

MyWVWD News



Popular Annual Financial Report

Rialto, California

FOR FISCAL YEAR ENDED JUNE 30, 2022



TABLE OF CONTENTS

Letter from the General Manager.....	3
District at a Glance.....	4
About the District.....	5
Capital Improvement Projects	6
Community Outreach.....	8
Financial Performance.....	9
Sources of Revenue.....	10
Operating Expenses.....	11
Long Term Debt.....	13
Net Position.....	14

BOARD OF DIRECTORS

Elected Board of Directors as of June 30, 2022



Channing Hawkins

President, District 4

Term: 11/19 - 11/24



Greg Young

Vice President, District 5

Term: 11/19 - 11/24



Angela Garcia

Director, District 1

Term: 11/19 - 11/24



Dan Jenkins

Director, District 2

Term: 11/17 - 11/22

*Appointed July 27, 2022. Due to resignation of previous director.



Kelvin Moore

Director, District 3

Term: 11/19 - 11/22

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.

VISION STATEMENT:

West Valley Water District will continue to be a national model in the water industry for innovation, fiscal responsibility, sound conservation practices, and a relentless commitment to our employees and the communities we serve.



Popular Annual Financial Reporting Award

We are proud to announce that West Valley Water District obtained its first Government Finance Officers Association (GFOA) award for outstanding achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2021.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

West Valley Water District
California

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Merrill
Executive Director/CEO

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, 2022.

The PAFR is published to provide readers with easy-to-understand information on the Water Districts' organization, as well as its finances, water services, and other pertinent information. The Government Finance Officers Association (GFOA) encourages and assist state and local governments toutilize 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 2022 Annual Comprehensive Financial Report which is prepared in conformity with generally accepted accounting principles and 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, 2022, and Budget Fiscal Year 2022- 2023, 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,



Van Jew,

Van Jew

Acting General Manager

DISTRICT AT A GLANCE



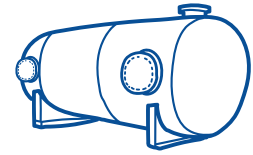
32 square miles



26 Storage Tanks



17 Groundwater Wells



73.6 MG Storage Capacity



3,560 Fire Hydrants



402 miles of pipeline



88 Employees



7 Treatment Sites



35 Well Capacity (MGD)

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.

01



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

02



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

03



Implement technologies that increase efficiency and enhance safety.

04



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

05

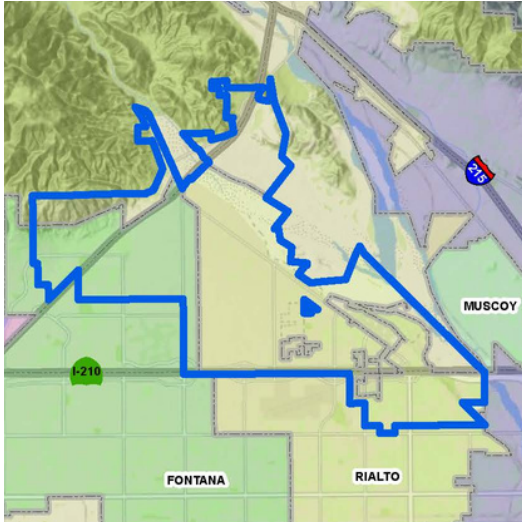


Further refine procedures to ensure the District safeguards ratepayer funds, operates efficiently, enhances transparency, and protects employees and District assets

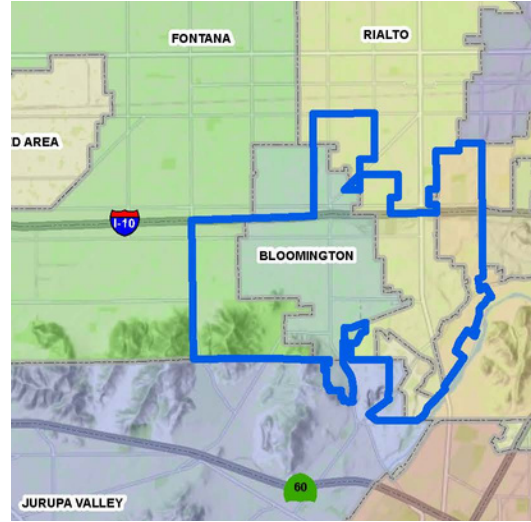
ABOUT THE DISTRICT

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

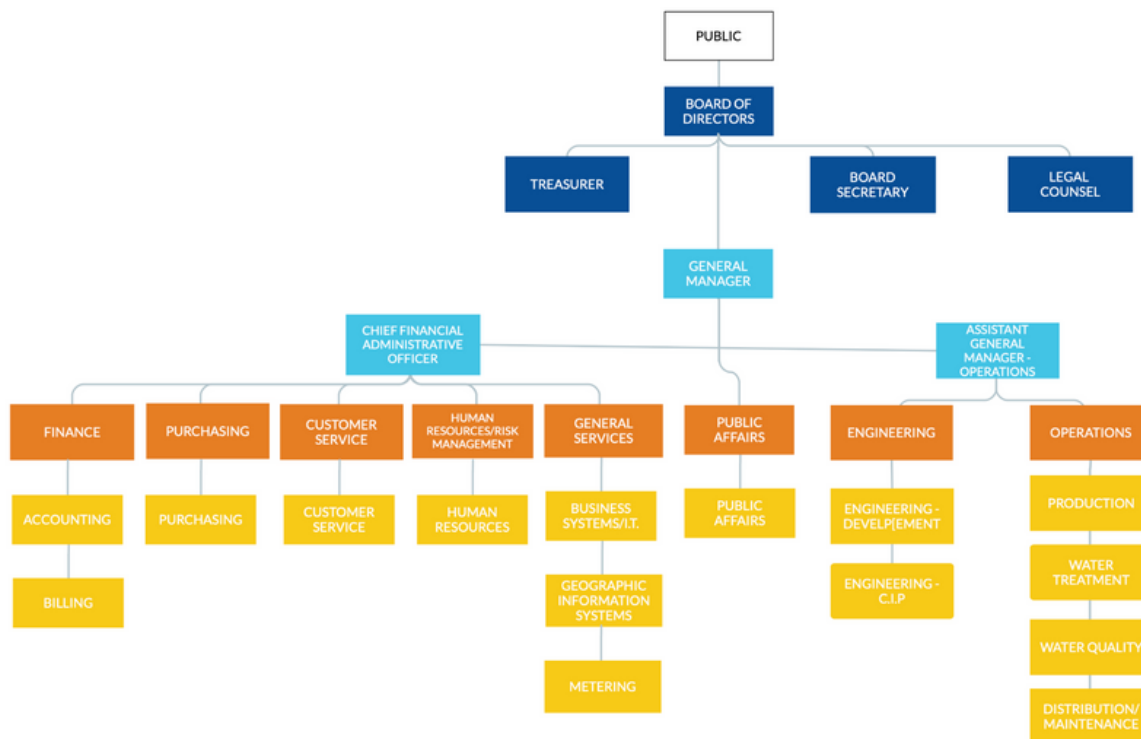


North Service Area



South Service Area

Structure of the District



CAPITAL IMPROVEMENT PROJECTS

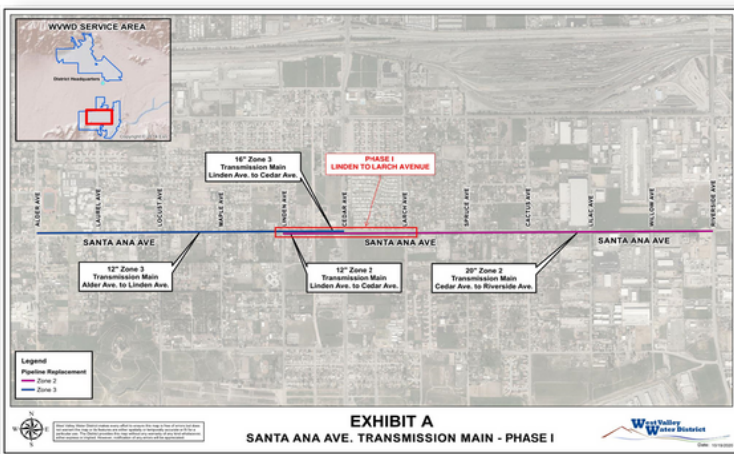
As part of the annual budget process, the District's Department Managers and Supervisors compile and submit a list of capital improvement projects (CIP) for consideration.

The projects are prioritized on the needs of the District and based off the Water Master Plan and amount of funding available.

The two projects below are the highlights of Fiscal Year 2022.

Zone 2 & 3 Transmission Mains Phase I

Budget Cost: \$7,672,673* | Actual Cost: \$362,167



The pipelines in this area were constructed in the 1950's, 60's and 70's and lack the required supplies for domestic and fire flow demands in Pressure Zone 2 and Zone 3. 12-inch, 16-inch, and 24-inch transmission mains along Santa Ana Avenue transmission mains are needed to improve water circulation for water quality and improve fire flow for the residences in the area.

*Budget cost is for all three phases

Emergency Generators Zone 6

Budget Cost: \$494,007 | Actual Cost: \$494,007

The installation of a new 750 kW standby diesel generator for pump station 6-2 to be used as a backup power source during emergency situations like power outage.



Completed Project in FYE 2021-22

CIP Project Description	Budget Cost	Actual Cost
New enterprise system software Tyler Incode 10	\$64,339	\$14,845
Well 18A pipe blending project	\$290,163	\$261,042
Board room audio visual upgrade with video recording	\$90,000	\$85,846
GIS and Tyler Integration	\$25,000	\$9,950
Vmware host server (5 year life cycle replacement)	\$45,000	\$29,828
Apollo access door control system	\$15,500	\$15,573
UV Light Disinfectant Systems	\$334,850	\$334,850
Annual R/R- Wells and Pumping Equipment FY22	\$157,187	\$145,676
Well 5A Rehab	\$176,000	\$171,195
Well 30 Rehab	\$179,000	\$174,495
Iron fencing at Well 18A site	\$66,385	\$66,317
Iron fencing at Well 33 site	\$50,431	\$50,431
Finance Copier Ricoh	\$10,000	\$9,504



COMMUNITY OUTREACH

Engagement and outreach are a vital component to West Valley Water District's (WVWD) investment in its community. Outreach programs are designed to promote water conservation, foster positive relationships and educate the public on water issues and crucial matters that affect WVWD and its customers. These programs include but are not limited to providing water-saving resources, supporting or hosting educational initiatives, and participating in community events.

Despite challenges presented by the ongoing COVID-19 pandemic, WVWD staff diligently worked to provide modified outreach during FY 21-22.



In Dec. 2021, WVWD encouraged staff to participate in the Angel Tree Giving Program. The employee-donated toy drive benefited local families and helped to bring a bit of holiday cheer to those in most in need.



In Jan. 2022, the WVWD Board of Directors recognized the winners of the 2022 conservation calendar. The poster contest challenged local elementary school students to learn about and then create drawings that educated others on the importance of water conservation.



Identifying the communities need for resources on landscape and water conservation education, WVWD held a series of landscape workshops in both English and Spanish.



In May, WVWD staff participated in the 2021 Inland Solar Challenge (ISC). The ISC event engages and educates high school students across the Inland Empire on the importance of sustainability and water conservation. This year, WVWD's sponsored school, Rialto High School took second place in the competition.

FINANCIAL PERFORMANCE

Based on Annual Comprehensive Financial Report

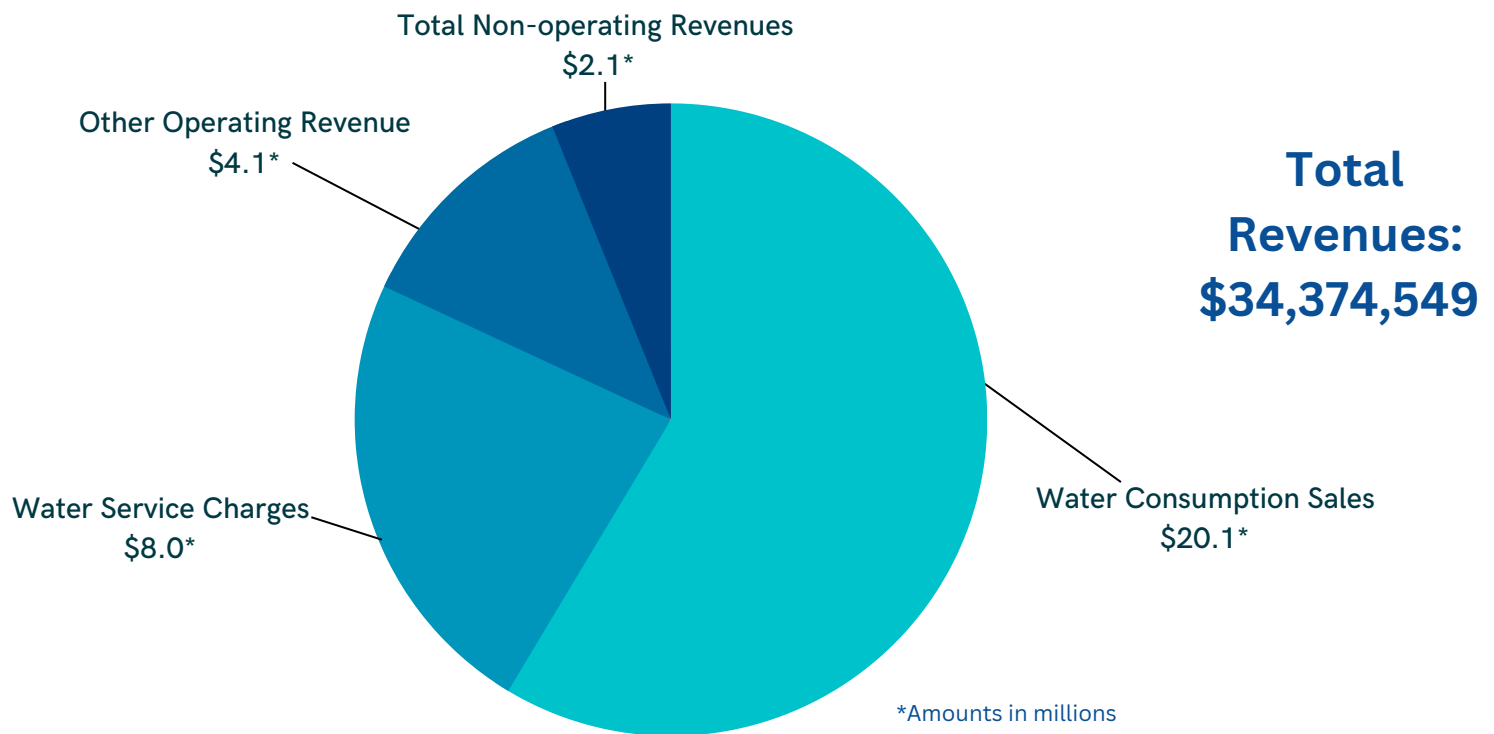
Sources of Revenue

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 94 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 Revenues: \$32,217,598

Non-Operating Revenues: \$2,156,951



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.

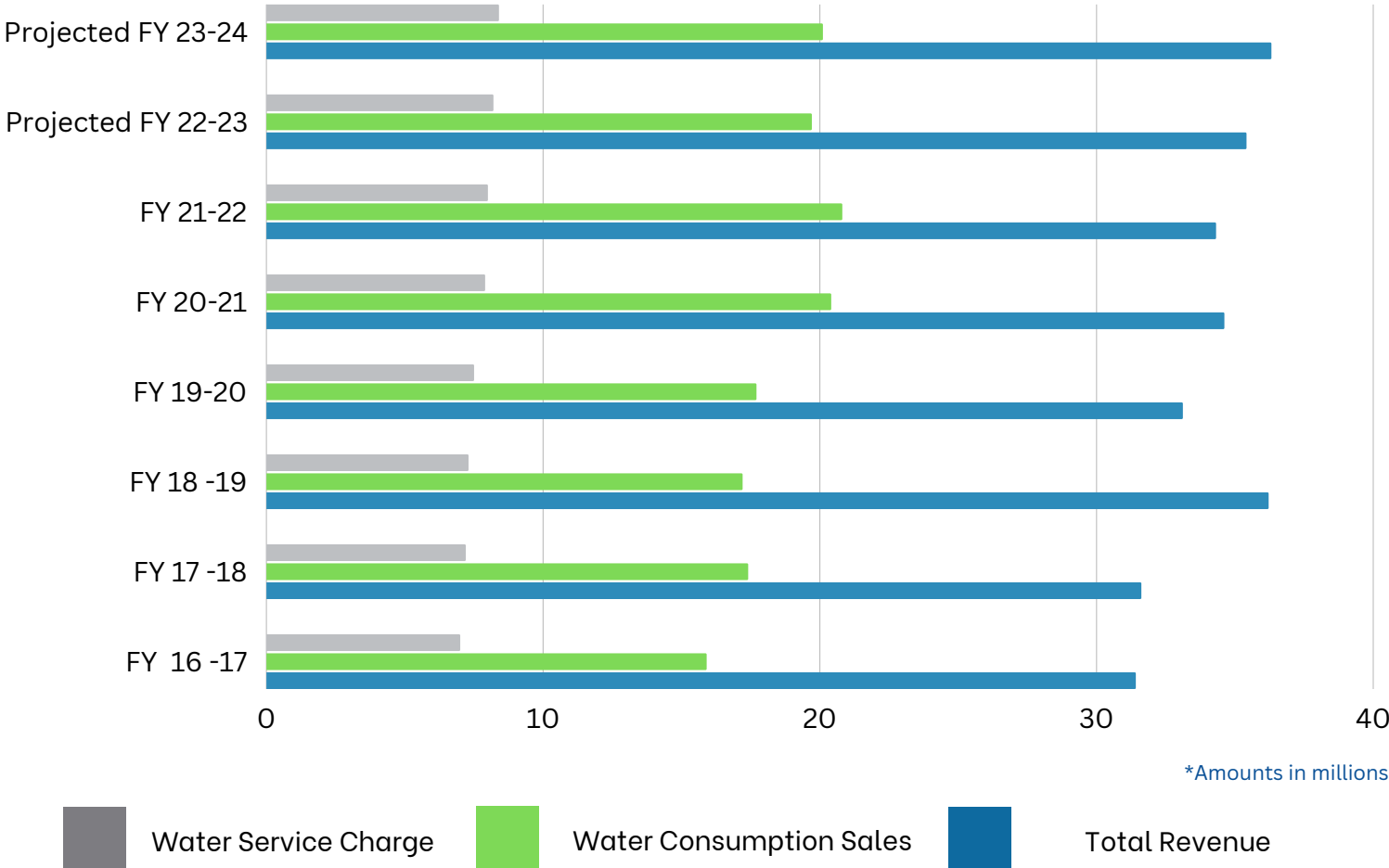


Non-Operating Revenue
Includes investment income and property taxes.

Three Year Comparative Revenues

		FY 2020	FY 2021	FY 2022
Operating Revenues:				
Water consumption sales	\$	17,698,440	20,428,413	20,113,330
Water service charges		7,506,847	7,978,760	8,027,078
Other operating revenue		3,615,547	3,559,427	4,077,190
Total operating revenues		28,820,834	31,966,600	32,217,598
Nonoperating revenues:				
Property taxes	\$	2,376,463	2,761,167	3,179,573
Gain on disposition of capital assets		-	(189,254)	771,002
Interest and investment earnings		1,910,670	67,806	(1,793,624)
Total non-operating revenues		4,287,133	2,639,719	2,156,951
Total revenues	\$	\$33,107,967	\$34,606,319	\$34,374,549

Revenue History & Forecast (in Millions)



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:

CUSTOMER ACCOUNTS



Expenses related to customer relationships. These include postage, telephone, printing and publishing, and billing services.

GENERAL & ADMINISTRATIVE



Expenses related to the administration of the District operations. For example, conservation rebates, office supplies, materials and supplies, insurance claims, legal services, and printing.

DEPRECIATION



Expenses related to the use of capital assets over time. It's a non-cash expenditure. Amortization for water participation rights is included.

PUBLIC AFFAIRS



Expenses related to water education, community outreach, and legislative affairs.

SOURCE OF SUPPLY



Expenses related to the extraction of groundwater, and for procuring water from State Water Project.

PUMPING



Expenses related to moving water throughout the District's water distribution system.

WATER TREATMENT



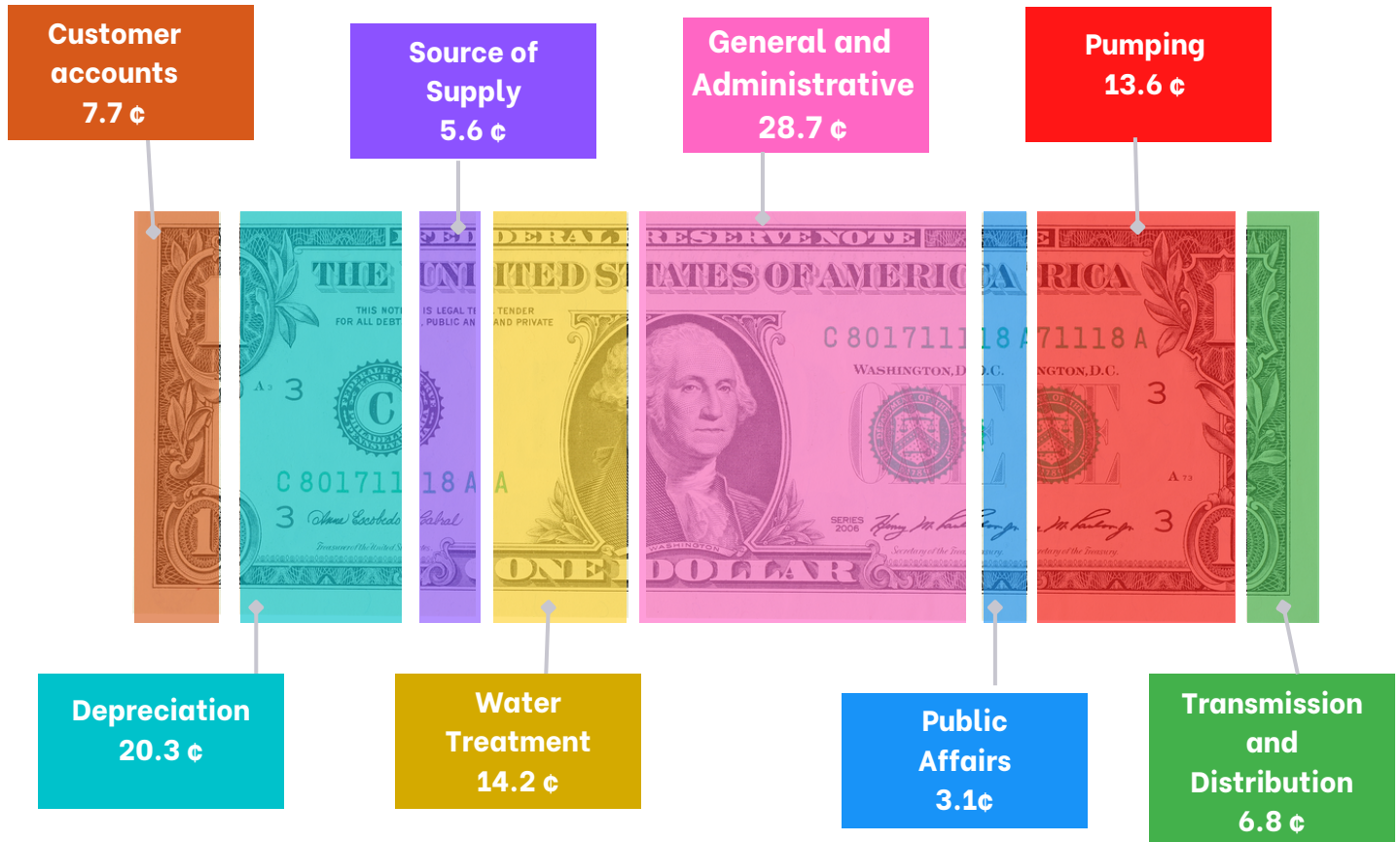
Expenses related to the treatment of water.

TRANSMISSION & DISTRIBUTION



Expenses for transmitting water to treatment plants and storage reservoirs for distribution to commercial and residential customers.

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



Three Year Comparative Expenses

	FY 2020	FY 2021	FY 2022
Operating expenses:			
Source of supply	1,676,085	1,588,731	1,825,531
Pumping	3,416,731	4,077,298	4,417,077
Water Treatment	3,966,298	4,067,045	4,591,618
Transmission and distribution	3,448,753	2,204,080	2,200,940
Customer Accounts	2,425,709	2,600,902	2,462,906
Public Affairs	1,740,136	890,242	1,034,781
General and administrative	10,260,591	9,824,619	9,309,184
Depreciation expense	6,150,232	6,199,141	6,315,312
Amortization of water participation rights	321,529	321,529	321,529
Total operating expenses	33,406,064	31,773,587	32,478,878

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 a high quality. Public agencies have a bond rating used by investors to determine risk, this assesses a bond issuer's financial strength to repay the debt on time.

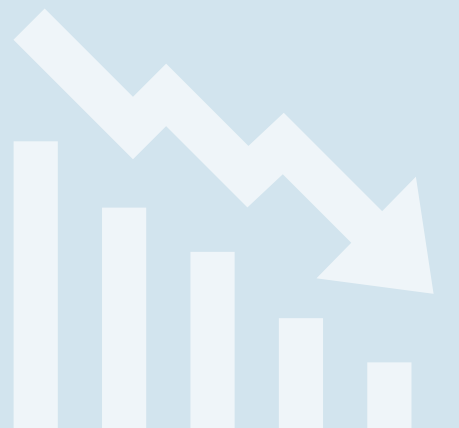
Benefits of a good credit rating are easier access to borrow money and lower interest expense. Current bond covenants require that the debt coverage ratio equal to 1.2 or 120% of annual debt service. The debt coverage ratio for FY 2021-22 was 5.25.

DEBT SERVICE COVERAGE

	FY 2022	FY 2021	% CHANGE
Net Revenues	36,168,173	34,761,639	4.05%
Total Operating Expenses (less depreciation & amortization)	25,842,037	25,252,917	2.33%
Net Available Revenues	<u>10,326,136</u>	<u>9,508,722</u>	<u>8.60%</u>
Bond Debt Service	1,966,190	2,000,907	-1.74%
Debt Coverage Ratio	<u>5.25</u>	<u>4.75</u>	<u>10.51%</u>

Long Term Debt

Beginning: **\$ 29,997,339**
Ending: **\$ 28,874,092**



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
\$20.8 Million
72.2%

Hydroelectric Plant

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



Balance
\$1.9 Million
6.6%

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.

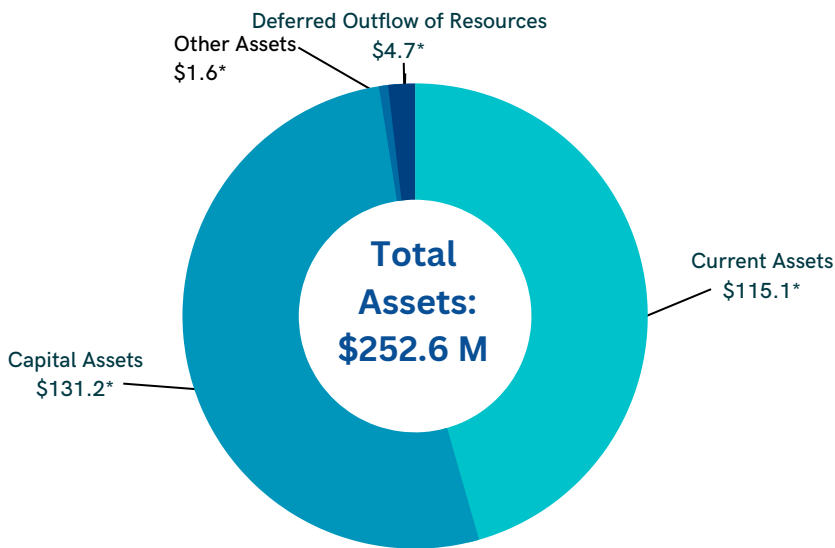


Balance
\$6.1 Million
21.2%

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 ended June 30, 2022.

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

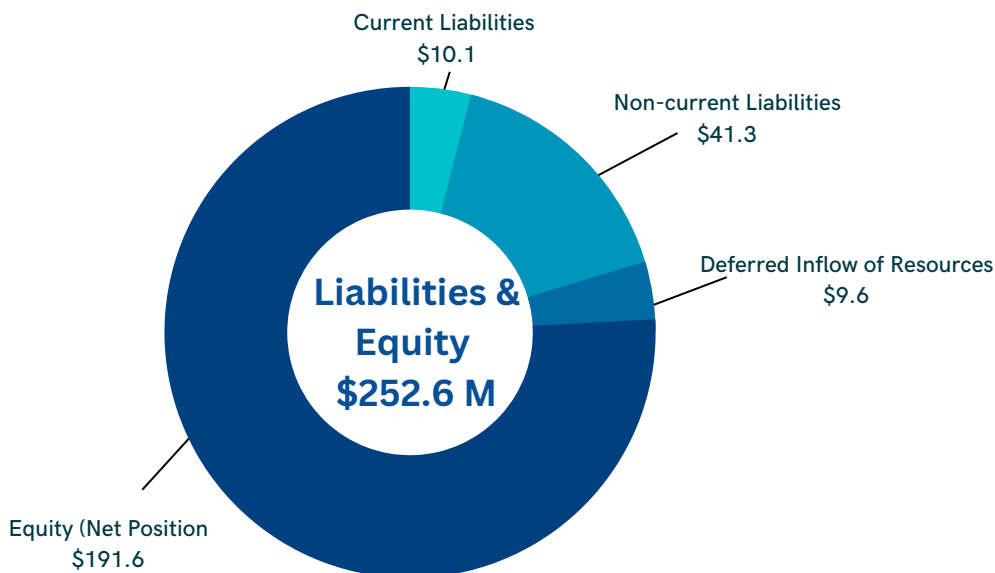
Represents outflow of resources that apply to future periods, therefore, will not be recognized as an expense until that time.



Other Assets

Special assessments receivable from certain property owners for system improvements that benefits 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 including 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.

*Amounts in millions

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 \$190,161,558 and \$152,966,122 for the years ended June 30, 2022 and June 30, 2021, respectively. This means that the District's overall financial position is better off by \$37,195,436 over the prior year.

In the case of the District, net position has been increasing when comparing Fiscal Year 2021 to 2022.

Condensed Statement of Net Position

	FY 2020	FY 2021	FY 2022
Assets			
Current	\$ 66,846,297	\$ 74,496,559	\$ 115,108,456
Noncurrent	328,652	1,711,201	1,661,062
Capital Assets	133,386,934	133,595,875	131,187,282
Total Assets	200,561,883	209,803,635	247,956,800
Deferred outflows of resources	5,419,225	5,256,110	4,671,358
Liabilities			
Current liabilities	7,837,906	9,022,530	10,088,359
Noncurrent liabilities	47,640,328	45,713,602	41,317,594
Total Liabilities	55,478,234	54,736,132	51,405,953
Deferred inflows of resources	5,321,237	7,323,556	9,646,074
Net Position:			
Net investment in capital assets	102,459,965	103,770,537	102,478,576
Restricted	13,462,143	13,938,052	49,107,439
Unrestricted	29,259,529	35,291,467	39,990,116
Total net position	\$ 145,181,637	\$ 153,000,056	\$ 191,576,131





OUR MISSION IS TO PROVIDE OUR CUSTOMERS WITH SAFE, HIGH QUALITY AND RELIABLE WATER SERVICE AT A REASONABLE RATE AND IN A SUSTAINABLE MANNER

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

Follow Us!

