606,417</u>	<u>154,395,715</u>
NONCURRENT ASSETS				
Advances to Other Funds	48,099,637	-	-	-
Restricted Cash and Investments	86,378,414	33,614,707	-	902
Leases Receivable	1,760,613	1,328,071	39,107	8,827,812
Capital Assets:				
Land and Land Rights	12,944,877	3,702,115	3,329,579	23,285,560
Water Rights	73,595,304	-	-	-
Construction in Progress	41,818,412	53,772,723	20,366,282	130,954,856
Land Improvements	1,591,649	1,220,437	193,789	94,374
Building and Plant	742,907,290	634,225,617	85,925,638	185,374,707
Interest in Shared Facilities	-	-	35,479,522	-
Equipment	24,526,200	46,742,089	8,496,623	2,631,935
Intangibles	290,178	144,992	80,227	111,593
Less: Accumulated Depreciation	(335,699,086)	(290,715,375)	(50,517,670)	(85,426,456)
Lease Assets, Net of Accumulated Amortization	1,704,427	1,065,251	809,599	383,494
Total Capital Assets, Net	<u>563,679,251</u>	<u>450,157,849</u>	<u>104,163,589</u>	<u>257,410,063</u>
Total Noncurrent Assets	<u>699,917,915</u>	<u>485,100,627</u>	<u>104,202,696</u>	<u>266,238,777</u>
Total Assets	<u>792,074,625</u>	<u>538,526,279</u>	<u>172,809,113</u>	<u>420,634,492</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB Related Items	852,421	440,256	189,503	117,019
Deferred Pension Related Items	27,662,515	15,246,816	8,332,894	3,495,700
Total Deferred Outflows of Resources	<u>28,514,936</u>	<u>15,687,072</u>	<u>8,522,397</u>	<u>3,612,719</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund <u>Motorpool</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Investments	\$ 60,249,560	\$ 69,418,572	\$ 446,990,654	\$ 1,222,581
Receivables:				
Accounts	2,040,645	-	17,957,290	11,151
Property Taxes	222,966	3,160,920	5,537,719	-
Interest	285,812	329,819	2,499,187	5,288
Deposits	100,000	-	300,000	-
Loan	-	-	4,452,347	-
Allowance for Uncollectible Accounts	-	-	(590,266)	-
Leases	-	-	572,510	-
Supplies Inventory	-	-	6,462,958	232,137
Prepaid Expenses	130,655	-	1,167,859	30,100
Due from Other Governments	331,577	-	19,504,762	-
Total Current Assets	<u>63,361,215</u>	<u>72,909,311</u>	<u>504,855,020</u>	<u>1,501,257</u>
NONCURRENT ASSETS				
Advances to Other Funds	-	-	48,099,637	-
Restricted Cash and Investments	990,421	-	120,984,444	-
Leases Receivable	-	-	11,955,603	-
Capital Assets:				
Land and Land Rights	30,064,808	-	73,326,939	-
Water Rights	-	-	73,595,304	-
Construction in Progress	53,105,546	-	300,017,819	-
Land Improvements	85,220	-	3,185,469	-
Building and Plant	118,692,499	-	1,767,125,751	3,827,501
Interest in Shared Facilities	-	392,588,415	428,067,937	-
Equipment	835,755	-	83,232,602	39,540,952
Intangibles	80,040	-	707,030	25,019
Less: Accumulated Depreciation	(34,168,762)	(103,084,608)	(899,611,957)	(32,112,509)
Lease Assets, Net of Accumulated Amortization	4,389,654	-	8,352,425	-
Total Capital Assets, Net	<u>173,084,760</u>	<u>289,503,807</u>	<u>1,837,999,319</u>	<u>11,280,963</u>
Total Noncurrent Assets	<u>174,075,181</u>	<u>289,503,807</u>	<u>2,019,039,003</u>	<u>11,280,963</u>
 Total Assets	 <u>237,436,396</u>	 <u>362,413,118</u>	 <u>2,523,894,023</u>	 <u>12,782,220</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB Related Items	72,484	-	1,671,683	-
Deferred Pension Related Items	3,764,383	106,181	58,608,489	2,176,317
Total Deferred Outflows of Resources	<u>3,836,867</u>	<u>106,181</u>	<u>60,280,172</u>	<u>2,176,317</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
CURRENT LIABILITIES				
Accounts Payable	\$ 10,207,395	\$ 1,721,735	\$ 937,579	\$ 5,260,465
Accrued Liabilities	1,639,994	911,722	497,003	237,366
Unearned Revenues	7,008,547	211,781	-	7,100
Retentions Payable	113,056	658,148	227,078	4,255
Customer Advances and Deposits	10,428,456	973,916	1,285,570	1,834,708
Current Portion of Long-Term Liabilities	2,534,291	729,144	466,085	2,602,739
Total Current Liabilities	<u>31,931,739</u>	<u>5,206,446</u>	<u>3,413,315</u>	<u>9,946,633</u>
LONG-TERM LIABILITIES				
Compensated Absences Payable	2,535,339	1,283,969	812,268	532,193
Claims Liability	1,657,786	-	18,916,357	-
Loans Payable	17,661,885	-	4,452,347	58,716,513
Notes Payable	35,280,147	-	-	-
Certificates of Participation	-	-	-	58,681,546
Leases Payable	1,747,257	1,092,020	829,942	393,131
Net OPEB Liability	467,379	594,359	276,709	105,698
Net Pension Liability	60,794,684	35,807,161	20,142,506	7,273,401
Advances from Other Funds	-	-	-	-
Total Long-Term Liabilities	<u>120,144,477</u>	<u>38,777,509</u>	<u>45,430,129</u>	<u>125,702,482</u>
Total Liabilities	<u>152,076,216</u>	<u>43,983,955</u>	<u>48,843,444</u>	<u>135,649,115</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB Related Items	4,296,289	2,588,824	1,146,032	623,371
Deferred Pension Related Items	1,355,194	1,086,587	526,608	158,287
Deferred Leases Related Items	1,792,255	1,356,924	56,622	8,665,723
Total Deferred Inflows of Resources	<u>7,443,738</u>	<u>5,032,335</u>	<u>1,729,262</u>	<u>9,447,381</u>
NET POSITION				
Net Investment in Capital Assets	538,898,929	447,612,051	98,036,181	133,414,402
Restricted:				
Construction, Capital, and Replacement Funds	51,249,304	33,614,707	-	-
Debt Service	841,000	-	-	2,370,251
State Water Project	-	-	-	-
Emergency Reserve	-	-	100,000	-
Unrestricted	70,080,374	23,970,303	32,622,623	143,366,062
Total Net Position	<u>\$ 661,069,607</u>	<u>\$ 505,197,061</u>	<u>\$ 130,758,804</u>	<u>\$ 279,150,715</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
CURRENT LIABILITIES				
Accounts Payable	\$ 10,579,122	\$ 10,219,471	\$ 38,925,767	\$ 213,947
Accrued Liabilities	261,645	12,085	3,559,815	136,427
Unearned Revenues	-	-	7,227,428	-
Retentions Payable	18,895	-	1,021,432	-
Customer Advances and Deposits	-	-	14,522,650	-
Current Portion of Long-Term Liabilities	278,666	26,993	6,637,918	138,798
Total Current Liabilities	11,138,328	10,258,549	71,895,010	489,172
LONG-TERM LIABILITIES				
Compensated Absences Payable	404,793	50,129	5,618,691	257,767
Claims Liability	32,636,486	-	53,210,629	2,000,000
Loans Payable	-	-	80,830,745	-
Notes Payable	-	-	35,280,147	-
Certificates of Participation	53,265,127	-	111,946,673	-
Leases Payable	4,354,423	-	8,416,773	-
Net OPEB Liability	(60,736)	-	1,383,409	-
Net Pension Liability	7,729,312	59,427	131,806,491	5,033,301
Advances from Other Funds	48,099,637	-	48,099,637	-
Total Long-Term Liabilities	146,429,042	109,556	476,593,195	7,291,068
Total Liabilities	157,567,370	10,368,105	548,488,205	7,780,240
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB Related Items	322,843	-	8,977,359	-
Deferred Pension Related Items	22,473	(548)	3,148,601	123,434
Deferred Leases Related Items	-	-	11,871,524	-
Total Deferred Inflows of Resources	345,316	(548)	23,997,484	123,434
NET POSITION				
Net Investment in Capital Assets	67,140,804	289,503,807	1,574,606,174	11,276,025
Restricted:				
Construction, Capital, and Replacement Funds	-	-	84,864,011	-
Debt Service	-	-	3,211,251	-
State Water Project	-	62,647,935	62,647,935	-
Emergency Reserve	-	-	100,000	-
Unrestricted	16,219,773	-	286,259,135	(4,221,162)
Total Net Position	\$ 83,360,577	\$ 352,151,742	\$ 2,011,688,506	\$ 7,054,863

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, 2023**

	Domestic Water	Sanitation	Canal Water	Stormwater
OPERATING REVENUES				
Sales	\$ 72,045,878	\$ -	\$ 14,360,480	\$ -
Availability Charges	630,585	48,558	2,286,722	-
Meter and Service Fees	25,149,809	21,472	1,410,581	8,286
Sanitation Service Fees	-	44,800,995	-	-
Replenishment Charges	-	-	-	-
Other Charges	1,837,979	186,056	159,346	56,863
Total Operating Revenues	<u>99,664,251</u>	<u>45,057,081</u>	<u>18,217,129</u>	<u>65,149</u>
OPERATING EXPENSES				
Wages and Salaries	25,340,201	13,682,269	7,729,546	3,314,014
Benefits	12,503,390	6,329,062	3,795,758	1,576,269
Materials and Supplies	9,700,297	3,686,251	3,620,921	404,786
Water Purchases	13,068,044	-	4,969,628	-
Power	13,742,193	6,139,737	678,876	49,041
Contract Services	4,163,664	3,437,272	1,906,852	1,246,221
Depreciation and Amortization	15,863,158	17,041,842	2,359,359	3,675,956
Legal Claims	85,000	-	1,140,755	-
Other	21,075,007	4,384,623	6,663,923	2,529,082
Total Operating Expenses	<u>115,540,954</u>	<u>54,701,056</u>	<u>32,865,618</u>	<u>12,795,369</u>
OPERATING LOSS	<u>(15,876,703)</u>	<u>(9,643,975)</u>	<u>(14,648,489)</u>	<u>(12,730,220)</u>
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	2,556,836	2,583,707	12,906,046	26,190,115
Intergovernmental	4,522,578	1,687,267	9,376,113	306,927
Investment Income	2,526,737	1,053,688	1,017,295	2,945,718
Interest Expense	(838,734)	(27,857)	(21,171)	(3,017,469)
Other	3,947,548	362,745	2,046,953	1,980,504
Gain (Loss) on Disposal of Capital Assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>12,714,965</u>	<u>5,659,550</u>	<u>25,325,236</u>	<u>28,405,795</u>
Income (Loss) Before Transfers and Capital Contributions	(3,161,738)	(3,984,425)	10,676,747	15,675,575
Transfers In	55,888	116,432	-	-
Transfers Out	(1,616,255)	(48,188)	(213,999)	(348,376)
Capital Contributions:				
Contributed Plant	3,549,751	2,595,961	25,980	-
Development Fees	5,383,801	6,704,553	-	-
INCREASE (DECREASE) IN NET POSITION	<u>4,211,447</u>	<u>5,384,333</u>	<u>10,488,728</u>	<u>15,327,199</u>
Net Position - Beginning of Year	<u>656,858,160</u>	<u>499,812,728</u>	<u>120,270,076</u>	<u>263,823,516</u>
NET POSITION - END OF YEAR	<u>\$ 661,069,607</u>	<u>\$ 505,197,061</u>	<u>\$ 130,758,804</u>	<u>\$ 279,150,715</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
OPERATING REVENUES				
Sales	\$ 3,730,141	\$ -	\$ 90,136,499	\$ -
Availability Charges	-	-	2,965,865	-
Meter and Service Fees	-	-	26,590,148	-
Sanitation Service Fees	-	-	44,800,995	-
Replenishment Charges	27,744,140	-	27,744,140	-
Other Charges	35,654	-	2,275,898	5,151,369
Total Operating Revenues	<u>31,509,935</u>	<u>-</u>	<u>194,513,545</u>	<u>5,151,369</u>
OPERATING EXPENSES				
Wages and Salaries	3,775,386	209,130	54,050,546	2,188,783
Benefits	1,590,136	107,902	25,902,517	1,146,114
Materials and Supplies	373,407	-	17,785,662	1,085,991
Water Purchases	13,139,852	43,899,436	75,076,960	-
Power	1,397,235	-	22,007,082	-
Contract Services	1,479,535	-	12,233,544	456,118
Depreciation and Amortization	2,360,919	6,252,245	47,553,479	2,449,443
Legal Claims	27,383,697	-	28,609,452	2,000,000
Other	6,217,869	1,027,893	41,898,397	412,003
Total Operating Expenses	<u>57,718,036</u>	<u>51,496,606</u>	<u>325,117,639</u>	<u>9,738,452</u>
OPERATING LOSS	<u>(26,208,101)</u>	<u>(51,496,606)</u>	<u>(130,604,094)</u>	<u>(4,587,083)</u>
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	11,748,307	91,469,810	147,454,821	-
Intergovernmental	-	-	15,892,885	-
Investment Income	603,454	(354,500)	7,792,392	8,709
Interest Expense	(2,277,436)	-	(6,182,667)	-
Other	619,737	-	8,957,487	29,813
Gain (Loss) on Disposal of Capital Assets	-	-	-	73,429
Total Nonoperating Revenues (Expenses)	<u>10,694,062</u>	<u>91,115,310</u>	<u>173,914,918</u>	<u>111,951</u>
Income (Loss) Before Transfers and Capital Contributions	(15,514,039)	39,618,704	43,310,824	(4,475,132)
Transfers In	73,739	-	246,059	2,025,864
Transfers Out	(45,105)	-	(2,271,923)	-
Capital Contributions:				
Contributed Plant	-	-	6,171,692	-
Development Fees	-	-	12,088,354	-
INCREASE (DECREASE) IN NET POSITION	<u>(15,485,405)</u>	<u>39,618,704</u>	<u>59,545,006</u>	<u>(2,449,268)</u>
Net Position - Beginning of Year	<u>98,845,982</u>	<u>312,533,038</u>	<u>1,952,143,500</u>	<u>9,504,131</u>
NET POSITION - END OF YEAR	<u>\$ 83,360,577</u>	<u>\$ 352,151,742</u>	<u>\$ 2,011,688,506</u>	<u>\$ 7,054,863</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

	Domestic Water	Sanitation	Canal Water	Stormwater
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 87,563,659	\$ 45,810,712	\$ 7,240,581	\$ 533,596
Cash Received from Interfund Service Provided	-	-	-	-
Cash Paid to Employees for Services	(41,430,063)	(21,324,296)	(12,117,494)	(5,179,927)
Cash Paid to Suppliers of Goods and Services	(35,923,659)	(19,547,267)	(18,098,374)	(11,175,427)
Net Cash Provided (Used) by Operating Activities	<u>10,209,937</u>	<u>4,939,149</u>	<u>(22,975,287)</u>	<u>(15,821,758)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Transfers In	55,888	116,432	-	-
Cash Transfers Out	(1,616,255)	(48,188)	(213,999)	(348,376)
Payments Received from (Provided to) Other Governments	798,251	5,044,002	9,376,113	291,656
Cash Received from Property Taxes	2,567,237	2,532,872	12,865,550	26,041,725
Net Cash Provided by Noncapital Financing Activities	<u>1,805,121</u>	<u>7,645,118</u>	<u>22,027,664</u>	<u>25,985,005</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(7,056,229)	(18,173,704)	(5,496,348)	(66,638,013)
Cash Received from Development Fees	5,383,801	6,704,553	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Cash Received from Leases and Rent	174,604	121,311	39,387	1,461,096
Payment Received from (Provided to) Other Funds	4,658,487	-	-	-
Interest Received (Paid) on Interfund Debt	923,592	-	-	-
Proceeds from Long-Term Debt	-	-	-	25,774,598
Principal Paid on Long-Term Debt	(563,611)	(35,436)	(26,932)	(12,758)
Interest Paid on Long-Term Debt	(1,007,748)	(27,857)	(21,171)	(1,928,787)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2,512,896</u>	<u>(11,411,133)</u>	<u>(5,505,064)</u>	<u>(41,343,864)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Purchases	(42,332,350)	(22,074,399)	(12,828,636)	(41,245,140)
Proceeds from Maturity of Investments	20,981,242	15,323,111	13,719,224	51,134,844
Interest Received on Investments	1,918,580	947,323	637,938	1,874,775
Net Cash Provided (Used) by Investing Activities	<u>(19,432,528)</u>	<u>(5,803,965)</u>	<u>1,528,526</u>	<u>11,764,479</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(4,904,574)	(4,630,831)	(4,924,161)	(19,416,138)
Cash and Cash Equivalents - Beginning of Year	<u>46,760,503</u>	<u>26,456,798</u>	<u>17,608,420</u>	<u>60,197,094</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 41,855,929</u></u>	<u><u>\$ 21,825,967</u></u>	<u><u>\$ 12,684,259</u></u>	<u><u>\$ 40,780,956</u></u>
RECONCILIATION TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION				
Cash and Investments	\$ 69,872,049	\$ 47,862,817	\$ 47,351,030	\$ 152,236,626
Restricted Cash and Investments	86,378,414	33,614,707	-	902
Less: Investments with Maturities Greater than Three Months	<u>(114,394,534)</u>	<u>(59,651,557)</u>	<u>(34,666,771)</u>	<u>(111,456,572)</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 41,855,929</u></u>	<u><u>\$ 21,825,967</u></u>	<u><u>\$ 12,684,259</u></u>	<u><u>\$ 40,780,956</u></u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 32,225,065	\$ -	\$ 173,373,613	\$ -
Cash Received from Interfund Service Provided	-	-	-	5,170,308
Cash Paid to Employees for Services	(5,693,995)	(311,876)	(86,057,651)	(3,397,199)
Cash Paid to Suppliers of Goods and Services	(17,752,218)	(34,806,348)	(137,303,293)	(1,858,034)
Net Cash Provided (Used) by Operating Activities	<u>8,778,852</u>	<u>(35,118,224)</u>	<u>(49,987,331)</u>	<u>(84,925)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Transfers In	73,739	-	246,059	2,025,864
Cash Transfers Out	(45,105)	-	(2,271,923)	-
Payments Received from (Provided to) Other Governments	(239,815)	-	15,270,207	-
Cash Received from Property Taxes	<u>11,704,627</u>	<u>90,822,153</u>	<u>146,534,164</u>	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	11,493,446	90,822,153	159,778,507	2,025,864
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(5,355,733)	(20,657,274)	(123,377,301)	(1,917,942)
Cash Received from Development Fees	-	-	12,088,354	-
Proceeds from Sale of Capital Assets	-	-	-	84,576
Cash Received from Leases and Rent	-	-	1,796,398	-
Payment Received from (Provided to) Other Funds	(4,658,487)	-	-	-
Interest Received (Paid) on Interfund Debt	(923,592)	-	-	-
Proceeds from Long-Term Debt	-	-	25,774,598	-
Principal Paid on Long-Term Debt	(13,702)	-	(652,439)	-
Interest Paid on Long-Term Debt	(1,916,689)	-	(4,902,252)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(12,868,203)</u>	<u>(20,657,274)</u>	<u>(89,272,642)</u>	<u>(1,833,366)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Purchases	(16,591,517)	(28,597,121)	(163,669,163)	(331,229)
Proceeds from Maturity of Investments	7,010,314	-	108,168,735	175,122
Interest Received on Investments	799,528	499,686	6,677,830	6,747
Net Cash Provided (Used) by Investing Activities	<u>(8,781,675)</u>	<u>(28,097,435)</u>	<u>(48,822,598)</u>	<u>(149,360)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(1,377,580)	6,949,220	(28,304,064)	(41,787)
Cash and Cash Equivalents - Beginning of Year	<u>17,782,372</u>	<u>11,646,429</u>	<u>180,451,616</u>	<u>369,289</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 16,404,792</u>	<u>\$ 18,595,649</u>	<u>\$ 152,147,552</u>	<u>\$ 327,502</u>
RECONCILIATION TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION				
Cash and Investments	\$ 60,249,560	\$ 69,418,572	\$ 446,990,654	\$ 1,222,581
Restricted Cash and Investments	990,421	-	120,984,444	-
Less: Investments with Maturities Greater than Three Months	<u>(44,835,189)</u>	<u>(50,822,923)</u>	<u>(415,827,546)</u>	<u>(895,079)</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 16,404,792</u>	<u>\$ 18,595,649</u>	<u>\$ 152,147,552</u>	<u>\$ 327,502</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Domestic Water	Sanitation	Canal Water	Stormwater
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	\$ (15,876,703)	\$ (9,643,975)	\$ (14,648,489)	\$ (12,730,220)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Depreciation and Amortization	15,863,158	17,041,842	2,359,359	3,675,956
Other Nonoperating Revenue	3,727,937	213,309	2,007,110	306,531
(Increase) Decrease in Accounts Receivable	282,455	146,969	(11,778,228)	(285,192)
(Increase) Decrease in Deposits Receivable	-	(15,000)	-	-
(Increase) Decrease in Supplies Inventory	(475,481)	-	-	-
(Increase) Decrease in Prepaid Expenses	(539,810)	-	-	(2,500)
(Increase) Decrease in Deferred Outflows of Resources - OPEB Related Items	510,553	310,771	144,287	77,693
(Increase) Decrease in Deferred Outflows of Resources - Pension Related Items	(13,817,203)	(7,653,608)	(4,167,688)	(2,072,165)
Increase (Decrease) in Accounts Payable	1,620,034	(1,998,126)	(1,690,565)	(6,808,098)
Increase (Decrease) in Accrued Liabilities	(1,538,602)	21,027	(1,405)	(13,047)
Increase (Decrease) in Unearned Revenues	7,008,547	-	-	7,100
Increase (Decrease) in Retentions Payable	(1,891)	182,331	66,830	(117,720)
Increase (Decrease) in Customer Advances and Deposits	2,030,278	429,825	205,157	448,294
Increase (Decrease) in Compensated Absences Payable	126,422	(79,132)	47,518	51,512
Increase (Decrease) in Claims Liability	157,885	(105,061)	1,095,729	(26,265)
Increase (Decrease) in Net OPEB Liability (Asset)	(425,298)	(258,877)	(120,193)	(64,719)
Increase (Decrease) in Net Pension Liability	27,691,527	15,338,856	8,352,606	4,152,897
Increase (Decrease) in Deferred Inflows of Resources - OPEB Related Items	(1,006,772)	(612,818)	(284,523)	(153,205)
Increase (Decrease) in Deferred Inflows of Resources - Pension Related Items	(15,127,099)	(8,379,184)	(4,562,792)	(2,268,610)
Total Adjustments	<u>26,086,640</u>	<u>14,583,124</u>	<u>(8,326,798)</u>	<u>(3,091,538)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 10,209,937</u>	<u>\$ 4,939,149</u>	<u>\$ (22,975,287)</u>	<u>\$ (15,821,758)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Assets Contributed by Other Parties	<u>\$ 3,549,751</u>	<u>\$ 2,595,961</u>	<u>\$ 25,980</u>	<u>\$ -</u>
Capital Assets in Accounts Payable	<u>\$ 4,681,601</u>	<u>\$ 757,854</u>	<u>\$ 1,441,321</u>	<u>\$ 3,884,044</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Groundwater Replenishment	State Water Project	Totals	Internal Service Fund Motorpool
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	\$ (26,208,101)	\$ (51,496,606)	\$ (130,604,094)	\$ (4,587,083)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Depreciation	2,360,919	6,252,245	47,553,479	2,449,443
Other Nonoperating Revenue	619,737	-	6,874,624	29,813
(Increase) Decrease in Accounts Receivable	102,112	-	(11,531,884)	(10,874)
(Increase) Decrease in Deposits Receivable	-	-	(15,000)	-
(Increase) Decrease in Supplies Inventory	-	-	(475,481)	63,699
(Increase) Decrease in Prepaid Expenses	(130,655)	-	(672,965)	(100)
(Increase) Decrease in Deferred Outflows of Resources - OPEB Related Items	66,594	-	1,109,898	-
(Increase) Decrease in Deferred Outflows of Resources - Pension Related Items	(2,141,466)	(111,413)	(29,963,543)	(1,150,094)
Increase (Decrease) in Accounts Payable	4,983,235	10,120,981	6,227,461	32,479
Increase (Decrease) in Accrued Liabilities	10,036	2,340	(1,519,651)	4,548
Increase (Decrease) in Unearned Revenues	-	-	7,015,647	-
Increase (Decrease) in Retentions Payable	18,895	-	148,445	-
Increase (Decrease) in Customer Advances and Deposits	-	-	3,113,554	-
Increase (Decrease) in Compensated Absences Payable	(24,146)	12,918	135,092	37,426
Increase (Decrease) in Claims Liability	27,361,183	-	28,483,471	2,000,000
Increase (Decrease) in Net OPEB Liability	(55,474)	-	(924,561)	-
Increase (Decrease) in Net Pension Liability	4,291,782	223,286	60,050,954	2,304,943
Increase (Decrease) in Deferred Inflows of Resources - OPEB Related Items	(131,318)	-	(2,188,636)	-
Increase (Decrease) in Deferred Inflows of Resources - Pension Related Items	(2,344,481)	(121,975)	(32,804,141)	(1,259,125)
Total Adjustments	<u>34,986,953</u>	<u>16,378,382</u>	<u>80,616,763</u>	<u>4,502,158</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,778,852</u>	<u>\$ (35,118,224)</u>	<u>\$ (49,987,331)</u>	<u>\$ (84,925)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Assets Contributed by Other Parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,171,692</u>	<u>\$ -</u>
Capital Assets in Accounts Payable	<u>\$ 3,579,619</u>	<u>\$ -</u>	<u>\$ 14,344,439</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>Community Facilities / Assessment District Custodial Funds</u>	<u>OPEB Trust Fund</u>
ASSETS		
Cash and Investments	\$ 11,064,313	\$ -
Mutual Funds		32,412,570
Receivables:		
Accounts	118,377	-
Property Taxes	76,170	-
Interest	52,569	17,531
Total Assets	<u>11,311,429</u>	<u>32,430,101</u>
LIABILITIES		
Accounts Payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Restricted for OPEB	-	32,430,101
Held for Bondholders	11,311,429	-
Total Net Position	<u>\$ 11,311,429</u>	<u>\$ 32,430,101</u>

**COACHELLA VALLEY WATER DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	<u>Community Facilities / Assessment District Custodial Funds</u>	<u>OPEB Trust Fund</u>
ADDITIONS		
Contributions:		
Employers	\$ -	\$ 1,511,330
Investment Earnings:		
Net Increase (Decrease) in Fair Value of Investments	(28,381)	1,770,383
Interest, Dividends, and Other	160,914	996,954
Total Investment Earnings	<u>132,533</u>	<u>2,767,337</u>
Less Investment Costs	-	(91,968)
Net Investment Earnings	<u>132,533</u>	<u>2,675,369</u>
Special Assessments or Special Taxes Collected from Property Owners	<u>1,707,692</u>	-
Total Additions	<u>1,840,225</u>	<u>4,186,699</u>
DEDUCTIONS		
Benefits Paid to Participants or Beneficiaries	-	2,354,004
Administrative Expense	109,979	21,326
Payments for Special Assessment or Special Tax Debt	881,712	-
Property Insurance	156,782	-
Repairs and Maintenance	28,348	-
Total Deductions	<u>1,176,821</u>	<u>2,375,330</u>
NET INCREASE IN FIDUCIARY NET POSITION	663,404	1,811,369
Net Position - Beginning of Year	<u>10,648,025</u>	<u>30,618,732</u>
NET POSITION - END OF YEAR	<u>\$ 11,311,429</u>	<u>\$ 32,430,101</u>

See accompanying Notes to Basic Financial Statements.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 113,000 customers. The valley's drinking water comes from a vast underground aquifer. This water is nearly pristine and requires little treatment to meet all state and federal water quality standards.

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

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

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

**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 2,043 miles of distribution pipelines serve those customers from water stored in 67 reservoirs.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

**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 over fifty (50) golf courses, four (4) Homeowners’ Associations, and one (1) public high school and District facilities.

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

Additionally, the District reports the following fund types:

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

Fiduciary Funds

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

Community Facilities / Assessment District 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 January preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

**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 Items

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

I. Capital Assets

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

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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

I. Capital Assets (Continued)

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

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

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

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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 \$6,171,692 for the year ended June 30, 2023.

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 therefore 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 therefore 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 7 and 9, respectively. The statement of net position also reports deferred inflow of resources related to leases, which are more fully discussed in Note 3.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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.

M. Long-Term Obligations

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

N. Pension

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

O. Other Postemployment Benefits (OPEB)

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

P. Compensated Absences

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

**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 consider restricted – net position to have been depleted before unrestricted – net position is applied.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

**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.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Current Assets:	
Cash and Investments	\$ 448,213,235
Noncurrent Assets:	
Restricted Cash and Investments	120,984,444
Fiduciary Funds:	
Cash and Investments	43,476,883
Total Cash and Investments	<u>\$ 612,674,562</u>

Cash and investments as of June 30, 2023, consist of the following:

Petty Cash on Hand	\$ 3,989
Deposits with Financial Institutions	6,241,072
Investments	606,429,501
Total Cash and Investments	<u>\$ 612,674,562</u>

Investments Authorized for the District's OPEB Trust Fund

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

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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

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

<u>Authorized Investment Type</u>	<u>Minimum Rating</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	10 years	None	None
U.S. Federal Agency Securities	None	10 years	None	None
Municipal Bonds	A	10 years	30%	5%
Banker's Acceptances	Highest**	180 days	40%	5%
Commercial Paper	A-1	270 days	40%	5%
Negotiable Certificates of Deposit	A	5 years	30%	5%
Negotiable Certificates of Deposit	None	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
Local Government Investment Pools	AAA	N/A	None	None
District's Own Bonds	None	5 years	None	N/A

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

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

Investments Authorized by Debt Agreements

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023:

<u>Investment Type</u>	Remaining Investment Maturities			
	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months
TPIF	\$ 874,986	\$ 874,986	\$ -	\$ -
LAIF	9,851	9,851	-	-
California Asset Management Program	107,755,597	107,755,597	-	-
Money Market	1,469,127	1,469,127	-	-
U.S. Treasury Notes	157,991,012	21,453,277	69,542,750	66,994,985
Fannie Mae/Freddie Mac	31,763,944	31,763,944	-	-
Federal Agency Collateralized				
Mortgage Obligation	29,079,648	1,944,614	2,886,405	24,248,629
Federal Farm Credit Bank	16,140,413	6,044,812	7,471,550	2,624,051
Federal Home Loan Bank	47,598,432	27,375,804	4,700,165	15,522,463
Supra-National Agency Bond	11,594,209	6,063,788	5,530,421	-
Asset-Backed Securities	34,588,465	714,026	9,802,258	24,072,181
Medium-Term Notes	99,030,816	28,876,850	27,188,428	42,965,538
OPEB Trust Mutual Funds	32,412,569	32,412,569	-	-
Held by Fiscal Agent:				
Money Market Mutual Funds	36,120,432	36,120,432	-	-
Total Investments	<u>\$ 606,429,501</u>	<u>\$ 302,879,677</u>	<u>\$ 127,121,977</u>	<u>\$ 176,427,847</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, or Fitch and Moody's as noted, as of year-end for each investment type as of June 30, 2023:

Investment Type	Total as of June 30, 2023	Minimum Legal Rating	Minimum		
			AAA	AA	A
TPIF	\$ 874,986	N/A	\$ -	\$ -	\$ -
LAIF	9,851	N/A	-	-	-
California Asset Management Program	107,755,597	AAA	107,755,597	-	-
Money Market	1,469,127	N/A	1,469,127	-	-
U.S. Treasury Notes	157,991,012	N/A	-	-	-
Fannie Mae/Freddie Mac	31,763,944	N/A	-	31,763,944	-
Federal Agency Collateralized Mortgage Obligation	29,079,648	N/A	26,193,243 *	-	-
Federal Farm Credit Bank	16,140,413	N/A	-	16,140,413	-
Federal Home Loan Bank	47,598,432	N/A	-	47,598,432	-
Supra-National Agency Bonds	11,594,209	AA	11,594,209	-	-
Asset Backed Securities	34,588,465	AA	23,732,154	-	-
Medium-Term Notes	99,030,816	A	-	31,321,445	67,709,371
OPEB Trust Mutual Funds	32,412,569	N/A	-	-	-
Held by Fiscal Agent:					
Money Market Mutual Funds	36,120,432	N/A	36,120,432	-	-
Total Investments	<u>\$ 606,429,501</u>		<u>\$ 206,864,762</u>	<u>\$ 126,824,234</u>	<u>\$ 67,709,371</u>

Investment Type	Total as of June 30, 2023	Minimum Legal Rating	Minimum		Exempt From Disclosure
			Aaa**	Not Rated	
TPIF	\$ 874,986	N/A	\$ -	\$ 874,986	\$ -
LAIF	9,851	N/A	-	9,851	-
California Asset Management Program	107,755,597	AAA	-	-	-
Money Market	1,469,127	N/A	-	-	-
U.S. Treasury Notes	157,991,012	N/A	-	-	157,991,012
Fannie Mae/Freddie Mac	31,763,944	N/A	-	-	-
Federal Agency Collateralized Mortgage Obligation	29,079,648	N/A	2,886,405	-	-
Federal Farm Credit Bank	16,140,413	N/A	-	-	-
Federal Home Loan Bank	47,598,432	N/A	-	-	-
Supra-National Agency Bonds	11,594,209	AA	-	-	-
Asset Backed Securities	34,588,465	AA	10,856,311	-	-
Medium-Term Notes	99,030,816	A	-	-	-
OPEB Trust Mutual Funds	32,412,569	N/A	-	32,412,569	-
Held by Fiscal Agent:					
Money Market Mutual Funds	36,120,432	N/A	-	-	-
Total Investments	<u>\$ 606,429,501</u>		<u>\$ 13,742,716</u>	<u>\$ 33,297,406</u>	<u>\$ 157,991,012</u>

* Ratings for \$21,477,288 of Federal Agency Collateralized Mortgage Obligations are based on Fitch credit ratings.

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH 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. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Freddie Mac	Federal Agency Collateralized Mortgage Obligation	\$ 29,079,648
Federal Home Loan Bank	Federal Home Loan Bank	47,598,432

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, 2023, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in California Asset Management Program (CAMP)

The District is a voluntary participant in CAMP that is regulated by the California Government Code. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based on the District's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis. CAMP invests primarily in certificates of deposit, commercial paper, and U.S. government and agency obligations.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023:

<u>Investment Type</u>	<u>Totals</u>	<u>Level</u>		
		<u>1</u>	<u>2</u>	<u>3</u>
U.S. Treasury Notes	\$ 157,991,012	\$ 157,991,012	\$ -	\$ -
Fannie Mae/Freddie Mac	31,763,944	-	31,763,944	-
Federal Agency Collateralized Mortgage Obligation	29,079,648	-	29,079,648	-
Federal Home Loan Bank	47,598,432	-	47,598,432	-
Federal Farm Credit Bank	16,140,413	-	16,140,413	-
Supra-National Agency Bond	11,594,209	-	11,594,209	-
Asset-Backed Securities	34,588,465	-	34,588,465	-
Medium-Term Notes	99,030,816	-	99,030,816	-
OPEB Trust Mutual Funds	32,412,569	-	32,412,569	-
Subtotal Investments	460,199,508	<u>\$ 157,991,012</u>	<u>\$ 302,208,496</u>	<u>\$ -</u>
Uncategorized (Not Subject to Hierarchy):				
TPIF	874,986			
LAIF	9,851			
California Asset Management Program	107,755,597			
Money Market	1,469,127			
Held by Fiscal Agent:				
Money Market	36,120,432			
Total Investments	<u>\$ 606,429,501</u>			

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, the District recognized \$806,422 and \$317,263 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, 2023, the District reported \$12,528,113 in lease receivables and \$11,871,524 in deferred inflows of resources for these contracts.

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year
Lease Receivables	\$ 12,877,547	\$ 170,520	\$ (519,954)	\$ 12,528,113	\$ 572,510

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2024	\$ 572,510	\$ 305,056	\$ 877,566
2025	589,742	290,700	880,442
2026	590,507	276,325	866,832
2027	548,751	261,425	810,176
2028	578,715	247,481	826,196
2029 - 2033	2,681,234	1,029,101	3,710,335
2034 - 2038	2,358,798	718,081	3,076,879
2039 - 2043	1,868,912	469,985	2,338,897
2044 - 2048	2,306,678	222,064	2,528,742
2049 - 2053	432,266	10,455	442,721
Total	<u>\$ 12,528,113</u>	<u>\$ 3,830,673</u>	<u>\$ 16,358,786</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 CAPITAL ASSETS

	Balance at July 1, 2022	Transfers	Increases	Decreases	Balance at June 30, 2023
Capital Assets, not being Depreciated:					
Land and Land Rights					
Domestic Water	\$ 12,941,982	\$ 2,894	\$ -	\$ -	\$ 12,944,876
Sanitation	3,702,115	-	-	-	3,702,115
Canal Water	3,329,579	-	-	-	3,329,579
Stormwater	23,228,015	57,546	-	-	23,285,561
Groundwater Replenishment	30,064,808	-	-	-	30,064,808
Total Land and Land Rights	<u>73,266,499</u>	<u>60,440</u>	<u>-</u>	<u>-</u>	<u>73,326,939</u>
Construction in Progress:					
Domestic Water	51,485,286	(21,404,704)	11,737,831	-	41,818,413
Sanitation	50,207,887	(15,366,722)	18,931,558	-	53,772,723
Canal Water	17,798,584	(3,517,979)	6,085,677	-	20,366,282
Stormwater	67,850,266	(7,417,465)	70,522,054	-	130,954,855
Groundwater Replenishment	49,036,109	(1,431,469)	5,500,906	-	53,105,546
Internal Services	84,691	(2,007,571)	1,922,880	-	-
Total Construction in Progress	<u>236,462,823</u>	<u>(51,145,910)</u>	<u>114,700,906</u>	<u>-</u>	<u>300,017,819</u>
Water Rights:					
Domestic Water	73,595,304	-	-	-	73,595,304
Total Water Rights	<u>73,595,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,595,304</u>
Total Capital Assets not being Depreciated	<u>383,324,626</u>	<u>(51,085,470)</u>	<u>114,700,906</u>	<u>-</u>	<u>446,940,062</u>
Capital Assets, being Depreciated:					
Land Improvements:					
Domestic Water	1,122,848	441,476	27,325	-	1,591,649
Sanitation	1,220,437	-	-	-	1,220,437
Canal Water	193,789	-	-	-	193,789
Stormwater	94,374	-	-	-	94,374
Groundwater Replenishment	85,220	-	-	-	85,220
Total Land Improvements	<u>2,716,668</u>	<u>441,476</u>	<u>27,325</u>	<u>-</u>	<u>3,185,469</u>
Intangibles:					
Domestic Water	290,178	-	-	-	290,178
Sanitation	144,992	-	-	-	144,992
Canal Water	80,227	-	-	-	80,227
Stormwater	111,593	-	-	-	111,593
Groundwater Replenishment	80,040	-	-	-	80,040
Internal Services	25,019	-	-	-	25,019
Total Intangibles	<u>732,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>732,049</u>
Buildings and Plant:					
Domestic Water	720,380,207	18,977,332	3,549,751	-	742,907,290
Sanitation	631,278,380	351,276	2,595,961	-	634,225,617
Canal Water	82,597,244	3,302,412	25,983	-	85,925,639
Stormwater	178,044,673	7,330,034	-	-	185,374,707
Groundwater Replenishment	117,410,205	1,282,293	-	-	118,692,498
Internal Services	3,827,501	-	-	-	3,827,501
Total Building and Plant	<u>1,733,538,210</u>	<u>31,243,347</u>	<u>6,171,695</u>	<u>-</u>	<u>1,770,953,252</u>
Interest in Shared Facilities:					
Canal Water	35,479,522	-	-	-	35,479,522
State Water Project	371,931,141	-	20,657,274	-	392,588,415
Total Interest in Shared Facilities	<u>407,410,663</u>	<u>-</u>	<u>20,657,274</u>	<u>-</u>	<u>428,067,937</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance at July 1, 2022	Transfers	Increases	Decreases	Balance at June 30, 2023
Capital Assets, being Depreciated:					
Equipment:					
Domestic Water	\$ 22,570,523	\$ 1,983,002	\$ -	\$ (27,324) *	\$ 24,526,201
Sanitation	31,726,642	15,015,447	-	-	46,742,089
Canal Water	8,281,056	215,566	-	-	8,496,622
Stormwater	2,602,049	29,886	-	-	2,631,935
Groundwater Replenishment	686,580	149,175	-	-	835,755
Internal Services	38,015,723	2,007,571	-	(482,342)	39,540,952
Total Equipment	<u>103,882,573</u>	<u>19,400,647</u>	<u>-</u>	<u>(509,666)</u>	<u>122,773,554</u>
Total Depreciable Assets	<u>2,248,280,163</u>	<u>51,085,470</u>	<u>26,856,294</u>	<u>(509,666)</u>	<u>2,325,712,261</u>
Less Accumulated Depreciation:					
Land Improvements:					
Domestic Water	(126,296)	-	(51,995)	-	(178,291)
Sanitation	(83,336)	-	(49,560)	-	(132,896)
Canal Water	(11,969)	-	(8,836)	-	(20,805)
Stormwater	(5,935)	-	(4,325)	-	(10,260)
Groundwater Replenishment	(4,530)	-	(3,736)	-	(8,266)
Total Land Improvements	<u>(232,066)</u>	<u>-</u>	<u>(118,452)</u>	<u>-</u>	<u>(350,518)</u>
Intangibles					
Domestic Water	(32,210)	-	(19,326)	-	(51,536)
Sanitation	(16,105)	-	(9,664)	-	(25,769)
Canal Water	(8,947)	-	(5,369)	-	(14,316)
Stormwater	(12,364)	-	(7,419)	-	(19,783)
Groundwater Replenishment	(8,866)	-	(5,320)	-	(14,186)
Internal Services	(2,847)	-	(1,708)	-	(4,555)
Total Intangibles	<u>(81,339)</u>	<u>-</u>	<u>(48,806)</u>	<u>-</u>	<u>(130,145)</u>
Buildings and Plant:					
Domestic Water	(306,081,661)	-	(14,848,822)	-	(320,930,483)
Sanitation	(263,688,415)	-	(15,018,265)	-	(278,706,680)
Canal Water	(19,980,291)	-	(1,727,882)	-	(21,708,173)
Stormwater	(79,408,585)	-	(3,601,056)	-	(83,009,641)
Groundwater Replenishment	(31,610,232)	-	(2,256,355)	-	(33,866,587)
Internal Services	(1,536,212)	-	(76,384)	-	(1,612,596)
Total Buildings and Plant	<u>(702,305,396)</u>	<u>-</u>	<u>(37,528,764)</u>	<u>-</u>	<u>(739,834,160)</u>
Interest in Shared Facilities:					
Canal Water	(21,987,133)	-	(354,795)	-	(22,341,928)
State Water Project	(96,832,363)	-	(6,252,245)	-	(103,084,608)
Total Interest in Shared Facilities	<u>(118,819,496)</u>	<u>-</u>	<u>(6,607,040)</u>	<u>-</u>	<u>(125,426,536)</u>
Equipment:					
Domestic Water	(13,706,008)	-	(832,766)	-	(14,538,774)
Sanitation	(9,954,581)	-	(1,895,449)	-	(11,850,030)
Canal Water	(6,222,339)	-	(210,109)	-	(6,432,448)
Stormwater	(2,348,423)	-	(38,350)	-	(2,386,773)
Groundwater Replenishment	(214,686)	-	(65,037)	-	(279,723)
Internal Services	(28,595,201)	-	(2,371,353)	471,195	(30,495,359)
Total Equipment	<u>(61,041,238)</u>	<u>-</u>	<u>(5,413,064)</u>	<u>471,195</u>	<u>(65,983,107)</u>
Total Accumulated Depreciation	<u>(882,479,535)</u>	<u>-</u>	<u>(49,716,126)</u>	<u>471,195</u>	<u>(931,724,466)</u>
Net Depreciable Assets	<u>1,365,800,628</u>	<u>51,085,470</u>	<u>(22,859,832)</u>	<u>(38,471)</u>	<u>1,393,987,795</u>

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Balance at July 1, 2022	Transfers	Increases	Decreases	Balance at June 30, 2023
Right-to-Use (ROU) Lease Assets:					
ROU Lease Equipment:					
Domestic Water	\$ 158,383	\$ -	\$ -	\$ -	\$ 158,383
Sanitation	98,989	-	-	-	98,989
Canal Water	75,231	-	-	-	75,231
Stormwater	35,636	-	-	-	35,636
Groundwater Replenishment	27,717	-	-	-	27,717
Total ROU Lease Equipment	<u>395,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,956</u>
ROU Lease Infrastructure:					
Domestic Water	1,684,378	-	-	-	1,684,378
Sanitation	1,052,721	-	-	-	1,052,721
Canal Water	800,075	-	-	-	800,075
Stormwater	378,982	-	-	-	378,982
Groundwater Replenishment	294,764	-	-	-	294,764
Total ROU Lease Infrastructure	<u>4,210,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,210,920</u>
ROU Lease Easement:					
Domestic Water	70,410	-	-	-	70,410
Sanitation	44,006	-	-	-	44,006
Canal Water	33,445	-	-	-	33,445
Stormwater	15,842	-	-	-	15,842
Groundwater Replenishment	12,322	-	4,102,558	-	4,114,880
Total ROU Lease Easement	<u>176,025</u>	<u>-</u>	<u>4,102,558</u>	<u>-</u>	<u>4,278,583</u>
Total ROU Lease Assets	<u>4,782,901</u>	<u>-</u>	<u>4,102,558</u>	<u>-</u>	<u>8,885,459</u>
Less Accumulated Amortization:					
ROU Lease Equipment:					
Domestic Water	(31,470)	-	(36,134)	-	(67,604)
Sanitation	(19,668)	-	(22,584)	-	(42,252)
Canal Water	(14,947)	-	(17,164)	-	(32,111)
Stormwater	(7,081)	-	(8,130)	-	(15,211)
Groundwater Replenishment	(5,507)	-	(6,323)	-	(11,830)
Total ROU Lease Equipment	<u>(78,673)</u>	<u>-</u>	<u>(90,335)</u>	<u>-</u>	<u>(169,008)</u>
ROU Lease Infrastructure:					
Domestic Water	(67,026)	-	(67,025)	-	(134,051)
Sanitation	(41,891)	-	(41,890)	-	(83,781)
Canal Water	(31,837)	-	(31,837)	-	(63,674)
Stormwater	(15,080)	-	(15,081)	-	(30,161)
Groundwater Replenishment	(11,728)	-	(11,730)	-	(23,458)
Total ROU Lease Infrastructure	<u>(167,562)</u>	<u>-</u>	<u>(167,563)</u>	<u>-</u>	<u>(335,125)</u>
ROU Lease Easement:					
Domestic Water	-	-	(7,089)	-	(7,089)
Sanitation	-	-	(4,431)	-	(4,431)
Canal Water	-	-	(3,367)	-	(3,367)
Stormwater	-	-	(1,595)	-	(1,595)
Groundwater Replenishment	-	-	(12,419)	-	(12,419)
Total ROU Lease Easement	<u>-</u>	<u>-</u>	<u>(28,901)</u>	<u>-</u>	<u>(28,901)</u>
Total Accumulated Amortization	<u>(246,235)</u>	<u>-</u>	<u>(286,799)</u>	<u>-</u>	<u>(533,034)</u>
Net ROU Lease Assets	<u>4,536,666</u>	<u>-</u>	<u>3,815,759</u>	<u>-</u>	<u>8,352,425</u>
Capital Assets, Net	<u>\$ 1,753,661,920</u>	<u>\$ -</u>	<u>\$ 95,656,833</u>	<u>\$ (38,471)</u>	<u>\$ 1,849,280,282</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

	<u>2023</u>	<u>2022</u>
All-American Canal	\$ 21,213,582	\$ 21,213,582
Distribution System for All-American Canal	14,265,940	14,265,940
California State Water Project	<u>392,588,415</u>	<u>371,931,141</u>
Totals	428,067,937	407,410,663
Less: Accumulated Depreciation	<u>(125,426,536)</u>	<u>(118,819,496)</u>
Interest in Shared Facilities, Net	<u>\$ 302,641,401</u>	<u>\$ 288,591,167</u>

The interest in jointly-owned facilities for the All-American Canal (the Canal) and the related Distribution System (the System) represent the District's allocated share of the cost of these facilities, as determined by the United States Department of the Interior. Depreciation is provided on the straight-line method based on a 100-year life for the Canal and the System.

The interest in jointly-owned facilities in the California State Water Project results from the District's participation under a 1963 contract with the state of California, Department of Water Resources. Under the terms of the 1963 contract and additional contracts finalized after 1963 between the District, Department of Water Resources (DWR) and other State Water Contractors, the District secured rights to receive a maximum of 4.78 million acre-feet (MAF) of Table A water through 2035. In 2022, a Contract Extension was finalized between the District and DWR that extends the duration of the original contract from 1963 an additional 50 years from 2035 to 2085.

As of June 30, 2023, CVWD received 1.79 MAF of State Project Water (SPW) delivered under these agreements. As of FY 2023, capital costs and certain SPW operation and maintenance costs are amortized over the life of the contract; variable costs such as transportation expenses are recovered by DWR as the charges are incurred.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

The following material construction commitments existed at June 30, 2023:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to Date as of June 30, 2023</u>	<u>Remaining Commitments</u>
Bermuda Dunes Country Club NPW Connection	\$ 2,890,146	\$ 2,889,146	\$ 1,000
Oasis In-Lieu Recharge - Phase 2	46,348,230	46,084,976	263,255
L-4 Pump Station Relocation Project - Phase II	5,597,644	5,383,793	213,851
Sun City Palm Desert Water Main Replacement Phase I	8,733,159	8,710,922	22,238
Adams Street Water Main Replacement Phase 1	8,837,715	4,062,888	4,774,827
Irrigation Lateral 119.64-7.5 Replacement Project	3,879,963	3,735,941	144,022
Johnson Street Drain Improvement Project	841,607	768,596	73,011
Palm Desert Resort Country Club	1,713,804	1,665,304	48,500
The Oasis Country Club Connection	6,643,578	6,618,805	24,773
Woodhaven Country Club Connection	1,552,228	1,501,267	50,960
T1 Pump Station Replacement	22,635,221	18,074,596	4,560,626
FY 2020-2021 Non-Potable Water (NPW) Pipelines Project	21,066,960	784,255	20,282,705
Sewer Pipeline Rehabilitation - Palm Desert and Thousands Palms	529,930	480,509	49,421
Coachella Valley Stormwater Channel Improvements - Avenue 54 to the Thermal Drop Structure	51,791,698	46,125,003	5,666,694
North Indio Regional Flood Control System, Phase 2	88,929,522	64,619,670	24,309,852
Total	<u>\$ 271,991,404</u>	<u>\$ 211,505,670</u>	<u>\$ 60,485,735</u>

NOTE 5 LONG-TERM DEBT

Long-term liabilities for the year ended June 30, 2023, is as follows:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Direct Borrowings:						
WIFIA Loan	\$ 33,420,512	\$ 26,503,574	\$ -	\$ 59,924,086	\$ 1,207,573	\$ 58,716,513
SRF Loan	18,684,879	-	(506,914)	18,177,965	516,080	17,661,885
USBR Loan	-	4,452,347	-	4,452,347	-	4,452,347
Other Debt:						
Revenue Notes	35,225,000	-	-	35,225,000	-	35,225,000
Certificates of Participation:						
Series 2022A	53,340,000	-	-	53,340,000	1,095,000	52,245,000
Series 2021A	42,080,000	-	-	42,080,000	-	42,080,000
Series 2021B	810,000	-	-	810,000	-	810,000
Subtotal	183,560,391	30,955,921	(506,914)	214,009,398	2,818,653	211,190,745
Add: COP Premium	17,872,783	-	(1,061,110)	16,811,673	-	16,811,673
Add: Revenue Notes						
Premium	79,071	-	(23,924)	55,147	-	55,147
Leases Payable	4,660,968	4,102,559	(145,524)	8,618,003	201,230	8,416,773
Compensated						
Absences Payable	8,868,185	9,254,374	(9,081,854)	9,040,705	3,164,247	5,876,458
Claims Payable	25,319,744	31,417,442	(933,971)	55,803,215	592,586	55,210,629
Totals	<u>\$ 240,361,142</u>	<u>\$ 75,730,296</u>	<u>\$ (11,753,297)</u>	<u>\$ 304,338,141</u>	<u>\$ 6,776,716</u>	<u>\$ 297,561,425</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 \$500,000 deductible per occurrence on scheduled buildings and contents, and 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 by a third-party administrator.

Liability (Excess Liability) – Insures property damage and bodily injury liability losses over \$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.

Employee Benefits & Fiduciary Liability - Insured up to \$5 million per claim with a self-insured retention of \$100,000 each claim. The policy provides coverage for errors and omissions, breach of fiduciary duty in the administration of employee benefits programs for failure to advise, enroll, terminate, or cancel benefits.

Security and Privacy liability (Cyber Liability) – Limits of liability up to \$5 million with a \$100,000 deductible, including coverage for media content, regulatory action and cyber extortion.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Insured and Self-Insured Claims Liability (Continued)

Owners Protective Professional Liability Indemnity (OPPI) Insurance – Limits of liability up to \$10 million with a self-insured retention of \$250,000 for 3rd party claims for hired contractor’s design errors.

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

Liability at June 30, 2021	\$ 1,831,837
Claims and Changes in Estimate	23,931,279
Claim Payments	<u>(443,372)</u>
Liability at June 30, 2022	25,319,744
Claims and Changes in Estimate	31,417,442
Claim Payments	<u>(933,971)</u>
Liability at June 30, 2023	<u>\$ 55,803,215</u>

The District is a defendant in lawsuits (Roberts v. CVWD - PSC 2003606, 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, 2023, the District’s best estimate for the most likely total loss to be \$18.9 million for the Canal Fund and \$15.1 million for the East Whitewater Replenishment Fund, which is included in the Groundwater Replenishment Fund, should it not prevail in the lawsuit, or upon appeal. 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 \$15.1 million for the East Whitewater Replenishment Fund. However, the District intends to appeal any adverse trial court decision and believes the basis of its appeal is well-founded.

The District is also a defendant in a lawsuit related to the State Water Project (SWP) (Roberts V. CVWD SWP Mandate RIC 1825310) pertaining to claims that it has improperly levied tax rates and that the tax revenue was used for ineligible expenses. As of June 30, 2023, the District’s best estimate for the most likely total loss to be \$16.9 million for the West Replenishment Fund and \$600 thousand for the Mission Creek Replenishment Fund, which are both included in the Groundwater Replenishment Fund, should it not prevail in the lawsuit, or upon appeal. 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 \$33.8 million from the Replenishment Funds. However, the District intends to appeal any adverse trial court decision and believes the basis of its appeal is well-founded.

Additionally, the District is a defendant in a lawsuit involving an auto accident from 2019. The trial is scheduled to begin in January 2024. As of June 30, 2023, the District’s most likely total loss is estimated to be between \$0 and \$2 million from the Motorpool Fund, should it not prevail in the lawsuit, or upon appeal.

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.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Insured and Self-Insured Claims Liability (Continued)

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, 2023. 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 2022-2023.

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 Domestic, Sanitation and Stormwater Funds through revolving loans provided such 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, 2023, 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, 2023, was \$59,924,086.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM DEBT (CONTINUED)

WIFIA Loan Payable (Continued)

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, 2023, the District has designated \$2,370,251 in the Stormwater fund as debt service reserve, which meets this requirement.

Debt service requirements of the WIFIA loan payable as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2024	\$ 1,207,573	\$ 1,174,512	\$ 2,382,085
2025	1,231,241	1,150,844	2,382,085
2026	1,255,373	1,126,711	2,382,084
2027	1,279,979	1,102,106	2,382,085
2028	1,305,066	1,077,018	2,382,084
2029 - 2033	6,919,197	4,991,227	11,910,424
2034 - 2038	7,624,385	4,286,039	11,910,424
2039 - 2043	8,401,444	3,508,980	11,910,424
2044 - 2048	9,257,699	2,652,724	11,910,423
2049 - 2053	10,201,222	1,709,201	11,910,423
2054 - 2058	11,240,907	669,517	11,910,424
Total	<u>\$ 59,924,086</u>	<u>\$ 23,448,879</u>	<u>\$ 83,372,965</u>

SRF Loan Payable

On June 19, 2018, the District entered into an agreement with the State Water Resource Control Board (SWRCB) for a Drinking Water State Revolving Fund (SRF) Loan to finance the construction of Highway 86 Transmission Main and Booster Station, which involves the installation, operation, and maintenance of a domestic water pipeline that would supply water to the communities of Salton Sea Beach, Desert Shores, Salton City and unincorporated areas in Riverside and Imperial Counties. The District may borrow up to \$24,838,922 or the eligible costs of the projects, whichever is less. The loan has an interest rate of 1.8% per annum with a repayment period of 30 years after project completion. At June 30, 2023, 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, 2023, was \$18,177,965.

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, 2023, was 905%. The District is also required to have a reserve of one year's debt service. As of June 30, 2023, the District has designated \$841,000 in the Domestic Water fund as debt service reserve, which meets this requirement.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM DEBT (CONTINUED)

SRF Loan Payable (Continued)

Debt service requirements of the SRF loan payable as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
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	554,430	286,541	840,971
2029 - 2033	2,926,192	1,278,665	4,204,857
2034 - 2038	3,200,475	1,061,222	4,261,697
2039 - 2043	3,500,468	704,389	4,204,857
2044 - 2048	3,828,581	376,276	4,204,857
2049 - 2053	2,046,834	55,595	2,102,429
Total	<u>\$ 18,177,965</u>	<u>\$ 5,005,587</u>	<u>\$ 23,183,552</u>

USBR Loan Payable

Irrigation Lateral

On September 13, 2022, the District entered into a repayment contract with the Department of Interior, Bureau of Reclamation for loans 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. It will be comprised of ten separate Repayment Obligations for each irrigation lateral replacement project in the Coachella Division. The individual Repayment Obligations for each lateral replacement project will be finalized upon the issuance of the written notice of substantial completion for each project.

As of June 30, 2023, total proceeds received from the Repayment Obligations is \$4,452,347. Repayment is due within 30 years, with an interest rate of 1.875%, from the date of the first payment. No debt service schedule is available until substantial completion of a lateral replacement project.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM DEBT (CONTINUED)

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, 2023, 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, 2023, the Domestic Water fund's net revenue coverage was 905%

Debt service requirements of the 2022 Notes are as follows:

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 2047. The balance outstanding at June 30, 2023, is \$53,340,000. The 2022A COP is secured by a pledge of Stormwater System Revenues prior to the payment of operation and maintenance costs related to the Stormwater System.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
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	1,340,000	2,396,500	3,736,500
2029 - 2033	7,810,000	10,877,750	18,687,750
2034 - 2038	10,030,000	8,658,750	18,688,750
2039 - 2043	12,880,000	5,809,250	18,689,250
2044 - 2048	16,540,000	2,150,000	18,690,000
Subtotal	<u>53,340,000</u>	<u>40,101,250</u>	<u>93,441,250</u>
Unamortized Premium	6,436,545	-	6,436,545
Total	<u>\$ 59,776,545</u>	<u>\$ 40,101,250</u>	<u>\$ 99,877,795</u>

Certificates of Participation, Series 2021A and Series 2021B

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, 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, 2023, The District's net revenue coverage was 655%.

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

Year Ending June 30,	2021A COP		2021B COP		Total
	Principal	Interest	Principal	Interest	
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	160,000	1,875,150	810,000	5,468	2,850,618
2029 - 2033	5,550,000	8,690,000	-	-	14,240,000
2034 - 2038	7,000,000	7,233,225	-	-	14,233,225
2039 - 2043	8,570,000	5,674,400	-	-	14,244,400
2044 - 2048	10,475,000	3,765,525	-	-	14,240,525
2049 - 2053	10,325,000	1,064,875	-	-	11,389,875
Subtotal	42,080,000	35,819,775	810,000	49,208	78,758,983
Unamortized Premium	10,375,128	-	-	-	10,375,128
Total	<u>\$ 52,455,128</u>	<u>\$ 35,819,775</u>	<u>\$ 810,000</u>	<u>\$ 49,208</u>	<u>\$ 89,134,111</u>

Leases Payable

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Leases Payable (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2024	\$ 201,230	\$ 332,134	\$ 533,364
2025	217,505	325,419	542,924
2026	171,989	318,710	490,699
2027	160,264	312,945	473,209
2028	160,727	307,110	467,837
2029 - 2033	965,292	1,435,476	2,400,767
2034 - 2038	1,331,453	1,229,197	2,560,649
2039 - 2043	1,856,277	946,666	2,802,943
2044 - 2048	1,964,695	587,518	2,552,214
2049 - 2053	1,451,922	214,199	1,666,122
2054	136,649	2,200	138,849
Total	<u>\$ 8,618,003</u>	<u>\$ 6,011,574</u>	<u>\$ 14,629,577</u>

NOTE 6 SPECIAL ASSESSMENT DEBT WITHOUT GOVERNMENT COMMITMENT

As of June 30, 2023, 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, 2023, the following limited obligation Improvement Bonds remain outstanding:

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2023</u>
Assessment District No. 68	2002	\$ 2,560,000	\$ 665,000
Assessment District No. 70	2006	8,239,480	2,295,000
Assessment District No. 33	2010	786,528	555,000
Total Noncommittal Debt Issues		<u>\$ 11,586,008</u>	<u>\$ 3,515,000</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 MISCELLANEOUS PENSION PLAN

Plan Description

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

Benefits Provided

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

- The Basic Death benefit – this is a standard benefit where an employee's beneficiary (or estate) may receive the retirement benefit if the member dies while actively employed. The benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service; up to six months.
- The 1957 Survivor benefit – this is a standard benefit where an employee's eligible survivor may receive the members retirement benefit if the member dies while actively employed, has attained at least the age of 50, and has at least five years of credited service. The benefit is a monthly allowance equal to one-half of the unmodified service retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. The benefit is payable to the spouse until their death; and payable to dependents until reaching the age of 18.

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 MISCELLANEOUS PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

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

<u>Hire Date</u>	<u>Prior to Jan. 5, 2008*+</u>	<u>Prior to Jan. 1, 2013+</u>	<u>On or After Jan. 1, 2013*</u>
Benefit Formula	2.0% @ 55	2.5% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	minimum 50	minimum 50	minimum 52
Monthly Benefits, as a % of			
Eligible Compensation	1.426% to 2.418%	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	0.00%	8.00%	6.75%
Required Employer Contribution Rates:			
Normal Cost Rates	0.00%	9.54%	9.54%
Payment of Unfunded Liability	\$ -	\$ 16,175,972	\$ -

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

+ Closed to new entrants.

Employees Covered

At the June 30, 2022 measurement date, the following employees were covered by the benefit terms of the Plan:

Retired Employees and Beneficiaries	536
Terminated or Transferred Employees	191
Active Employees	537
Total	1,264

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, 2023, the District contributed a total of \$21,402,939 to the Plan.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022, 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, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% 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. Using historical returns all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 MISCELLANEOUS PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return (Continued)

The expected real rates of return by asset class are as follows:

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (a) (b)</u>
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

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

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

Discount Rate

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

Change in Assumptions

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30% from the measurement date June 30, 2021 to June 30, 2022.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 MISCELLANEOUS PENSION PLAN (CONTINUED)

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 6/30/2021 (Measurement Date)	\$ 468,115,483	\$ 393,631,588	\$ 74,483,895
Changes Recognized for the Measurement Period:			
Service Cost	9,202,941	-	9,202,941
Interest on Total Pension Liability	32,754,125	-	32,754,125
Differences Between Expected and Actual Experience	(3,830,118)	-	(3,830,118)
Changes in Assumptions	17,794,856	-	17,794,856
Net Plan to Plan Resource Movement	-	-	-
Contributions from the Employer	-	20,108,172	(20,108,172)
Contributions from the Employee	-	3,728,894	(3,728,894)
Net Investment Income	-	(30,025,950)	30,025,950
Benefit Payments, Including Refunds of Employee Contributions	(23,968,441)	(23,968,441)	-
Administrative Expense	-	(245,209)	245,209
Net Changes	31,953,363	(30,402,534)	62,355,897
Balance at 6/30/22 (Measurement Date)	<u>\$ 500,068,846</u>	<u>\$ 363,229,054</u>	<u>\$ 136,839,792</u>

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

The following table presents the net pension liability of the District for the Plan as of the measurement date, calculated using the discount rate of 6.90%, 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 (5.90%) or 1% point higher (7.90%) than the current rate:

	Discount Rate - 1%	Current Discount Rate	Discount Rate +1%
	5.90%	6.90%	7.90%
Net Pension Liability	<u>\$ 206,271,061</u>	<u>\$ 136,839,792</u>	<u>\$ 79,705,013</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, the District recognized pension expense of \$18,582,509. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 21,402,938	\$ -
Changes in Assumptions	14,559,428	(138,302)
Difference Between Expected and Actual Experiences	6,633,468	(3,133,733)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	18,188,972	-
Total	<u>\$ 60,784,806</u>	<u>\$ (3,272,035)</u>

The \$21,402,939 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, 2024. Differences between projected and actual investment earnings are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 8,162,208
2025	7,223,203
2026	5,240,674
2027	14,214,225
2028	1,269,523
Total	<u>\$ 36,109,833</u>

Payable to the Pension Plan

At June 30, 2023, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 DEFERRED COMPENSATION PLAN

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

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description and Benefits Provided

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

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

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

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023:

Retired Employees and Beneficiaries	127
Active Employees	564
Total	691

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, are summarized in the following table:

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

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 annual contribution is based on the actuarially determined contribution and is not based on a measure of pay. For the fiscal year ended June 30, 2023, the District made \$877,004 in benefit payments, \$13,326 in non-trust admin expenses, and the estimated implied subsidy was \$621,000, resulting in total contributions of \$1,511,330.

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, 2023, using an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2023, using standard update procedures. A summary of the principal assumptions and methods used to determine the net OPEB liability is shown below.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2023
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 rolled forward to June 30, 2023, were based on a standard set of assumptions the actuary has used for similar valuations, modified, as appropriate, for the District.

Discount Rate

GASB 75 requires a discount rate that reflects the following:

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Balance at June 30, 2022 (Measurement Date)	\$ 32,926,702	\$ 30,618,732	\$ 2,307,970
Changes Recognized for the Measurement Period:			
Service Cost	1,338,255	-	1,338,255
Interest	1,902,557	-	1,902,557
Difference Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contribution - Employer*	-	1,511,330	(1,511,330)
Net Investment Income	-	2,675,369	(2,675,369)
Benefit Payments	(2,354,004)	(2,354,004)	-
Administrative Expense	-	(21,326)	21,326
Net Changes	<u>886,808</u>	<u>1,811,369</u>	<u>(924,561)</u>
Balance at June 30, 2023 (Measurement Date)	<u>\$ 33,813,510</u>	<u>\$ 32,430,101</u>	<u>\$ 1,383,409</u>

* Includes implied subsidy of \$621,000

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:

	<u>Discount Rate - 1% (4.75%)</u>	<u>Current Discount Rate (5.75%)</u>	<u>Discount Rate +1% (6.75%)</u>
Net OPEB Liability (Asset)	<u>\$ 4,511,453</u>	<u>\$ 1,383,409</u>	<u>\$ (1,441,888)</u>

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current health care cost trend rates:

	1% Decrease 5.5% non-Medicare; 4.65% Medicare (non- Kaiser); 3.60% Medicare (Kaiser)	Current Healthcare Cost Trend Rates 6.5% non-Medicare; 5.65% Medicare (non- Kaiser); 4.60% Medicare (Kaiser)	1% Increase 7.5% non-Medicare; 6.65% Medicare (non- Kaiser); 5.60% Medicare (Kaiser)
Net OPEB Liability (Asset)	\$ (2,809,201)	\$ 1,383,409	\$ 6,363,325

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

For the fiscal year ended June 30, 2023, the District recognized OPEB income of \$491,969. As of fiscal year ended June 30, 2023, 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	\$ 322,990	\$ (3,816,722)
Differences Between Expected and Actual Experiences	-	(5,160,637)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,348,693	-
Total	\$ 1,671,683	\$ (8,977,359)

Differences between projected and actual investment earnings on OPEB plan investments are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits. Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (1,995,267)
2025	(1,994,744)
2026	(788,161)
2027	(1,040,091)
2028	(856,990)
Thereafter	(630,423)
Total	\$ (7,305,676)

Payable to the OPEB Plan

At June 30, 2023, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 88 TAF for calendar year 2023), under the IID-CVWD Acquisition Agreement. This additional water is transferred in two separate installments (up to 50 TAF, and up to 38 TAF for calendar year 2023), 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 volume delivered.

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

Calendar Year	50 TAF IID		53 TAF IID		35 TAF MWD		Total IID/MWD	
	Vol (af)	Cost	Vol (af)	Cost	Vol (af)	Cost	Vol (af)	Cost
2023	50,000	\$ 5,162,000	38,000	\$ 9,807,420	35,000	\$ 11,060,000	123,000	\$ 26,029,420
2024	50,000	5,316,860	43,000	11,430,806	35,000	11,410,000	128,000	28,157,666
2025	50,000	5,476,366	48,000	13,142,769	35,000	11,760,000	133,000	30,379,134
2026	50,000	5,640,657	53,000	14,947,161	35,000	12,145,000	138,000	32,732,818
2027	50,000	5,809,876	53,000	15,395,576	35,000	12,530,000	138,000	33,735,453
2028	50,000	5,984,173	53,000	15,857,443	35,000	12,915,000	138,000	34,756,616
2029 to 2077	2,450,000	669,011,769	2,597,000	1,772,812,499	1,715,000	1,486,240,000	6,762,000	3,928,064,268

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

In fiscal year 2023, CVWD made a final payment of \$3,285,204, which includes the original scheduled payments for 2023-2025. This payoff amount resulted in interest savings of \$164,809.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

Though not directly related to the QSA, CVWD entered into an agreement with IID, USBR, and the State in December 2022 for additional Salton Sea management actions. These actions are necessary to mitigate the impacts from additional water conservation activities to satisfy California's commitment of contributing up to 400 TAF per year from 2023 to 2026 to prevent Lake Mead from reaching critical elevations. CVWD has committed to working together with the other parties to provide right-of-way access through its properties and release available agricultural drainage water, as needed, for this purpose.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

**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.

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 was finalized between CVWD and DWR in 2022 that extends the Contract an additional 50 years from 2035 to 2085, which relieves pressure on the contractor’s shrinking repayment period and provides contractual certainty.

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

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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

As of calendar year 2023, the District's estimated commitment through the Statement of Charges is as follows:

<u>Calendar Year</u>	<u>Amount Due</u>
2023	\$ 79,942,416
2024	77,104,578
2025	66,589,441
2026	63,961,255
2027	64,219,830
2028	63,578,659
2029	63,834,714
2030	62,626,867
2031	62,688,053
2032	62,896,928
2033	63,009,838
2034	63,101,639
2035	63,215,532
Total	<u><u>\$ 856,769,750</u></u>

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

The implementation of the Program is estimated to cost approximately \$626 million (2003 dollars) over a 50-year term. The Department of the Interior has committed to pay for one-half of the estimated Program cost and any increases in the estimated cost other than increases due to inflation. This commitment protects the states from unforeseeable cost increases. The other half of the estimated total cost is paid for by the three lower basin states: California (50%), Arizona (25%), and Nevada (25%). The District's contribution is \$14,089,050 (2003 dollars), which is 9% of California's share. Quarterly payments are made in accordance with the implementation schedule developed for the Program. The District recognized \$783,644 in Program expenses for fiscal year ending on June 30, 2023.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Long-term interfund receivables and payables consisted of the following as of June 30, 2023:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Domestic Water Fund	Groundwater Replenishment Fund (West RAC)	\$ 48,099,637
	Total	\$ 48,099,637

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 repayment of the loan was approved by the board of directors to be expedited and the loan was paid off as of June 30, 2023.

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. Interest accrues at a rate commensurate with the District's average monthly return on investments, plus 10 basis points. The term was revised to 15 remaining years in fiscal year 22-23 with a repayment schedule of up to \$3,945,387 per fiscal year for principal and interest. At June 30, 2023, there was a principal payment of \$2,595,681. The outstanding balance on the loan as of June 30, 2023, was \$48,099,637.

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Transfers in and out for the year ended June 30, 2023, are summarized as follows:

From	To	Amount
Domestic Water Fund	Motorpool Fund	\$ 1,426,084
Sanitation Fund	Motorpool Fund	21,427
Canal Water Fund	Motorpool Fund	199,438
Stormwater Fund	Motorpool Fund	341,249
Groundwater Replenishment Fund	Motorpool Fund	37,666
	Subtotal	2,025,864
Sanitation Fund	Domestic Water Fund	26,761
Canal Water Fund	Domestic Water Fund	14,561
Stormwater Fund	Domestic Water Fund	7,127
Groundwater Replenishment Fund	Domestic Water Fund	7,439
	Subtotal	55,888
Domestic Water Fund	Sanitation Fund	116,432
Domestic Water Fund	Groundwater Replenishment Fund	73,739
	Grand Total	\$ 2,271,923

The Domestic Water Fund, Sanitation Fund, Canal Water Fund, Stormwater and Groundwater Replenishment Fund transferred \$1,922,881 and \$102,983 to the Motorpool Fund to fund capital asset acquisitions and to reimburse Motorpool Fund for excess expenses, respectively. The Sanitation Fund, Canal Water Fund, Stormwater and Groundwater Replenishment Fund transferred \$55,888 to the Domestic Water Fund to replenish the reserves for self-insurance dental. The Domestic Water Fund transferred \$116,432 to Sanitation Fund and \$73,739 to Groundwater Replenishment Fund to fund capital asset acquisitions using Supplemental Water Supply Charge.

NOTE 14 RESTRICTED AND UNRESTRICTED NET POSITION

	Enterprise Funds Total	Internal Service Fund
Net Investment in Capital Assets	\$ 1,574,606,174	\$ 11,276,025
Restricted Net Position:		
Construction, Capital, and Replacement Funds	84,864,011	-
Debt Service	3,311,251	-
State Water Project	62,647,935	-
Emergency Reserve	100,000	
Unrestricted	286,259,135	(4,221,162)
Total Net Position	\$ 2,011,788,506	\$ 7,054,863

**COACHELLA VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 RESTRICTED AND UNRESTRICTED NET POSITION (CONTINUED)

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.

	Enterprise Funds Total
Operating	\$ 104,315,000
Rate Stabilization	18,312,000
Capital Improvement	36,027,000
Debt Service	8,848,000
Emergency Repair	44,780,000
Motorpool Replacement	2,377,000
Other Undesignated Net Position	71,600,135
Unrestricted Net Position	\$ 286,259,135

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.

REQUIRED
SUPPLEMENTARY



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

	2015	2016	2017	2018	2019
Fiscal Year Ended	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Measurement Period	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
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 nine 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	2023
Fiscal Year Ended	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Period	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
TOTAL PENSION LIABILITY				
Service Cost	\$ 7,421,549	\$ 7,728,980	\$ 7,942,466	\$ 9,202,941
Interest on Total Pension Liability	28,788,099	30,139,385	31,737,495	32,754,125
Changes in Assumptions	-	-	-	17,794,856
Differences Between Expected and Actual Experience	5,511,121	3,003,163	6,421,699	(3,830,118)
Benefit Payments, Including Refunds of Employee Contributions	(19,792,178)	(21,142,650)	(22,948,596)	(23,968,441)
Net Change in Total Pension Liability	21,928,591	19,728,878	23,153,064	31,953,363
Total Pension Liability - Beginning of Year	403,304,950	425,233,541	444,962,419	468,115,483
Total Pension Liability - End of Year (a)	425,233,541	444,962,419	468,115,483	500,068,846
PLAN FIDUCIARY NET POSITION				
Plan to Plan Resource Movement	-	-	-	-
Contributions - Employer	33,850,043	22,901,638	18,081,422	20,108,172
Contributions - Employee	3,543,253	3,595,610	3,737,475	3,728,894
Net Investment Income	17,974,095	15,303,105	73,555,261	(30,025,950)
Benefit Payments	(19,792,178)	(21,142,650)	(22,948,596)	(23,968,441)
Administrative Expense	(189,758)	(424,751)	(321,186)	(245,209)
Other Miscellaneous Income (Expense)	616	-	-	-
Net Change in Plan Fiduciary Net Position	35,386,071	20,232,952	72,104,376	(30,402,534)
Plan Fiduciary Net Position - Beginning of Year	265,908,189	301,294,260	321,527,212	393,631,588
Plan Fiduciary Net Position - End of Year (b)	301,294,260	321,527,212	393,631,588	363,229,054
Net Pension Liability - Ending (a)-(b)	\$ 123,939,281	\$ 123,435,207	\$ 74,483,895	\$ 136,839,792
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	72.26%	84.09%	72.64%
Covered Payroll	\$ 45,067,739	\$ 46,938,578	\$ 48,621,446	\$ 50,112,556
Net Pension Liability as a Percentage of Covered Payroll	275.01%	262.97%	153.19%	273.06%

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.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

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

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

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

Notes to Schedule

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

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	15 Year	Fair Value	Fair Value	Fair Value	Fair Value
	Smoothed				
	Market Method				
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 nine 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***

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Fiscal Year Ended	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Contractually Required Contribution (Actuarially Determined)	\$ 18,401,638	\$ 17,480,196	\$ 18,807,596	\$ 21,392,938
Contributions in Relation to the Actuarially Determined Contributions	<u>(22,901,638)</u>	<u>(18,080,196)</u>	<u>(20,107,596)</u>	<u>(21,402,938)</u>
Contribution Deficiency (Excess)	<u>\$ (4,500,000)</u>	<u>\$ (600,000)</u>	<u>\$ (1,300,000)</u>	<u>\$ (10,000)</u>
Covered Payroll	<u>\$ 46,938,578</u>	<u>\$ 48,621,446</u>	<u>\$ 50,112,556</u>	<u>\$ 54,479,275</u>
Contributions as a Percentage of Covered Payroll	48.79%	37.19%	40.12%	39.29%

Notes to Schedule

Valuation Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value

Inflation	2.625%	2.50%	2.50%	2.50%
Salary Increases	(2)	(2)	(2)	(2)
Investment Rate of Return	7.25% (3)	7.00% (3)	7.00% (3)	7.00% (3)
Retirement Age	(4)	(4)	(4)	(4)
Mortality	(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 nine 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 seven years are shown.

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

	<u>2022</u>	<u>2023</u>
Fiscal Year End	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2023</u>
TOTAL OPEB LIABILITY		
Service Cost	\$ 1,265,673	\$ 1,338,255
Interest on Total OPEB Liability	2,166,803	1,902,557
Difference Between Expected and Actual Experience	(2,879,460)	-
Changes in Assumptions	410,284	-
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	<u>(2,879,533)</u>	<u>(2,354,004)</u>
Net Change in Total OPEB Liability	(1,916,233)	886,808
Total OPEB Liability - Beginning of Year	<u>34,842,935</u>	<u>32,926,702</u>
Total OPEB Liability - End of Year (a)	<u>32,926,702</u>	<u>33,813,510</u>
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	3,379,533	1,511,330
Net Investment Income	(4,886,573)	2,675,369
Administrative Expenses	(8,000)	(21,326)
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	<u>(2,879,533)</u>	<u>(2,354,004)</u>
Net Change in Plan Fiduciary Net Position	(4,394,573)	1,811,369
Plan Fiduciary Net Position - Beginning of Year	<u>35,013,305</u>	<u>30,618,732</u>
Plan Fiduciary Net Position - End of Year (b)	<u>30,618,732</u>	<u>32,430,101</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 2,307,970</u>	<u>\$ 1,383,409</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	92.99%	95.91%
Covered-Employee Payroll	<u>\$ 50,112,556</u>	<u>\$ 54,479,275</u>
Net OPEB Liability as Percentage of Covered-Employee Payroll	4.61%	2.54%

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.

From fiscal year June 30, 2022 to June 30, 2023:

There were no changes in assumptions.

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

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Fiscal Year End	June 30, 2021	June 30, 2022	June 30, 2023
Actuarially Determined Contribution	\$ 1,762,000	\$ 1,764,000	\$ 1,526,000
Contributions in Relation to the Actuarially Determined Contributions	<u>(2,353,855)</u>	<u>(3,379,533)</u>	<u>(1,511,330)</u>
Contribution Deficiency (Excess)	<u>\$ (591,855)</u>	<u>\$ (1,615,533)</u>	<u>\$ 14,670</u>
Covered-Employee Payroll	<u>\$ 48,621,446</u>	<u>\$ 50,112,556</u>	<u>\$ 54,479,275</u>
Contributions as a Percentage of Covered-Employee Payroll	4.84%	6.74%	2.77%

Notes to Schedule

Valuation Date	6/30/2019	6/30/2019	6/30/2021
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Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Investment gains and losses spread over 5-year fixed period
Discount Rate	6.25%
Inflation	2.75%
Medical Trend	7.25% Non-Medicare/6.3% Medicare, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

*Fiscal year 2021 was the first year the actuarially determined contribution was calculated; therefore, only three years are shown.

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual Money-weighted Rate of Return, Net of Investment Expense	7.75%	7.77%	6.57%	6.60%	26.01%
	<u>2022</u>	<u>2023</u>			
Annual Money-weighted Rate of Return, Net of Investment Expense	-13.65%	8.80%			

(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 seven years are shown.



**COACHELLA VALLEY WATER DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION –
 ALL CUSTODIAL FUNDS
 JUNE 30, 2023**

	<u>Assessment District No. 33</u>	<u>Assessment District No. 67</u>	<u>Assessment District No. 68</u>
ASSETS			
Cash and Investments	\$ 217,346	\$ 79,583	\$ 458,598
Receivables:			
Accounts	-	-	-
Property Taxes	-	-	5,162
Interest	1,033	378	2,179
Total Assets	<u>218,379</u>	<u>79,961</u>	<u>465,939</u>
LIABILITIES			
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Held for Bondholders	218,379	79,961	465,939
Total Net Position	<u><u>\$ 218,379</u></u>	<u><u>\$ 79,961</u></u>	<u><u>\$ 465,939</u></u>

**COACHELLA VALLEY WATER DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION –
 ALL CUSTODIAL FUNDS (CONTINUED)
 JUNE 30, 2023**

	Assessment District No. 70	Community Facilities District No. 102	Facilities District - 2015-01	Totals
ASSETS				
Cash and Investments	\$ 1,274,087	\$ 9,024,617	\$ 10,082	\$ 11,064,313
Receivables:				
Accounts	118,377	-	-	118,377
Property Taxes	53,119	17,889	-	76,170
Interest	6,053	42,878	48	52,569
Total Assets	<u>1,451,636</u>	<u>9,085,384</u>	<u>10,130</u>	<u>11,311,429</u>
LIABILITIES				
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Held for Bondholders	1,451,636	9,085,384	10,130	11,311,429
Total Net Position	<u>\$ 1,451,636</u>	<u>\$ 9,085,384</u>	<u>\$ 10,130</u>	<u>\$ 11,311,429</u>

**COACHELLA VALLEY WATER DISTRICT
COMBINING STATEMENT OF CHANGE IN FIDUCIARY
NET POSITION – ALL CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>Assessment District No. 33</u>	<u>Assessment District No. 67</u>	<u>Assessment District No. 68</u>
ADDITIONS			
Investment Earnings:			
Net Decrease in Fair Value of Investments	\$ (547)	\$ (219)	\$ (126)
Interest and Dividends	2,990	1,225	5,911
Special Assessments or Special Taxes Collected from Property Owners	67,672	-	217,816
Miscellaneous	-	-	-
Total Additions	<u>70,115</u>	<u>1,006</u>	<u>223,601</u>
DEDUCTIONS			
Administrative Expense	3,384	31	23,734
Payments for Special Assessment or Special Tax Debt	55,956	-	191,094
Property Insurance	-	-	-
Repairs and Maintenance	-	-	-
Total Deductions	<u>59,340</u>	<u>31</u>	<u>214,828</u>
NET INCREASE IN FIDUCIARY NET POSITION	10,775	975	8,773
Net Position - Beginning of Year	<u>207,604</u>	<u>78,986</u>	<u>457,166</u>
NET POSITION - END OF YEAR	<u>\$ 218,379</u>	<u>\$ 79,961</u>	<u>\$ 465,939</u>

**COACHELLA VALLEY WATER DISTRICT
COMBINING STATEMENT OF CHANGE IN FIDUCIARY
NET POSITION – ALL CUSTODIAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Assessment District No. 70	Community Facilities District No. 102	Facilities District - 2015-01	Totals
ADDITIONS				
Investment Earnings:				
Net Decrease in Fair Value of Investments	\$ (438)	\$ (27,037)	\$ (14)	\$ (28,381)
Interest and Dividends	15,861	134,773	154	160,914
Special Assessments or Special Taxes Collected from Property Owners	693,880	728,324	-	1,707,692
Miscellaneous	-	-	-	-
Total Additions	<u>709,303</u>	<u>836,060</u>	<u>140</u>	<u>1,840,225</u>
DEDUCTIONS				
Administrative Expense	33,955	48,870	5	109,979
Payments for Special Assessment or Special Tax Debt	634,662	-	-	881,712
Property Insurance	-	156,782	-	156,782
Repairs and Maintenance	-	28,348	-	28,348
Total Deductions	<u>668,617</u>	<u>234,000</u>	<u>5</u>	<u>1,176,821</u>
NET INCREASE IN FIDUCIARY NET POSITION	40,686	602,060	135	663,404
Net Position - Beginning of Year	<u>1,410,950</u>	<u>8,483,324</u>	<u>9,995</u>	<u>10,648,025</u>
NET POSITION - END OF YEAR	<u>\$ 1,451,636</u>	<u>\$ 9,085,384</u>	<u>\$ 10,130</u>	<u>\$ 11,311,429</u>

COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2023

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

Note:

¹ Dollar amounts are rounded to nearest whole dollar.

Schedule continued on next page.

COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2023

Payment Date	Interest Rate	Principal Payments ¹	Interest Payments ¹	Total Debt Service ¹	Principal Balance ¹
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Debt Issuance: **Coachella Valley Water District, 2021A - Original Issue \$42,080,000**

Issuance Date: June, 2021

Fund: East Whitewater Replenishment

Schedule continued from prior page.

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
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

Note:

¹ Dollar amounts are rounded to nearest whole dollar.

Schedule continued on next page.

COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2023

Payment Date	Interest Rate	Principal Payments ¹	Interest Payments ¹	Total Debt Service ¹	Principal Balance ¹
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Debt Issuance: **Coachella Valley Water District, 2021A - Original Issue \$42,080,000**

Issuance Date: June, 2021

Fund: East Whitewater Replenishment

Schedule continued from prior page.

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
SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2023**

Payment Date	Interest Rate	Principal Payments ¹	Interest Payments ¹	Total Debt Service ¹	Principal Balance ¹
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	-

Debt Issuance: **Coachella Valley Water District, 2021B - Original Issue \$810,000**

Issuance Date: June, 2021

Fund: East Whitewater Replenishment

Note:

¹ Dollar amounts are rounded to nearest whole dollar.

**COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2023**

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

Note:

¹ Dollar amounts are rounded to nearest whole dollar.

Schedule continued on next page.

COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF MATURITIES OF CERTIFICATES OF PARTICIPATION PAYABLE
YEAR ENDED JUNE 30, 2023

Payment Date	Interest Rate	Principal Payments ¹	Interest Payments ¹	Total Debt Service ¹	Principal Balance ¹
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
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
SCHEDULE OF MATURITIES OF LOANS PAYABLE
YEAR ENDED JUNE 30, 2023**

Payment Date	Interest Rate	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					
Loan Origination Date: November, 2019					
Fund: Domestic Water					
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

Note:

¹ Dollar amounts are rounded to nearest whole dollar.

Schedule continued on next page.

**COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF MATURITIES OF LOANS PAYABLE
YEAR ENDED JUNE 30, 2023**

Payment Date	Interest Rate	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					
Loan Origination Date: November, 2019					
Fund: Domestic Water					
<i>Schedule continued from prior page.</i>					
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
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
SCHEDULE OF MATURITIES OF LOANS PAYABLE
YEAR ENDED JUNE 30, 2023**

Payment Date	Interest Rate	Loan Draws ¹	Capitalized Interest ¹	Principal Payments ¹	Interest Payments ¹	Total Debt Service ¹	Principal Balance ¹
U.S. Environmental Protection Agency (WIFIA) - Original Loan \$59,924,086							
Loan Origination Date: June, 2022							
Fund: Stormwater							
12/1/2022	1.96	\$ -	\$ 326,987	\$ -	\$ -	\$ -	\$ 33,693,000
6/1/2023	1.96	25,774,598	456,487	-	-	-	59,924,086
12/1/2023	1.96	-	-	-	587,256	587,256	59,924,086
6/1/2024	1.96	-	-	1,207,573	587,256	1,794,829	58,716,513
12/1/2024	1.96	-	-	-	575,422	575,422	58,716,513
6/1/2025	1.96	-	-	1,231,241	575,422	1,806,663	57,485,272
12/1/2025	1.96	-	-	-	563,356	563,356	57,485,272
6/1/2026	1.96	-	-	1,255,373	563,356	1,818,729	56,229,899
12/1/2026	1.96	-	-	-	551,053	551,053	56,229,899
6/1/2027	1.96	-	-	1,279,979	551,053	1,831,032	54,949,920
12/1/2027	1.96	-	-	-	538,509	538,509	54,949,920
6/1/2028	1.96	-	-	1,305,066	538,509	1,843,576	53,644,854
12/1/2028	1.96	-	-	-	525,720	525,720	53,644,854
6/1/2029	1.96	-	-	1,330,646	525,720	1,856,365	52,314,208
12/1/2029	1.96	-	-	-	512,679	512,679	52,314,208
6/1/2030	1.96	-	-	1,356,726	512,679	1,869,406	50,957,482
12/1/2030	1.96	-	-	-	499,383	499,383	50,957,482
6/1/2031	1.96	-	-	1,383,318	499,383	1,882,701	49,574,164
12/1/2031	1.96	-	-	-	485,827	485,827	49,574,164
6/1/2032	1.96	-	-	1,410,431	485,827	1,896,258	48,163,733
12/1/2032	1.96	-	-	-	472,005	472,005	48,163,733
6/1/2033	1.96	-	-	1,438,076	472,005	1,910,080	46,725,657
12/1/2033	1.96	-	-	-	457,911	457,911	46,725,657
6/1/2034	1.96	-	-	1,466,262	457,911	1,924,173	45,259,395
12/1/2034	1.96	-	-	-	443,542	443,542	45,259,395
6/1/2035	1.96	-	-	1,495,001	443,542	1,938,543	43,764,395
12/1/2035	1.96	-	-	-	428,891	428,891	43,764,395
6/1/2036	1.96	-	-	1,524,303	428,891	1,953,194	42,240,092
12/1/2036	1.96	-	-	-	413,953	413,953	42,240,092
6/1/2037	1.96	-	-	1,554,179	413,953	1,968,132	40,685,913
12/1/2037	1.96	-	-	-	398,722	398,722	40,685,913
6/1/2038	1.96	-	-	1,584,641	398,722	1,983,363	39,101,272
12/1/2038	1.96	-	-	-	383,192	383,192	39,101,272
6/1/2039	1.96	-	-	1,615,700	383,192	1,998,892	37,485,572
12/1/2039	1.96	-	-	-	367,359	367,359	37,485,572
6/1/2040	1.96	-	-	1,647,368	367,359	2,014,726	35,838,205

Note:

¹ Dollar amounts are rounded to nearest whole dollar.

Schedule continued on next page.

**COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF MATURITIES OF LOANS PAYABLE
YEAR ENDED JUNE 30, 2023**

Payment Date	Interest Rate	Loan Draws ¹	Capitalized Interest ¹	Principal Payments ¹	Interest Payments ¹	Total Debt Service ¹	Principal Balance ¹
U.S. Environmental Protection Agency (WIFIA) - Original Loan \$59,924,086							
Loan Origination Date: June, 2022							
Fund: Stormwater							
<i>Schedule continued from prior page.</i>							
12/1/2040	1.96	\$ -	\$ -	\$ -	\$ 351,214	\$ 351,214	\$ 35,838,205
6/1/2041	1.96	-	-	1,679,656	351,214	2,030,870	34,158,549
12/1/2041	1.96	-	-	-	334,754	334,754	34,158,549
6/1/2042	1.96	-	-	1,712,577	334,754	2,047,331	32,445,972
12/1/2042	1.96	-	-	-	317,971	317,971	32,445,972
6/1/2043	1.96	-	-	1,746,144	317,971	2,064,114	30,699,828
12/1/2043	1.96	-	-	-	300,858	300,858	30,699,828
6/1/2044	1.96	-	-	1,780,368	300,858	2,081,226	28,919,460
12/1/2044	1.96	-	-	-	283,411	283,411	28,919,460
6/1/2045	1.96	-	-	1,815,263	283,411	2,098,674	27,104,197
12/1/2045	1.96	-	-	-	265,621	265,621	27,104,197
6/1/2046	1.96	-	-	1,850,842	265,621	2,116,464	25,253,354
12/1/2046	1.96	-	-	-	247,483	247,483	25,253,354
6/1/2047	1.96	-	-	1,887,119	247,483	2,134,602	23,366,235
12/1/2047	1.96	-	-	-	228,989	228,989	23,366,235
6/1/2048	1.96	-	-	1,924,107	228,989	2,153,096	21,442,129
12/1/2048	1.96	-	-	-	210,133	210,133	21,442,129
6/1/2049	1.96	-	-	1,961,819	210,133	2,171,952	19,480,310
12/1/2049	1.96	-	-	-	190,907	190,907	19,480,310
6/1/2050	1.96	-	-	2,000,271	190,907	2,191,178	17,480,039
12/1/2050	1.96	-	-	-	171,304	171,304	17,480,039
6/1/2051	1.96	-	-	2,039,476	171,304	2,210,780	15,440,563
12/1/2051	1.96	-	-	-	151,318	151,318	15,440,563
6/1/2052	1.96	-	-	2,079,450	151,318	2,230,767	13,361,113
12/1/2052	1.96	-	-	-	130,939	130,939	13,361,113
6/1/2053	1.96	-	-	2,120,207	130,939	2,251,146	11,240,907
12/1/2053	1.96	-	-	-	110,161	110,161	11,240,907
6/1/2054	1.96	-	-	2,161,763	110,161	2,271,924	9,079,144
12/1/2054	1.96	-	-	-	88,976	88,976	9,079,144
6/1/2055	1.96	-	-	2,204,134	88,976	2,293,109	6,875,010
12/1/2055	1.96	-	-	-	67,375	67,375	6,875,010
6/1/2056	1.96	-	-	2,247,335	67,375	2,314,710	4,627,675
12/1/2056	1.96	-	-	-	45,351	45,351	4,627,675
6/1/2057	1.96	-	-	2,291,382	45,351	2,336,734	2,336,293
12/1/2057	1.96	-	-	-	22,896	22,896	2,336,293
6/1/2058	1.96	-	-	2,336,293	22,896	2,359,189	-

Note:

¹ Dollar amounts are rounded to nearest whole dollar.

**COACHELLA VALLEY WATER DISTRICT
SCHEDULE OF MATURITIES OF NOTES PAYABLE
YEAR ENDED JUNE 30, 2023**

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					
Issuance Date: February, 2022					
Project Fund: Domestic					
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
06/01/2024	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



COACHELLA VALLEY WATER DISTRICT
STATISTICAL SECTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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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.

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<p>FINANCIAL TRENDS</p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	134 - 136
<p>REVENUE CAPACITY</p> <p>These schedules contain information to help the reader assess the factors that affect the District's ability to generate its most significant local source of revenues.</p>	137 - 151
<p>DEBT CAPACITY</p> <p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p>	152 - 156
<p>DEMOGRAPHIC AND ECONOMIC INFORMATION</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	157 - 159
<p>OPERATING INFORMATION</p> <p>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	160 - 166

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Investment in Capital Assets	\$ 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	\$ 1,585.9
Restricted for Construction, Capital and Replacement	50.4	53.8	61.5	56.5	55.6	61.6	64.0	107.6	73.2	84.9
Restricted for State Water Project	62.0	26.4	26.4	26.4	26.4	26.4	2.8	17.4	37.4	62.6
Restricted for Debt Service	-	-	-	-	-	-	-	-	0.8	3.2
Restricted for Emergency Operations	-	-	-	-	-	-	-	-	-	0.1
Unrestricted	358.8	314.0	320.3	341.5	281.2	236.0	251.2	207.7	243.6	282.0
Total Net Position (as previously stated)	\$ 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	\$ 2,018.7
Restatements ^{1,2}	(107.3)	-	-	(33.3)	-	5.3	-	(1.8)	-	-
Total Net Position (as restated)	\$ 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	\$ 2,018.7
Percent Change	(2.8%)	4.4%	2.7%	1.9%	0.8%	4.0%	2.6%	3.9%	2.9%	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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues:										
Sales	\$ 70.5	\$ 65.4	\$ 54.1	\$ 72.8	\$ 81.9	\$ 77.6	\$ 80.8	\$ 90.3	\$ 90.3	\$ 90.1
Water & Sewer Availability Charges	2.5	2.2	2.3	2.6	2.6	3.3	2.9	2.7	2.9	3.0
Meter & Service Fees	15.5	15.4	16.5	14.9	16.1	15.2	18.2	18.0	23.8	26.6
Sanitation Service Fees	38.1	38.3	38.5	39.1	39.4	39.9	39.9	39.6	40.4	44.8
Replenishment Charges	21.4	21.3	19.3	22.9	25.6	24.5	24.8	26.5	30.0	27.7
Other Charges	13.4	7.6	8.0	7.0	8.0	7.3	11.2	8.1	9.9	7.4
Total Operating Revenues	161.4	150.2	138.6	159.3	173.7	167.8	177.9	185.2	197.2	199.7
Operating Expenses:										
Wages & Salaries	\$ 38.0	\$ 38.8	\$ 42.2	\$ 43.2	\$ 45.2	\$ 48.2	\$ 49.9	\$ 50.7	\$ 52.8	\$ 56.2
Benefits	19.2	20.3	17.3	22.8	27.2	26.9	29.0	30.6	18.9	27.0
Materials & Supplies	12.3	12.7	11.7	12.0	12.5	15.0	15.0	13.2	15.3	18.9
Water Purchases	53.7	42.1	63.8	59.5	80.4	60.8	78.8	70.0	84.3	75.1
Utilities	15.9	15.6	14.7	14.3	15.2	14.9	15.7	19.2	20.9	22.0
Contract Services	13.0	9.9	9.9	11.4	13.3	11.2	12.8	11.8	11.8	12.7
Depreciation & Amortization	36.2	35.8	36.6	46.9	38.7	40.4	43.6	47.1	49.2	50.0
Legal Claims ³	-	-	-	-	-	-	-	-	23.4	30.6
Other	20.3	24.7	34.5	32.9	37.1	40.2	39.7	27.0	54.4	42.3
Total Operating Expenses	208.6	200.0	230.6	242.9	269.6	257.5	284.4	269.8	330.9	334.9
Non-operating Revenues:										
Property Taxes	\$ 85.8	\$ 89.0	\$ 93.6	\$ 96.8	\$ 100.7	\$ 105.0	\$ 103.0	\$ 117.9	\$ 131.7	\$ 147.5
Intergovernmental	-	0.0	0.0	0.0	0.9	3.7	9.6	5.7	13.4	15.9
Investment Income	7.6	5.3	8.6	3.4	3.4	20.2	19.3	2.1	(11.9)	7.8
Other	4.5	9.9	20.4	30.2	9.8	9.0	10.4	10.7	8.0	9.0
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	0.1
Total Non-operating Revenues	98.8	100.1	122.9	130.9	98.2	138.0	142.3	135.7	141.4	180.2
Non-operating Expenses:										
Interest Expense	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 1.0	\$ 2.0	\$ 1.3	\$ 2.9	\$ 6.2
Total Non-operating Expenses	0.6	0.6	0.6	0.7	0.7	1.0	2.0	1.3	2.9	6.2
Income (Loss) Before Capital Contributions	\$ 51.0	\$ 49.8	\$ 30.3	\$ 46.6	\$ 1.6	\$ 47.3	\$ 33.8	\$ 49.9	\$ 4.8	\$ 38.8
Capital Contributions	11.0	19.6	13.0	18.4	12.6	15.7	18.0	18.3	26.5	18.3
Change in Net Position	\$ 62.0	\$ 69.4	\$ 43.3	\$ 65.0	\$ 14.2	\$ 63.0	\$ 51.8	\$ 68.2	\$ 31.3	\$ 57.1
Total Net Position Beginning of Year	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	1,961.6
Restatements ^{1,2}	2.4	(107.3)	0.0	0.0	(33.3)	0.0	5.3	-	(1.8)	-
Total Net Position End of Year	\$ 1,669.4	\$ 1,631.5	\$ 1,674.8	\$ 1,739.7	\$ 1,720.6	\$ 1,783.5	\$ 1,840.6	\$ 1,908.7	\$ 1,938.2	\$ 2,018.7
Percent Change	4.0%	(2.3%)	2.7%	3.9%	(1.1%)	3.7%	3.2%	3.7%	1.5%	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.

³ Legal Claims were not discretely presented prior to Fiscal Year 2021-2022

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
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
2023	199.7	334.9	(135.2)	174.0	38.8	18.3	-	57.1

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

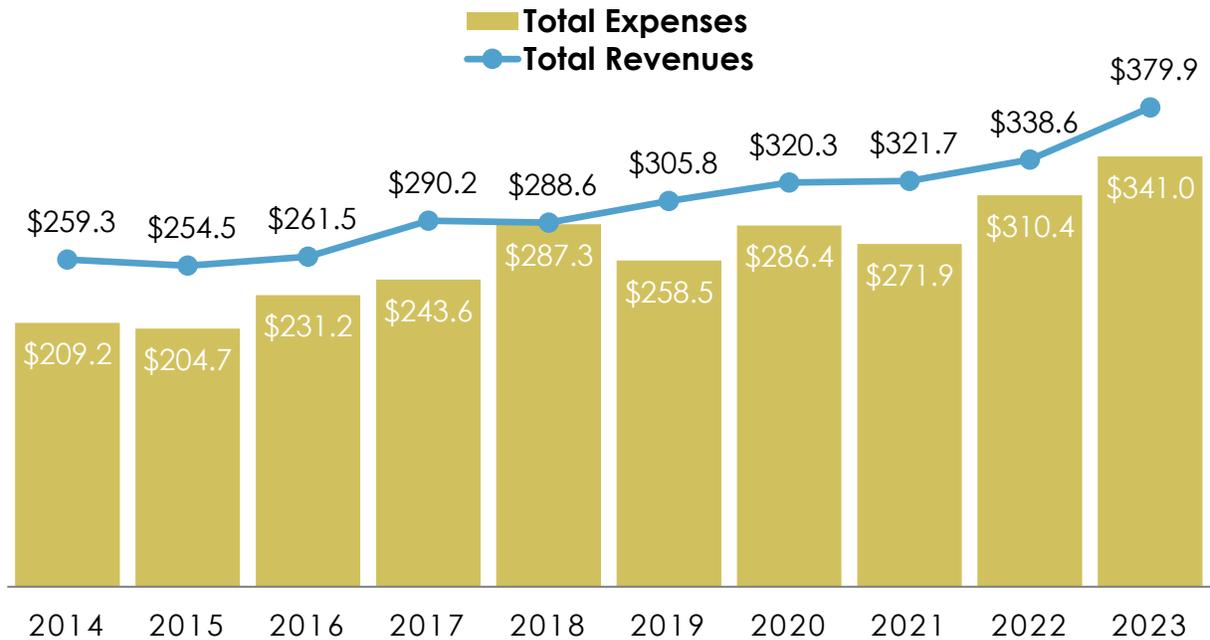
Total Revenues vs. Total Expenses
Last Ten Fiscal Years
Numbers in Millions

Fiscal Year	Total Revenues	Total Expenses	Excess of Revenues Over Expenses ¹
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
2023	379.9	341.0	38.8

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	2014	2015	2016	2017 ¹	2018	2019	2020	2021	2022	2023
Operating Revenues:										
Sales	\$ 70.5	\$ 65.4	\$ 54.1	\$ 72.8	\$ 81.9	\$ 77.6	\$ 80.8	\$ 90.3	\$ 90.3	\$ 90.1
Water & Sewer Availability	2.5	2.2	2.3	2.6	2.6	3.3	2.9	2.7	2.9	3.0
Meter & Service Fees	15.5	15.4	16.5	14.9	16.1	15.2	18.2	18.0	23.8	26.6
Sanitation Service Fees	38.1	38.3	38.5	39.1	39.4	39.9	39.9	39.6	41.2	44.8
Replenishment Charges	21.4	21.3	19.3	22.9	25.6	24.5	24.8	26.5	30.0	27.7
Other Operating Charges	13.4	7.6	8.0	7.0	8.0	7.3	11.2	8.1	9.1	7.4
Total Operating Revenues	\$ 161.4	\$ 150.2	\$ 138.6	\$ 159.3	\$ 173.7	\$ 167.8	\$ 177.9	\$ 185.2	\$ 197.2	\$ 199.7
Non-Operating Revenues:										
Property Taxes	\$ 85.8	\$ 89.0	\$ 93.6	\$ 96.8	\$ 100.7	\$ 105.0	\$ 103.0	\$ 117.9	\$ 131.7	\$ 147.5
Intergovernmental	-	0.0	0.0	0.0	0.9	3.7	9.6	5.7	13.4	15.9
Investment Income	7.6	5.3	8.6	3.4	3.4	20.2	19.3	2.1	(11.9)	7.8
Other Charges	4.5	9.9	20.7	30.8	9.8	9.2	10.5	10.7	8.2	9.1
Total Non-Operating Revenues	\$ 97.9	\$ 104.3	\$ 122.9	\$ 130.9	\$ 114.8	\$ 138.0	\$ 142.5	\$ 136.5	\$ 141.4	\$ 180.2
Total Revenues	\$ 259.3	\$ 254.5	\$ 261.5	\$ 290.2	\$ 288.6	\$ 305.8	\$ 320.3	\$ 321.7	\$ 338.6	\$ 379.9

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	2014	2015	2016	2017	2018 ¹	2019	2020	2021	2022	2023
Direct Operating Expenses:										
Wages & Salaries	\$ 38.0	\$ 38.8	\$ 42.2	\$ 43.2	\$ 45.2	\$ 48.2	\$ 49.9	\$ 50.7	\$ 52.8	\$ 56.2
Benefits	19.2	20.3	17.3	22.8	27.2	26.9	29.0	30.6	18.9	27.0
Materials & Supplies	12.3	12.7	11.7	12.0	12.5	15.0	15.0	13.2	15.3	18.9
Water Purchases	53.7	42.1	63.8	59.5	80.4	60.8	78.8	70.0	84.3	75.1
Utilities	15.9	15.6	14.7	14.3	15.2	14.9	15.7	19.2	20.9	22.0
Contract Services	13.0	9.9	9.9	11.4	13.3	11.2	12.8	11.8	11.8	12.7
Depreciation & Amortization	36.2	35.8	36.6	46.9	38.7	40.4	43.6	47.1	49.2	50.0
Legal Claims ²	-	-	-	-	-	-	-	-	23.4	30.6
Other ³	20.3	24.7	34.5	32.9	37.1	40.2	39.7	27.1	31.0	42.3
Total Direct Operating Expenses	\$ 208.6	\$ 200.0	\$ 230.6	\$ 242.9	\$ 269.6	\$ 257.5	\$ 284.4	\$ 269.8	\$ 307.5	\$ 334.9
Indirect Operating Expenses:										
Interest expense	0.6	0.6	0.6	0.7	0.7	1.0	2.0	1.3	2.9	6.2
Other	-	4.1	-	-	17.0	-	-	0.8	-	-
Total Indirect Operating Expenses	\$ 0.6	\$ 4.7	\$ 0.6	\$ 0.7	\$ 17.7	\$ 1.0	\$ 2.0	\$ 2.1	\$ 2.9	\$ 6.2
Total Expenses	\$ 209.2	\$ 204.7	\$ 231.2	\$ 243.6	\$ 287.3	\$ 258.5	\$ 286.4	\$ 271.9	\$ 310.4	\$ 341.0

Note:

¹ Fiscal year 2018 Capital expenditures related to Chromium 6 were expensed due to a change in legislation

² Legal Claims were not discretely presented prior to Fiscal Year 2021-2022

³ Other Direct operating expenses not presented prior to Fiscal year 2022-2023

Please allow for rounding differences



**Developer Fee Revenue
Last Ten Fiscal Years**

Fiscal Year	Water Developer Fees		Sanitation Developer Fees		Water Demand Offset Fee ¹	Other ²	Total	Percent Change
	Water System Backup Facility	Supplemental Water Supply ¹	Capacity Charge Collection	Capacity Charge Treatment				
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	806,620	-	16,811,946	18.5%
2023	5,382,457	1,344	4,024,551	2,680,002	1,227,979	-	13,316,333	(26.3%)

Note:
¹ Coachella Valley Water District implemented a new fee in January 2022 called the Water Demand Offset Fee and discontinued collecting the Supplemental Water Supply Charge to fund non-potable water projects and save groundwater for potable use.
² 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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential Consumption:										
Single Family Residential	25,939	24,014	19,221	20,758	22,321	21,001	21,451	23,854	23,408	21,563
Duplex - Triplex	530	497	401	404	421	406	403	436	431	408
Multi-Dwelling	505	476	413	425	425	445	421	435	446	417
Apartments	940	905	805	831	848	830	844	914	897	868
Mobile Home/Trailer Parks	1,229	1,181	1,039	1,072	1,132	1,042	1,099	1,193	1,206	1,126
Total Residential Consumption	29,142	27,072	21,879	23,489	25,146	23,725	24,217	26,832	26,389	24,381
Non-Residential Consumption:										
Hotels/Motels	420	420	376	397	440	422	352	303	398	409
Commercial	1,256	1,199	1,079	1,113	1,131	1,101	986	940	1,126	1,103
Business	810	779	687	666	648	631	598	700	717	632
Construction Meters	489	432	355	339	626	494	420	509	728	751
Public Agency	461	435	348	460	544	499	469	478	508	468
Total Non-Residential Consumption	3,437	3,264	2,846	2,975	3,389	3,146	2,824	2,930	3,477	3,363
Landscape Irrigation	12,291	11,270	8,396	9,660	10,240	9,608	9,219	10,334	10,429	9,081
Total Consumption	44,870	41,606	33,121	36,124	38,775	36,478	36,260	40,096	40,296	36,825

Note:

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

Source:

Coachella Valley Water District

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

Customer Class	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agricultural:										
Agricultural	256,480	257,197	257,472	254,769	252,266	241,294	234,150	250,464	236,111	221,173
Total Agricultural	256,480	257,197	257,472	254,769	252,266	241,294	234,150	250,464	236,111	221,173
Non-Agricultural:										
Construction	784	855	836	702	694	768	466	358	561	659
Golf Courses	36,665	40,125	41,521	20,177	18,230	16,866	17,493	21,218	20,658	20,358
Duck Clubs	724	734	696	617	649	648	649	543	534	536
Fish Farms	1,730	1,250	1,762	2,188	2,044	2,069	2,107	2,067	1,308	1,104
Lakes	2,363	2,660	2,625	1,495	1,389	1,575	2,010	2,524	2,226	2,396
Polo Fields	3,057	2,664	2,757	2,887	2,458	2,346	2,528	3,144	3,194	2,863
Total Non-Agricultural	45,322	48,287	50,196	28,066	25,463	24,272	25,252	29,854	28,480	27,915
Recharge Facilities:										
Mid-Valley Pipeline	3,227	3,915	8,066	10,416	12,903	14,040	21,390	24,434	23,462	21,978
CVWD Dike Recharge	37,736	36,276	37,400	37,727	30,484	36,916	36,394	38,123	38,092	9,074
No Charge Account	3,028	2,277	1,243	1,584	1,915	1,367	1,574	872	1,048	975
Regulatory Account	9,932	10,323	10,232	6,487	5,561	5,962	8,091	7,705	6,743	6,163
Total Recharge Facilities	53,923	52,791	56,942	56,214	50,863	58,284	67,449	71,135	69,345	38,190
Total Consumption	355,726	358,275	364,610	339,049	328,592	323,850	326,851	351,453	333,936	287,278

Source:

Coachella Valley Water District



**Rate Summary
Last Ten Fiscal Years**

Fund	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Domestic Water ¹	\$ 1.12	\$ 1.12	\$ 1.12	\$ 1.32	\$ 1.32	\$ 1.32	\$ 1.37	\$ 1.37	\$ 1.17	\$ 1.17
Sanitation ²	24.50	24.50	24.50	24.50	24.62	24.62	24.62	24.62	24.62	26.53
Canal ³	28.95	28.95	28.95	33.48	34.32	34.32	34.32	34.32	34.32	34.32
West Whitewater Replenishment ⁴	110.26	110.26	112.00	128.80	143.80	143.80	143.80	143.80	165.37	165.37
East Whitewater Replenishment ⁴	45.00	52.00	59.00	66.00	66.00	66.00	66.00	66.00	72.27	72.27
Mission Creek Replenishment ⁴	98.73	98.73	112.00	123.20	135.52	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	\$ 33.53	\$ 14.60
Consumption Charges	21.56	27.56	30.00	26.30	42.05	59.14	45.60	67.67
Total per 20 Ccf ⁴ Usage	\$ 34.21	\$ 42.23	\$ 43.80	\$ 47.46	\$ 59.88	\$ 72.77	\$ 79.13	\$ 82.27

Notes:

- ¹ Energy cost adjustment of \$1.93 and replenishment fee of \$2.38 included in consumptive rate
- ² Energy cost adjustment of \$1.93 and replenishment fee of \$2.38 included in consumptive rate
- ³ Rates effective January 2022. Water Supply Reliability Capital Projects Charge included in consumptive rate
- ⁴ Ccf - hundred cubic feet

Source:

CVWD Fiscal Year 2023 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
\$ 26.53	\$ 28.08	\$ 29.17	\$ 34.98	\$ 37.58	\$ 39.59	\$ 49.74	\$ 52.73

CVWD Monthly Sewer Rates by Customer Class

Customer Class	Account Charge	Service Charge per ESU
Residential	\$ 1.55	\$ 24.98
RV/Trailer Parks	4.53	24.98
Nonresidential	4.53	24.98

Notes:

ESU - Equivalent Sewer Unit

Source:

CVWD Fiscal Year 2023 Budget Book



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

Fiscal Year 2023					
Ranking	Customer Type	Annual Consumption (Ccf)	% of Total All Domestic Customers	Annual Revenues	% of Total All Domestic Customers
1	Community Association	147,049	0.5%	\$ 244,762	0.5%
2	Community Association	128,591	0.6%	228,787	0.4%
3	Community Association	66,849	0.4%	198,152	0.4%
4	Community Association	51,778	0.4%	175,672	0.3%
5	Community Association	99,590	0.3%	165,777	0.3%
6	Community Association	87,403	0.3%	147,953	0.3%
7	Community Association	50,677	0.3%	123,591	0.2%
8	Resort	47,513	0.2%	122,400	0.2%
9	Resort	31,254	0.3%	112,819	0.2%
10	Community Association	60,991	0.1%	119,325	0.2%
Total Top Ten Domestic Customers		771,695	2.8%	\$ 1,639,239	3.2%
Total All Domestic Customers		27,852,968		\$ 51,371,270	

Fiscal Year 2014					
Ranking	Customer Type	Annual Consumption (Ccf)	% of Total All Domestic Customers	Annual Revenues	% of Total All Domestic Customers
1	Community Association	278,220	0.6%	\$ 344,810	0.6%
2	Country Club	294,581	0.7%	331,789	0.6%
3	Community Association	263,543	0.6%	308,386	0.5%
4	Community Association	205,863	0.5%	234,225	0.4%
5	Community Association	188,192	0.4%	218,300	0.4%
6	Community Association	193,457	0.4%	217,109	0.4%
7	Community Association	179,503	0.4%	201,463	0.4%
8	Community Association	169,637	0.4%	194,933	0.3%
9	Community Association	144,995	0.3%	173,659	0.3%
10	Community Association	131,793	0.3%	155,823	0.3%
Total Top Ten Domestic Customers		2,049,784	4.6%	\$ 2,380,498	4.2%
Total All Domestic Customers		44,885,849		\$ 57,008,738	

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 2023			
Ranking	Customer Type	Annual Revenues	% of Total All Sanitation Customers
1	Resort	\$ 163,011	0.4%
2	Resort	143,007	0.4%
3	Mobile Homes	126,975	0.3%
4	Resort	121,541	0.3%
5	Mobile Homes	109,468	0.3%
6	Resort	94,316	0.2%
7	Mobile Homes	89,351	0.2%
8	Resort	86,421	0.2%
9	Resort	85,017	0.2%
10	Mobile Homes	79,984	0.2%
Total Top Ten Sanitation Customers		\$ 1,099,090	2.7%
Total All Sanitation Customers		\$ 40,091,731	
Fiscal Year 2014			
Ranking	Customer Type	Annual Revenues	% of Total All Sanitation Customers
1	Timeshares	\$ 131,418	0.4%
2	Resort	124,685	0.4%
3	Resort	117,139	0.3%
4	Resort	105,851	0.3%
5	Resort	93,933	0.3%
6	Resort	89,670	0.3%
7	Resort	89,353	0.3%
8	Resort	85,260	0.2%
9	Resort	75,558	0.2%
10	Mobile Homes	69,384	0.2%
Total Top Ten Sanitation Customers		\$ 982,251	2.8%
Total All Sanitation Customers		\$ 34,592,049	

Source:

Coachella Valley Water District

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

Fiscal Year 2023						
Ranking	Customer Type	Annual Consumption (af)	% of Total All Canal Customers	Annual Revenues	% of Total All Canal Customers	
1	CVWD Recharge	21,978	7.7%	\$ 754,275	7.8%	
2	CVWD Recharge	9,074	3.2%	311,420	3.2%	
3	Agriculture	3,930	1.4%	134,867	1.4%	
4	Agriculture	2,321	0.8%	79,667	0.8%	
5	Agriculture	1,929	0.7%	66,200	0.7%	
6	Agriculture	1,638	0.6%	56,202	0.6%	
7	Agriculture	1,583	0.6%	54,311	0.6%	
8	Agriculture	1,541	0.5%	52,894	0.5%	
9	Agriculture	1,519	0.5%	52,139	0.5%	
10	Agriculture	1,501	0.5%	51,521	0.5%	
Total Top Ten Canal Customers		47,013	16.4%	\$ 1,613,496	16.6%	
Total All Canal Customers		287,278		\$ 9,694,583		

Fiscal Year 2014						
Ranking	Customer Type	Annual Consumption (af)	% of Total All Canal Customers	Annual Revenues	% of Total All Canal Customers	
1	CVWD Recharge	36,979	11.2%	\$ 3,189,439	26.1%	
2	CVWD Recharge	3,227	1.0%	278,294	2.3%	
3	Agriculture	3,413	1.0%	98,812	0.8%	
4	Agriculture	748	0.2%	83,970	0.7%	
5	Country Club	1,820	0.6%	76,713	0.6%	
6	Agriculture	766	0.2%	70,131	0.6%	
7	Agriculture	2,282	0.7%	66,060	0.5%	
8	CVWD Recharge	757	0.2%	65,325	0.5%	
9	CVWD Recharge	1,514	0.5%	63,815	0.5%	
10	Agriculture	1,934	0.6%	55,989	0.5%	
Total Top Ten Canal Customers		53,440	16.2%	\$ 4,048,548	33.1%	
Total All Canal Customers		330,022		\$ 12,222,939		

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 2013			Calendar Year 2022		
	Rank	Calendar Year Revenue	% of All Customers	Rank	Calendar Year Revenue	% of All Customers
Coachella Valley Water District	1	\$ 1,047,512	22.9%	1	\$ 1,919,209	22.3%
Indio Water Authority	2	802,571	17.5%	2	1,482,402	17.2%
Irrigation Customer	4	252,358	5.5%	3	674,843	7.8%
City of Coachella	3	301,500	6.6%	4	520,872	6.1%
Agricultural Customer	109	-	-	5	481,961	5.6%
Irrigation Customer	19	-	-	6	265,939	3.1%
Myoma Dunes Water Company	5	167,751	3.7%	7	250,721	2.9%
Irrigation Customer	-	-	-	8	209,973	2.4%
Agricultural Customer	14	-	-	9	157,794	1.8%
Irrigation Customer	-	-	-	10	120,040	1.4%
Total Top Ten E. Replenishment Customers		\$ 2,977,383	65.1%		\$ 6,083,755	70.7%
Total All East Replenishment Customers		\$ 4,576,292	100.0%		\$ 8,605,591	100.0%

Mission Creek Replenishment Customer Type	Calendar Year 2013			Calendar Year 2022		
	Rank	Calendar Year Revenue	% of All Customers	Rank	Calendar Year Revenue	% of All Customers
Coachella Valley Water District	1	\$ 290,187	66.0%	1	\$ 401,071	67.3%
All Others	2	149,714	34.0%	2	194,837	32.7%
Total Mission Creek Replenishment Customers		\$ 439,901	100.0%		\$ 595,909	100.0%

West Whitewater Replenishment Customer Type	Calendar Year 2013			Calendar Year 2022		
	Rank	Calendar Year Revenue	% of All Customers	Rank	Calendar Year Revenue	% of All Customers
Coachella Valley Water District	1	\$ 9,322,979	59.0%	1	\$ 11,666,920	57.8%
Irrigation Customer	2	528,101	3.3%	2	854,913	4.2%
Irrigation Customer	7	222,659	1.4%	3	379,987	1.9%
Irrigation Customer	3	261,052	1.7%	4	332,576	1.6%
Irrigation Customer	-	-	-	5	328,756	1.6%
Irrigation Customer	5	224,633	1.4%	6	315,559	1.6%
Irrigation Customer	9	194,829	1.2%	7	307,009	1.5%
Irrigation Customer	6	223,177	1.4%	8	288,008	1.4%
Irrigation Customer	12	-	-	9	274,134	1.4%
Irrigation Customer	-	-	-	10	264,824	1.3%
Total Top Ten W. Replenishment Customers		\$ 11,605,493	73.4%		\$ 15,012,685	74.3%
Total All West Replenishment Customers		\$ 15,805,708	100.0%		\$ 20,193,066	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
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	14.6
2022	71,939,860	4.7	131,698	0.002	11.7
2023	78,089,602	8.5	147,455	0.002	12.0

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.

Source:

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

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

Taxpayer	FY 2014		FY 2023	
	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%	\$ 286,502,147	0.4%
HP LQ Investment LP	-	-	206,373,716	0.3
WEA Palm Desert	144,890,985	0.3	167,598,620	0.2
Newage Desert Springs LLC	-	-	166,102,959	0.2
WVC Rancho Mirage INC	94,078,693	0.2	144,835,734	0.2
Garden on El Paseo	100,300,680	0.2	144,482,630	0.2
H E Indian Wells	-	-	128,422,917	0.2
Walmart/Sams	-	-	127,976,390	0.2
H N And Frances C Berger Foundation	-	-	111,381,608	0.1
Spectrum Pacific West LLC	-	-	47,599,637	0.1
TD Desert Development LP	97,843,075	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	3,589,203	0.0	-	-
Time Warner Cable Pacific West LLC	43,537,517	0.1	-	-
River Retail	88,942,421	0.2	-	-
Total Top Ten Property Taxpayers	\$ 976,299,512	1.7%	\$ 1,531,276,358	1.6%

Source:

HDL Coren & Cone (Riverside County Assessor)

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

Component	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assessed Value	\$ 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	\$ 78,089,602
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 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	\$ 19,522,401
Debt Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Legal Debt Limit	\$ 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	\$ 2,928,360
Outstanding Bonds Chargeable to the Limit	-	-	-	-	-	-	-	\$ 42,890	\$ 96,230	\$ 96,230
Less: Amount Reserved for Debt	-	-	-	-	-	-	-	-	-	-
Net Applicable to Limit:	-	-	-	-	-	-	-	\$ 42,890	\$ 96,230	\$ 96,230
Legal Debt Margin	\$ 1,929,229	\$ 2,034,541	\$ 2,136,832	\$ 2,215,631	\$ 2,288,168	\$ 2,388,764	\$ 2,490,121	\$ 2,619,782	\$ 2,793,975	\$ 3,024,590
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%	1.6644%	3.5671%	3.2861%

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 Thousands**

Fiscal Year	Certificates of Participation	Contracts Payable	Leases	General Obligation Bonds	Other Long Term Debt	Unamortized Premiums on Debt	Total	Personal Income (%) ¹	Debt per Capita ²
2014	\$ -	\$ 96.3	\$ -	\$ -	\$ -	\$ -	\$ 96.3	0.00%	\$ 0.0
2015	-	58.5	-	-	-	-	58.5	0.00%	0.03
2016	-	34.2	-	-	-	-	34.2	0.00%	0.01
2017	-	-	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	-	-	0.00%	-
2019	-	-	-	-	-	-	-	0.00%	-
2020	-	-	-	-	18,947.5	-	18,947.5	0.00%	7.88
2021	42,890.0	-	-	-	28,908.3	11,497.4	83,295.7	0.01%	34.38
2022	96,230.0	-	4,661.0	-	87,330.4	17,872.8	206,094.2	0.02%	83.83
2023	96,230.0	-	8,618.0	-	117,779.4	16,811.7	239,439.1	0.02%	96.79

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	\$ 72,045,878	\$ -	\$ 392,392
Availability Charges	630,585	-	-
Meter and Service Fees	25,149,809	8,286	-
Replenishment Charges	-	-	8,257,364
Other Charges	1,837,979	56,863	35,654
Total Operating Revenues	\$ 99,664,251	\$ 65,149	\$ 8,685,410
Non-Operating Revenues:			
Property Taxes	\$ 2,556,836	\$ 26,190,115	\$ 9,583,525
Intergovernmental	4,522,578	306,927	-
Investment Income	2,526,737	2,945,718	126,461
Other Income	3,947,548	1,980,504	85,086
Total Non-operating Revenues	\$ 13,553,699	\$ 31,423,264	\$ 9,795,072
Less Non-cash Revenue ¹	631,009	(909,506)	117,058
Total Revenues	\$ 113,848,959	\$ 30,578,907	\$ 18,597,540
Operating Expenses:			
Wages and Salaries	\$ 25,340,201	\$ 3,314,014	\$ 1,220,231
Benefits	12,503,390	1,576,269	493,486
Materials and Supplies	9,700,297	404,786	166,404
Water Purchases	13,068,044	-	1,062,490
Power	13,742,193	49,041	516,653
Contract Services	4,163,664	1,246,221	705,056
Depreciation and Amortization	15,863,158	3,675,956	678,229
Legal Claims	85,000	-	9,872,758
Other Expense	21,075,007	2,529,082	1,911,309
Total Operating Expenses	\$ 115,540,954	\$ 12,795,369	\$ 16,626,616
Less Depreciation/Amortization	(15,863,158)	(3,675,956)	(678,229)
Less Non-cash Expense ¹	2,132,186	326,678	(9,738,574)
Total Expenses	\$ 101,809,982	\$ 9,446,091	\$ 6,209,813
Net Revenues	\$ 12,038,977	\$ 21,132,816	\$ 12,387,727
Total Parity Annual Debt Service	\$ 1,325,315	\$ 6,116,710	\$ 1,890,085
Parity Debt Service Coverage Ratio:	9.08	3.45	6.55
Net Revenues less Parity Debt Service	\$ 10,713,662	\$ 15,016,106	\$ 10,497,642
Subordinate Debt Service	\$ -	\$ -	\$ -

Note:

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

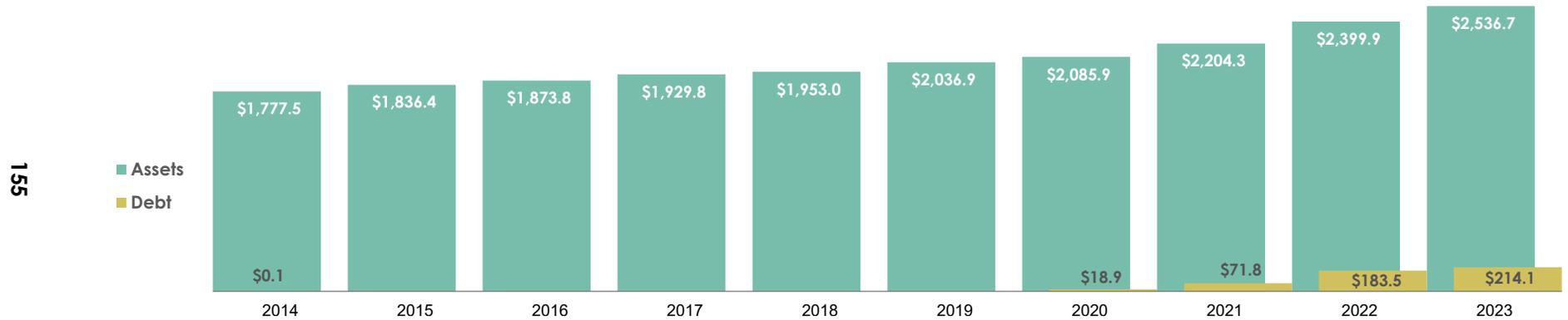
Source:

Coachella Valley Water District

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

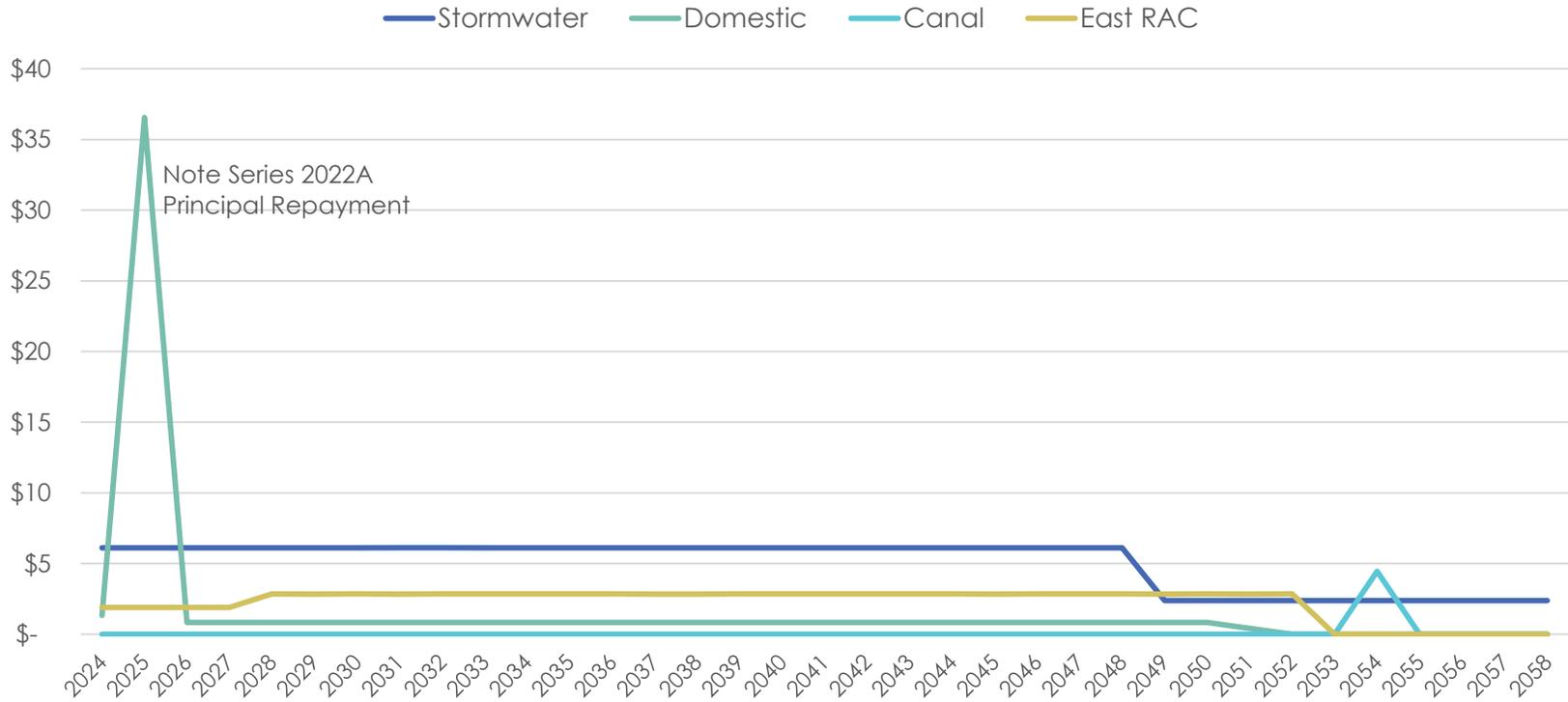
Description	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assets	\$ 1,777.5	\$ 1,836.4	\$ 1,873.8	\$ 1,929.8	\$ 1,953.0	\$ 2,036.9	\$ 2,085.9	\$ 2,204.3	\$ 2,399.9	\$ 2,536.7
Debt	\$ 0.1	\$ 0.0	\$ 0.0	\$ -	\$ -	\$ -	\$ 18.9	\$ 71.8	\$ 183.5	\$ 214.1
Unamortized Premiums on Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.50	\$ 17.87	\$ 16.81
Debt as % of Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	3.3%	7.6%	8.4%

Source:
Coachella Valley Water District



Total Future Years Debt Service by Fund Numbers in Millions

156



Note:
Full debt service schedules printed in the Supplementary section of this document.

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

Calendar Year	Population ¹	Personal Income (in Millions) ²	Per Capita Personal Income ³	Median House Value ⁴	Unemployment Rate (%) ⁵
2013	2,266,357	76,470	33,741	236,400	10.0%
2014	2,289,151	80,218	35,043	279,500	8.3%
2015	2,312,059	85,315	36,900	312,700	6.7%
2016	2,338,982	89,569	38,294	329,600	6.1%
2017	2,366,885	93,043	39,310	352,700	5.3%
2018	2,390,121	97,494	40,790	364,900	4.4%
2019	2,405,570	104,149	43,295	384,400	4.2%
2020	2,422,764	115,570	47,702	368,100	10.1%
2021	2,458,395	125,820	51,180	465,400	7.3%
2022	2,473,902	119,600	46,118	555,400	4.2%

Source:

^{1, 2, 3} Bureau of Economic Analysis.

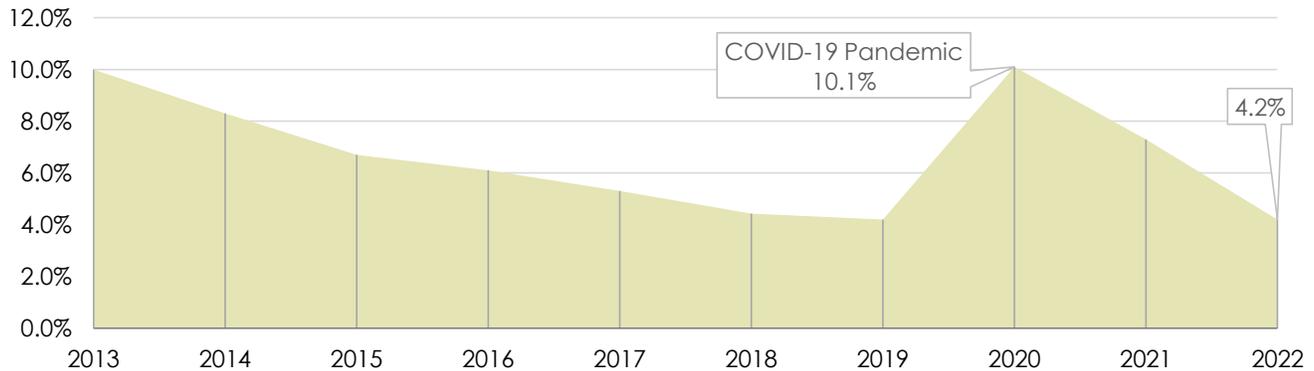
⁴ U.S. Census Bureau

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

Personal Income (in Millions) ²



Unemployment Rate (%) ⁵



Disclosure: Calendar year 2022 Personal income and Per Capita Income reports unavailable at time of printing. Riverside County Estimates used in lieu of.

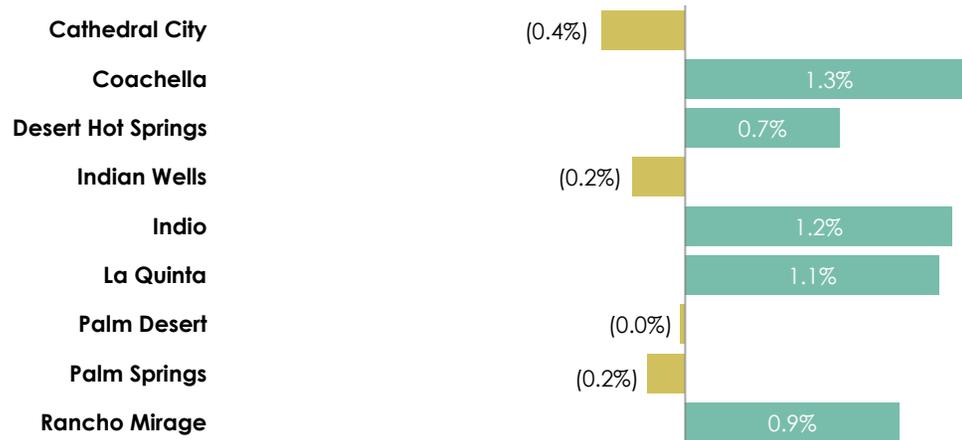
Demographic Statistics
Population of Major Cities in the Coachella Valley
Last Ten Calendar Years

Calendar Year	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage	Total
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	51,621	41,935	32,389	4,785	89,789	37,562	50,626	44,165	16,854	369,726
2022	51,433	42,462	32,608	4,774	90,837	37,979	50,615	44,092	17,012	371,812
Annual Growth Percentage	(0.4%)	1.3%	0.7%	(0.2%)	1.2%	1.1%	(0.0%)	(0.2%)	0.9%	0.6%

Source:

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

**Annual Growth
(Decline) Percentage**



**Principal Employers
Current Year ¹ and Ten Years Ago**

Employer	Fiscal Year 2022			Fiscal Year 2014		
	Number of Employees	Rank	% of Total County Employment	Number of Employees	Rank	% of Total County Employment
County of Riverside	23,772	1	2.13%	19,916	1	2.30%
Amazon	14,500	2	1.30%			
March Air Reserve Base	9,600	3	0.86%	8,500	2	0.98%
University of California, Riverside	8,593	4	0.77%	5,514	4	0.64%
Moreno Valley Unified School District	6,020	5	0.54%			
Kaiser Permanente Riverside Medical Center	5,817	6	0.52%	5,270	5	0.61%
Corona-Norco Unified School District	5,478	7	0.49%	4,300	7	
Riverside Unified School District	5,431	8	0.49%	4,000	9	0.46%
Stater Bros	4,699	9	0.42%	6,900	3	0.80%
Mt. San Jacinto Community College District	4,638	10	0.42%			
Pechanga Resort and Casino				4,500	6	0.52%
Wal-Mart				4,068	8	0.47%
Hemet Unified School District				3,572	10	0.41%
Total	88,548		7.94%	66,540		7.19%

Note:

¹ Data for most current year available

Source:

County of Riverside Economic Development Agency

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

Indicators by Function	2013	2014	2015	2016	2017	2018	2019	2020	2021
Domestic water									
Population Served	304,701	318,217	318,217	290,000	290,000	290,000	300,000	300,000	270,000
Total Well Capacity (MGD)	240	240	231	234	232	236	244	244	242
Active Meters	108,050	108,599	109,167	107,861	106,717	109,714	110,138	110,899	112,180
Average Daily Demand (MGD)	92	90	75	72	77	79	76	80	83.5
Total Water Delivered (af)	103,552	101,302	83,869	80,835	86,303	87,959	84,974	88,911	93,548
Irrigation water									
Total Irrigable Acres	75,144	76,354	76,456	76,411	76,428	77,101	76,364	77,103	76,970
Active Accounts	1,224	1,224	1,190	1,263	1,267	1,263	1,277	1,305	1,311
Total Water Delivered (af)	274,399	334,638	327,010	342,507	333,160	338,094	335,760	343,941	338,147
Average Daily Demand (MGD)	760	917	903	903	913	913	914	942	920
Wastewater collection									
Population Served	270,686	272,357	272,982	248,404	256,173	252,803	254,420	262,217	240,000
Active Accounts	92,774	93,797	93,969	94,532	94,269	96,206	94,937	96,932	98,351
Average Daily Flow (MGD)	17	17	17	16	17	17	17	17	16.66
Nonpotable water									
Active Accounts	18	19	21	19	24	24	24	24	24
Recycled Water Delivered (af)	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	2013	2014	2015	2016	2017	2018	2019	2020	2021
Domestic water										
Active Wells		96	96	92	94	93	95	97	97	96
Distribution Reservoirs		60	61	61	61	62	63	64	64	65
Storage Capacity	MG	135	135	135	135	142	143	153	153	155
Distribution Piping Systems	Miles	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	1	2	2
Storage Capacity	af	1,301	1,301	1,301	1,301	1,301	1,301	1,301	1,361	1,361
Distribution System	Miles	485	485	485	435	485	485	485	485	485
Pumping Plants		16	16	16	16	16	16	16	16	16
Length of Canal	Miles	123	123	123	123	123	123	123	123	123
Agriculture drainage										
District Open Drains	Miles	21	21	21	21	21	21	21	21	21
District Pipe Drains	Miles	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
Stormwater protection										
Number of Channels		16	16	16	16	16	16	17	17	18
Length of Whitewater River Channel	Miles	49	49	49	49	49	49	50	50	50
Length of All Channels	Miles	134	134	134	134	134	134	169	169	169
Wastewater collection										
Reclamation Plants		6	6	6	5	5	5	5	5	5
Total Daily Plant Capacity	MGD	34	34	34	33	33	33	33	33	33
Collection Piping System	Miles	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	2	2	2	2	2	2
Total Daily Capacity	MGD	18	18	18	18	18	18	18	18	18
Distribution Piping Systems	Miles	27	30	30	30	31	31	31	31	31
Groundwater management										
Recharge Facilities		4	3	3	3	3	4	4	4	4
Recharge from Imported Water	af	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	2014	2015	2016	2017	2018	2019	2020	2021	2022
5/8"	2	2	2	2	2	2	2	2	2
3/4"	97,196	97,704	98,248	98,444	99,010	99,679	95,987	99,589	102,199
1"	6,516	6,550	6,576	6,634	6,768	6,924	6,943	7,052	7,355
1 1/2"	2,932	2,948	2,926	2,934	2,954	2,982	2,964	2,994	3,051
2"	1,738	1,747	1,772	1,774	1,791	1,799	1,739	1,774	1,839
3"	154	155	155	140	151	154	140	157	209
3" Construction	6	6	6	6	5	5	5	8	25
4"	17	17	17	13	17	18	15	20	20
4" Construction	1	1	1	-	-	-	-	-	1
6"	3	3	3	4	2	3	3	3	3
8"	3	3	3	3	3	3	4	4	4
Unknown	3	3	3	2	1	-	-	-	-
Totals ¹	108,571	109,139	109,712	109,956	110,704	111,569	107,802	111,603	114,708
<i>Increase (Decrease)</i>	549	568	573	244	748	865	(3,767)	3,801	3,105
<i>Percent Change</i>	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

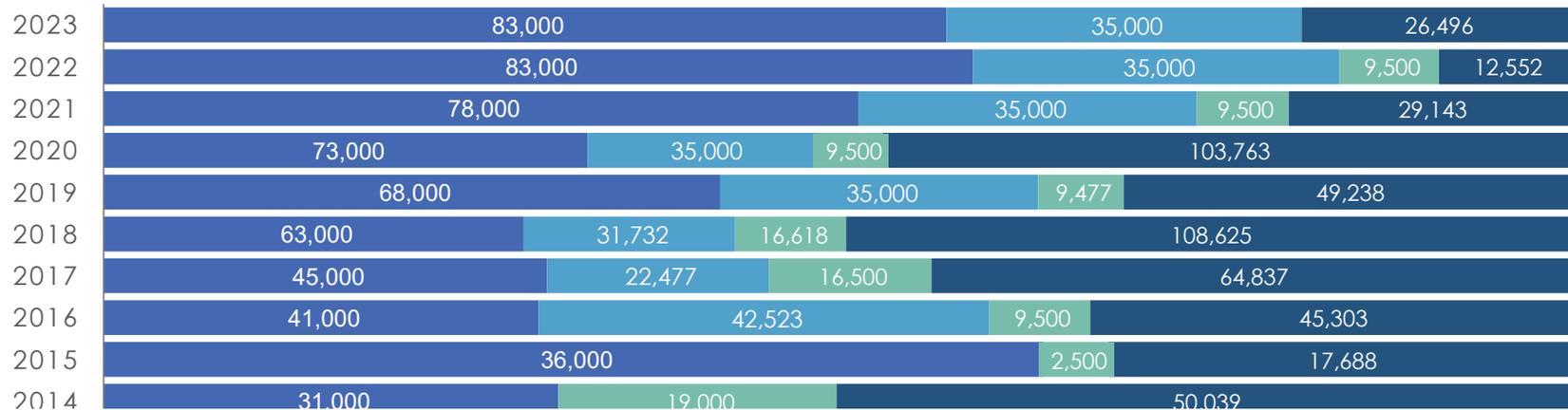
Schedule of Imported Water Costs
Last Ten Fiscal Years
Numbers in Acre Feet (af)

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
2023	83,000	\$ 110.6	35,000	\$ 316.0			26,496	\$ 1,345.4	144,496	\$ 486.4
2022	83,000	93.4	35,000	307.0	9,500	631.6	12,552	4,150.3	140,052	538.5
2021	78,000	90.3	35,000	298.0	9,500	647.1	29,143	1,679.6	151,643	476.1
2020	73,000	82.9	35,000	289.0	9,500	668.6	103,763	611.6	221,263	389.3
2019	68,000	86.0	35,000	281.0	9,477	583.5	49,238	915.2	161,715	408.3
2018	63,000	78.1	31,732	247.0	16,618	612.1	108,625	552.1	219,975	376.8
2017	45,000	75.5	22,477	214.4	16,500	532.4	64,837	779.2	148,814	494.2
2016	41,000	73.9	42,523	235.0	9,500	641.5	45,303	1,085.4	138,326	850.4
2015	36,000	73.0			2,500	638.8	17,688	2,276.9	56,188	783.9
2014	31,000	72.5			19,000	590.4	50,039	862.6	100,039	537.5

Source:

Coachella Valley Water District

■ QSA Water ■ MWD Transfer Water ■ Rosedale Rio Bravo ■ State Water Project



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

Department	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administration ^{1,9}	36.0	37.0	41.0	41.0	41.5	42.5	43.0	42.0	41.0	41.0
Engineering	44.0	44.0	42.0	45.0	47.0	47.0	52.0	49.0	51.5	48.0
Environmental ²	24.0	25.0	27.0	25.0	29.0	28.5	26.5	27.5	29.0	30.0
Finance	26.5	26.5	28.0	27.0	26.0	28.0	27.0	29.0	28.0	28.0
Human Resources & Risk Management	9.0	9.0	9.0	10.0	10.0	10.5	9.5	9.5	9.5	12.0
Information Systems ^{3,4}	13.0	13.0	14.0	15.0	15.0	15.0	16.0	17.0	17.0	18.0
Operations ^{6,8}	150.0	150.0	153.0	158.0	174.0	177.0	179.0	181.0	182.0	186.0
Service ^{1,7,9}	79.0	82.0	84.0	83.0	84.0	84.0	52.0	54.0	78.0	77.0
Facilities and Maintenance ^{5,7,8}	123.0	124.0	121.0	127.0	120.0	121.0	138.0	136.0	140.0	137.0
Total	504.5	510.5	519.0	531.0	546.5	553.5	543.0	545.0	576.0	577.0

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

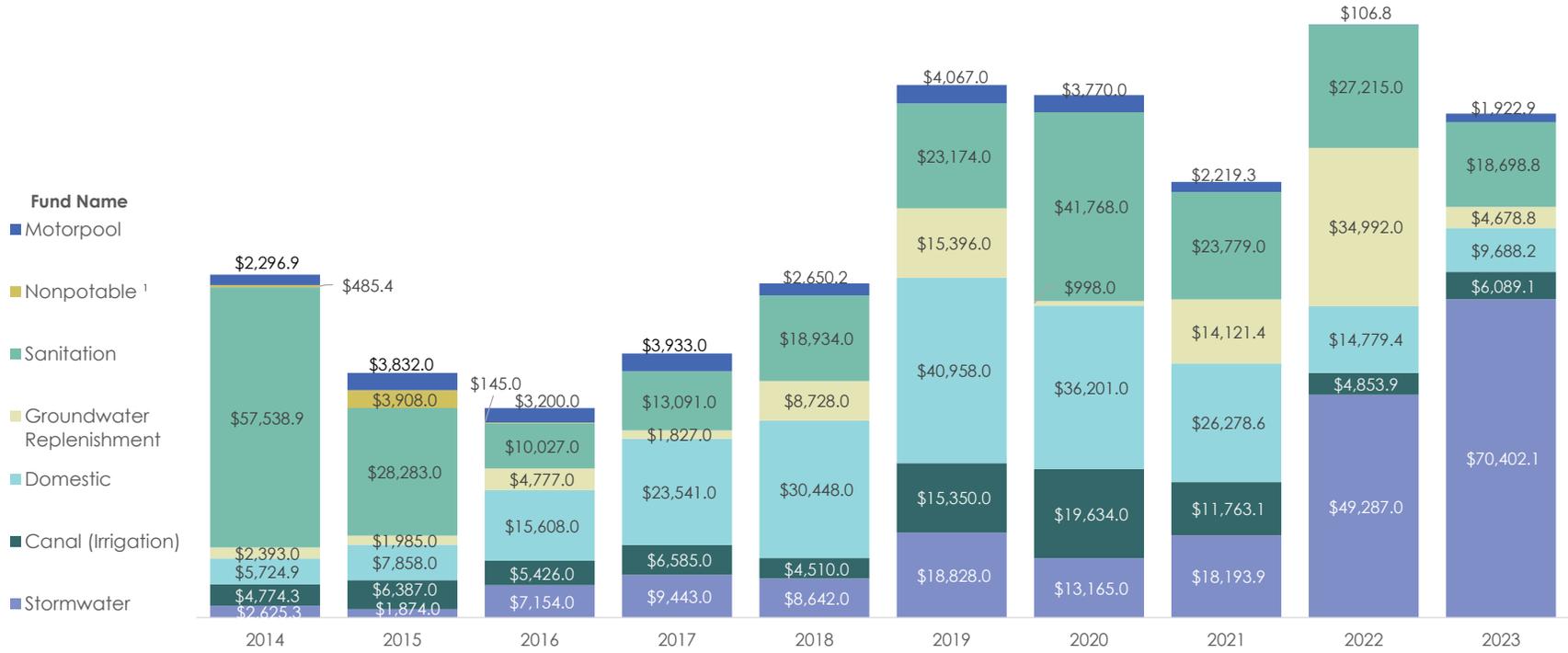
⁹ FY 2022 Communication and Conservation reestablished to Service

Source:

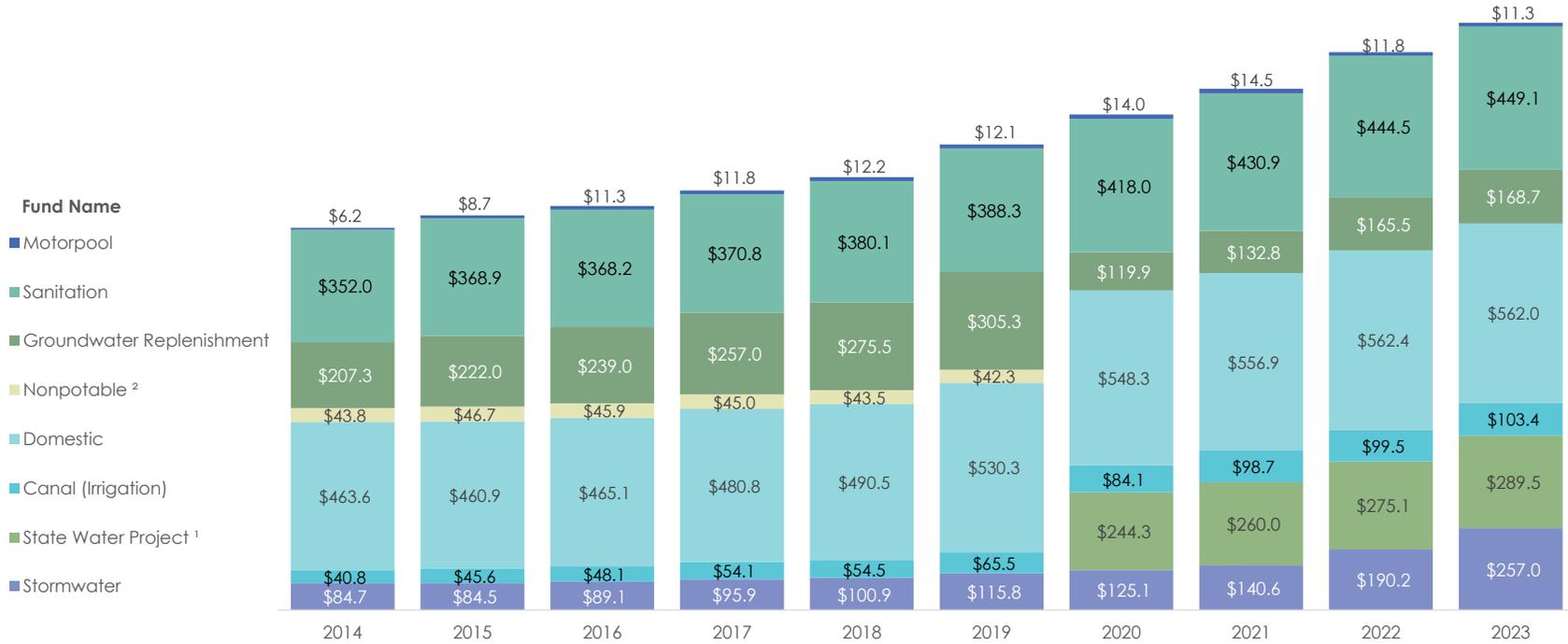
Coachella Valley Water District

**Capital Expenditures by Fund
Last Ten Fiscal Years Numbers
in Millions**

165



**Net Capital Assets by Fund
Last Ten Fiscal Years (Actual)
Numbers in Millions**



Notes:

¹ State Water Project assets were reported as part of the Groundwater Replenishment Funds for fiscal years 2013-2019.

² Nonpotable Fund assets were reported in the Domestic Fund in fiscal years 2013-2017. In fiscal years 2018-2019 Nonpotable Water assets were reported in the Groundwater Replenishment funds. In fiscal year 2020 the fund was closed and the assets were fully absorbed into the Groundwater Replenishment Fund.



