



Popular Annual Financial Report



FOR FISCAL YEAR ENDED JUNE 30, 2023

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BOARD OF DIRECTORS

Elected Board of Directors as of June 30, 2023



Greg Young
President, District 5
Term: 2020 - 2024



Dan Jenkins
Vice President, District 2
Term: 2022 - 2026



Angela Garcia
Director, District 1
Term: 2022 - 2024



Kelvin Moore
Director, District 3
Term: 2022 - 2026



Channing Hawkins
Director, District 4
Term: 2020 - 2024

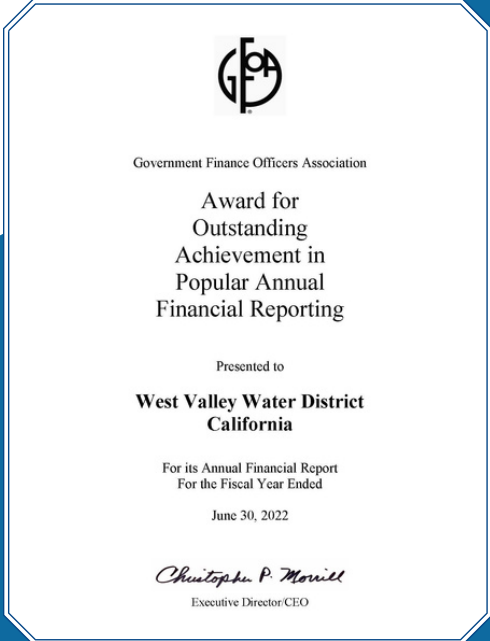
MISSION STATEMENT:

West Valley Water District provides our customers with safe, high quality and reliable water service at a reasonable rate and in a sustainable manner.



Popular Annual Financial Reporting Award

We are proud to announce that West Valley Water District has once again obtained the Government Finance Officers Association (GFOA) award for outstanding achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2022



LETTER FROM THE GENERAL MANAGER

Dear Reader,



On behalf of the Board of Directors and staff of West Valley Water District it is my pleasure to present to you our Popular Annual Financial Report (PAFR) for fiscal year ending June 30, 2023.

The PAFR is published to provide readers with easy-to-understand information on the Water District's organization, as well as its finances, water services, and other pertinent information.

The Government Finance Officers Association (GFOA) encourages and assists state and local governments to utilize information from their annual comprehensive financial report and compile a high quality Popular Annual Financial Report (PAFR). This PAFR represents West Valley Water District's ongoing commitment to transparency in its operations and governance. The information within this report draws directly from the Water District's audited financial statements and provides an overview of the Water District's financial activities and position.

The PAFR is based on the 2023 Annual Comprehensive Financial Report which is prepared in conformity with generally accepted accounting principles which was audited by The Pun Group, LLP. The Water District received an unmodified audit opinion that the financial statements present fairly, in all material respects, the financial position of the Water District.

I hope the Popular Annual Financial Report assists you in understanding the Water District's financial picture and future commitments. Both the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, and Budget Fiscal Year 2023 - 2024, can be found online at www.wvwd.org/about/transparency.

Should you have any questions or comments, please feel free to contact the Water District's Finance Department.

Respectfully Submitted,

JOHN THIEL
General Manager

DISTRICT AT A GLANCE

Over 70 years in service to our communities

More than 98,000 people served

32 Square miles of service area



Located in Rialto, California



Serving the communities of: Bloomington, Colton, Fontana, Jurupa Valley, Rialto and Unincorporated San Bernardino County



WVWD employed 80 team members to serve our communities

402 miles of pipeline



24,414 service connections



7 treatment sites



3,560 fire hydrants



26 Storage tanks



23 groundwater wells



District-wide priorities

The District's Board of Directors is aware of the need to ensure the District's stability and continuation. District-wide goals are established by the Board of Directors in order to identify priority programs and projects that effectively meet the District's anticipated future needs.



Continue to deliver safe, reliable, high-quality water at an affordable price.



Nurture a culture that values our employees, customer service, innovation, integrity, excellence, transparency, and conservation.



Implement technologies that increase efficiency and enhance safety.



Plan and be prepared for anticipated significant housing growth in the District.

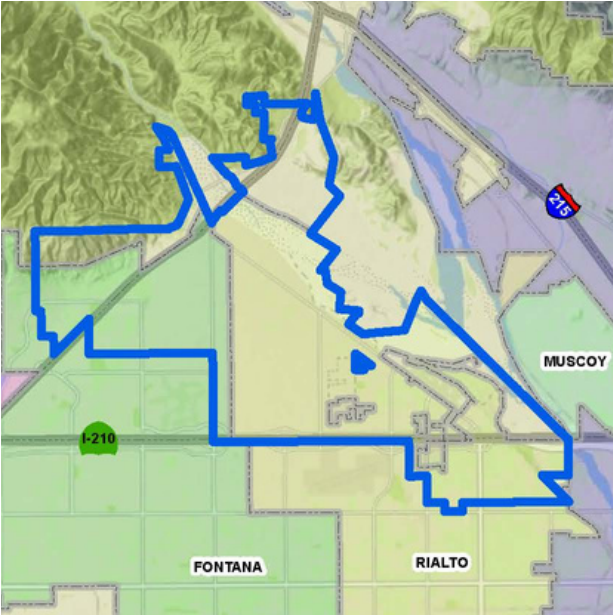


Further refine procedures to ensure the District safeguards ratepayer funds, operates efficiently, enhances transparency, and protects employees and District assets.

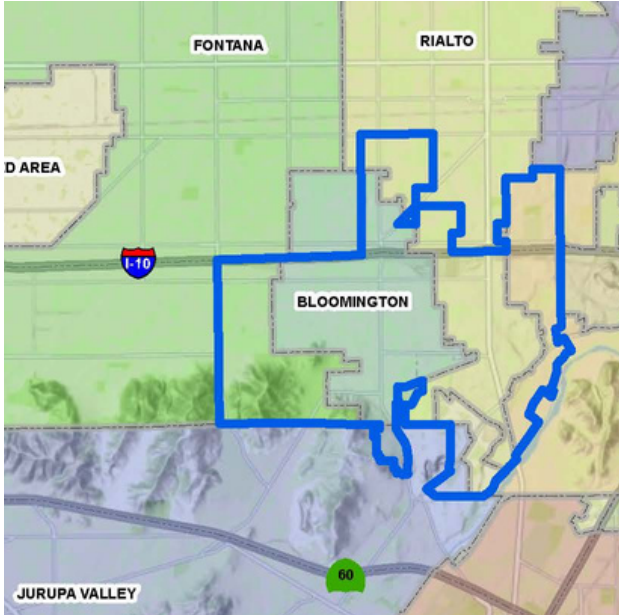
ABOUT THE DISTRICT

West Valley Water District serves approximately **98,000** people, spanning two counties in Southern California in a 32.2 square-mile area, including portions of the communities of Bloomington, Colton, Fontana, Rialto, San Bernardino, and Jurupa Valley.

District Boundary Maps

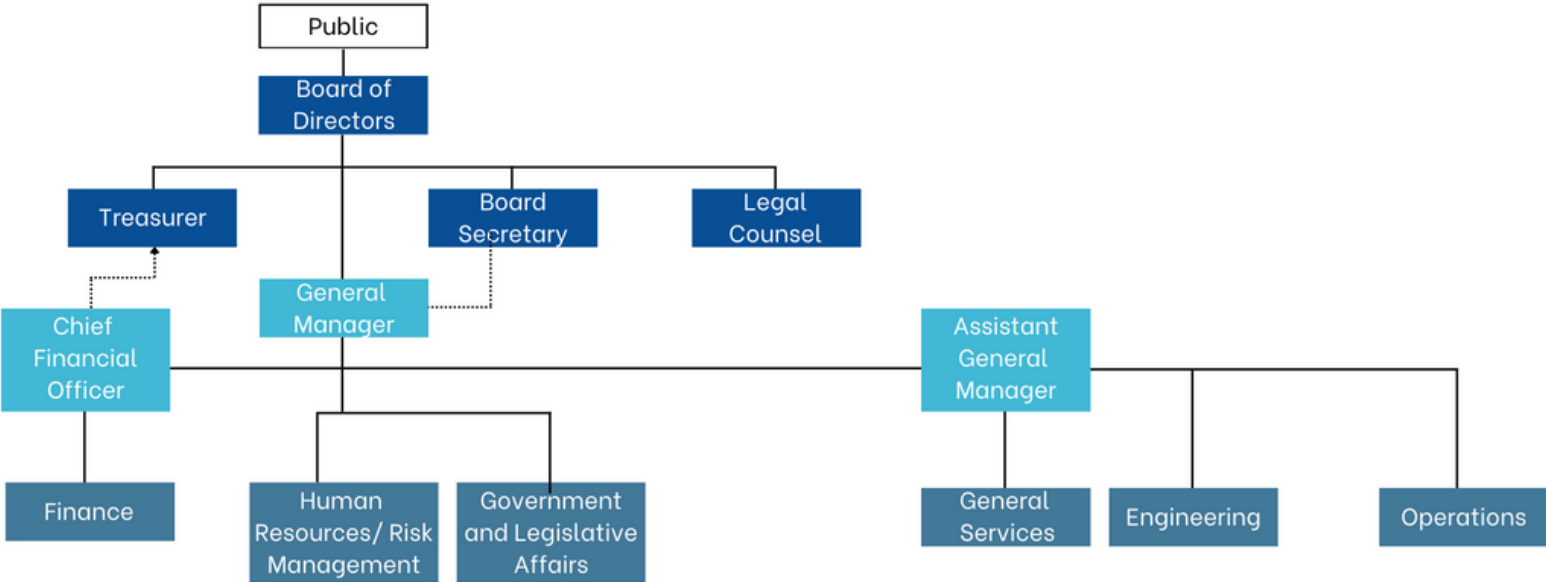


North Service Area



South Service Area

Structure of the District



COMMUNITY OUTREACH

Engagement and outreach play a crucial role in West Valley Water District's commitment to its community. The programs aim to encourage water conservation, build positive relationships, and educate the public on important water-related issues. This involves offering water-saving resources, backing educational initiatives, and actively participating in community events.

EARTH DAY 2023

This event provides an opportunity to bring together our Inland Empire families, local organizations and the WVWD team for a day of learning and fun. Our Earth Day celebration featured family-friendly activities, informational booths, water treatment tours, landscape workshops, interactive demonstrations and complimentary food and refreshments.



INLAND SOLAR CHALLENGE

As Chair of the 2023 and 2024 Inland Solar Challenge, WVWD staff diligently worked to support this year-long event that brings together high school students in the Inland Empire. This event allows students to expand the horizon of education through hands-on activities, allowing students to create innovative ideas, while providing a positive forum to implement their problem-solving and creativity skills.



FIELD TRIPS & TOURS

Through field trips and tours, students and community members gain valuable insights into the inner workings of water treatment facilities, understanding the processes involved in providing clean and safe water. The tours not only offer a behind-the-scenes look at the District's operations but also serve as practical means to educate students about the importance of water conservation.



COMMUNITY ENGAGEMENT

Recognizing the importance of community engagement, WVWD participates in local community events as part of its outreach initiatives. These events serve as a platform to interact directly with the community it serves, by providing essential resources such as water-saving devices, educational materials, and information. WVWD aims to raise awareness about the importance of responsible water usage during these events.



WORKSHOPS

WVWD offers family-friendly workshops throughout the year that gives customers the opportunity to learn from instructors water saving techniques and habits.



CAPITAL IMPROVEMENTS PROJECTS

As part of the annual budget process, the Engineering and Operation Managers compile and submit a list of capital improvement projects for consideration. The projects are prioritized on the needs of the District and based off of the Asset Management Plan and staff’s knowledge.

The two projects below are the highlights of Fiscal Year 2023:

Roemer Filter #1 Clarifier Media Replacement W23008

Actual Cost: \$435,230

The Oliver P. Roemer Water Filtration Facility (WFF) is located at 3010 N. Cedar Ave, in the City of Rialto. The treatment plant has a capacity of approximately 14.4 million gallons per day. The treatment department has recognized the need to refurbish the clarifier in filter #1. The contractor will replace the existing media in the clarifier and build a full containment structure around clarifier #1.

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Romer Filter #6 Rehabilitation & Media Replacement W23007

Actual Cost: \$424,265

The Oliver P. Roemer Water Filtration Facility (WFF) is located at 3010 N. Cedar Ave, in the City of Rialto. The treatment department has recognized the need to refurbish the entire filter #6. The contractor will replace the existing media in the filter, and they will build a full containment structure around filter #6 to sandblast and paint the metal structure

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Fiscal Year 2022-23: Completed Projects

CIP Project Description	Project Number	Actual Cost
Roemer Filter #1 Clarifier Media Replacement	W23008	\$435,230
Roemer Filter #6 Rehabilitation & Media Replacement	W23007	\$424,265
Roemer GAC Vessel Media replacement (QTY 5)	W22007	\$414,00
1 Hydro Excavator Vac Truck	W22022	\$412,148
Asbestos Abatement and Roof Replacement - Reservoir 2-1	W22001	\$183,402
SCADA Upgrade	W23015	\$182,740
City of Rialto Riverside Ave Street Improvement - replace service laterals	W22030	\$121,376
Wrought iron security fence at Linden Material Supply Yard	W23006	\$102,720
Road paving improvement - Alder Road	W22033	\$83,544
Mango Ave. Water Line Extension (Completed waiting on Invoice)	W22025	\$77,258
Iron Fencing at Well 42 site	W22032	\$55,753
Data Domain Backup System Replacement	W23012	\$19,854
Well 54 Rehab	W23009	\$18,074
Annual R/R - Meter Vault Lid Retro Fits (QTY 4) FY2023	W23003	\$17,100

FINANCIAL PERFORMANCE

Based on Annual Comprehensive Financial Report

Sources of Revenue

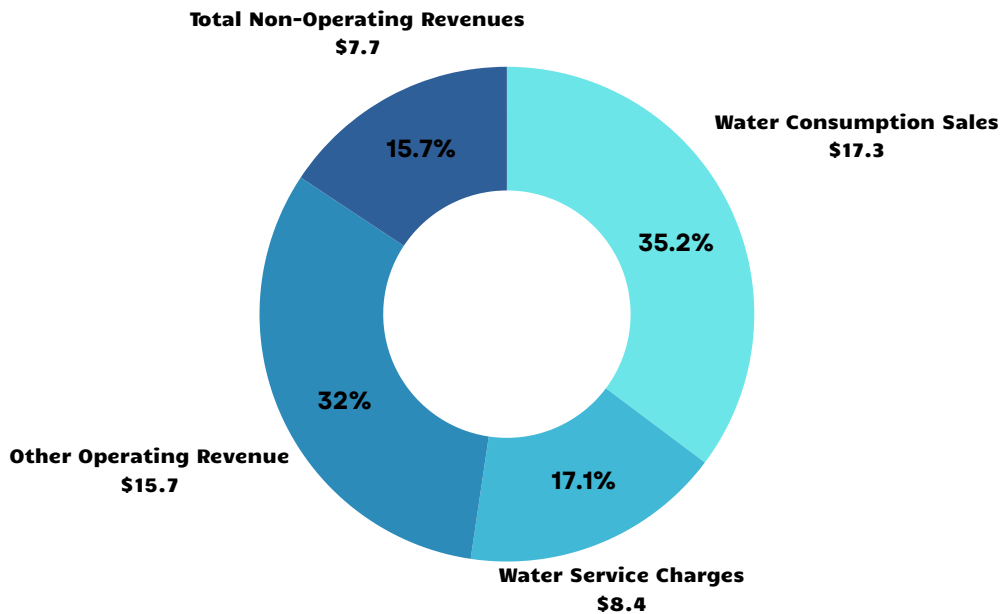
The District uses revenue to fund daily operations, repay loans, bonds and interest. Remaining revenue is invested back into capital improvement projects to help maintain and improve the longevity and stability of the District's system.

West Valley Water District receives 84.3 percent of its revenue from user rates and fees. Rates and fees are reviewed and adjusted as necessary to cover the costs of providing services to ratepayers.

 OPERATING REVENUE: \$41,391,500 

 NON-OPERATING REVENUE: \$7,733,893 

 TOTAL REVENUE: \$49,125,393 



Water Consumption

Volumetric revenue based on consumption of potable water.



Water Service Charges

Basic service charge based on number of connected meters.



Other Operating Revenue

Construction meters, customer service charges/fees, backflow charges, engineering/developer fees, and meter fees.



Non-Operating Revenue

Includes investment income and property taxes.

Three Year Comparative Revenues

	FY 2021	FY 2022	FY 2023	FY 22 to FY 23 % Change
Operating Revenues:				
Water consumption sales	\$ 20,428,413	\$ 20,113,330	\$ 17,318,706	-14%
Water service charges	7,978,760	8,027,078	8,350,808	4%
Other operating revenue	3,559,427	4,077,190	15,721,986	286%
Total operating revenues	31,966,600	32,217,598	41,391,500	28%
Nonoperating revenues:				
Property taxes	\$ 2,761,167	\$ 3,179,573	\$ 3,738,692	18%
Gain on disposition of capital assets	-	771,002	735,495	-5%
Interest and investment earnings	67,806	(1,793,624)	3,259,706	282%
Total non-operating revenues	2,828,973	2,156,951	7,733,893	259%
Total revenues	\$ 34,795,573	\$ 34,374,549	\$ 49,125,393	43%

Major Changes in Revenues

Operating Revenues

In fiscal year 2023, the District’s operating revenues increased by approximately 28%, or \$9,173,902 primarily due to an increase in other operating income. Operating revenues also increased in fiscal year 2022, by 1%, or \$250,998 primarily due to an increase in other operating revenue.

Non-Operating Revenues

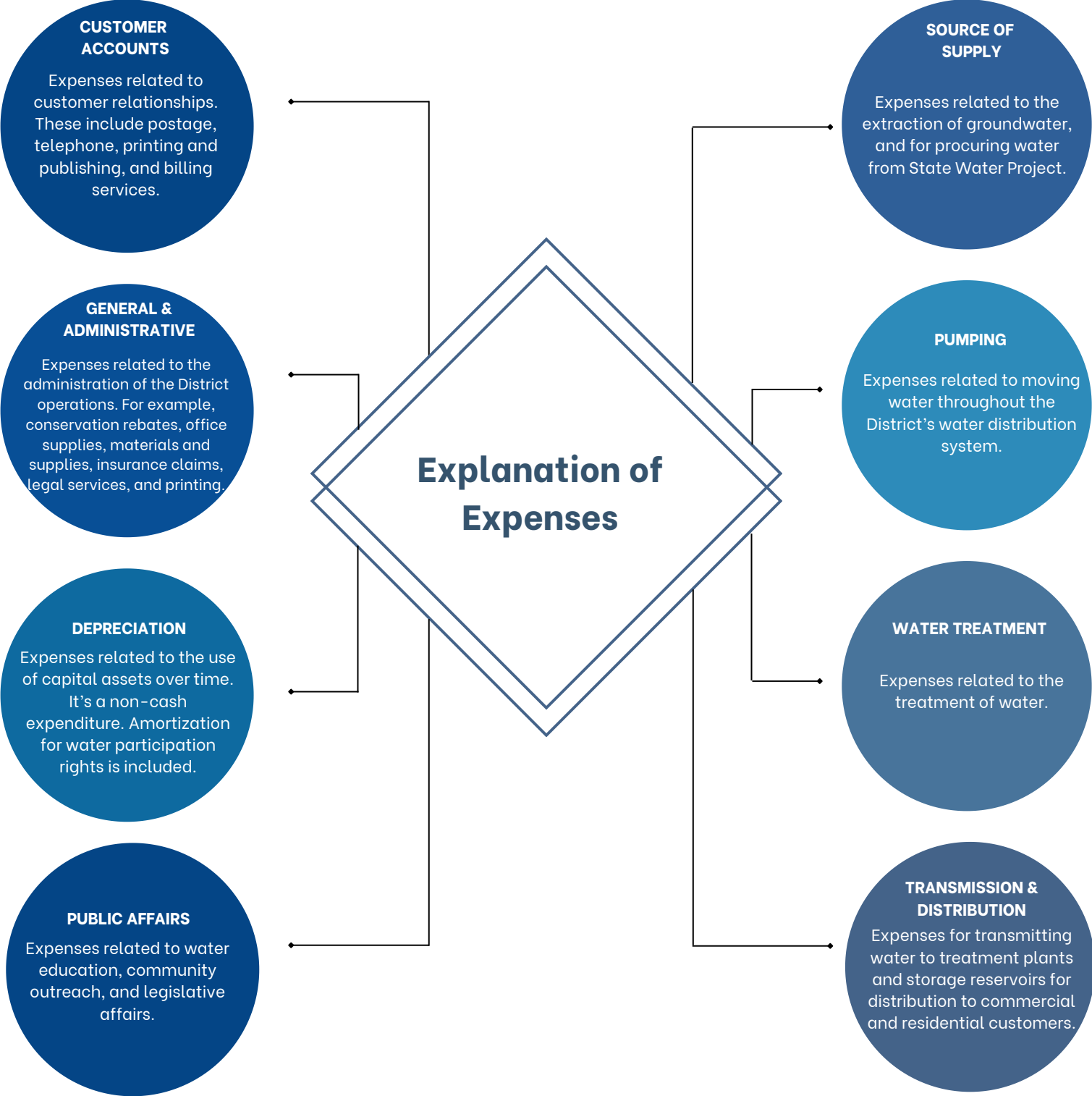
In fiscal year 2023, the District’s non-operating revenues had a major increase of 259%, or \$5,576,942. Primarily due to interest and investment earnings, caused by the current interest rate market. In contrast non-operating revenues decreased in fiscal year 2022, by 24% or \$672,022.



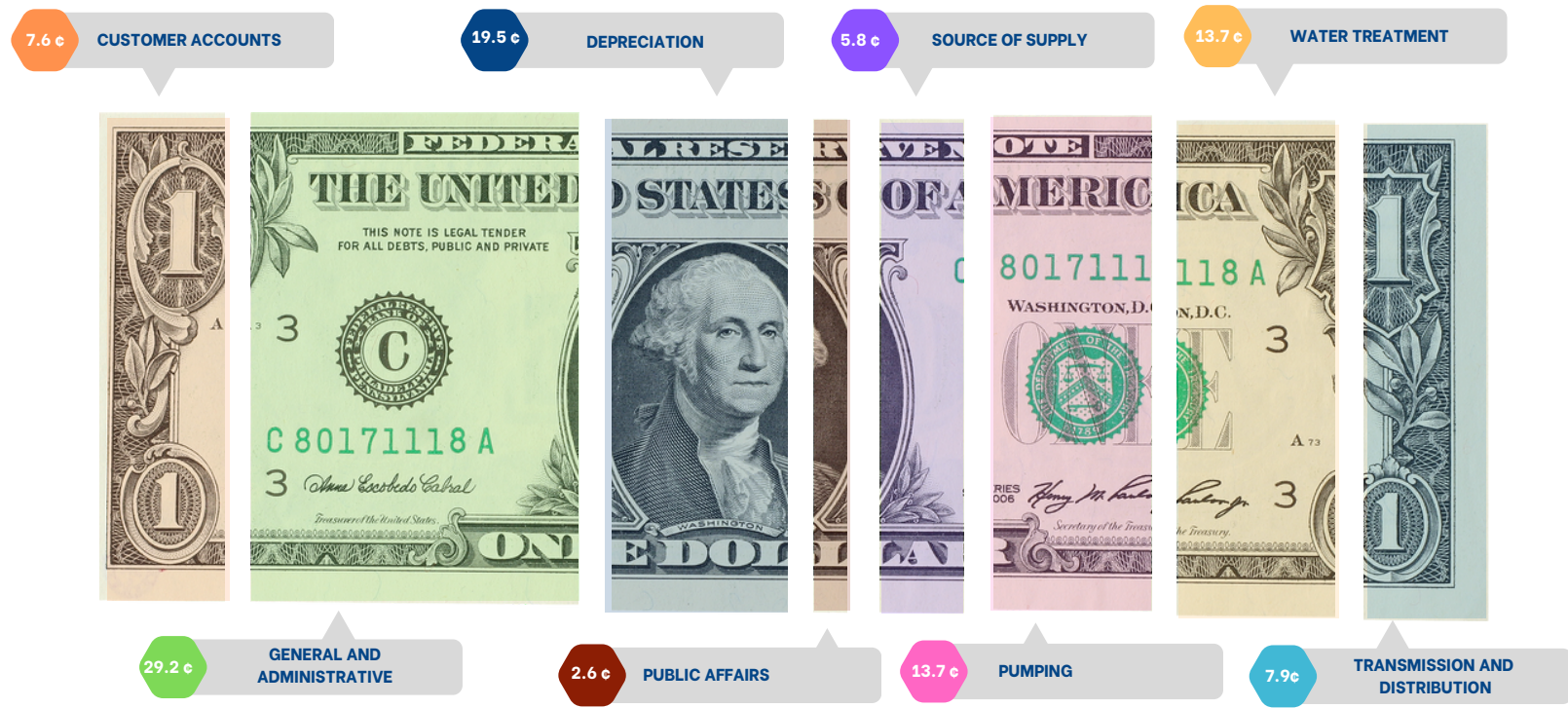
Operating Expenses

Operating expenses are necessary to provide reliable water to protect public health and the environment with financial integrity and superior customer service. Despite the severity of the recent drought, the District has put forth significant effort to overcome the challenges of maintaining fiscal transparency and operational sustainability.

The expense types and allocation for every dollar the District spends on operations and maintenance are:



The cent amount identifies how every dollar spent is allocated to cover expenses.



Major Changes in Expenditures

Operating Expenses

In fiscal year 2023, the District's operating expenses increased 6%, or \$1,891,352, primarily due to an increase in transmission and distribution. Operating expenses increased in fiscal year 2022 by 2% or \$700,629.

Three Year Comparative Expenses

	FY 2021	FY 2022	FY 2023	FY 22 to FY 23 % Change
Operating expenses:				
Source of supply	1,588,731	1,825,531	1,996,352	9%
Pumping	4,077,298	4,417,077	4,673,757	6%
Water Treatment	4,067,045	4,591,618	4,679,730	2%
Transmission and distribution	2,204,080	2,200,940	2,677,543	22%
Customer Accounts	2,600,902	2,462,906	2,664,323	8%
Public Affairs	890,242	1,034,781	940,041	-9%
General and administrative	9,824,619	9,284,184	9,971,366	7%
Depreciation expense	6,199,141	6,315,312	6,392,240	1%
Amortization of water participation rights	321,529	341,867	370,216	8%
Total operating expenses	31,773,587	32,474,216	34,365,568	6%

LONG TERM DEBT

The District adopted a Debt Management Policy to clearly state that long-term debt can only be used for capital improvement projects that cannot be funded from current revenues.

A public agency has a bond rating used by investors to determine risk (similar to personal credit scores). The District maintains an AA- rating from Standard & Poor's for the refunding revenue bonds. The rating was issued on December 14, 2016, and is considered high quality. This assesses a bond issuer's financial strength to repay the debt on time.

Benefits of a good credit rating are easier access to borrow money and lower interest expense. Current bond covenants require that the debt coverage ratio be no less than 1.2 or 120% of annual debt service. The debt coverage ratio for FY 2022-23 is significantly higher at 9.24.

Debt Service Coverage

	<u>FY 2023</u>	<u>FY 2022</u>	<u>% Change</u>
Net Revenues (less interest & investment earnings)	45,865,687	36,168,173	26.81%
Total Operating Expenses (less depreciation & amortization)	27,603,112	25,817,037	6.92%
Net Earnings	<u>18,262,575</u>	<u>10,351,136</u>	<u>76.43%</u>
Bond Debt Service	1,977,511	1,966,190	0.58%
Debt Coverage Ratio	<u>9.24</u>	<u>5.26</u>	<u>75.42%</u>



LONG TERM DEBT:
Beginning: \$28,922,380
Ending: \$27,781,463



Bond Series 2016A

This bond was issued to provide funds: (i) to prepay all amounts payable under the Series 2006D-2 Bonds; and (ii) pay costs of issuance of the 2016A Bonds.

BALANCE: \$20.3 Million

Hydroelectric Plant

Agreement with San Bernardino Valley Municipal Water District to finance and construct Roemer Hydroelectric Station.

BALANCE: \$1.7 Million

Water Participation Rights Contract

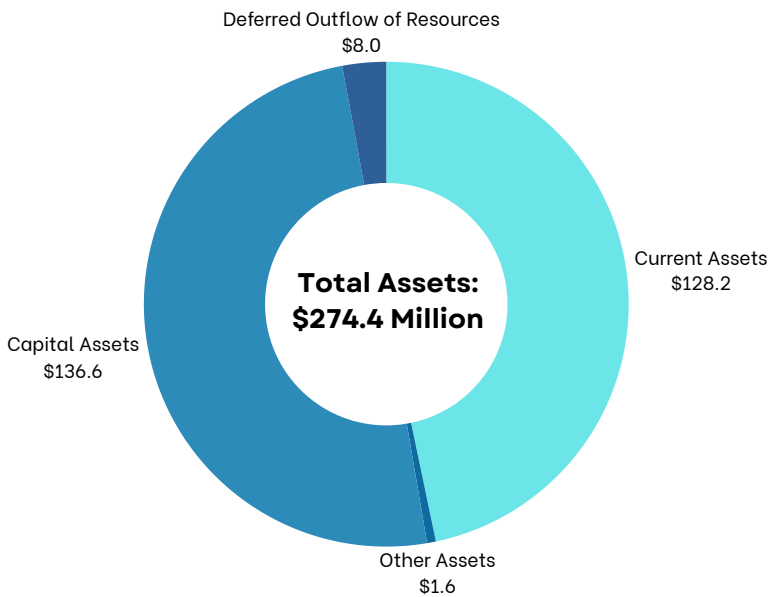
The District acquired water participation rights from San Bernardino Valley Water District. These rights entitle the District to purchase water from the Baseline Feeder system.

BALANCE: \$5.8 Million

NET POSITION

As an infrastructure-based organization, the District is heavily invested in capital investments to maintain and improve its water systems. Net position offers perspective of the District's assets, liabilities, and equity. The information presented below applies to fiscal years ending June 30, 2023.

Assets and Deferred Outflow



Current Assets

Cash and cash equivalents, customer utility receivables, inventory, prepaid expenses, and other liquid assets that can be readily converted to cash.



Capital Assets

Includes land, buildings, equipment, vehicles, inventory, treatment plants, pipeline and water distribution systems.



Deferred Outflow of Resources

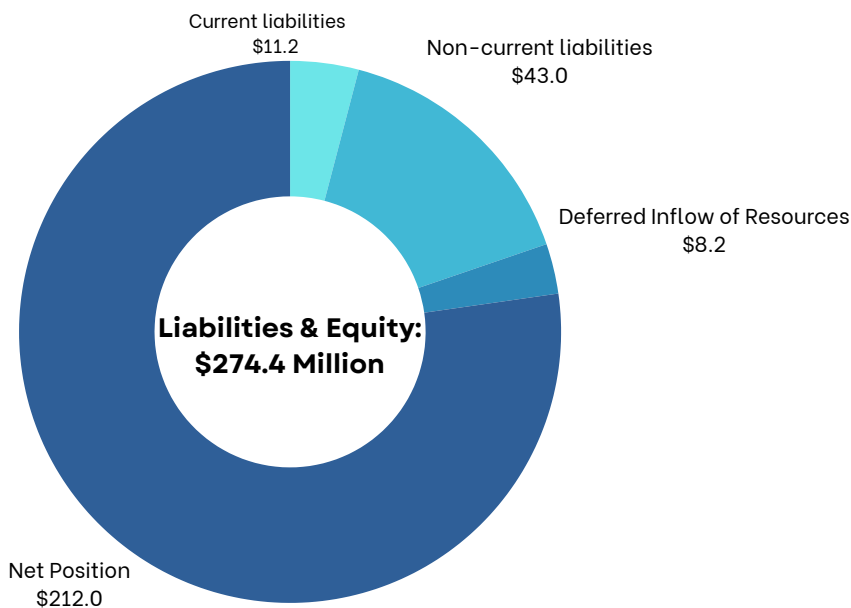
Represents outflow of resources that apply to future periods, therefore, will not be recognized as an expense until that time.



Other Assets

Special assessments receivable from certain property owners for system improvements that benefit only their properties.

Liabilities & Equity



Current Liabilities

Present obligations and payments due including payments to vendors, payroll, and employee benefits.



Non-Current Liabilities

Long-term financial obligations include payments for loans, bonds, and employee retirement benefits.



Deferred Inflow of Resources

Receipt of net assets attributed to future reporting periods, such as deferred revenue and advance collections.



Equity (Net Position)

Represents the District's fiscal position after assets, liabilities, deferred outflow, and deferred inflow have been balanced.

Three Year Comparative Net Position

Net position may gradually serve over time as a useful indicator of an agency's financial position. Net position of the District was \$211,948,770 and \$191,579,822 for the years ended June 30, 2023 and June 30, 2022, respectively. This means that **the District's overall financial position is better off by \$20,368,948 over the prior year.** In the case of the District, net position has been increasing when comparing Fiscal Year 2022 to 2023. When comparing Fiscal Year 2021 to 2023, the change is an increase of \$58,948,714.

Condensed Statement of Net Position

	FY 2021	FY 2022	FY 2023
Assets			
Current	\$ 74,496,559	\$ 115,108,456	\$ 128,154,026
Noncurrent	1,711,201	1,661,062	1,609,736
Capital Assets	133,595,875	131,240,161	136,622,774
Total Assets	209,803,635	248,009,679	266,386,536
Deferred outflows of resources	5,256,110	4,671,358	7,972,075
Liabilities			
Current liabilities	\$ 9,022,530	\$ 10,113,122	\$ 11,289,933
Noncurrent liabilities	45,713,602	41,342,019	42,901,177
Total Liabilities	54,736,132	51,455,141	54,191,110
Deferred inflows of resources	57,323,556	9,646,074	8,218,731
Net Position:			
Net investment in capital assets	103,770,537	102,483,167	108,469,538
Restricted	13,938,052	49,107,439	47,719,572
Unrestricted	35,291,467	39,989,216	55,759,660
Total net position	\$ 153,000,056	\$ 191,579,822	\$ 211,948,770



SAFE. HIGH QUALITY. RELIABLE.



West Valley Water District



OFFICE HOURS

Monday 8:00 am - 5:30 pm

Tuesday 9:00 am - 5:30 pm

Wednesday 8:00 am - 5:30 pm

Thursday 8:00 am - 5:30 pm

Friday 8:00 am - 5:30 pm

Customer Service

(909) 875-1804, option 3

(909) 875-1849 - Fax

customerservice@wvwd.org - Email

Emergency Services: (909) 875-1804, option 7
(During Business Hours)

After Hours Services: (909) 875-1804

Rialto, Ca

BASELINE ROAD



CACTUS AVENUE

www.wvwd.org

855 W. Baseline Rd. Rialto, CA 92376

FOLLOW US!

