### DESERT WATER AGENCY DECEMBER 3, 2024



### BOARD OF DIRECTORS REGULAR MEETING AGENDA

#### 8:00 A.M. OPERATIONS CENTER - 1200 SOUTH GENE AUTRY TRAIL - PALM SPRINGS - CALIFORNIA

This meeting will be held virtually and in person. The link and the telephone option provided is for the convenience of the public.

Toll Free: (253) 215-8782 Meeting ID: 833 2141 6242 Passcode: 683622 or Via Computer:

https://dwa-org.zoom.us/j/83321416242?pwd=XOSGNVaEYsVb1GD5KOpf0KnPxBCvkm.1

Meeting ID: 833 2141 6242

Members of the public who wish to comment on any item within the jurisdiction of the Agency or any item on the agenda may submit comments by emailing <a href="mailto:sbaca@dwa.org">sbaca@dwa.org</a> or may do so during the meeting. Comments will become part of the Board meeting record.

\*In order to reduce feedback, please mute your audio when you are not speaking.

Esta reunión se llevará a cabo virtualmente y en persona. El enlace y la opción telefónica proporcionada es para la comodidad del público.

Número gratuito: (253) 215-8782 ID de reunión: 833 2141 6242 código de acceso: 683622 o a través de la computadora:

https://dwa-org.zoom.us/j/83321416242?pwd=XOSGNVaEYsVb1GD5KOpf0KnPxBCvkm.1

ID de reunión: 833 2141 6242

Los miembros del público que deseen comentar sobre cualquier tema dentro de la jurisdicción de la Agencia o cualquier tema en la agenda pueden enviar comentarios por correo electrónico a <u>sbaca@dwa.org</u> o pueden hacerlo durante la reunión. Los comentarios pasarán a formar parte del registro de la reunión de la Junta.

\*Para reducir los comentarios, silencia el audio cuando no estés hablando.

1. CALL TO ORDER ORTEGA

2. PLEDGE OF ALLEGIANCE ORTEGA

3. ROLL CALL BACA

- 4. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA: Members of the public may comment on any item not listed on the agenda, but within the jurisdiction of the Agency. Speakers are requested to keep their comments to no more than three (3) minutes. As provided in the Brown Act, the Board is prohibited from acting on items not listed on the agenda.
- 5. PUBLIC COMMENT ON ITEMS LISTED ON THE AGENDA: Members of the public may also comment on items listed on the agenda that are not the subject of a public hearing at this time. Again, speakers are requested to keep their comments to no more than three (3) minutes.

DWA Board Agenda December 3, 2024 Page 2 of 2

- 6. PRESENTATION: Greg Morrison National Water Resources Association
- 7. CONSENT CALENDAR ITEMS: Items listed under the Consent Calendar are considered to be routine and will be acted upon by one motion of the Board without discussion. There will be no separate discussion on these items unless a Board Member requests a specific item to be discussed and/or removed from the Consent Calendar for separate action.
  - A. Approve Minutes of the November 19, 2024 Regular Board Meeting
  - B. Receive and File Memo on the November 21, 2024 State Water Contractors' Meeting
  - C. Receive and File Minutes of the November 26, 2024 Executive Committee Meeting
  - D. Receive and File the Water Use Reduction Figures for October 2024
- 8. ACTION ITEM(S):
  - A. Request Acceptance of Vasquez & Company, LLP Annual Audit Report for 2023/2024

**SAENZ** 

9. SECRETARY-TREASURER'S REPORT - OCTOBER 2024

**MCKENNA** 

10. GENERAL MANAGER'S REPORT

**JOHNSON** 

- 11. DIRECTORS REPORTS ON MEETINGS/EVENTS ATTENDED ON BEHALF OF THE AGENCY
- 12. DIRECTORS COMMENTS/REQUESTS
- 13. CLOSED SESSION
  - A. CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION Pursuant to Government Code Section 54956.9 (d) (1)
     Name of Case: PacBell vs. County of Riverside
  - B. CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION

Pursuant to Government Code Section 54956.9 (d) (1)

Name of Case: Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al

Two Cases

- RECONVENE INTO OPEN SESSION REPORT FROM CLOSED SESSION
- 15. ADJOURN

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting is asked to contact Desert Water Agency's Assistant Secretary of the Board, at (760) 323-4971, at least 48 working hours prior to the meeting to enable the Agency to make reasonable arrangements. Copies of records provided to Board members that relate to any agenda item to be discussed in open session may be obtained from the Agency at the address indicated on the agenda.

#### **DECLARATION OF POSTING**

Pursuant to Government Code Section 54954.2, I certify that this agenda has been posted at least 72 hours prior to the meeting on the Agency's website at www.dwa.org and at the Agency's office located at 1200 South Gene Autry Trail, Palm Springs, CA.

Sylvia Baca, MMC, Asst. Secretary of the Board

# Desert Water Agency Board of Directors Meeting

**December 3, 2024** 



## Welcome and Introduction

- •Brief overview:
  - 30+ years of experience in government relations, communications, and public utilities.
  - Proven track record in legislative advocacy, stakeholder engagement, and strategic leadership.



## Key Achievements

- •\$32 million in federal grants.
- Passed liability legislation for consolidation.
- Managed communications for a \$1.2 billion Pumped Storage Hydro Project.
- Passed legislation for permanent state health and safety exemptions.
- Spearheaded award-winning customer communication and outreach campaign.



## Why Federal Policy Matters to Southern California

- Southern California is a hub of innovation in water management, but its reliance on federal policy and funding is critical.
- Challenges
  - Severe drought, dependence on imported water, and adapting to regulatory changes.
- DWA's leadership in conservation, water recycling, and sustainable groundwater management.



## Federal Legislative Landscape

#### Drought Resiliency

- Bipartisan Infrastructure Law: \$8.3 billion allocated for western water projects, including drought mitigation.
- Colorado River programs funded by federal drought contingency plans.

#### Water Quality Regulations

- EPA's focus on PFAS standards and impacts on municipal water providers.
- Federal investment in drinking water infrastructure under the Water Infrastructure Finance and Innovation Act (WIFIA).

#### Water Recycling and Desalination

 Ongoing federal support for Title XVI WaterSMART programs and desalination innovation grants.



## Southern California's Drought Resiliency Efforts

## Local Investments in Conservation and Efficiency

- DWA's leadership in groundwater replenishment programs.
- Advocacy for Tax Parity
  - The Water Conservation Rebate Tax Parity Act is critical to ensuring water use efficiency incentives remain effective and accessible.
- Advancements in smart irrigation technologies and community education campaigns.

### Role of Federal Support

- Collaboration with the Bureau of Reclamation on aquifer recharge projects.
- Federal incentives for adopting cutting-edge water reuse technologies.



## Colorado River: Lifeblood of the Desert

#### Challenges

- Over-allocation of the Colorado River and Lake Mead's declining levels.
- Uncertainty surrounding long-term water rights agreements.

#### Federal Role in Compact Negotiations

- Ongoing discussions on equitable water allocation among states, tribes, and Mexico.
- DWA's need to advocate for fair treatment of California's senior water rights.

#### Innovative Water Exchange for Resilience

- DWA enhances local water reliability through a strategic exchange agreement with the Metropolitan Water District of Southern California.
- Federal investment in large-scale desalination and atmospheric water generation technologies.

National Water Resources Association

## Water Reuse: Federal Partnerships in Sustainability

## WaterSMART Title XVI Programs

 Key federal funding mechanism supporting DWA's recycled water initiatives.

## Advanced Purified Water Projects

Federal grants enabling the expansion of indirect potable reuse systems.

## Opportunities for Desert Communities

 New technologies and federal incentives for treating and reusing brackish groundwater.

National Water Resources Association

## Water Quality Mandates and Local Impacts

## PFAS Regulations

- Advocating for Passive Receiver Liability Exemptions
  - Support legislation that protects water agencies from liability for contaminants like PFAS introduced into water supplies by third parties.
  - Need for fair treatment of water providers as passive receivers, ensuring they are not held responsible for costly cleanups.
  - Federal funding and resources to assist in monitoring and treatment without shifting the financial burden onto ratepayers.

## Safe Drinking Water Standards

Ensuring affordability while meeting EPA's new guidelines.



## Advocacy Strategies: Ensuring Southern California's Voice is Heard

## Engaging with Federal Legislators

- Highlighting DWA's innovative programs as models for federal investment.
- Leveraging coalitions like the NWRA to amplify regional priorities.

## Partnerships with Federal Agencies

 Successes in working with the Bureau of Reclamation and EPA on grant programs.

National Water Resources Association

 Proposals to streamline permitting and funding access for desert communities.

## The Future of Desert Water Agency Policy

## A Vision for the Future

- Emphasize the importance of federal-state collaboration in addressing long-term water challenges.
- DWA's role as a leader in sustainable desert water management.
- Call to action for local stakeholders to engage in advocacy efforts for federal support.



"In the face of scarcity, we innovate. In the heart of the desert, we thrive. Together, we shape a resilient water future."



## NWRA Membership Value

## Advocacy

- Representing water interests in Washington, D.C.
- Influencing federal legislation and policies.

## Networking

- Opportunities to collaborate with water leaders in the west.
- Access to exclusive conferences and forums.

### Resources

- Expert analysis on water policy trends.
- Educational tools and resources.





## Thank You

Commitment to advancing NWRA's mission.

Engage, collaborate, and support NWRA initiatives.

**Greg Morrison** 

gmorrison@nwra.org

951.326.0922



## MINUTES OF THE REGULAR MEETING OF THE DESERT WATER AGENCY BOARD OF DIRECTORS

7-A

**November 19, 2024** 

Board: Paul Ortega, President

Jeff Bowman, Vice President Kristin Bloomer, Director Steve Grasha, Director

Absent: Gerald McKenna, Secretary-Treasurer

DWA Staff: Steve Johnson, General Manager

David Tate, Assistant General Manager

Esther Saenz, Finance Director

Victoria Llort, Public Affairs & Conservation Director

Sylvia Baca, Asst. Secretary of the Board Jamie Hoffman, Senior Admin. Assistant Sarah Rapolla, Water Resources Manager Ryan Molhoek, Engineering Manager

Consultants via Mike Riddell, Best Best & Krieger

Teleconference: Carrie Buckman, Department of Water Resources

Graham Bradner, Delta Conveyance Design &

**Construction Authority** 

President Ortega opened the meeting at 8:00 a.m. and asked Pledge of Allegiance Director Grasha to lead the Pledge of Allegiance.

President Ortega called upon Assistant Secretary of the Board Roll Call Baca to conduct the roll call:

Present: Grasha, Bloomer, Bowman, Ortega

Absent: McKenna

President Ortega opened the meeting for public comment for items not listed on the Agenda.

Public Comment on Items Not Listed on the Agenda

There was no one from the public wishing to address the Board for items not listed on the Agenda.

President Ortega opened the meeting for public comment for items listed on the Agenda.

**Public Comment on** Items Listed on the Agenda

There was no one from the public wishing to address the Board for items listed on the Agenda.

President Ortega called for approval of the Consent Calendar. He noted that Consent Calendar Items 6-A through 6-C are expected to be routine and to be acted upon by the Board of Directors at one time without discussion. If any Board member requests that an item be removed from the B. Receive & File consent calendar, it will be removed so that it may be presented separately.

- A. Approve Minutes of the November 5, 2024 Regular Board Meeting
- B. Receive and File Minutes of the November 14, 2024 Executive Committee Meeting
- C. Receive and File October 2024 Public Affairs & Conservation **Activities & Events**

Director Grasha moved for approval of Consent Calendar Items 6-A through 6-C. After a second by Director Bloomer, the motion carried by the following roll call vote:

> Grasha, Bloomer, Bowman, Ortega AYES:

NOES: None McKenna ABSENT: ABSTAIN: None

General Manager Johnson along with Carrie Buckman, Environmental Program Manager with Department of Water Resources Adoption of Reso. No. (DWR) and Graham Bradner, Executive Director with Delta Conveyance Design & Construction Authority (DCA) presented their reports.

Director Grasha moved to adopt Resolution No. 1340 1) As a Conveyance Activities Responsible Agency under CEQA confirming the adequacy of the EIR for the & Events proposed Delta Conveyance Project, making certain findings under CEQA, and adopting the statement of overriding considerations for the EIR, and 2) Authorize additional funding for the next phase of Pre-Construction work for DCP in an amount of up to \$4,560,000. After a second from Director Bloomer, the motion carried by the following roll call vote:

> AYES: Grasha, Bloomer, Bowman, Ortega

NOES: ABSENT: McKenna ABSTAIN: None

#### Approval of the Consent Calendar

- A. Approve Minutes of the 11/5/24 Regular **Board Meeting**
- Minutes of the 11/14/24 Exec. Comm. Mtg.
- C. Receive & File October 2024 PA&C Activities & Events

**Action Items:** 

7-A – Request 1340 to Authorize Additional Funding for the Next Phase of Pre-Construction Work for the Proposed Delta

Water Resources Manager Rapolla presented the staff report.

**Action Items:** (Cont.) 7B - RequestExemption for the AMI

Director Grasha moved for authorization to file a CEQA Notice Authorization to File a of Exemption in Riverside County and with Office of Planning and Research CEQA Notice of State Clearinghouse for the Advanced Metering Infrastructure (AMI) Fixed Fixed Network Project Network project. After a second from Director Bloomer, the motion carried by the following roll call vote:

> AYES: Grasha, Bloomer, Bowman, Ortega

NOES: None ABSENT: McKenna **ABSTAIN: None** 

Engineering Manager Molhoek presented the staff report.

7C - RequestAcceptance of Work -2021/2022 Pipeline

Director Grasha moved to 1) Accept the work for constructing Replacement Project 2021/2022 Pipeline Replacement Project (Betty Cree Tract, Luring Sands Tract, Sunmore Estates, Val Vista Tract, Tract 14416, and Palm Valley Estates) in the amount of \$4,343,734.00. 2) Authorize transfer of excess funds of \$600,000 from Capital Project 211011 to Capital Project 221063. After a second from Director Bloomer, the motion carried by the following roll call vote:

> AYES: Grasha, Bloomer, Bowman, Ortega

NOES: None

ABSENT: McKenna

**ABSTAIN:** None

Engineering Manager Molhoek presented the staff report.

7D - Request Authorization for Contract Award -Groundwater Recharge Facility Maintenance

Vice President Bowman moved to award the contract for the Mission Creek Mission Creek Groundwater Recharge Facility Maintenance Project to Tri-Star Contracting II, Inc. in the amount of \$335,423.30. After a second from Project Director Bloomer, the motion carried by the following roll call vote:

> Grasha, Bloomer, Bowman, Ortega AYES:

NOES: None ABSENT: McKenna **ABSTAIN: None** 

Public Affairs & Conservation Director Llort presented the staff Discussion Item: report and gave a brief introduction on the Draft Legislative & Regulatory Policy platform for 2025-2026.

8-A Draft DWA Legislative and Policy Platform for 2025-2026

General Manager Johnson provided an update on Agency operations for the past several weeks.

General Manager's Report

Director Grasha noted his attendance at the November 7 Desert Valley Builders Association (DVBA) Legislative meeting, November 7 ACWA Webinar, November 9 Cathedral City Fields of Valor, November 12 CVWD Board meeting, November 14 Cyber Security training, and the November 18 ACWA Webinar.

**Directors Reports on** Mtgs/Events Attended on Behalf of the

Director Bloomer noted her attendance at the November 6-8 NWRA Conference, and the November 8 & 18 Tribal Mediation meetings.

Vice President Bowman noted his attendance at the November 8 Tribal Mediation meeting, November 14 DWA Executive Committee meeting, and the November 18 Tribal Mediation meeting.

President Ortega noted his attendance at the November 6-8 NWRA Conference, the November 14 DWA Executive Committee meeting, and the November 16 Desert Garden Community Day by Desert Horticultural Society.

Director Bloomer noted that DWA was a sponsor for the Palm Comments/Requests Springs Hospitality Association and their First Annual Pickleball fundraiser.

**Directors** 

Vice President Bowman and President Ortega wished everyone a Happy Thanksgiving.

At 10:05 a.m., President Ortega convened into Closed Session Closed Session: for the purpose of Conference with Legal Counsel, (A) Conference with Legal Counsel, Existing Litigation, Pursuant to Government Code Section 54956.9 Riverside (d) (1), PacBell vs. County of Riverside; and (B) Conference with Legal B. Existing Litigation -Counsel, Existing Litigation, Pursuant to Government Code Section 54956.9 al. 2 Cases (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al Two Cases.

A. Existing Litigation -PacBell vs. County of ACBCI vs. CVWD, et

At 11:01 a.m., President Ortega reconvened the meeting into Reconvene open session and announced there was no reportable action.

In the absence of any further business, President Ortega Adjournment adjourned the meeting at 11:02 a.m.

Sylvia Baca, MMC Assistant Secretary of the Board



#### STATE WATER CONTRACTORS MEETING

#### November 21, 2024

#### I. ENERGY UPDATE

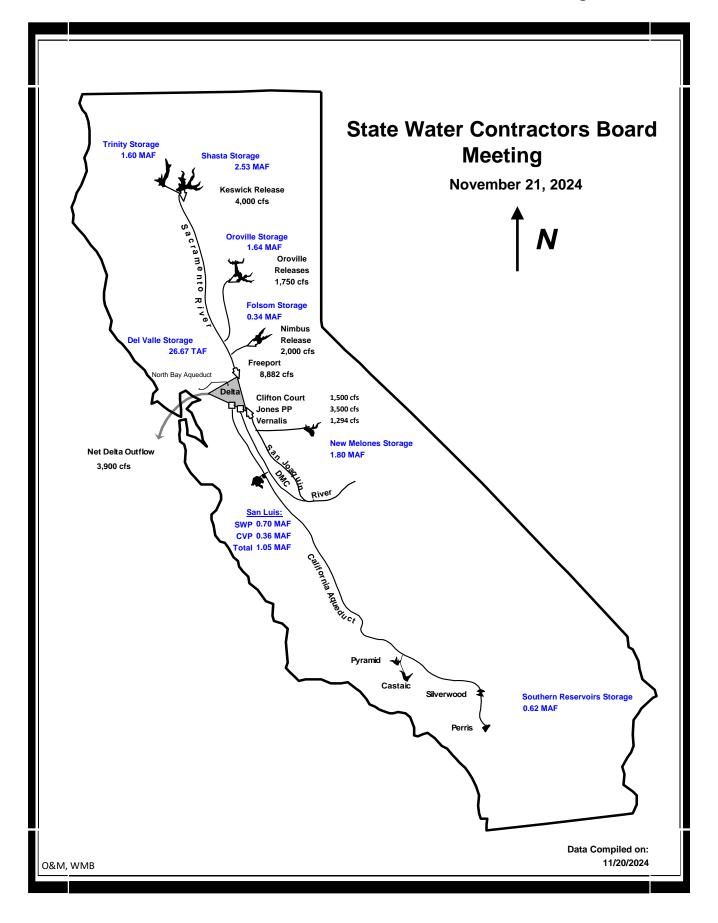
- (a) SB 49: DWR's Report to Legislature
  - Opportunities to use SWP to achieve greenhouse gas objectives
  - Report overdue, will be issued soon
  - Studying pump back operations to address peak demand loads
  - Possible use of solar power at SWP facilities
- (b) SB 1020 Moved Green Energy Targets up Ten Years, to 2035
  - Electrical loads will explode as high energy users come onto the grid
  - Additional costs will be incurred to add new transmission facilities
  - Transmission Access Charge will be increased to fund costs
  - Will add \$100 Million to Transmission Access Charges by 2035
  - All together will add \$200-400 Million to SWP variable charges
  - ISO will transfer energy marketing functions to new regional entity
    - Will require new legislation to transfer that function
  - Hope that California legislators are becoming more concerned about costs

#### II. WATER OPERATIONS REPORT

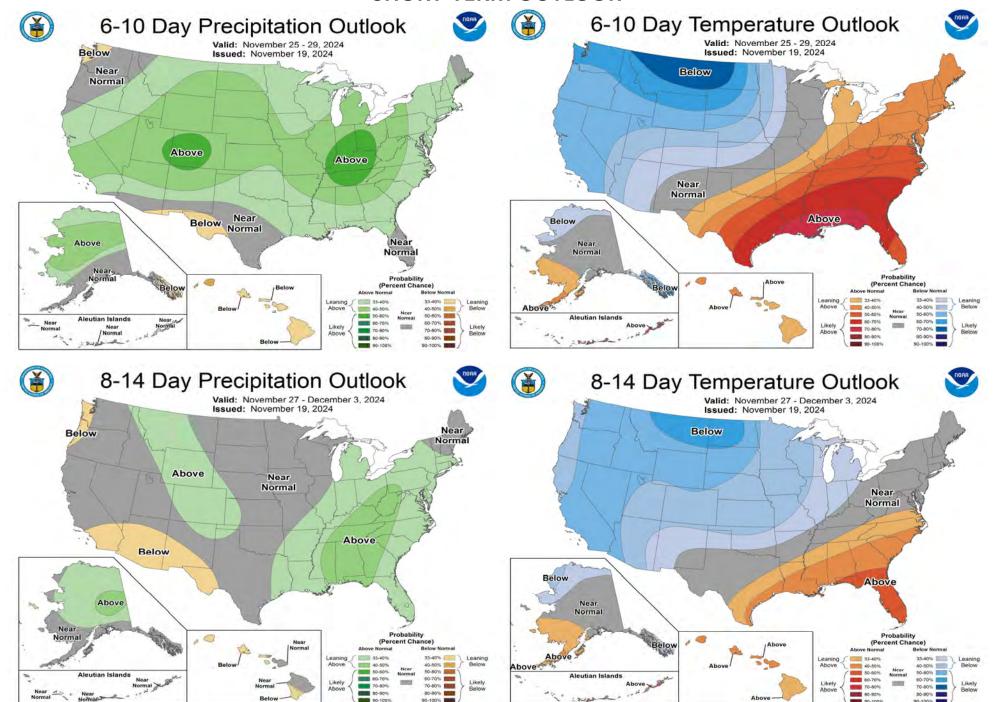
- (a) Oroville Storage at 1.64 MAF (92% of Historical Average)
- (b) San Luis Reservoir Storage at 697 TAF (State Share)
- (c) Delta Exports at 1,500-2,000 cfs
- (d) Atmospheric River Projected for Northern California over Next 10 Days
  - Potential to increase storage in Oroville by 164 TAF
  - Plan to increase exports due to increased Delta flows from storm event
- (e) Initial Allocation Will Be Announced on December 2

#### III. GOLDEN MUSSELS HAVE INVADED SWP

- (a) First Sighting in the United States
- (b) Native to China and Southeast Asia
  - Probably introduced by international shipping
- (c) Young Ones Are Microscopic, Travel with Flow of Water
- (d) Require Less Calcium Content in Water than Quagga Mussels to Survive
- (e) DWR is monitoring throughout the SWP
- (f) Can Clog Small Diameter Pipes, Intake Structures and Pumping Facilities

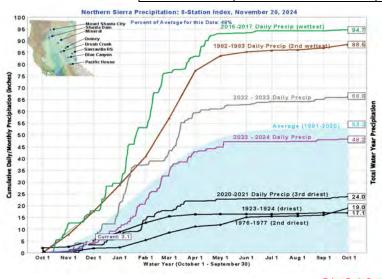


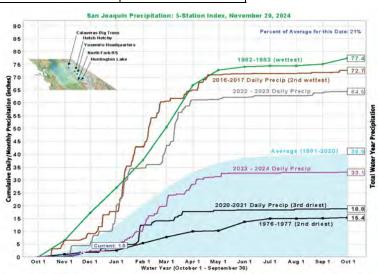
#### SHORT-TERM OUTLOOK

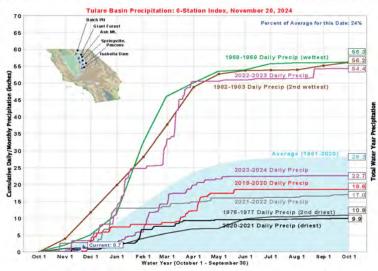


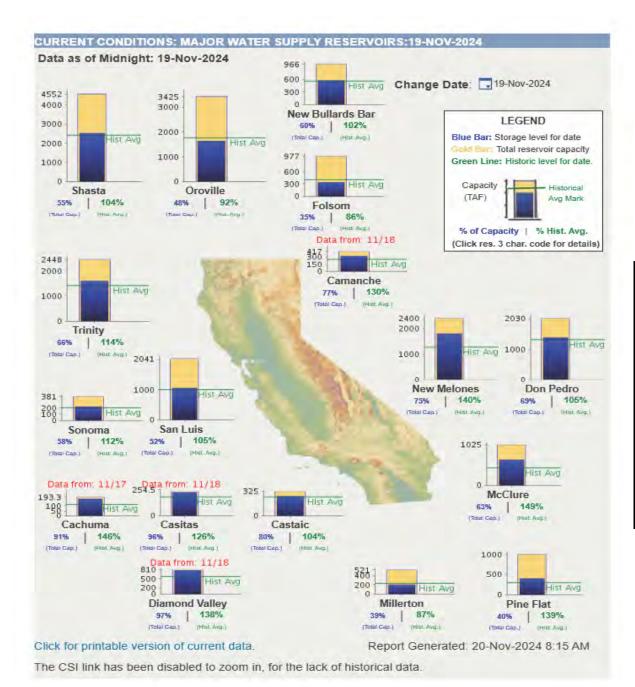
Statewide Precipitation Conditions as of 11/20/2024

|                | Northern Sierra 8-Station | San Joaquin 5-Station | Tulare Lake 6-Station |
|----------------|---------------------------|-----------------------|-----------------------|
|                | Index inches (%)          | Index inches (%)      | Index inches (%)      |
| October        | 0.7" (25%)                | 0.2" (9%)             | 0" (0%)               |
| November       | 2.4" (45%)                | 0.8" (22%)            | 0.7" (26%)            |
| December       |                           |                       |                       |
| January        |                           |                       |                       |
| February       |                           |                       |                       |
| March          |                           |                       |                       |
| April          |                           |                       |                       |
| May            |                           |                       |                       |
| June           |                           |                       |                       |
| July           |                           |                       |                       |
| August         |                           |                       |                       |
| September      |                           |                       |                       |
| Season-to-Date | 3.1" (48%)                | 1" (22%)              | 0.7" (24%)            |
| WY Average     | 53.2" (5%)                | 40" (2%)              | 28.3" (2%)            |

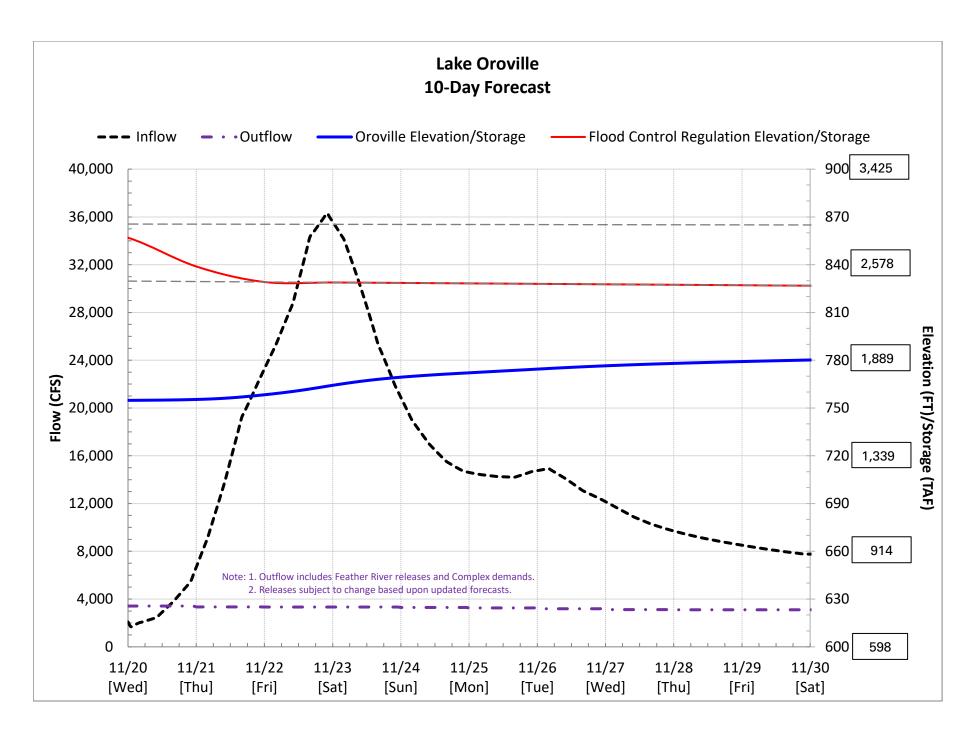


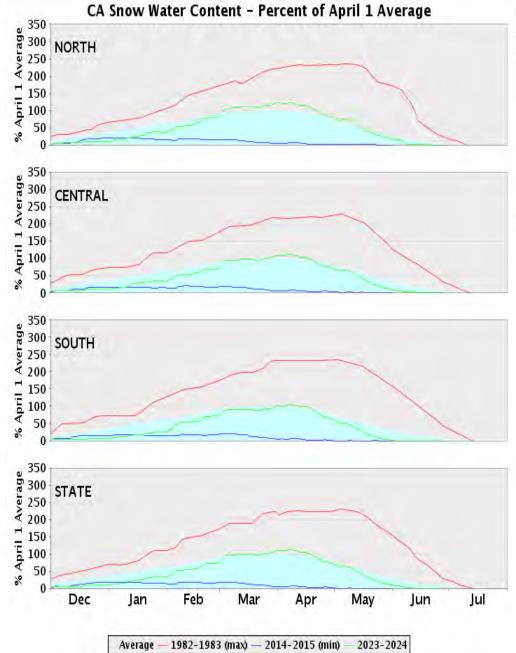






|          | Storage (TAF) | % Average |
|----------|---------------|-----------|
| Oroville | 1,642         | 92%       |
| Shasta   | 2,526         | 104%      |
| Folsom   | 344           | 86%       |
| San Luis | 1,052         | 105%      |







#### CURRENT REGIONAL SNOWPACK FROM AUTOMATED SNOW SENSORS

% of April 1 Average / % of Normal for This Date



| NORTH                                    |     |
|--|-----|
| CB to 3 m of September 10, 2024          |     |
| Number of Stations Reporting             | 23  |
| Average a now water equivalent (inche a) | 0.0 |
| Percent of April 1 A verage (%)          |     |
| Percent of normal for this date (%)      | 0   |

| CENTRAL                                  |     |
|--|-----|
| Cata a n of September 10, 2024           |     |
| Number of Stational Reporting            | 35  |
| Average a now water equivalent (inche a) | 0.0 |
| Percent of April 1 A versge (%)          | 0   |
| Percent of normal for this date (%)      | - 0 |

| SOUTH                                     |     |
|---|-----|
| Cata a cof September 10, 2024             |     |
| Number of Station (Reporting              | 27  |
| Average i now water equivalent (inche ii) | 0.0 |
| Percent of April 1 A verage (%)           | 0   |
| Percentofnormal for this date (%)         |     |

| STATE                                   |     |
|---|-----|
| Eataa∎ of September 10, 2024            |     |
| Number of Stations Reporting            | 85  |
| Average anow water equivalent (inche a) | 0.0 |
| Percent of April 1 A verage (%)         | 0   |
| Percent of normal for this date (%)     | 0   |

Statewide Average: 0% / 0%

Data as of September 10, 2024

#### **Executive Committee Meeting Minutes**

November 26, 2024

Directors Present: Jeff Bowman, Kristin Bloomer

Staff Present: Steve Johnson, David Tate, Esther Saenz, Victoria Llort, Sylvia Baca

#### 1. Call to Order

#### 2. Public Comments

None

#### 3. <u>Discussion Item</u>

#### A. Review Agenda for December 3, 2024 Board Meeting

The proposed agenda for the December 3, 2024 meeting was reviewed.

#### B. Review Expense Reports

The October expense reports were reviewed.

#### C. 2025 Board Conference Schedule

Staff provided the Committee with upcoming conference dates for 2025. It was recommended to approve January 21 and January 24 travel dates for the Irrigation Leader Workshop Conference and April 27 and May 1 for the National Water Resources Association Policy Conference.

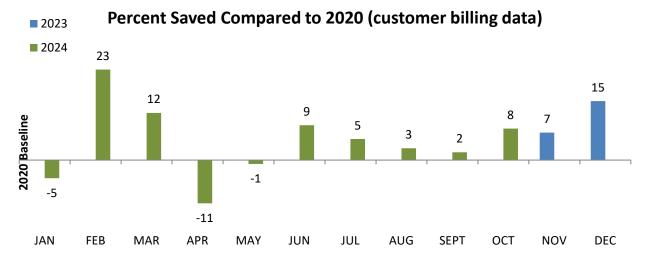
#### 4. Adjourn

#### STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS

#### **DECEMBER 3, 2024**

#### RE: OCTOBER 2024 WATER USE REDUCTION FIGURES

Desert Water Agency customers decreased water consumption per meter by 8% during October 2024 compared to the same month in 2020 – the baseline year the State Water Resources Control Board (State Water Board) used to measure statewide conservation achievements during the 2020-2022 drought. The reduction may be associated with the success of outreach programs, results of incentive programs, early response to the new Making Conservation a California Way of Life regulation and a transition in the season.



Over the past 12 months, consumption per meter has been trending 6% lower compared to 2020. DWA is committed to conservation and has met the goals of many voluntary and mandatory calls for conservation such as <u>SB X7-7</u> (20% by 2020). The <u>Making Water Conservation a California Way of Life</u> regulation (unanimously approved on July 3, 2024) will provide DWA with a water use objective – in essence, an agency-wide water budget. This will inform DWA's future water conservation objectives.

| October 2024 conservation per meter percentage                      | Down 8% |
|---|---------|
| October 2024 consumption per meter                                  | 48 HCF  |
| October 2020 consumption per meter                                  | 52 HCF  |
|   |         |
| October 2024 gross consumption conservation percentage              | Down 5% |
| October 2024 metered potable consumption                            | 2656 AF |
| October 2020 metered potable consumption                            | 2795 AF |
| The percentage of the Total Monthly Potable Water Consumption       | 77%     |
| going to residential use only for the reporting month               |         |
| Population (estimated and inclusive of seasonal residents)          | 75,393  |
| Estimated R-GPCD  | 285     |
| Number of public complaints of water waste or violation of          | 56      |
| conservation rules received during the reporting month.             |         |
| Number of contacts with customers for actual/alleged water waste or | 22      |
| for a violation of conservation rules.                              |         |
| Number of field visits for water waste follow up.                   | 23      |
| Number of citations for violation of conservation rules.            | 12      |

#### STAFF REPORT TO DESERT WATER AGENCY BOARD OF DIRECTORS DECEMBER 3, 2024

RE: REQUEST ACCEPTANCE OF VASQUEZ & COMPANY, LLP ANNUAL AUDIT REPORT FOR 2023/2024

Roger Martinez and Emer Fabro of Vasquez & Company LLP will be in attendance at today's meeting, at which time, they will present their report on the Audit of Desert Water Agency's financial activities for Fiscal Year 2023/2024 and will answer any questions the Board may have with regard to the audit. In order to maintain compliance with the Agency's Bond Issuance continuing disclosure requirements, the Agency must submit the audited financial statements by December 26, 2024.

#### **PRIOR ACTION**

N/A

**FISCAL IMPACT** 

N/A

**LEGAL REVIEW** 

N/A

#### RECOMMENDATION

Staff has reviewed the 2023/2024 Audit Report and recommends its acceptance.

#### **ATTACHMENTS**

- 1. Desert Water Agency Draft 2023/2024 Audited Financial Statements
- 2. Audit Report Presentation

## DESERT WATER

FINANCIAL REPORT JUNE 30, 2024 and June 30, 2023



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#### **Independent Auditor's Report**

To the Board of Directors Desert Water Agency

#### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of the Desert Water Agency (the Agency), which comprise the statements of net position as of June 30, 2024 and 2023, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2024 and 2023, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### Management's Responsibilities 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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

#### Emphasis of Matter

We draw attention to Notes 2, 5, and 8, which describe that the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, during the fiscal year ended June 30, 2024. The Agency transitioned to a subscription-based system in January 2024. Our opinion is not modified with respect to this matter.



#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 12, and the required supplementary information on pages 53 through 55 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.

#### Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The schedules of revenues and expenses by fund as listed in the table of contents, 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### Other Information

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

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



## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Glendale, California December 3, 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Management's discussion and analysis of Desert Water Agency's (the Agency) financial performance provides an overview of the Agency's financial activities for the years ended June 30, 2024 and June 30, 2023. Please read it in conjunction with the Agency's basic financial statements which begin on page 13.

#### FINANCIAL HIGHLIGHTS

- In fiscal year 2024, the Agency's net position increased \$49.0 million or 11.0 percent as a result of the year's operations. In fiscal year 2023, the Agency's net position increased \$41.4 million or 10.2 percent.
- In fiscal year 2024, the Agency's total assets increased \$52.7 million mainly due to a \$43.6 million increase in cash and investments and a \$5.7 million increase in capital assets.
   In fiscal year 2023, the Agency's total assets increased \$39.0 million mainly due to a \$36.0 million increase in cash and investments and a \$2.5 million increase in capital assets.
- Deferred outflows and inflows of resources were recorded for Pension, Other postemployment benefits (OPEB) and leases. In fiscal year 2024, deferred outflows and inflows decreased by \$1.5 million each. In fiscal year 2023, deferred outflows increased \$2.2 million while deferred inflows decreased \$6.3 million. The decrease in deferred inflows is mainly due to the changes in market conditions.
- In fiscal year 2024, current year operating revenues increased \$5.0 million or 11.0 percent while operating expenses increased \$9.1 million or 17.7 percent, which produced a decrease in net operating income of \$4.1 million. In fiscal year 2023, current year operating revenues decreased \$1.6 million or 3.4 percent while operating expenses increased \$6.6 million or 14.7 percent, which produced a decrease in net operating income of \$8.3 million.
- In fiscal year 2024, total operating expenses increased \$9.1 million or 17.7 percent. The increase in operating expenses is mainly due to a \$3.7 million increase in source of supply expense, a \$0.4 million increase in pumping, a \$3.3 million increase in administration and general expense, a \$0.5 million increase in other operating expense, and a \$0.7 million increase in depreciation expense. In fiscal year 2023, total operating expenses increased \$6.6 million or 14.7 percent. The increase in operating expenses is mainly due to a \$0.9 million increase in source of supply expense, a \$0.6 million increase in pumping, a \$0.6 million increase in transmission and distribution expense, and a \$4.1 million increase in administration and general expense.
- In fiscal year 2024, capital contributions increased \$0.3 million mainly due to an increase in new and/or existing developer projects completed in the Agency's service area. In fiscal year 2023, capital contributions decreased \$0.3 million mainly due to a decrease in new and/or existing developer projects completed in the Agency's service area.
- Total operating and non-operating revenues for 2024 and 2023 were a combined \$109.5 million and \$93.0 million, respectively. Total expenses in 2024 and 2023 were \$61.2 million and \$52.0 million, respectively.

- In fiscal year 2024, non-operating revenues (expenses), net increased \$11.4 million due to a \$10.1 million increase in unrealized gain of investments due to market conditions. In fiscal year 2023, non-operating revenues (expenses), net increased \$18.2 million due to an \$8 million decrease in unrealized loss of investments due to market conditions and an \$8 million increase in property tax receipts.
- In fiscal year 2024, other current assets increased by \$0.9 million due to an increase in investment revenue receivables. In fiscal year 2023, other current assets increased \$0.8 million due to an increase in interest receivables.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The statements of net position and statements of revenues, expenses, and changes in net position (on pages 13 through 15) provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances.

#### REPORTING THE AGENCY AS A WHOLE

Our analysis of the Agency as a whole begins on page 5. One of the most important questions asked about the Agency's finances is, "Is the Agency as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information about the Agency as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net position and changes in them. You can think of the Agency's net position - the difference between assets and liabilities - as one way to measure the Agency's financial health or financial position. Over time, increases or decreases in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, such as changes in the Agency's property tax base and the condition of the Agency's water facilities, to assess the overall health of the Agency.

The Agency reports in the statement of net position and the statement of revenues, expenses, and changes in net position one type of activity for the water service it provides. All Agency activities are reported in these statements.

#### THE AGENCY AS A WHOLE

In fiscal year 2024, the Agency's net position increased to \$495.5 million from \$446.5 million. In fiscal year 2023, the Agency's net position increased to \$446.5 million from \$405.1 million. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) of the Agency's activities.

Table 1
Condensed Statement of Net Position
(in Millions)

|  |             |       |    |       |         | Cha    | ange |         |    |               | Cha        | nge     |
|--|-------------|-------|----|-------|---------|--------|------|---------|----|---------------|------------|---------|
|  |             | 2024  |    | 2023  |         | \$     |      | %       | 20 | 22            | \$         | %       |
| Capital assets, net                    | \$          | 220.7 | \$ | 214.9 | \$      | 5.8    |      | 2.7% \$ | 2  | 12.4          | \$<br>2.5  | 1.2%    |
| Current and other assets               |             | 339.0 |    | 292.1 |         | 46.9   |      | 16.1%   | 2  | 55.6          | 36.5       | 14.3%   |
|  |             |       |    |       |         |        |      |         |    |               |            |         |
| Total assets                           |             | 559.7 |    | 507.0 |         | 52.7   |      | 10.4%   | 40 | 0.86          | 39.0       | 8.3%    |
| Deferred outflows of resources         |             | 10.1  |    | 11.6  |         | (1.5)  | (1   | 2.9%)   |    | 9.4           | 2.2        | 23.4%   |
|  |             |       |    |       |         |        |      | 7,      |    |               |            |         |
| Total assets and deferred outflows     |             |       |    |       |         |        | 77   |         |    |               |            |         |
| of resources                           | \$          | 569.8 | \$ | 518.6 | \$      | 51.2   | L    | 9.9% \$ | 4  | 77.4          | \$<br>41.2 | 8.6%    |
|  |             |       |    |       |         | •      |      |         |    |               |            |         |
| Long-term liabilities                  |             | 50.6  |    | 51.8  |         | (1.2)  | (    | 2.3%)   | 4  | 47.7          | 4.1        | 8.6%    |
| Current liabilities                    |             | 12.5  | _  | 7.6   | $V_{a}$ | 4.9    | 6    | 64.5%   |    | 5.6           | <br>2.0    | 35.7%   |
|  |             |       |    |       | 7       |        |      |         |    |               |            |         |
| Total liabilities                      | _           | 63.1  |    | 59.4  |         | 3.7    |      | 6.2%    | :  | 53.3          | <br>6.1    | 11.4%   |
|  |             |       |    |       |         |        |      |         |    |               |            |         |
| Deferred inflows of resources          |             | 11.2  |    | 12.7  |         | (1.5)  | (1   | 1.8%)   |    | 19.0          | <br>(6.3)  | (33.2%) |
| Net position                           |             |       |    |       |         |        |      |         |    |               |            |         |
| Net investment in capital assets       |             | 217,6 |    | 214.7 |         | 2.9    |      | 1.4%    | 2  | 12.2          | 2.5        | 1.2%    |
| Restricted                             |             | 193.6 |    | 128.6 |         | 65.0   | 5    | 50.5%   | ,  | 94.5          | 34.1       | 36.1%   |
| Unrestricted                           | t 🕽         | 84.3  |    | 103.2 |         | (18.9) | (1   | 8.3%)   |    | 98.4          | <br>4.8    | 4.9%    |
| Total net position                     | X           | 495,5 | _  | 446.5 |         | 49.0   |      | 11.0%   | 4  | )5.1 <u> </u> | <br>41.4   | 10.2%   |
|  |             |       |    |       |         |        |      |         |    |               |            |         |
| Total liabilities, deferred inflows of |             | ,     |    |       |         |        |      |         |    |               |            |         |
| resources, and net position            | <b>\$</b> _ | 569.8 | \$ | 518.6 | \$      | 51.2   |      | 9.9% \$ | 4  | 77.4          | \$<br>41.2 | 8.6%    |

#### June 30, 2024 vs. June 30, 2023

In fiscal year 2024, the net position increased by \$49.0 million. The unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$18.9 million.

## June 30, 2023 vs. June 30, 2022

In fiscal year 2023, the net position increased by \$41.4 million. The unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased by \$4.8 million.

Table 2
Condensed Statement of Revenues, Expenses and Changes in Net Position (in Millions)

|                                 |     |          |          | Cha   | ange     |          | Cha   | inge     |
|---------------------------------|-----|----------|----------|-------|----------|----------|-------|----------|
|                                 | _   | 2024     | 2023     | \$    | %        | 2022     | \$    | %        |
| Operating revenues              | \$  | 50.5 \$  | 45.5 \$  | 5.0   | 11.0% \$ | 47.1 \$  | (1.6) | (3.4%)   |
| Operating expenses              | · _ | 60.5     | 51.4     | 9.1   | 17.7%    | 44.8     | 6.6   | 14.7%    |
| Operating income (loss)         | =   | (10.0)   | (5.9)    | (4.1) | 69.5%    | 2.3      | (8.2) | (356.5%) |
| Nonoperating revenues           |     | 59.0     | 47.5     | 11.5  | 24.2%    | 29.5     | 18.0  | 61.0%    |
| Nonoperating expenses           |     | (0.7)    | (0.6)    | 0.1   | 16.7%    | (8.0)    | 0.2   | (25.0%)  |
| Capital contributions           | _   | 0.7      | 0.4      | 0.3   | 75.0%    | 0.7      | (0.3) | (42.9%)  |
| Change in net position          |     | 49.0     | 41.4     | 7.6   | 18.4%    | 31.7     | 9.7   | 30.6%    |
| Net position, beginning of year |     | 446.5    | 405.1    | 41.4  | 10.2%    | 373.4    | 31.7  | 8.5%     |
| Net position, end of year       | \$_ | 495.5 \$ | 446.5 \$ | 49.0  | 11.0% \$ | 405.1 \$ | 41.4  | 10.2%    |

#### Fiscal Year 2024 vs. Fiscal Year 2023

In fiscal year 2024, the Agency's operating revenues increased 11.0 percent and operating expenses increased 17.7 percent. The factors driving these results include:

- Water sales revenue increased \$2.4 million or 5.7 percent primarily due to a domestic rate increase that went into effect on January 1, 2024 and replenishment assessment rate that went into effect on July 1, 2023.
- Governmental grant revenue increased \$2.4 million due to participation in the Urban Community drought relief grant.
- The source of supply expenses increased \$3.7 million primarily due to \$1.2 million in water banking costs associated with the Agency's exchange agreement with Metropolitan Water District of Southern California, increased Replenishment Assessments, increase in variable costs for the State Water Project, and increased basin management costs.
- General and administrative expenses increased \$3.3 million mainly due to increased health insurance costs.
- Nonoperating revenues increased 24.2 percent primarily due to an increase in unrealized gain on investments and investment income revenue.
- Nonoperating expenses increased 16.7 percent primarily due to losses on retirement of capital assets.
- Capital contributions increased \$0.3 million because of a increase in new and/or existing developer projects completed in the Agency's service area.
- The Agency had 23,588 active water services at June 30, 2024. This represents a net increase of 106 active meters during the year.

## Fiscal Year 2023 vs. Fiscal Year 2022

In fiscal year 2023, the Agency's operating revenues decreased 3.4 percent and operating expenses increased 14.7 percent. The factors driving these results include:

- Water sales revenue decreased \$0.6 million or 1.5 percent due to a decrease in water consumption due to conservation efforts.
- The source of supply expenses increased \$0.9 million primarily due to an increase in variable
  costs for the State Water Project due to increased water deliveries as compared to the prior year
  and an increase in Operations, Maintenance and Replacement costs for the State Water Project.
- Pumping expenses increased \$0.6 million primarily due to increased power costs.
- General and administrative expenses increased \$4.1 million mainly due to increased pension benefit costs and an increase in conservation efforts through the turf rebate program.
- Nonoperating revenues increased 61.0 percent primarily due to an increase in property tax and investment income revenue.
- Nonoperating expenses decreased 25.0 percent due to a reduction of the losses on retirement of capital assets.
- Capital contributions decreased \$0.3 million because of a decrease in new and/or existing developer projects completed in the Agency's service area.
- The Agency had 23,486 active water services at June 30, 2023. This represents a net increase of 45 active meters during the year.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

## **Capital Assets**

At June 30, 2024 and 2023, the Agency had \$501.2 million and \$486.6 million, respectively (or \$220.7 million and \$214.9 million, net of accumulated depreciation) invested in a broad range of capital assets and construction in progress, including land, water transportation facilities, water storage facilities, water treatment facilities, reclamation facilities, water rights, water buildings, equipment, and subscription IT assets (see Table 3 below). This amount represents a net increase (including additions and deductions) of \$5.8 million or 2.7 percent in 2024 and \$2.5 million or 1.2 percent in 2023..

| Table 3<br>Capital Assets<br>(in Millions) | 00       | <b>\$</b> |         |
|--|----------|-----------|---------|
| (-   |          | June 30,  |         |
| 2  | 2024     | 2023      | 2022    |
| State Water Project \$                     | 142.5 \$ | 137.8 \$  | 132.4   |
| Mains                                      | 111.3    | 111.1     | 109.3   |
| Wells, intakes, pumps                      | 25.8     | 25.7      | 25.7    |
| Water reclamation                          | 29.6     | 29.6      | 29.6    |
| Water transportation facilities            | 25.6     | 25.6      | 25.6    |
| Wastewater transportation facilities       | 23.3     | 23.3      | 23.1    |
| Hydro- electric plants                     | 5.1      | 5.1       | 5.1     |
| Water treatment                            | 3.2      | 3.1       | 3.1     |
| Services                                   | 24.7     | 24.1      | 22.7    |
| Meters                                     | 8.9      | 8.7       | 8.0     |
| Fire service and hydrants                  | 18.1     | 17.8      | 17.5    |
| Reservoirs                                 | 17.8     | 17.6      | 17.6    |
| Structures and improvements                | 21.9     | 21.9      | 21.7    |
| Building                                   | 4.2      | 4.2       | 4.1     |
| Equipment                                  | 13.2     | 12.9      | 12.6    |
| Subscription IT assets                     | 1.4      | -         | -       |
| Land                                       | 12.1     | 12.1      | 12.1    |
| Construction in progress                   | 12.5     | 6.0       | 5.9     |
| Accumulated depreciation and amortization  | (280.5)  | (271.7)   | (263.7) |
| Total capital assets, net \$_              | 220.7 \$ | 214.9 \$  | 212.4   |

Fiscal year 2024 major capital assets additions included:

- \$4.7 million increase in State Water Project
- \$0.6 million increase in services
- \$6.5 million increase in construction in progress

Fiscal year 2023 major capital assets additions included:

- \$5.4 million increase in State Water Project
- \$1.8 million increase in mains
- \$1.4 million increase in services
- \$0.7 million increase in meters
- \$0.3 million increase in fire service and hydrants
- \$0.3 million increase in equipment

Additional information regarding capital assets is provided in Note 5 of the Notes to the Financial Statements.

#### **DEBT**

Long-term debt consists of Water Revenue Advanced Refunding Bonds ("WRARB") debt issue at June 30, 2024 and 2023.

## Water Revenue Refunding Bonds, Series 2016

# Table 4 Water Revenue Advanced Refunding Bonds

|  | _   | 2024          | 2023        |
|--|-----|---------------|-------------|
|  |     |               |             |
| Total Water Revenue Advanced Refunding Bonds issued June 29, 2016      | \$  | 19,720,000 \$ | 19,720,000  |
| Principal debt repayment in prior years                                |     | (5,025,000)   | (4,245,000) |
| Principal debt repayment in current year                               |     | (800,000)     | (780,000)   |
|  |     |               |             |
| Water Revenue Advanced Refunding Bonds outstanding as of June 30, 2024 | \$_ | 13,895,000 \$ | 14,695,000  |

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Agency's taxable assessed value (TAV) for 2023/2024 increased by \$2.6 billion (12.0 percent) over the 2022/2023 taxable assessed value. This growth rate was up from the TAV increase of 10.4 percent in 2022/2023. Over the past ten years, taxable assessed valuations have increased 7.5 percent per year on average.

The Agency continues an aggressive capital improvement and planned maintenance project program, in order to address the Agency's aging infrastructure.

Over the next several years, the Agency will be required to meet aggressive conservation targets as a result of the new Making Conservation a California Way of Life regulations. These conservation requirements will result in a sustained decrease in water revenues. The Agency may adopt increased water rates in order to mitigate the impacts of sustained reduction in water sales due to this regulation.

Drought and other factors may also have a negative short-term impact on water sales, such as another pandemic or mandatory restrictions due to drought as seen in recent history. In order to mitigate these risks, the Agency has adopted a Revenue Stabilization Rate and a Drought Rate. In the short term, if the Agency experiences a decrease in revenue due to required conservation or other events, the Board may elect to impose one of these rates in order to increase water revenues to meet operational needs. This, in conjunction with reserves, provides a solid financial position for the Agency.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at: Desert Water Agency, 1200 Gene Autry Trail South, Pain Springs, California.

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BASIC FINANCIAL STATEMENTS

## ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

|   |     | 2024        |     | 2023                                  |
|---|-----|-------------|-----|---------------------------------------|
| Current assets                                  |     |             | _   | _                                     |
| Cash and cash equivalents                       | \$  | 23,922,098  | \$  | 26,785,545                            |
| Investments                                     |     | 105,054,144 |     | 123,882,528                           |
| Accounts receivable                             |     |             |     |                                       |
| Utility   |     | 2,626,130   |     | 2,131,991                             |
| Property taxes                                  |     | 3,186,300   |     | 1,277,419                             |
| Other governmental agencies                     |     | 239,475     |     | 290,541                               |
| Other   |     | 42,568      |     | 154,606                               |
| Inventories                                     |     | 2,624,745   |     | 2,175,816                             |
| Lease receivable, current portion               |     | 163,585     |     | 151,810                               |
| Other current assets                            |     | 3,280,392   |     | 2,400,063                             |
|   | _   | O v         | -   | · · · · · · · · · · · · · · · · · · · |
| Total current assets                            |     | 141,139,437 |     | 159,250,319                           |
|   | _   | 7           | -   |                                       |
| Noncurrent assets                               |     |             |     |                                       |
| Restricted cash and cash equivalents            |     | 17,949,708  |     | 14,332,270                            |
| Restricted investments                          |     | 178,146,110 |     | 116,485,462                           |
| Long-term receivables                           |     | -           |     | 1,674                                 |
| Lease receivable, net of current portion        |     | 1,805,638   |     | 2,010,360                             |
| Depreciable capital assets, net                 |     | 196,114,222 |     | 196,875,016                           |
| Nondepreciable capital assets                   |     | 24,555,224  |     | 18,044,538                            |
|   | _   |             | -   |                                       |
| Total noncurrent assets                         |     | 418,570,902 |     | 347,749,320                           |
|   | _   |             | _   |                                       |
| Total assets                                    |     | 559,710,339 | _   | 506,999,639                           |
|   |     |             |     |                                       |
| Deferred outflows of resources                  |     |             |     |                                       |
| Pension related                                 |     | 8,238,694   |     | 8,608,114                             |
| Other post employment benefits (OPEB) related   |     | 1,011,076   |     | 2,049,572                             |
| Deferred loss on refunding                      | _   | 869,359     | _   | 941,806                               |
|   |     |             |     |                                       |
| Total deferred outflows of resources            | _   | 10,119,129  | _   | 11,599,492                            |
|   | _   |             | _   |                                       |
| Total assets and deferred outflows of resources | \$_ | 569,829,468 | \$_ | 518,599,131                           |
|   |     |             |     | (Continued)                           |
|   |     |             |     | (Sommada)                             |

# LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

|   | 2024        | _   | 2023           |
|---|-------------|-----|----------------|
| Current liabilities                               |             |     |                |
| Accounts payable \$                               |             | \$  | 4,173,146      |
| Payable to other governmental agencies            | 36,879      |     | 85,526         |
| Current portion of long-term debt                 | 830,000     |     | 800,000        |
| Customer deposits                                 | 2,456,552   |     | 2,250,024      |
| Subscription liability, current portion           | 177,010     |     | -              |
| Lease liability, current portion                  | 10,551      |     | 10,062         |
| Other current liabilities                         | 344,502     | _   | 304,397        |
| Total current liabilities                         | 12,505,642  | _   | 7,623,155      |
| Long-term liabilities                             | 0           |     |                |
| OPEB liability                                    | 18,128,566  |     | 19,011,824     |
| Net pension liability                             | 16,226,434  |     | 15,925,749     |
| Other employee benefits payable                   | 1,630,879   |     | 1,594,896      |
| Subscription liability, net of current portion    | 365,743     |     | , , , <u>-</u> |
| Lease liability, net of current portion           | 14,867      |     | 25,418         |
| Long-term debt, net of current portion            | 14,279,659  |     | 15,210,879     |
|   |             | _   |                |
| Total long-term liabilities                       | 50,646,148  | _   | 51,768,766     |
| Total liabilities                                 | 63,151,790  | _   | 59,391,921     |
| Deferred inflows of resources                     |             |     |                |
| Pension related                                   | 1,180,206   |     | 1,593,808      |
| OPEB related                                      | 8,111,901   |     | 8,981,225      |
| Lease related                                     | 1,906,365   | _   | 2,128,809      |
| Total deferred inflows of resources               | 11,198,472  | _   | 12,703,842     |
| Net position                                      |             |     |                |
| Net investment in capital assets                  | 217,548,095 |     | 214,720,119    |
| Restricted  | 193,639,969 |     | 128,567,708    |
| Unrestricted                                      | 84,291,142  | _   | 103,215,541    |
| Total net position                                | 495,479,206 | _   | 446,503,368    |
| Total liabilities, deferred inflows of resources, |             |     |                |
| and net position \$                               | 569,829,468 | \$_ | 518,599,131    |

|  | _   | 2024                                  | 2023        |
|--|-----|---------------------------------------|-------------|
| Operating revenues                                     |     |                                       |             |
| Water sales  | \$  | 44,296,471 \$                         | 41,888,879  |
| Water services   | Ψ   | 1,944,694                             | 1,966,849   |
| Government grants                                      |     | 2,601,991                             | 241,703     |
| Hydroplant revenues                                    |     | 313,628                               | 93,727      |
| Fines and fees   |     | 373,500                               | 408,300     |
| Reclamation sales/services                             |     | 931,700                               | 895,990     |
| Total operating revenues                               | -   | 50,461,984                            | 45,495,448  |
| Operating expenses                                     |     |                                       |             |
| Source of supply                                       |     | 18,085,468                            | 14,348,559  |
| Pumping  |     | 5,393,212                             | 4,962,228   |
| Water treatment  |     | 1,218,529                             | 1,109,190   |
| Transmission and distribution                          |     | 3,613,032                             | 3,540,725   |
| Customer accounts                                      | _(  | 1,177,045                             | 1,148,274   |
| Water reclamation                                      |     | 1,098,963                             | 1,152,872   |
| Regulatory   |     | 597,651                               | 378,864     |
| Administration and general                             |     | 18,781,914                            | 15,484,956  |
| Other operating expenses                               |     | 1,526,221                             | 990,583     |
| Depreciation and amortization                          |     | 8,969,450                             | 8,311,756   |
| Total operating expenses                               | _   | 60,461,485                            | 51,428,007  |
| Operating income (loss)                                | _   | (9,999,501)                           | (5,932,559) |
| Nonoperating revenues (expenses), net                  | _   | · · · · · · · · · · · · · · · · · · · | ·           |
| Property taxes   |     | 43,515,671                            | 45,286,416  |
| Unrealized gain (loss) on investments                  |     | 7,557,231                             | (2,553,122) |
| Net investment return                                  |     | 6,774,304                             | 4,118,702   |
| Interest expense                                       |     | (544,198)                             | (633,347)   |
| Loss on debt refunding                                 |     | (72,447)                              | (00.400)    |
| Losses on retirement of capital assets                 |     | (51,389)                              | (20,466)    |
| Other  | -   | 1,126,182                             | 658,499     |
| Total nonoperating revenues (expenses), net            | -   | 58,305,354                            | 46,856,682  |
| Increase in net position, before capital contributions | -   | 48,305,853                            | 40,924,123  |
| Capital contributions                                  |     |                                       |             |
| Contributions of property                              | \$  | 547,177 \$                            | 408,283     |
| Capacity charges                                       | _   | 122,808                               | 3,421       |
| Total capital contributions                            | =   | 669,985                               | 411,704     |
| Net change in net position                             |     | 48,975,838                            | 41,335,827  |
| Net position   |     |                                       |             |
| Beginning of year                                      | _   | 446,503,368                           | 405,167,541 |
| End of year  | \$_ | 495,479,206 \$                        | 446,503,368 |

|  | _   | 2024          | _   | 2023          |
|--|-----|---------------|-----|---------------|
| Cash flows from operating activities                     |     |               |     |               |
| Cash received from customers                             | \$  | 49,458,822    | \$  | 45,578,870    |
| Cash paid to suppliers and employees                     | •   | (47,904,166)  | *   | (44,792,856)  |
|  | -   | (11,001,100)  | -   | (**,**=,****) |
| Net cash provided by operating activities                | -   | 1,554,656     | _   | 786,014       |
| Cash flows from noncapital financing activities          |     |               |     |               |
| Property taxes   | _   | 41,606,790    | _   | 44,946,255    |
|  |     |               |     |               |
| Cash flows from capital and related financing activities |     | (4.4.770.704) |     | (40.070.000)  |
| Purchases of capital assets                              |     | (14,770,731)  |     | (10,870,866)  |
| Principal paid on long-term debt                         |     | (770,000)     |     | (760,000)     |
| Interest paid on long-term debt                          |     | (675,418)     |     | (682,123)     |
| Capacity charges   |     | 122,808       |     | 3,421         |
| Other revenue  | . \ | 1,673,359     |     | 832,011       |
| Proceeds from lease                                      |     | 513,256       | _   | 197,364       |
| Net cash used in capital and related                     |     |               |     |               |
| ·  | •   | (42,006,726)  |     | (44 200 402)  |
| financing activities                                     | -   | (13,906,726)  | -   | (11,280,193)  |
| Cash flows from investing activities                     |     |               |     |               |
| Purchases of investments                                 |     | (63,225,789)  |     | (84,526,409)  |
| Proceeds from maturing investments                       |     | ,             |     | ,             |
| and return of principal                                  |     | 27,950,756    |     | 31,260,956    |
| Interest received on investments                         |     | 6,774,304     |     | 4,118,702     |
| c×.  | -   | , ,           | _   | , ,           |
| Net cash used in investing activities                    | -   | (28,500,729)  | -   | (49,146,751)  |
| Net increase (decrease) in cash and cash equivalents     |     | 753,991       |     | (14,694,675)  |
|  |     |               |     |               |
| Cash and cash equivalents, beginning of year             | -   | 41,117,815    | _   | 55,812,490    |
| Cash and cash equivalents, end of year                   | \$_ | 41,871,806    | \$_ | 41,117,815    |
| Reconciliation of cash and cash equivalents to           |     |               |     |               |
| statements of net position                               |     |               |     |               |
| Unrestricted cash and cash equivalents                   | \$  | 23,922,098    | \$  | 26,785,545    |
| Restricted cash and cash equivalents                     | Ψ   | 17,949,708    | Ψ   | 14,332,270    |
| Restricted dash and dash equivalents                     | -   | 17,543,700    | -   | 17,002,210    |
| Total cash and cash equivalents                          | \$_ | 41,871,806    | \$_ | 41,117,815    |
|  |     |               |     | (Continued)   |

|  | 2024                   | 2023        |
|--|------------------------|-------------|
| Reconciliation of operating revenue (loss) to net cash |                        |             |
| provided by operating activities                       |                        |             |
| Operating income (loss)                                | (9,999,501)            | (5,932,559) |
| Adjustments to reconcile operating revenue (loss)      |                        |             |
| to net cash provided by operating activities           |                        |             |
| Depreciation and amortization                          | 8,969,450              | 8,311,756   |
| Changes in operating assets and liabilities            |                        |             |
| Accounts receivable:                                   |                        |             |
| Utility  | (494,139)              | 1,008,385   |
| Other governmental agencies                            | 51,066                 | (229,287)   |
| Other  | 113,712                | 159,804     |
| Inventories  | (448,929)              | (412,163)   |
| Other current assets                                   | (880,329)              | (760,103)   |
| Deferred outflows - pension related                    | 369,420                | (3,574,287) |
| Deferred outflows - OPEB related                       | 1,038,496              | 1,266,367   |
| Accounts payable                                       | 4,477,002              | 1,916,034   |
| Payable to other governmental agencies                 | (48,647)               | (688)       |
| Customer deposits                                      | 206,528                | (95,377)    |
| Other current liabilities                              | 30,043                 | 229,610     |
| OPEB liability   | (883,258)              | (4,149,615) |
| Net pension liability                                  | 300,685                | 8,945,793   |
| Employee benefits payable                              | 35,983                 | 142,376     |
| Deferred inflows - pension related                     | (413,602)              | (5,786,180) |
| Deferred inflows - OPEB related                        | (869,324)              | (253,852)   |
|  |                        |             |
| Net cash provided by operating activities              | \$ <u>1,554,656</u> \$ | 786,014     |
|  |                        |             |
| Noncash capital, financing, and investing activities   |                        |             |
| Contributed capital assets                             | \$ 547,177 \$          | 408,283     |
| Unrealized gain (loss) on investments                  | \$ (7,557,231) \$      | 2,553,122   |
|  |                        |             |

#### NOTE 1 REPORTING ENTITY

The reporting entity includes all the funds of the Desert Water Agency (the Agency). The Agency is a special district created for the purpose of importing water and delivery of water to consumers within its service area. The Agency was founded as a groundwater management agency in the western Coachella Valley and started providing water service to customers in Palm Springs and Cathedral City. The Agency is governed by a five-member Board of Directors.

The Agency and the Desert Water Agency Financing Corporation (the Corporation) have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14 (GASB 14), *The Financial Reporting Entity*, as amended by GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, for inclusion of the Corporation as a blended component unit of the Agency. Accordingly, the financial activities of the Corporation have been included in the financial statements of the Agency.

The following are those aspects of the relationship between the Agency and the Corporation which satisfy GASB Statement No. 39 criteria:

- A. The Corporation's board of directors was appointed by the Agency's board of directors.
- B. The Agency is able to impose its will upon the Corporation, based on the following:
  - The Corporation has no employees. The Agency's general manager functions as an agent of the Corporation. The general manager does not receive additional compensation for work performed in this capacity.
  - The Agency exercises significant influence over the operations of the Corporation as it is anticipated that the Agency will be the sole lessee of all facilities owned by the Corporation. Likewise, it is anticipated that the Agency's lease payments will be the sole revenue source of the Corporation, with the exception of interest earned in the Corporation's trust accounts.
  - All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the Agency.
- C. The Corporation provides specific financial benefits or imposes specific financial burdens on the Agency based upon the following:
  - Any deficits incurred by the Corporation will be reflected in the lease payments
    of the Agency and any surpluses of the Corporation revert to the Agency at the
    end of the lease period.
  - The Agency has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

#### NOTE 1 REPORTING ENTITY (CONTINUED)

The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on August 31, 2007. The Corporation was formed for the sole purpose of providing financing assistance to the Agency. Under an installment purchase agreement, the Corporation obtained title to certain Agency water project improvements. At the end of the installment purchase arrangement in 2037, the title of all Corporation property will pass to the Agency for no additional consideration.

#### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

## **Basis of Accounting and Measurement Focus**

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of providing goods or services to the general public on a continuing basis (including depreciation) be financed or recovered primarily through user charges. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred. An enterprise fund is accounted for on the flow of economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the activity (whether current or noncurrent) are included on the statement of net position.

The Agency distinguishes operating revenues and expenses from those revenues and expenses that are non-operating. Operating revenues are those revenues that are generated by water sales and wastewater services while operating expenses pertain directly to the furnishing of those services. Nonoperating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water and wastewater treatment services.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed.

## **Basic Financial Statements**

The basic financial statements are comprised of the statement of net position, the statement of revenues, expenses, and changes in net position, the statement of cash flows, and the related notes to the financial statements.

## **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Agency considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents. The Agency invests funds with the State of California's Local Agency Investment Fund (LAIF). Due to the high liquidity of this investment, the funds are classified as cash equivalents. For credit risk purposes, the fund is not rated.

#### Restricted Cash and Cash Equivalents and Restricted Investments

Restricted cash and cash equivalents represent money paid to the Agency as a deposit for water infrastructure to be installed by the Agency on behalf of customers as well as property tax funds and replenishment assessment charges collected which are restricted for the State Water Project.

#### Investments

Investments are reported in the accompanying statements of net position at fair value based on the reported sales price published on the national exchange at year-end. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

#### **Accounts Receivable**

Accounts receivable are reported at their net realizable value, less an allowance for uncollectible accounts, if deemed necessary. The Agency uses the allowance method for the write-off of bad debts. The Agency considers such factors as historical trends for collections and knowledge of financial stability of debtors to establish the allowance for doubtful accounts. Receivables are written off when management determines that the amount will not be collectible. As of June 30, 2024 and 2023, no allowance for uncollectible accounts receivable was considered necessary as all accounts receivable were deemed fully collectable.

#### **Inventories**

Inventories consist primarily of water meters, pipes, and pipe fittings for construction and repair of the Agency's water transmission and distribution system. Inventories are valued at cost using the average cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed. As of June 30, 2024 and 2023, no reserve for inventories was deemed necessary based on management's evaluation of the Agency's inventories.

January 1

## NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Property Taxes**

The County of Riverside (County) Assessor's Office assesses all real and personal property within the County each year. The County of Riverside Tax Collector's Office bills and collects the Agency's share of property taxes and assessments. The County of Riverside Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at 1.0 percent of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County, which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

Lien date:

Levy date:

On July 1 for July 1 to June 30

November 1 - 1st installment

de date: November 1 - 1st installment February 1 - 2nd installment

Collection date:

December 10 - 1st installment
April 10 - 2nd installment

## **Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$10,000. Donated assets are recorded at estimated acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Transmission and distribution system 50 years Service lines 34 years Wells and water treatment equipment 5 to 26 years Other equipment and vehicles 5 to 8 years

Capitalized State Water Project costs are amortized over forty-five years.

#### Right to Use Assets

The Agency has recorded right to use leased assets as a result of implementing GASB Statement No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the term of the related leases or the useful life of the underlying assets, whichever is shorter.

#### **Subscription IT Assets**

The Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), during the fiscal year ended June 30, 2024. The Agency transitioned to a subscription-based system in January 2024, marking the first year of implementation of GASB 96.. The subscription assets are initially measured at an amount equal to the related subscription liability plus payments associated with the SBITA contract made to the SBITA vendor at the commencement of subscription term, if applicable, and capitalizable initial implementation costs less any SBITA vendor incentives received from SBITA vendor at the commencement of the subscription term. A subscription asset should be amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. The amortization of the subscription expense), which may be combined with depreciation expense related to other capital assets for financial reporting purposes. Amortization should begin at the commencement of the subscription term.

## **Employee Benefits Payable**

Employees of the Agency are entitled to paid vacation and paid attendance benefits, depending on length of service and other factors. The liability for these benefits has been accrued as employee benefits payable in the accompanying statements of net position. Vacation is accrued beginning on the first day of employment and ranges from 8 to 13.34 hours per month based on longevity with the Agency. The Agency is not liable to pay vacation hours accrued until the employee has been employed for six months. Employee Attendance Bonus Plan hours accrue monthly. The employees have an opportunity to earn a maximum of 96 hours per year in this plan.

#### **Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets (including State Water Project costs) - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.

Restricted Net Position - This component of net position consists of net position that is constrained by externally imposed requirements of creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions of enabling legislation.

*Unrestricted Net Position* - This component of net position does not meet the definition of restricted or net investment in capital assets.

# **Budgetary Policies**

The Agency adopts an annual nonappropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

#### **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) Miscellaneous Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB 68 requires that the reported results must pertain to the liability and asset information within certain defined timeframes. For this report, the following:

Valuation Date: June 30, 2022 Measurement Date: June 30, 2023

Measurement Period: June 30, 2022, to June 30, 2023

## Other Postemployment Benefits (OPEB)

The Agency's OPEB Plan benefits are paid on pay-as-you-go basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. GASB 75 requires that the reported results must pertain to liability information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date: June 30, 2023 Measurement Date: June 30, 2023

Measurement Period: June 30, 2022, to June 30, 2023

#### Deferred Outflows and Inflows of Resources

The Governmental Accounting Standards Board (GASB) establishes criteria for recognizing deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net assets by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net assets by the government that is applicable to a future reporting period. As of June 30, 2024 and 2023, the Agency reported deferred outflows of resources related to pension, OPEB and deferred inflows of resources related to pension, OPEB and leases.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. While management believes these estimates are adequate, actual results could differ from those estimates.

## **Recent Accounting Pronouncements**

The Agency implemented the following standard during the fiscal year ended June 30, 2024:

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITAs). The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this Statement apply to financial statements of all state and local governments.

The implementation of this new accounting standards resulted in the recognition of Subscription Asset in the Agency's June 30, 2024, financial statements. See also Note 5.

The following standards during the fiscal year ended June 30, 2024 do not have significant impact on the Agency:

GASB 100, "Accounting Changes and Error Corrections", effective for fiscal years beginning after June 15, 2023.

The Governmental Accounting Standards Board (GASB) has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statement of the Agency.

#### GASB 101, Compensated Absences

Statement 101 updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2024, and all reporting periods thereafter.

## **Recent Accounting Pronouncements (Continued)**

GASB No. 102, Certain Risk Disclosures

Statement 102 provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The standard is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

#### GASB No. 103, Financial Reporting Model Improvements

Statement 103 improves key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Certain application issues are also addressed by this statement. The standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

## GASB No. 104, Disclosure of Certain Capital Assets

Statement 104 provides users of government financial statements with essential information about certain types of capital assets by requiring certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This standard is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter

## NOTE 3 STATE WATER PROJECT

The Agency has contracted with the State Department of Water Resources to participate in the State Water Project to convey water from Northern California into the Southern California area. This participation requires payments in varying amounts by the Agency for many years into the future, including capital costs in connection with the transportation facilities, operations and maintenance ("OMP&R") costs, and variable costs for the actual delivery of water. The Agency's total future payments have been estimated at June 30, 2024 by the State Department of Water Resources through 2035 as follows:

| Water system revenue bond surcharge                             | \$ | 13,146,506  |
|---|----|-------------|
| Delta water charges   |    | 26,003,082  |
| Transportation charges:   |    |             |
| Capital cost component (principal and interest)                 |    | 28,640,825  |
| Minimum operations, maintenance, power, and replacement (OMP&R) |    | 254,607     |
| Variable OMP&R  |    | (1,221,906) |
| Off- aqueduct facility charges                                  |    | 97,376      |
| East branch enlargement transportation charges:                 |    |             |
| Capital cost component  |    | 3,459,787   |
| Minimum OMP&R   | _  | 6,780,784   |
|   |    |             |
| Total estimated future payments                                 | \$ | 77,161,061  |

## NOTE 3 STATE WATER PROJECT (CONTINUED)

As of June 30, 2024, the Agency has been billed formally through calendar year 2025 only. The policy of the Agency is not to accrue any amounts which are due after the fiscal year-end. The payments which have been billed but are not due until after the fiscal year-end are approximately as follows:

| Capital cost component (delta water and transportation charges): Due July 1,2024 Due January 1, 2025 Due July 1, 2025       | \$ 2,192,752<br>2,150,010<br>2,150,009 |
|---|--|
| Minimum OMP&R component:  |  |
| Water supply (delta water and transportation charges):  | 700.004                                |
| Monthly payments of \$121,044 from July 1 to December 31, 2024  | 726,264                                |
| Monthly payments of \$865,330 for the calendar year 2025 Off- aqueduct power facilities:                                    | 10,383,956                             |
| Monthly payments of \$13,863 from July 1 to December 31, 2024   | 83,178                                 |
| Monthly payments of \$15,189 for the calendar year 2025   | 62,263                                 |
| East Branch Enlargement Facilities:   |  |
| Monthly payments of \$50,521 from July 1 to December 31, 2024   | 303,126                                |
| Monthly payments of \$50,917 for the calendar year 2025   | 611,002                                |
| Estimated variable OMDSD common antifuctor delivery aboves.   |  |
| Estimated variable OMP&R component (water delivery charges): Monthly payments of \$931,456 from July 1 to December 31, 2024 | 5 500 727                              |
| Monthly payments of \$469,193 for the calendar year 2025  | 5,588,737<br>5,630,313                 |
| Worlding payments of \$400,100 factific calcifical year 2020  | 3,030,313                              |
| Water system revenue bond surcharge and 25 percent bond cover charge:   |  |
| Due July 1, 2024  | 539,844                                |
| Due January 1, 2025   | 471,131                                |
| Due July 1, 2025  | 471,129                                |
|   |  |
| Allocated capital costs of Tehachapi second afterbay facilities:  | 40 445                                 |
| Due September 1, 2024<br>Due March 1, 2025  | 48,415<br>47,383                       |
| Due September 1, 2025   | 47,383<br>47,382                       |
| Due September 1, 2025   | 47,302                                 |
| Allocated capital costs of east branch enlargement:   |  |
| Due September 1, 2024   | 872,129                                |
| Due March 1, 2025   | 146,552                                |
| Due September 1, 2025   | 1,034,529                              |
| Total amounts billed but not yet due  | \$ 33,560,104                          |

The Agency has committed to purchase supplemental State Water Project water supply as they become available in the future. The future payments for this excess water are not determinable at this time.

#### NOTE 4 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments are reported in the statements of net position in the following captions:

|                                      | _  | June 30, 2024 |    | June 30, 2023 |
|--------------------------------------|----|---------------|----|---------------|
| Cash and cash equivalents            | \$ | 23,922,098    | \$ | 26,785,545    |
| Restricted cash and cash equivalents | _  | 17,949,708    |    | 14,332,270    |
| Total cash and cash equivalents      |    | 41,871,806    |    | 41,117,815    |
|                                      |    |               |    |               |
| Investments                          |    | 105,054,144   |    | 123,882,528   |
| Restricted investments               |    | 178,146,110   |    | 116,485,462   |
| Total investments                    | -  | 283,200,254   |    | 240,367,990   |
| Total cash, cash equivalents, and    | _  | OX            | •  |               |
| investments                          | \$ | 325,072,060   | \$ | 281,485,805   |

For purposes of the following discussion, the Agency's cash and investments are classified as follows:

|                                |   |    | June 30, 2024 | _  | June 30, 2023 |
|--------------------------------|---|----|---------------|----|---------------|
| Deposits                       |   | \$ | 1,164,077     | \$ | 1,555,083     |
| Investments                    |   | _  | 323,907,983   | _  | 279,930,722   |
| Total deposits and investments | 3 | \$ | 325,072,060   | \$ | 281,485,805   |

## **Deposits**

At June 30, 2024, the carrying amount of the Agency's deposits were \$1,164,077 and the bank balances were \$1,792,732.

#### **Custodial Credit Risk**

The Agency maintains deposits with financial institutions in excess of the Federal Depository Insurance Corporation's (FDIC) insurance limit of \$250,000. The California Government Code and the Agency'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) in the Agency's name and places it ahead of general creditors of the institution. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

## **Investments Authorized by the Agency's Investment Policy**

Under the provisions of the Agency's investment policy adopted by Board Resolution No. 1301 in June 2023, which is in accordance with California Government Code Sections 53600 through 53686 et seq., the types of investments authorized for deposit are identified in the following table. Also, the following tables identify certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

|   |           |               | Maximum        |                   |
|---|-----------|---------------|----------------|-------------------|
|   |           | Maximum       | Investment     | Maximum           |
|   | Maximum   | Percentage of | in one         | Credit            |
| Authorized Investment Type                            | Maturity* | Portfolio     | lssuer         | Quality           |
| U.S. Treasury Obligations                             | 5 years   | 100%          | 100%           | None              |
| U.S. Agency Obligations                               | 5 years   | 100%          | 100%           | None              |
| Local Agency Bonds                                    | 5 years   | 100%          | 100%           | None              |
| State Obligations                                     | 5 years   | 100%          | 100%           | None              |
| Bankers' Acceptances                                  | 180 days  | 40%           | 30%            | None              |
| Commercial Paper                                      | 270 days  | 25%           | Gov Code       | Highest letter    |
| when DWA Portfolio is                                 |           |               | 53601(h)(2)(c) | and number rating |
| Under \$100mm   |           | ( + '         |                | by an NRSRO       |
| Commercial Paper                                      | 270 days  | 40%           | Gov Code       | Highest letter    |
| when DWA Portfolio is                                 | •         |               | 53601(h)(2)(c) | and number rating |
| Over \$100mm  |           |               |                | by an NRSRO ***   |
| Negotiable certificates                               | 5 years   | 30%           | Gov Code       | None              |
| of deposit (CD's)                                     |           | •             | Sect 53638     |                   |
| Non-Negotiable Certificates                           | 5 years   | 20 million    | Gov Code       | None              |
| of deposit (CD's)                                     |           | one bank      | Sect 53638     |                   |
| Repurchase Agreements                                 | 1 year    | 100%          | 100%           | None              |
| Medium Term Notes of U. S<br>Corps. (Corporate Notes) | 5 years   | 30%           | 10%            | A or better       |
| Mutual Funds and Money                                | None      | 20%           | 100%           | Highest letter or |
| Market Mutual Funds                                   |           |               |                | numerical rating  |
| Obligations Issued by Desert                          | 5 years** | 100%          | 100%           | None              |
| Water Agency  |           |               |                |                   |
| Local Agency Investment                               | None      | 100%          | 100%           | None              |
| Fund (LAIF)   |           |               |                |                   |

<sup>\*</sup> Average life of portfolio at any time shall not exceed five years.

<sup>\*\*</sup> Unless Board approval 3 months in advance.

<sup>\*\*\*</sup> NRSRO is defined as Nationally Recognized Statistical Ratings Organizations

#### **Concentration of Credit Risk**

Investments in any one issuer, other than U.S. Treasury Securities and LAIF that represent 5 percent or more of the total investments of the Agency as of June 30, 2024 and 2023 are as follows:

| Issuer                    | Investment Type                                 | 2024          | 2023       |
|---------------------------|---|---------------|------------|
| Federal Farm Credit       | U. S. government sponsored agency securities \$ | 27,950,902 \$ | 32,780,316 |
| Federal National Mortgage |   |               |            |
| Association               | U. S. government sponsored agency securities    | 13,449,525    | 16,687,151 |
| Federal Home Loan         |   |               |            |
| Mortgage Corporation      | U. S. government sponsored agency securities    | 29,342,019    | 28,324,292 |
| Federal Home Loan Bank    | U. S. government sponsored agency securities    | 91,730,386    | 78,792,450 |

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of highlighting exposure to interest rate risk, the fair value of investments is reported quarterly to the Board. Investments' fair value and effective duration (in years) at June 30, 2024 and 2023 are as follows:

| Authorized                         | 202         | 24               | 2023        |                  |  |  |
|------------------------------------|-------------|------------------|-------------|------------------|--|--|
| Investment Type                    | Fair Value  | Duration         | Fair Value  | Duration         |  |  |
| U.S. Agency Obligations \$         | 166,261,613 | 1.39 \$          | 160,278,650 | 1.90             |  |  |
| Corporate Notes                    | 65,599,649  | 2.40             | 54,504,295  | 2.29             |  |  |
| Negotiable Certificates of Deposit | 1,639,582   | 2.46             | 1,613,090   | 3.35             |  |  |
| U.S. Treasury Obligations          | 35,274,650  | 2.16             | 15,641,738  | 0.88             |  |  |
| Municipal Bonds                    | 14,424,489  | 2.85             | -           | -                |  |  |
| Local Agency Investment Funds      | 40,708,000  | less than a year | 39,562,732  | less than a year |  |  |
| Local Agency Bonds                 | <u> </u>    |                  | 8,330,217   | 3.26             |  |  |
| Total \$                           | 323,907,983 | \$ <sub>=</sub>  | 279,930,722 |                  |  |  |

## **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.

## **Disclosures Relating to Credit Risk (Continued)**

Presented below is the actual rating by Standard and Poor's as of June 30 for each of the Agency's investment types:

| Authorized Investment              |             | 2024           | 2023        |
|------------------------------------|-------------|----------------|-------------|
| AAA:                               |             | _              | _           |
| Corporate Notes                    | \$          | 5,752,569 \$   | 2,883,906   |
| Municipal bonds                    |             | 1,917,508      | -           |
| AA (1-3):                          |             | •              |             |
| U.S. government-sponsored          |             |                |             |
| Agency Obligations                 |             | 162,310,771    | 156,311,784 |
| Corporate Notes                    |             | 43,172,134     | 29,419,705  |
| U.S. Treasury Obligations          |             | 21,443,281     | 5,763,281   |
| Municipal Bonds                    | ~/          | 11,444,861     | -           |
| Local Agency Bonds                 |             | -              | 8,330,217   |
|                                    |             |                |             |
| A (1-2):                           | •           | 10.071.010     | 00 000 004  |
| Corporate Notes                    |             | 16,674,946     | 22,200,684  |
| Negotiable Certificates of Deposit |             | 700,252        | 685,111     |
| U.S. government-sponsored          |             | 0.050.040      | 0.000.000   |
| Agency Obligations                 |             | 3,950,842      | 3,966,866   |
| U.S. Treasury Obligations          |             | 13,831,369     | 9,878,457   |
| Municipal Bonds                    |             | 1,062,120      | -           |
| BBB (1-3):                         |             |                |             |
| Negotiable Certificates of Deposit |             | 939,330        | 696,495     |
| regulable definiteates of Deposit  |             | 303,000        | 000,400     |
| Not Rated:                         |             |                |             |
| Negotiable Certificates of Deposit |             | -              | 231,484     |
|                                    |             |                |             |
| Exempt from Disclosure:            |             |                |             |
| Local Agency Investment Funds      |             | 40,708,000     | 39,562,732  |
| Total Investments                  | <b>\$</b> _ | 323,907,983 \$ | 279,930,722 |

#### **Fair Value of Investments**

GASB Statement No. 72, Fair Value Measurement and Application (GASB 72), provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

#### Fair Value of Investments (Continued)

The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets as of the measurement date in active markets that the Agency has the ability to access.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets.
- Level 3 Inputs to the valuation methodology are unobservable and include situations where there is little, if any, market activity for the investment.

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Obligations of U.S. government sponsored agencies - Valued at the closing price reported in the active market on which the individual securities are traded.

Negotiable certificates of deposit - Valued at the closing price reported on the active market on which the negotiable paper is traded.

Corporate notes - Valued at the closing price reported on the active market on which the notes are traded.

Municipal bonds - Valued at the coded price reported in the active markets for identical assets.

*U.S. Treasury* - Valued at the coded price reported in the active markets for identical assets.

California State Treasurer Local Agency Investment Fund (LAIF) - The Agency is a voluntary participant in LAIF that is regulated by the California Government Code under oversight by the Local Investment Advisory Board, which consists of five members, with the Treasurer of the State of California serving as chairman. The fair value of the Agency's position in the pool approximates the value of the pool shares. LAIF is not subject to fair value leveling.

## Fair Value of Investments (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2024:

|    | Level 1             |                          | Level 2        | Level 3  | Total  |
|----|---------------------|--------------------------|----------------|--|--|
| \$ | -                   | \$                       | 166,261,613 \$ | - \$   | 166,261,613  |
|    | -                   |                          | 1,639,582      | -  | 1,639,582  |
|    | -                   |                          | 64,628,209     | 971,440  | 65,599,649   |
|    | -                   |                          | 14,424,489     | -  | 14,424,489   |
| _  | -                   |                          | 35,274,650     |  | 35,274,650   |
|    | - (                 |                          | 282,228,543    | 971,440  | 283,199,983  |
|    |                     | N                        |                |  |  |
| _  | <b>6</b> - <b>1</b> |                          | <u> </u>       |  | 40,708,000   |
| \$ | - /                 | \$_                      | 282,228,543 \$ | 971,440 \$   | 323,907,983  |
|    | \$                  | \$ -<br>-<br>-<br>-<br>- | \$ - \$        | \$ - \$ 166,261,613 \$  - 1,639,582 - 64,628,209 - 14,424,489 - 35,274,650 - 282,228,543 | \$ - \$ 166,261,613 \$ - \$  - 1,639,582 64,628,209 971,440  - 14,424,489 35,274,650 282,228,543 971,440 |

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2023:

| cx                         |     | Level 1 |     | Level 2     | Level 3 |   | Total |             |
|----------------------------|-----|---------|-----|-------------|---------|---|-------|-------------|
|                            |     |         |     |             |         |   |       |             |
| U.S. government sponsored  |     |         |     |             |         |   |       |             |
| Agency Obligations         | \$  | -       | \$  | 160,278,650 | \$      | - | \$    | 160,278,650 |
| Negotiable Certificates of |     |         |     |             |         |   |       | -           |
| Deposit                    |     | -       |     | 1,613,090   |         | - |       | 1,613,090   |
| Corporate Notes            |     | -       |     | 54,504,295  |         | - |       | 54,504,295  |
| Municipal Bonds            |     | -       |     | 8,330,217   |         | - |       | 8,330,217   |
| U.S. Treasury Obligations  |     | -       |     | 15,641,738  |         | - | _     | 15,641,738  |
|                            |     | -       |     | 240,367,990 |         | - |       | 240,367,990 |
| Not subject to             |     |         |     |             |         |   |       |             |
| leveling - LAIF            |     | -       | _   | -           |         | - | _     | 39,562,732  |
| Total                      | \$_ | -       | \$_ | 240,367,990 | \$      | - | \$_   | 279,930,722 |

At June 30, 2024 and 2023, the Agency had no investments in repurchase and reverse repurchase agreements and did not invest in such during the years then ended. The balance available for withdrawal in LAIF is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. There are no limitations on the withdrawal of these funds.

# NOTE 5 CAPITAL ASSETS

For the year ended June 30, 2024, the changes in the Agency's capital assets were as follows:

|   |    | Balance<br>7/1/2023 | Additions            | Deletions/<br>Transfers              | Balance<br>6/30/2024 |
|---|----|---------------------|----------------------|--------------------------------------|----------------------|
| Nondepreciable assets:                          | -  | 17172020            | 7 Idditions          | Transfero                            | 0/00/2021            |
| Land  | \$ | 12,070,625 \$       | - \$                 | (18,734) \$                          | 12,051,891           |
| Construction in Progress                        | •  | 5,973,913           | 8,978,369            | (2,448,949)                          | 12,503,333           |
| Total nondepreciable assets                     | -  | 18,044,538          | 8,978,369            | (2,467,683)                          | 24,555,224           |
| Depreciable assets:                             | -  |                     |                      | ( ) = /===/                          | , ,                  |
| State Water Project                             |    | 137,804,980         | 4,726,047            | _                                    | 142,531,027          |
| Mains   |    | 111,095,854         | 171,253              | _                                    | 111,267,107          |
| Wells, intakes, pumps                           |    | 25,731,333          | 32,839               | _                                    | 25,764,172           |
| Water reclamation                               |    | 29,581,602          | - 🛦                  | _                                    | 29,581,602           |
| Water transportation                            |    | 20,001,002          |                      |                                      | 20,001,002           |
| facilities                                      |    | 25,605,867          | - 1                  |                                      | 25,605,867           |
| Wastewater transportation                       |    | 20,000,001          |                      | <b>^</b>                             | 20,000,001           |
| facilities                                      |    | 23,294,571          | ( ) ~                | _                                    | 23,294,571           |
| Hydro-electric plants                           |    | 5,096,112           | ~ ! /                | _                                    | 5,096,112            |
| Water treatment                                 |    | 3,128,301           | 32,588               | _                                    | 3,160,889            |
| Services  |    | 24,097,768          | 662,311              | (96,235)                             | 24,663,844           |
| Meters  |    | 8,754,136           | 244,126              | (83,541)                             | 8,914,721            |
| Fire services and hydrants                      |    | 17,803,177          | 314,970              | (00,041)                             | 18,118,147           |
| Reservoirs                                      |    | 17,655,354          | 169,548              | _                                    | 17,824,902           |
| Structures and improvements                     |    | 21,851,871          | 78,828               |                                      | 21,930,699           |
| Building  |    | 4,193.742           | 70,020               | _                                    | 4,193,742            |
| Equipment                                       |    | 12,844,296          | 390,866              | (44,452)                             | 13,190,710           |
| Right-of-use lease asset                        |    | 54,344              | 390,000              | (44,452)                             | 54,344               |
| Subscription IT assets                          |    | 34,344              | 1,436,668            | -                                    | 1,436,668            |
| Other   |    | 19,695              | 1,430,000            | -                                    | 19,695               |
| Total depreciable assets                        | _  | 468,613,003         | 8,260,044            | (224,228)                            | 476,648,819          |
| Total capital assets                            | Ψ_ | 486,657,541         |                      | (2,691,911) \$                       | 501,204,043          |
| Total capital assets                            | Ψ_ | 460,037,341         | <u> 17,230,413</u> φ | (2,091,911) φ                        | 301,204,043          |
| Less accumulated depreciation and amortization: |    |                     |                      |                                      |                      |
| State Water Project                             | \$ | (100,867,673) \$    | (949,671) \$         | - \$                                 | (101,817,344)        |
| Mains   |    | (49,666,708)        | (2,236,441)          | -                                    | (51,903,149)         |
| Wells, intakes, pumps                           |    | (15,857,684)        | (562,499)            | -                                    | (16,420,183)         |
| Water reclamation                               |    | (21,756,567)        | (694,792)            | _                                    | (22,451,359)         |
| Water transportation                            |    | , , , , ,           | -                    | -                                    | , , , , ,            |
| facilities                                      |    | (4,572,203)         | (305,780)            | -                                    | (4,877,983)          |
| Wastewater transportation                       |    | , , , ,             | * * *                |                                      | , , , ,              |
| facilities                                      |    | (9,107,684)         | (573,433)            | -                                    | (9,681,117)          |
| Hydro-electric plants                           |    | (4,973,408)         | (9,564)              | -                                    | (4,982,972)          |
| Water treatment                                 |    | (2,264,659)         | (66,726)             | -                                    | (2,331,385)          |
| Services  |    | (10,972,224)        | (767,930)            | 76,580                               | (11,663,574)         |
| Meters  |    | (2,518,318)         | (313,712)            | 51,807                               | (2,780,223)          |
| Fire services and hydrants                      |    | (9,538,602)         | (403,022)            | · <u>-</u>                           | (9,941,624)          |
| Reservoirs                                      |    | (11,761,929)        | (362,806)            | -                                    | (12,124,735)         |
| Structures and improvements                     |    | (13,217,035)        | (788,300)            | _                                    | (14,005,335)         |
| Building  |    | (3,260,309)         | (153,194)            | _                                    | (3,413,503)          |
| Equipment                                       |    | (11,386,680)        | (565,473)            | 44,452                               | (11,907,701)         |
| Right-of-use lease asset                        |    | (16,303)            | (10,869)             | · <u>-</u>                           | (27,172)             |
| Subscription IT assets                          |    | -                   | (205,238)            | -                                    | (205,238)            |
| Total accumulated depreciation and amortization | -  | (271,737,987)       | (8,969,450)          | 172,839                              | (280,534,597)        |
| Total depreciable assets, net                   | -  | 196,875,016         | (709,406)            | (51,389)                             | 196,114,222          |
| Total capital assets, net                       | \$ | 214,919,554         |                      | (2,519,072) \$                       | 220,669,446          |
|   | -  | , ,                 |                      | , ,, -, -, -, -, -, -, -, -, -, -, - | -,,-10               |

# NOTE 5 CAPITAL ASETS (CONTINUED)

For the year ended June 30, 2023, the changes in the Agency's capital assets were as follows:

|                                |     | Balance<br>7/1/2022 | Additions      | Disposals/<br>Transfers | Balance<br>6/30/2023 |
|--------------------------------|-----|---------------------|----------------|-------------------------|----------------------|
| Nondepreciable assets:         | _   |                     |                |                         |                      |
| Land                           | \$  | 12,070,625 \$       | -              | - \$                    | 12,070,625           |
| Construction in Progress       | _   | 5,870,541           | 2,429,648      | (2,326,276)             | 5,973,913            |
| Total nondepreciable assets    |     | 17,941,166          | 2,429,648      | (2,326,276)             | 18,044,538           |
| Depreciable assets:            |     |                     |                |                         |                      |
| State Water Project            |     | 132,422,668         | 5,382,312      | -                       | 137,804,980          |
| Mains                          |     | 109,274,199         | 1,866,857      | (45,202)                | 111,095,854          |
| Wells, intakes, pumps          |     | 25,731,333          | -              | -                       | 25,731,333           |
| Water reclamation              |     | 29,562,788          | 18,814         | -                       | 29,581,602           |
| Water transportation           |     |                     |                |                         |                      |
| facilities                     |     | 25,605,867          | ( )            | _                       | 25,605,867           |
| Wastewater transportation      |     |                     |                |                         |                      |
| facilities                     |     | 23,132,609          | 161,962        | -                       | 23,294,571           |
| Hydro-electric plants          |     | 5,096,112           |                | -                       | 5,096,112            |
| Water treatment                |     | 3,128,301           |                | -                       | 3,128,301            |
| Services                       |     | 22,667,558          | 1,608,974      | (178,764)               | 24,097,768           |
| Meters                         |     | 7,978,906           | 887,171        | (111,941)               | 8,754,136            |
| Fire services and hydrants     |     | 17,461,406          | <b>348,241</b> | (6,470)                 | 17,803,177           |
| Reservoirs                     |     | 17,655,354          | -              | -                       | 17,655,354           |
| Structures and improvements    |     | 21,726,179          | 125,692        | -                       | 21,851,871           |
| Building                       |     | 4,096,254           | 97,488         | -                       | 4,193,742            |
| Equipment                      |     | 12,612,987          | 231,309        | -                       | 12,844,296           |
| Right-of-use lease asset       |     | <b>♦</b> -          | 54,344         | -                       | 54,344               |
| Other                          | ٠.  | 19,695              | -              | <u> </u>                | 19,695               |
| Total depreciable assets       |     | 458,172,216         | 10,783,164     | (342,377)               | 468,613,003          |
| Total capital assets           | \$_ | 476,113,382 \$      | 13,212,812 \$  | (2,668,653) \$          | 486,657,541          |
| Less accumulated depreciation: |     |                     |                |                         |                      |
| State Water Project            | \$  | (100,031,091) \$    | (836,582) \$   | - \$                    | (100,867,673)        |
| Mains                          |     | (47,769,836)        | (1,940,961)    | 44,089                  | (49,666,708)         |
| Wells, intakes, pumps          |     | (15,283,958)        | (573,726)      | -                       | (15,857,684)         |
| Water reclamation              |     | (21,058,758)        | (697,809)      | -                       | (21,756,567)         |
| Water transportation           |     |                     |                |                         | -                    |
| facilities                     |     | (4,328,679)         | (243,524)      | -                       | (4,572,203)          |
| Wastewater transportation      |     |                     |                |                         |                      |
| facilities                     |     | (8,530,377)         | (577,307)      | -                       | (9,107,684)          |
| Hydro-electric plants          |     | (4,957,199)         | (16,209)       | -                       | (4,973,408)          |
| Water treatment                |     | (2,195,571)         | (69,088)       | -                       | (2,264,659)          |
| Services                       |     | (10,391,322)        | (746,080)      | 165,178                 | (10,972,224)         |
| Meters                         |     | (2,302,131)         | (298,365)      | 82,177                  | (2,518,318)          |
| Fire services and hydrants     |     | (9,148,154)         | (395,908)      | 5,460                   | (9,538,602)          |
| Reservoirs                     |     | (11,383,587)        | (378,342)      | -                       | (11,761,929)         |
| Structures and improvements    |     | (12,455,773)        | (761,262)      | -                       | (13,217,035)         |
| Building                       |     | (3,122,122)         | (138,187)      | -                       | (3,260,309)          |
| Equipment                      |     | (10,773,914)        | (612,766)      | -                       | (11,386,680)         |
| Right-of-use lease asset       |     | <u> </u>            | (16,303)       |                         | (16,303)             |
| Total accumulated depreciation | _   | (263,732,472)       | (8,302,419)    | 296,905                 | (271,737,987)        |
| Total depreciable assets, net  |     | 194,439,744         | 2,480,745      | (45,472)                | 196,875,016          |
| Total capital assets, net      | \$  | 212,380,910 \$      | 4,910,393 \$   | (2,371,748) \$          | 214,919,554          |
|                                | -   |                     |                |                         |                      |

#### NOTE 5 CAPITAL ASETS (CONTINUED)

#### **Construction in Progress**

The Agency has begun construction of pipeline projects and numerous other smaller projects. Upon completion of these projects, they will be placed in service and depreciation will commence. As of June 30, total costs expended to date and the total budget for the projects are summarized as follows:

|                    |            | June 30,      |            |              |            |  |  |  |  |  |
|--------------------|------------|---------------|------------|--------------|------------|--|--|--|--|--|
|                    |            | 2024          | 1          | 2023         |            |  |  |  |  |  |
|                    | · <u> </u> | Cost of       |            | Cost of      |            |  |  |  |  |  |
|                    |            | Construction  | Total      | Construction | Total      |  |  |  |  |  |
|                    |            | in Progress   | Budget     | in Progress  | Budget     |  |  |  |  |  |
| Major projects     | \$         | 10,561,740 \$ | 33,808,100 | 4,745,047 \$ | 22,740,100 |  |  |  |  |  |
| All other projects |            | 1,941,593     | 7,503,987  | 1,228,866    | 5,239,486  |  |  |  |  |  |
| Total              | \$         | 12,503,333 \$ | 41,312,087 | 5,973,913 \$ | 27,979,586 |  |  |  |  |  |

## Right to Use Assets

The Agency has recorded right to use assets for leased vehicles. The right to use leased assets are amortized on a straight-line basis over the term of the related leases or useful life of the underlying assets, whichever is shorter. As of June 30, 2024 and 2023, the right to use leased assets of \$54,344, and related accumulated depreciation of \$27,172 and \$16,303, respectively, are recorded as a component of capital assets, net.

#### **Subscription IT Assets**

As of June 30, 2024, the financial statements include the adoption of GASB Statement No. 96, SBITA. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. As of June 30, 2024, the subscription asset was \$1,436,668 and the related accumulated amortization was \$205,238.

#### NOTE 6 LEASE RECEIVABLE

The Agency has entered into property leases with various lessees with lease terms ranging from 5 to 20 years. Lease receivable is measured at the present value of lease payments expected to be received during the lease term. The discount rate used is equivalent to the Agency's average annual investment earnings rate for LAIF of 0.5 percent for fiscal year 2022.

Deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. Deferred inflow of resources is amortized on a straight-line basis over the term of the related lease. As of June 30, 2024 and 2023, the Agency has recorded a total lease receivable of \$1,969,223 and \$2,162,170, respectively, and the Agency recognized \$1,906,365 and \$2,128,809, respectively, of deferred inflow of resources.

# NOTE 6 LEASE RECEIVABLE (CONTINUED)

Payments for the lease receivables are expected to be received in the following subsequent years:

| Year ending June 30, | Principal   | Interest |
|----------------------|-------------|----------|
| 2025                 | \$ 163,585  | \$ 9,408 |
| 2026                 | 206,436     | 8,431    |
| 2027                 | 201,652     | 7,414    |
| 2028                 | 211,976     | 6,376    |
| 2029                 | 222,847     | 5,284    |
| Thereafter           | 962,727     | 21,813   |
|                      | \$1,969,223 | \$58,727 |
|                      |             |          |

## NOTE 7 LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2024 was as follows:

| Long- term debt (Note 8) Water revenue refunding | -        | Outstanding<br>July 1, 2023 |          | Additions | _   | Reductions   | Outstanding<br>June 30, 2024 | Amount<br>due within<br>on year |
|--|----------|-----------------------------|----------|-----------|-----|--------------|------------------------------|---------------------------------|
| bonds  | \$       | 14,695,000                  | \$ \     |           | \$  | (800,000) \$ | 13,895,000 \$                | 830,000                         |
| Bond premium                                     |          | 1,315,880                   | <b>_</b> | *         | _   | (101,221)    | 1,214,659                    | -                               |
| Total long term debt                             |          | 16,010,880                  |          | -         |     | (901,221)    | 15,109,659                   | 830,000                         |
| Other long- term liabilities                     |          | •                           |          |           |     |              |                              |                                 |
| Lease liability (Note 8)                         | •        | 35,480                      |          | -         |     | (10,062)     | 25,418                       | 10,551                          |
| Subscription liability (Note 8)                  |          | •                           |          | 547,634   |     | (4,881)      | 542,753                      | 177,010                         |
| Other employee benefits                          |          |                             |          |           |     |              |                              |                                 |
| payable  | <b>S</b> | 1,594,896                   |          | 35,983    |     | -            | 1,630,879                    | -                               |
| OPEB liability (Note 13)                         |          | 19,011,824                  |          | 1,212,876 |     | (2,096,134)  | 18,128,566                   | -                               |
| Net pension liability (Note 11)                  |          | 15,925,749                  |          | 300,685   | _   |              | 16,226,434                   | -                               |
| Total long term liabilities                      | \$       | 52,578,829                  | \$_      | 2,097,178 | \$_ | (3,012,298)  | 51,663,709 \$                | 1,017,561                       |

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

|                                 |    | Outstanding<br>July 1, 2022 |    | Additions  |     | Reductions   | Outstanding<br>June 30, 2023 | Amount due within on year |
|---------------------------------|----|-----------------------------|----|------------|-----|--------------|------------------------------|---------------------------|
| Long- term debt (Note 8)        |    |                             |    |            |     |              |                              |                           |
| Water revenue refunding         |    |                             |    |            |     |              |                              |                           |
| bonds                           | \$ | 15,475,000                  | \$ |            | \$  | (780,000) \$ | 14,695,000 \$                | 800,000                   |
| Bond premium                    |    | 1,417,101                   | _  |            | _   | (101,221)    | 1,315,880                    | -                         |
| Total long term debt            | _  | 16,892,101                  | _  | -          | _   | (881,221)    | 16,010,880                   | 800,000                   |
| Other long- term liabilities    |    |                             |    |            |     |              |                              |                           |
| Lease liability (Note 8)        |    | 45,081                      |    | -          |     | (9,601)      | 35,480                       | 10,062                    |
| Other employee benefits         |    |                             |    |            |     |              |                              |                           |
| payable                         |    | 1,452,520                   |    | 142,376    |     | -            | 1,594,896                    | -                         |
| OPEB liability (Note 13)        |    | 23,161,439                  |    | 1,017,842  |     | (5,167,457)  | 19,011,824                   | -                         |
| Net pension liability (Note 11) |    | 6,979,956                   |    | 8,945,793  | _   | -            | 15,925,749                   | -                         |
| Total long term liabilities     | \$ | 48,531,097                  | \$ | 10,106,011 | \$_ | (6,058,279)  | 52,578,829 \$                | 810,062                   |

#### NOTE 8 LONG-TERM DEBT & OTHER LONG-TERM LIABILITIES

#### **Long-term Debt**

On June 29, 2016, the Desert Water Agency Financing Corporation issued \$19,720,000 Water Revenue Refunding Bonds, Series 2016 to provide funds to defease and advance refund the Agency's outstanding Certificates of Participation (Water System Improvement Project) Series 2007 (COPS) outstanding at that date in the amount of \$21,420,000 and to pay the debt issue costs. A premium of \$2,024,430, related to the new debt issue, was recognized and is being amortized over the life of the new debt issue of 20 years. Amortization expense for the premium on the new debt was \$101,221 for each of the years ended June 30, 2024 and 2023. The bonds are payable from and secured by the Agency's pledge of net revenues defined generally as gross revenues received from the Agency's water system. The bonds bear interest at various rates from 2 to 5 percent and are payable on May 1 and November 1 of each year commencing on November 1, 2016. The cost to retire the COPs was \$23,372,318 including debt issue costs.

The refunding produced a loss on the advance refunding of the old debt in the amount of \$1,420,128 which has been recorded as deferred outflows of resources and is being amortized over the life of the new debt or 20 years. As of June 30, 2024 and 2023, the balance of the deferred loss on refunding was \$869,359 and \$941,806, respectively.

Future principal and interest payments for the Water Revenue Refunding Bonds Series 2016 as of June 30, 2024 are as follows:

| Year ending June 30, | <br>Principal       | Interest  |
|----------------------|---------------------|-----------|
| 2025                 | \$<br>830,000 \$    | 512,650   |
| 2026                 | 865,000             | 479,450   |
| 2027                 | 895,000             | 444,850   |
| 2028                 | 945,000             | 400,100   |
| 2029                 | 990,000             | 352,850   |
| 2030 through 2034    | 5,570,000           | 1,149,050 |
| 2035 through 2037    | <br>3,800,000       | 230,250   |
|                      | \$<br>13,895,000 \$ | 3,569,200 |
|                      |                     |           |

The Agency incurred bond interest expense for the years ended June 30, 2024 and 2023 in the amount of \$539,317 and \$633,347, respectively.

#### **Lease Liability**

In November 2021, the Agency entered into a lease agreement for the use of two vehicles for 60 months. Monthly payments are made by the Agency amounting to \$480. Liability has been recorded at the present value of the future lease payments as of the commencement date using discount rate of 4.72 percent.

#### NOTE 8 LONG-TERM DEBT & OTHER LONG-TERM LIABILITIES (CONTINUED)

#### **Lease Liability (Continued)**

Future principal and interest payments on the lease liability are as follows:

| Year ending June 30, | _  | Principal | _  | Interest |
|----------------------|----|-----------|----|----------|
| 2025                 | \$ | 10,551    | \$ | 974      |
| 2026                 |    | 11,060    |    | 465      |
| 2027                 | _  | 3,807     |    | 38       |
|                      | \$ | 25,418    | \$ | 1,477    |

#### **SBITA Liability**

The Agency entered into a subscription-based information technology arrangement (SBITA) effective January 2024. Under this arrangement, the Agency was granted the right to use the software along with services that include system administration, system management, and system monitoring activities. This SBITA qualifies as capital asset for accounting purposes and have been recorded at the present values of subscription payments as of commencement date using discount rate of 2.17 percent. The discount rate is equivalent to the Agency's average annual investment earnings rate for LAIF at the date of commencement. The subscription liability as of June 30, 2024 amounted to \$542,753.

Future principal and interest payments on the subscription liability are as follows:

| Year ending June 30, | Principal     | Interest     |
|----------------------|---------------|--------------|
| 2025                 | \$<br>177,010 | \$<br>8,513  |
| 2026                 | 180,889       | 4,634        |
| 2027                 | 184,854       | 669          |
|                      | \$<br>542,753 | \$<br>13,816 |
|                      |               |              |

#### NOTE 9 RESERVES AND DESIGNATIONS OF UNRESTRICTED NET POSITION

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, a governmental entity may establish "reserves" of unrestricted net position to segregate balances which are not available for expenditure in future periods, or which are legally set aside for a future specific use, or established to indicate tentative plans for financial resource utilization in future periods.

## NOTE 9 RESERVES AND DESIGNATIONS OF UNRESTRICTED NET POSITION (CONTINUED)

The Agency's reserves and designations of unrestricted net position at June 30 are presented below:

|  | 2024                       | 2023         |
|--|----------------------------|--------------|
| Reserve for additional non-State Water |                            |              |
| Project (SWP) water                    | \$ 81,519,400 \$           | 59,086,400   |
| Reserve for operations                 | 27,065,500                 | 24,843,500   |
| Reserve for replacements               | 7,468,060                  | 13,106,800   |
| Reserve for regulatory compliance      | 10,000,000                 | 10,000,000   |
| Reserve for land acquisition           | 5,675,000                  | 5,675,000    |
| Reserve for retirement benefits        | 5,000,000                  | 5,000,000    |
| Reserve for disaster response          | 2,000,000                  | 2,000,000    |
| Total designated                       | 138,727,960                | 119,711,700  |
| Undesignated (over designated)         | (54,436,818)               | (16,496,159) |
| Total unrestricted net position        | on \$ <u>84,291,142</u> \$ | 103,215,541  |

#### NOTE 10 JOINT VENTURES

The Agency participates in a joint venture under a joint powers agreement with the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The relationship between the Agency and the JPA is such that the JPA is not a component unit of the Agency for financial reporting purposes. Audited financial statements are available by contacting the JPIA at 2100 Professional Drive, Roseville, California 95661.

The JPIA arranges for and provides insurance coverage for its approximately 401 member districts JPIA is governed by a board of directors and each member agency is required to designate one representative from its local board of directors to participate in the JPIA board. From the JPIA's board of directors, eight members of a nine-member executive committee are elected and delegated the authority to make JPIA's preliminary policy decisions relying upon input received from other standing and ad hoc committees and subcommittees.

These policy decisions, along with other matters such as financial and claims data, are ultimately brought before the full board for review and/or ratification. JPIA's board of directors controls the operations of the JPIA, including the selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board.

#### NOTE 10 JOINT VENTURES (CONTINUED)

JPIA provides joint protection coverage for losses in excess of the member districts' individually specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of the Agency's specified self-insurance coverage limit are covered by excess insurance policies purchased from commercial insurance carriers (see also Note 14).

Condensed audited financial information of the JPIA as of and for the year ended September 30, 2023 and 2022 (most recent available) follows:

|   |    | 2023           | 2022          |
|---|----|----------------|---------------|
| Total assets  | \$ | 288,462,503 \$ | 246,615,214   |
| Deferred outflows of resources                        | _  | 4,654,911      | 6,108,562     |
| Total assets and deferred outflows of resources       | \$ | 293,117,414 \$ | 252,723,776   |
|   |    |                |               |
| Total liabilities                                     | \$ | 167,203,667 \$ | 137,126,606   |
| Deferred inflows of resources                         |    | 5,200,835      | 2,813,249     |
| Net position  |    | 120,712,912    | 112,783,921   |
| Total liabilities, deferred inflows, and net position | \$ | 293,117,414 \$ | 252,723,776   |
|   |    |                |               |
| Total operating revenues                              | \$ | 229,844,143 \$ | 209,690,228   |
| Total operating expenses                              |    | (240,084,673)  | (212,646,028) |
| Total nonoperating revenues (expenses), net           |    | 18,169,521     | (34,070,811)  |
| Change in net position                                | \$ | 7,928,991 \$   | (37,026,611)  |
|   | _  |                |               |

#### NOTE 11 PENSION PLAN

### General Information About the Pension Plan

#### Plan Description

All qualified Agency employees are required to participate in the Desert Water Agency Miscellaneous Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), unless they specifically opt out. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Agency selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board approval. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, membership, and financial information that can be found on the CalPERS website at www.calpers.ca.gov.

#### **General Information About the Pension Plan (Continued)**

#### Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, with one year of credited service being equal to one year of full-time employment. All members are eligible for improved non-industrial disability benefits after five years of service. The Agency has chosen the Optional Settlement 2W Death Benefit.

#### Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on 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 any unfunded accrued costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Agency's total employer contributions were \$3,191,219 and \$3,159,032 for the years ended June 30, 2024 and 2023, respectively.

Active plan members who were hired before January 1, 2013 are referred to as "Classic" employees. Beginning January 1, 2013, the Agency established two classes of employees, as dictated by the newly enacted Public Employees Pension Reform Act (PEPRA).

#### **General Information About the Pension Plan (Continued)**

Contribution Description (Continued)

The Plan's provisions and benefits in effect at June 30, 2024 and 2023 are summarized as follows:

|                                      | Miscellaneous        |                   |  |  |  |
|--------------------------------------|----------------------|-------------------|--|--|--|
|                                      | Prior to             | On or after       |  |  |  |
| Hire date                            | January 1, 2013      | January 1, 2013   |  |  |  |
| Benefit formula                      | 2.5 percent at 55    | 2.0 percent at 62 |  |  |  |
| Benefit vesting schedule             | 5 years              | 5 years           |  |  |  |
| Benefit payments                     | Monthly for life     | Monthly for life  |  |  |  |
| Final average compensation period    | 12 months            | 36 months         |  |  |  |
| Sick leave credit                    | Yes                  | Yes               |  |  |  |
| Retirement age                       | 50 to 55             | 52 to 67          |  |  |  |
| Monthly benefits as a %              |                      |                   |  |  |  |
| of eligible compensation             | 2.0% to 2.5%         | 1.0% to 2.5%      |  |  |  |
| Cost of living adjustment            | 2.00%                | 2.00%             |  |  |  |
| Required employee contribution rates |                      |                   |  |  |  |
| 2024                                 | 8.0 percent          | 8.25 percent      |  |  |  |
| 2023                                 | 8.0 percent          | 7.25 percent      |  |  |  |
| Required employer contribution rates |                      |                   |  |  |  |
| 2024                                 | 14.92% + \$1,092,003 | 7.76% + \$0       |  |  |  |
| 2023                                 | 13.02% + \$1,204,322 | 7.76% + \$0       |  |  |  |

### Actuarial Methods and Assumptions Used to Determine Total Pension Liability

#### Methods and Assumptions

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For the measurement period ending June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the total pension liability determined in the June 30, 2022 actuarial valuation. The June 30, 2023 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method Entry age normal in accordance with the requirements

of GASB Statement No. 68

Actuarial Assumptions:

Investment rate of return 6.90% Inflation 2.30%

Salary increases Varies by entry age and service

Mortality rate table Derived using CalPERS' membership data for all funds
Post-retirement benefit increase Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies

## Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

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. Preretirement 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.

#### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

| Asset Class¹         Allocation         Real Return¹.²           Global equity - cap-weighted         30.00%         4.54%           Global equity - noncap-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         100.00%         -0.59% |                                 | Asset      |                            |
|--|---------------------------------|------------|----------------------------|
| Global equity - noncap-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%   | Asset Class <sup>1</sup>        | Allocation | Real Return <sup>1,2</sup> |
| 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%  | Global equity - cap-weighted    | 30.00%     | 4.54%                      |
| 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%  | Global equity - noncap-weighted | 12.00%     | 3.84%                      |
| 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%   | Private equity                  | 13.00%     | 7.28%                      |
| 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%  | Treasury                        | 5.00%      | 0.27%                      |
| 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%   | Mortgage-backed securities      | 5.00%      | 0.50%                      |
| Emerging market debt       5.00%       2.48%         Private debt       5.00%       3.57%         Real assets       15.00%       3.21%         Leverage       -5.00%       -0.59%  | Investment grade corporates     | 10.00%     | 1.56%                      |
| Private debt       5.00%       3.57%         Real assets       15.00%       3.21%         Leverage       -5.00%       -0.59%   | High yield                      | 5.00%      | 2.27%                      |
| Real assets       15.00%       3.21%         Leverage       -5.00%       -0.59%  | Emerging market debt            | 5.00%      | 2.48%                      |
| Leverage -5.00% -0.59%   | Private debt                    | 5.00%      | 3.57%                      |
|  | Real assets                     | 15.00%     | 3.21%                      |
| Total <u>100.00%</u>   | Leverage                        | -5.00%     | -0.59%                     |
|  | Total                           | 100.00%    |                            |

<sup>&</sup>lt;sup>1</sup>In CalPERS' ACFR, Commodities and REITs are included in Public Equity: TIPS are included in Fixed Income.

<sup>&</sup>lt;sup>2</sup>An expected inflation of 2.30% used for this period.

## Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

#### Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at 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.

#### **Changes in the Net Pension Liability**

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

The following table presents the net pension liability of the Plan as of the June 30, 2023 and 2022 measurement date calculated using the discount rate in effect at year end. The table also shows what the net pension liability would be if it were calculated using a discount rate that is 1.0 percentage-point lower or 1.0 percentage-point higher than the current rate:

|                       | Measurement | •  |               |               |               |
|-----------------------|-------------|----|---------------|---------------|---------------|
|                       | Date        |    | Discount Rate | Current       | Discount Rate |
|                       | June 30,    |    | -1.00%        | Discount      | +1%           |
| Net pension liability | 2023        |    | (5.90%)       | (6.90%)       | (7.90%)       |
|                       |             | \$ | 26,706,129 \$ | 16,226,434 \$ | 7,600,746     |
| Net pension liability | 2022        |    | (5.90%)       | (6.90%)       | (7.90%)       |
|                       |             | \$ | 25,996,033 \$ | 15,925,749 \$ | 7,640,405     |

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

Amortization of Deferred Outflows and Deferred Inflows of Resources Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

The amortization period differs depending on the source of the gain or loss as follows:

Difference between projected and actual earnings on pension plan investments All other amounts

5-year straight-line amortization

Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

## Pension Related Liabilities, Expense, and Deferred Outflows/Deferred Inflows of Resources

The Agency's net pension liability is measured as the proportionate share of the net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability as of the June 30, 2023 measurement date was 0.34 percent.

For the years ended June 30, 2024 and 2023, the Agency recognized pension expense of \$3,447,723 and \$2,744,357, respectively. At June 30, 2024 and 2023, the Agency's deferred inflows and outflows of resources related to pensions are as follows:

| 40°  | _   | Deferred C<br>of Resor |              | Deferred of Resor |             |  |
|--|-----|------------------------|--------------|-------------------|-------------|--|
|  |     | 2024                   | 2023         | 2024              | 2023        |  |
| Changes of assumptions   | \$  | 979,663 \$             | 1,631,926 \$ | - \$              | -           |  |
| Differences between expected and                                     |     |                        |              |                   |             |  |
| actual experience  |     | 828,934                | 319,820      | (128,588)         | (214,202)   |  |
| Net differences between projected                                    |     |                        |              |                   |             |  |
| and actual investment earnings                                       |     | 2,627,206              | 2,917,174    | -                 | -           |  |
| Differences between employer's contributions and proportionate share |     |                        |              |                   |             |  |
| of contributions   |     | 611,672                | 580,162      | (996)             | (1,584)     |  |
| Change in employer's proportion                                      |     | -                      | -            | (1,050,622)       | (1,378,022) |  |
| Pension contributions subsequent to                                  |     |                        |              |                   |             |  |
| measurement date   | _   | 3,191,219              | 3,159,032    | <u> </u>          | -           |  |
| Total  | \$_ | 8,238,694 \$           | 8,608,114 \$ | (1,180,206) \$    | (1,593,808) |  |
|  |     |                        |              |                   |             |  |

The amounts above are net of outflows and inflows recognized in the pension expense for the years ended June 30, 2024 and 2023. The \$3,191,219 and \$3,159,032 reported as deferred outflows of resources related to contributions subsequent to the measurement date as of June 30, 2024 and 2023, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025 and 2024.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <br>Year ending June 30, | _   |   | Amount              |
|--------------------------|-----|---|---------------------|
| 2025                     | \$  |   | 1,068,849           |
| 2026                     |     | _ | 723,041             |
| 2027                     |     |   | 1,999,993<br>75,385 |
| 2028                     |     |   | 75,385              |
| Total                    | \$_ |   | 3,867,268           |
|                          |     |   |                     |

## NOTE 12 DEFINED CONTRIBUTION PLAN AND DEFERRED COMPENSATION PLAN

The Agency has a defined contribution plan and there is one employee eligible to participate in this plan (the "eligible employee"). All contributions by the Agency are fully vested upon receipt. The eligible employee cannot contribute directly to the defined contribution plan. The Agency contributes matching contributions to the defined contribution plan for any contributions the eligible employee makes to the defined contribution plan. The Agency contributed \$47,055 and \$31,846 to the defined contribution plan for the years ended June 30, 2024 and June 30, 2023, respectively.

There is also a deferred compensation plan under Internal Revenue Code (IRC) Section 457 available to Agency employees which the employees can voluntarily contribute to The Agency makes contributions to the deferred compensation plan for certain eligible employees hired after May 1, 2007. The Agency contributed \$96,637 and \$90,985 to the deferred compensation plan for the years ended June 30, 2024 and 2023, respectively.

#### NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

#### **General Information About the OPEB Plan**

Plan Description and Benefits Provided

The Agency, a single employer, offers postemployment benefits through the Association of California Water Agencies Health Plans. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. There are two classes of employees eligible for postemployment medical benefits detailed as follows:

#### **General Information About the OPEB Plan (Continued)**

Employees hired prior to May 1, 2007, with at least 12 years of service, who retire from the Agency on or after age 50 are eligible for full retiree, spousal and eligible dependent health premiums. Surviving spouses of active employees at their time of death, whose age was 50 or greater and had attained 12 years of continuous service, will continue to have premiums paid by the Agency for their lifetime. For eligible retirees under this section with 25 or more years of Agency service, the Agency will also pay the full premiums for dental and vision insurance.

Employees hired after May 1, 2007, with at least 12 years of service, who retire from the Agency, are eligible for a portion of the retiree, spousal and eligible dependent health insurance premiums to be paid by the Agency until eligible for Medicare.

#### Employees Covered

At June 30, 2023 (the measurement date), the following number of employees (including spouses) were covered by the benefit terms:

| Inactive employees or be | eneficiaries receiving benefit payments | 53  |
|--------------------------|---|-----|
| Active employees         |   | 90  |
| Total                    |   | 143 |

#### **Total OPEB Liability**

The Agency's total OPEB liability of \$18,128,566 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

#### **Total OPEB Liability (Continued)**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 (measurement date) actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| Salary increase             | 2.75% per year was used since benefits do not           |
|-----------------------------|---|
|                             | depend on salary (as they do for pensions), this        |
|                             | assumption is only used to determine the accrual        |
|                             | pattern of the Actuarial Present Value of Projected     |
|                             | Benefit Payments.                                       |
| Discount rate               | 3.65%   |
| Healthcare cost trend rates | 4.00% per year. Long-term trend assumption is           |
|                             | based on the conclusion that, while medical trend will  |
|                             | continue to be cyclical, the average increase over      |
|                             | time cannot continue to outstrip general inflation by a |
|                             | wide margin. Trend increases in excess of general       |
|                             | inflation result in dramatic increases in               |
|                             | unemployment, the number of uninsured and the           |

The discount rate was based on the Bond Buyer 20 Bond Index. as of the measurement date.

number of underinsured.

Mortality rates were based on 2021 CalPERS Mortality for Miscellaneous and Schools Employees.

#### Change in the Total OPEB Liability

|     | June 30, 2024 | June 30, 2023  |
|-----|---------------|--|
| \$  | 19,011,824 \$ | 23,161,439   |
|     |               |  |
|     | 544,071       | 514,837  |
|     | 668,805       | 503,005  |
|     |               |  |
|     | (535,291)     | -  |
|     | (3,075,437)   | (4,385,333)  |
|     | 2,093,315     | -  |
|     | (578,721)     | (782,124)  |
| \$_ | 18,128,566 \$ | 19,011,824   |
|     | \$            | 544,071<br>668,805<br>(535,291)<br>(3,075,437)<br>2,093,315<br>(578,721) |

Changes of assumptions reflect a change in the discount rate from 3.54 percent as of the June 30, 2022 measurement date to 3.65 percent as of the June 30, 2023 measurement date.

#### **Change in the Total OPEB Liability**

Sensitivity of the total OPEB Liability to Changes in the Discount Rate
The following presents the Agency's total OPEB liability, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rates:

|                      |               | Discount         | Current          | Discount   |
|----------------------|---------------|------------------|------------------|------------|
|                      |               | Rate -1%         | Rate             | Rate +1%   |
|                      | Fiscal Year   | 2.65%            | 3.65%            | 4.65%      |
| Total OPEB liability | June 30, 2024 | \$<br>20,780,433 | \$ 18,128,566 \$ | 15,948,775 |
|                      | June 30, 2023 | \$<br>22,057,096 | \$ 19,011,824 \$ | 16,538,040 |

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rate The following presents the Agency's total OPEB liability, as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

|                      |               | Trend            | Current       | Trend      |
|----------------------|---------------|------------------|---------------|------------|
|                      | Fiscal Year   | Rate -1%         | Trend Rate    | Rate +1%   |
| Total OPEB liability | June 30, 2024 | \$ 15,607,495 \$ | 18,128,566 \$ | 21,281,474 |
|                      | June 30, 2023 | \$ 16,122,458 \$ | 19,011,824 \$ | 22,683,213 |
|                      |               |                  | -             |            |

For the years ended June 30, 2024 and 2023, the Agency recognized OPEB expense of (\$118,087) and (\$2,422,492), respectively. The Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, 2024 and 2023:

| June 30, 2024:  Resources Resource        |                  |
|---|------------------|
| Differences between expected and          |                  |
| actual experience \$ (2,815,4             | 169)             |
| Changes of assumptions 415,077 (5,296,4   | 132)             |
| OPEB contributions subsequent to          |                  |
| measurement date                          |                  |
| Total \$ 1,011,076 \$ (8,111,9            | <del>3</del> 01) |
|   |                  |
| June 30, 2023:                            |                  |
| Differences between expected and          |                  |
| actual experience \$ - \$ (4,927,2        | 202)             |
| Changes of assumptions 1,470,851 (4,054,0 | )23)             |
| OPEB contributions subsequent to          |                  |
| measurement date578,721                   |                  |
| Total \$\frac{2,049,572}{}\$\$ (8,981,2)  | 225)             |

The \$595,999 and \$578,721 reported as deferred outflows of resources related to contributions subsequent to the measurement date as of June 30, 2024 and 2023, respectively, will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2025 and 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

| Year | Ending June 30, | Amount            |
|------|-----------------|-------------------|
|      | 2025            | \$<br>(3,779,621) |
|      | 2026            | (1,574,208)       |
|      | 2027            | (451,667)         |
|      | 2028            | (429,850)         |
|      | 2029            | (429,850)         |
|      | Thereafter      | (1,031,628)       |
|      | Total           | \$<br>(7,696,824) |

#### NOTE 14 RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance through participation in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) (see Note 10). The insurance purchased is for liability, property and workers' compensation insurance and there are various self-insured retention levels, similar to a deductible, per occurrence.

A summary of the Agency's self-insurance program is as follows:

- Property Loss Insured up to the scheduled value with a \$25,000 deductible for buildings, personal property and fixed equipment and a \$5,000 deductible for mobile equipment.
- General and Auto Liability Insured up to \$55,000,000 with aggregate policy limits. The JPIA is self-insured up to \$5,000,000 and excess insurance coverage has been purchased through the JPIA.
- Public Officials' Liability Insured up to \$55,000,000 with aggregate policy limits.
   The JPIA is self-insured up to \$5,000,000 and excess insurance coverage has been purchased through the JPIA.
- Crime Liability Insured up to \$100,000 for public employee theft, depositor's forgery or alteration and computer and funds transfer fraud with a deductible of \$1,000. The JPIA is self-insured up to \$100,000 and excess coverage has been purchased through the JPIA.
- Cyber Liability The Agency has purchased cyber liability coverage through the JPIA.
- Workers' Compensation Insured for statutory limits. Employer's liability is insured up to \$2,000,000 per occurrence. The JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased through the JPIA.

The Agency maintains separate Earthquake and Flood Insurance. Earthquake coverage includes a 5 percent or a \$50,000 minimum deductible. Flood coverage includes a \$50,000 deductible. The per occurrence and aggregate limit is \$41,128,113.

There have been no claims in excess of self-insurance coverage limits for the past 3 years.

#### NOTE 15 COMMITMENT AND CONTINGENCIES

Various claims and litigation involving the Agency are currently outstanding. The most significant activity is related to an action by the local tribe that is still pending in Federal District Court to adjudicate its reserved right to groundwater and its right to storage space beneath reservation lands. The outcome of these matters is not determinable at this time but could be significant if there is an unfavorable outcome.

The Agency has a \$13,467,346 contractual commitment as of June 30, 2024, related to constructing pipeline replacements. This commitment is due within the next fiscal year.

#### NOTE 16 SUBSEQUENT EVENTS

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through December 3, 2024, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

### **Schedule of Pension Plan Contributions - Last 10 Years**

| Contributions in Relation to the Actuarially Contribution Contributions as Determined Deficiency/ a % of Covered Contributions (Excess) Covered Payroll Payroll   | Relation to the<br>Actuarially<br>Determined   | Contractually<br>Required<br>Contributions   | Fiscal Year  |
|---|--|--|--|
| 9 \$ (3,191,219) \$ (1,000,000) \$ 9,217,814 34.62%<br>2 (3,159,032) (1,000,000) 8,882,791 35.56%<br>2 (3,003,622) (1,000,000) 8,153,827 36.84%<br>7 (3,262,927) (1,000,000) 7,721,227 42.26%<br>7 (3,121,647) (1,000,000) 7,253,560 43.04%<br>6 (2,849,946) (1,000,000) 7,026,860 40.56%<br>9 (1,586,919) - 6,050,470 26.23%<br>6 (1,461,680) - 6,021,869 24.27%<br>5 (1,379,325) 5,952,152 23.17% | \$ (3,191,219)<br>(3,159,032)<br>(3,003,622)<br>(3,262,927)<br>(3,121,647)<br>(2,849,946)<br>(1,586,919)<br>(1,461,680)<br>(1,379,325) | 2,191,219<br>2,159,032<br>2,003,622<br>2,262,927<br>2,121,647<br>1,849,946<br>1,586,919<br>1,461,680<br>1,379,325<br>1,208,856 | 2024<br>2023<br>2022<br>2021<br>2020<br>2019<br>2018<br>2017<br>2016<br>2015 |
| 2 (3,003,622) (1,000,000) 8,153,827<br>7 (3,262,927) (1,000,000) 7,721,227<br>7 (3,121,647) (1,000,000) 7,253,560<br>6 (2,849,946) (1,000,000) 7,026,860<br>9 (1,586,919) - 6,050,470<br>0 (1,461,680) - 6,021,869<br>5 (1,379,325) 5,952,152   | (3,003,622)<br>(3,262,927)<br>(3,121,647)<br>(2,849,946)<br>(1,586,919)<br>(1,461,680)<br>(1,379,325)                                  | 2,003,622<br>2,262,927<br>2,121,647<br>1,849,946<br>1,586,919<br>1,461,680<br>1,379,325  | 2022<br>2021<br>2020<br>2019<br>2018<br>2017<br>2016                         |

#### Schedule of the Agency's Proportionate Share of the Net Pension Liability - Last 10 Plan Years

|             |                   |    |                 |     |               | Proportionate     | Plan Fiduciary    |
|-------------|-------------------|----|-----------------|-----|---------------|-------------------|-------------------|
|             | Proportion of the | Ρ  | roportionate    |     |               | Share of the Net  | Net Position as   |
| Measurement | Net Pension       | S  | Share of Net    |     |               | Pension Liability | a % of the Total  |
| Date        | Liability         | Pe | nsion Liability | Cov | vered Payroll | as a % of Payroll | Pension Liability |
|             |                   |    |                 |     |               |                   |                   |
| 2023        | 0.34%             | \$ | 16,226,434      | \$  | 9,217,814     | 176.03%           | 77.97%            |
| 2022        | 0.34%             |    | 15,925,749      |     | 8,882,791     | 179.29%           | 78.19%            |
| 2021        | 0.37%             |    | 6,979,956       |     | 8,153,827     | 85.60%            | 90.49%            |
| 2020        | 0.37%             |    | 15,804,090      |     | 7,721,227     | 204.68%           | 77.71%            |
| 2019        | 0.40%             |    | 15,957,880      |     | 7,253,560     | 220.00%           | 77.73%            |
| 2018        | 0.42%             |    | 15,975,305      |     | 7,026,860     | 227.35%           | 77.69%            |
| 2017        | 0.42%             |    | 16,466,171      |     | 6,050,470     | 272.15%           | 75.39%            |
| 2016        | 0.42%             |    | 14,563,532      |     | 6,021,869     | 241.84%           | 75.87%            |
| 2015        | 0.44%             |    | 12,000,195      |     | 5,952,152     | 201.61%           | 79.89%            |
| 2014        | 0.46%             |    | 11,449,416      |     | 5,808,831     | 197.10%           | 81.15%            |

#### **Notes to the Pension Schedules:**

Benefit Changes: None

Changes in Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15 percent to 6.90 percent. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15 percent for measurement dates June 30, 2017 through June 30, 2021, 7.65 percent for measurement dates June 30, 2015 through June 30, 2016, and 7.50 percent for measurement date June 30, 2014.

#### Schedule of Changes in the Agency's Total OPEB Liability and Related Ratios - Last Ten Plan Years\*

|  | 6/30/2023    | 6/30/2022    | 6/30/2021    | 6/30/2020    | 6/30/2019    | 6/30/2018    | 6/30/2017    |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance beginning of year  | \$19,011,824 | \$23,161,439 | \$33,237,468 | \$28,314,463 | \$29,198,670 | \$29,766,869 | \$32,704,594 |
| Changes for the year   |              |              |              |              |              |              |              |
| Service Cost   | 544,071      | 514,837      | 789,682      | 585,056      | 631,297      | 664,025      | 809,859      |
| Interest   | 668,805      | 503,005      | 742,561      | 996,782      | 1,137,027    | 1,076,226    | 947,450      |
| Difference between expected  |              |              |              |              |              |              |              |
| and actual experience  | (535,291)    | -            | (9,237,736)  | OV           | (2,879,482)  | (49,240)     | -            |
| Changes of assumptions   | (3,075,437)  | (4,385,333)  | (1,511,619)  | 4,188,505    | 1,134,393    | (1,413,861)  | (4,102,481)  |
| Changes in benefit terms   | 2,093,315    | -            | - (          | <b>7 .</b> . | -            | -            | -            |
| Benefit payments   | (578,721)    | (782,124)    | (858,917)    | (847,338)    | (907,442)    | (845,349)    | (592,553)    |
| Balance year-end   | \$18,128,566 | \$19,011,824 | \$23,161,439 | \$33,237,468 | \$28,314,463 | \$29,198,670 | \$29,766,869 |
| Covered Payroll  | \$ 9,217,814 | \$ 8,882,791 | \$ 8,153,827 | \$ 7,721,227 | \$ 7,253,560 | \$ 7,026,860 | \$ 6,050,470 |
| Plan net OPEB liability as a percentage of<br>covered-employee payroll | 197%         | 214%         | 284%         | 430%         | 390%         | 416%         | 492%         |

<sup>\*</sup>Fiscal year 2018 was the first year of implementation, therefore, not all 10 years of information is available.

#### Notes to the Schedule:

Changes of benefit terms: None

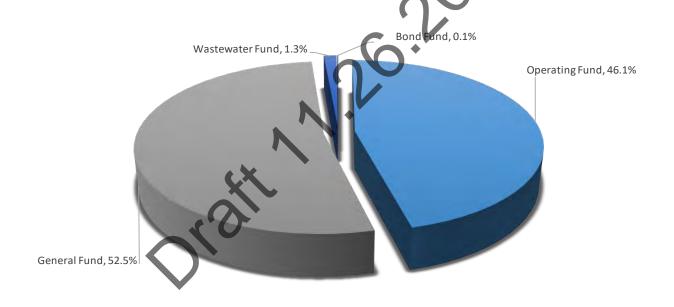
Changes of assumptions reflect a change in the discount rate for the following measurement dates:

- June 30, 2017 2.85% to 3.58%
- June 30, 2018 3.58% to 3.87%
- June 30, 2019 3.87% to 3.50%
- June 30, 2020 3.50% to 2.21%
- June 30, 2021 2.21% to 2.16%
- June 30, 2022 2.16% to 3.54%
- June 30, 2023 3.54% to 3.65%

OTHER SUPPLEMENTARY INFORMATION

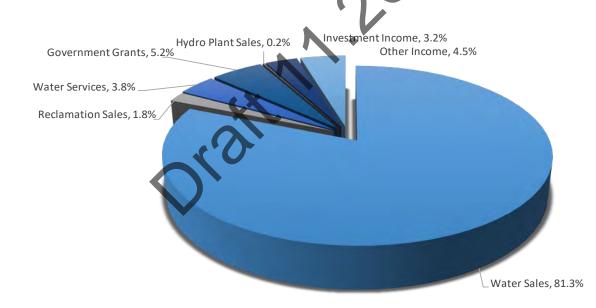
#### DESERT WATER AGENCY SOURCE OF REVENUES FISCAL YEAR 2023 - 2024

| Fund Type       | !     | Amount        | %        |
|-----------------|-------|---------------|----------|
| Operating Fund  |       | \$ 50,454,94  | 9 46.1%  |
| General Fund    |       | \$ 57,487,01  | 7 52.5%  |
| Wastewater Fund |       | \$ 1,391,98   | 2 1.3%   |
| Bond Fund       |       | \$ 101,42     | 4 0.1%   |
|                 | TOTAL | \$ 109,435,37 | 2 100.0% |



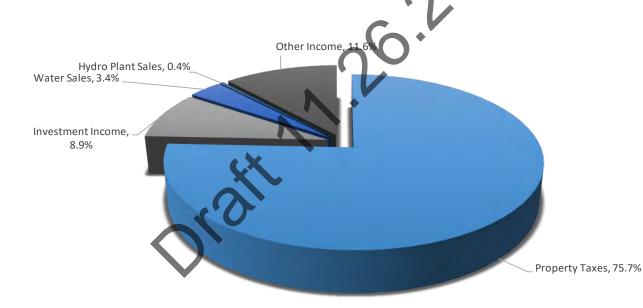
# DESERT WATER AGENCY OPERATING FUND REVENUES FISCAL YEAR 2023 - 2024

| Revenue Sour      | ce    | Amount           | %      |
|-------------------|-------|------------------|--------|
| Water Sales       |       | \$<br>41,029,092 | 81.3%  |
| Reclamation Sales |       | \$<br>931,700    | 1.8%   |
| Water Services    |       | \$<br>1,935,574  | 3.8%   |
| Government Grants |       | \$<br>2,601,991  | 5.2%   |
| Hydro Plant Sales |       | \$<br>113,179    | 0.2%   |
| Investment Income |       | \$<br>1,593,210  | 3.2%   |
| Other Income      |       | \$<br>2,250,203  | 4.5%   |
|                   | TOTAL | \$<br>50,454,949 | 100.0% |



#### DESERT WATER AGENCY GENERAL FUND REVENUES FISCAL YEAR 2023 - 2024

| Revenue Source    |      | Amount     | %      |
|-------------------|------|------------|--------|
| Property Taxes    | \$   | 43,515,671 | 75.7%  |
| Investment Income | \$   | 5,114,256  | 8.9%   |
| Water Sales       | \$   | 1,969,708  | 3.4%   |
| Hydro Plant Sales | \$   | 200,449    | 0.4%   |
| Other Income      | \$   | 6,686,933  | 11.6%  |
| ТОТА              | L \$ | 57,487,017 | 100.0% |



Waste Water Sales, 93.2%

# DESERT WATER AGENCY WASTEWATER FUND REVENUES FISCAL YEAR 2023 - 2024

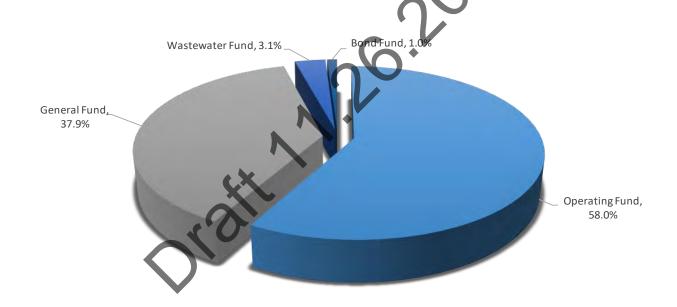
| Waste Water Sales \$ 1,297,671 93.2%  Waste Water Services \$ 9,120 0.7%  Investment Income \$ 66,635 4.8%  Other Income \$ 18,556 1.3%  TOTAL \$ 1,391,982 100.0%  Investment Income, 4.8%  Other Income, 1.3%  Other Income, 1.3% | Revenue Source       |       | Amount    | %      |
|---|----------------------|-------|-----------|--------|
| Investment Income   | Waste Water Sales    | \$    | 1,297,671 | 93.2%  |
| Other Income \$ 18,556 11.3%  TOTAL \$ 1,391,982 100.0%  Investment Income, 4.8% Ste Water Services, Other Income, 1.3%   | Waste Water Services | \$    | 9,120     | 0.7%   |
| TOTAL \$ 1,391,982 100.0%  Investment Income, 4.8%  Ste Water Services, Other Income, 1.3%  | Investment Income    | \$    | 66,635    | 4.8%   |
| Investment Income, 4.8% Other Income, 1.3%  | Other Income         | \$    | 18,556    | 1.3%   |
| ste Water Services, Other Income, 1.3%  | TOTAL                | \$    | 1,391,982 | 100.0% |
|   | aste Water Services, | erInc | ome 1.3%  |        |
|   |                      |       |           |        |

#### DESERT WATER AGENCY BOND FUND REVENUES FISCAL YEAR 2023 - 2024

|                   | rce   |    | Amount         | %         |
|-------------------|-------|----|----------------|-----------|
| Other Income      |       | \$ | 101,221        | 99.8%     |
| Investment Income |       | \$ | 203            | 0.2%      |
|                   | TOTAL | \$ | 101,424        | 100.0%    |
|                   |       | S  | nvestment inco | ome, 0.2% |

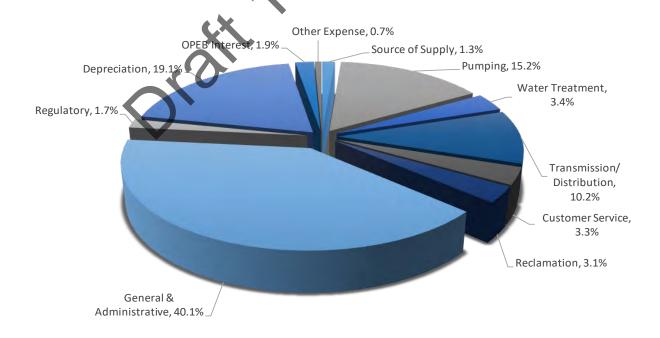
#### DESERT WATER AGENCY EXPENSE ANALYSIS FISCAL YEAR 2023 - 2024

| Fund Type       | Amount           | %      |
|-----------------|------------------|--------|
| Operating Fund  | \$ 35,442,006    | 58.0%  |
| General Fund    | \$ 23,126,913    | 37.9%  |
| Wastewater Fund | \$ 1,890,314     | 3.1%   |
| Bond Fund       | \$ 614,013       | 1.0%   |
| тот             | AL \$ 61,073,246 | 100.0% |



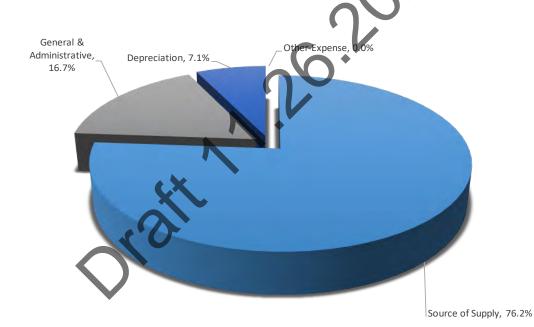
# DESERT WATER AGENCY OPERATING FUND EXPENSES FISCAL YEAR 2023 - 2024

| Expense Category          | Amount           | %      |
|---------------------------|------------------|--------|
| Source of Supply          | \$<br>450,830    | 1.3%   |
| Pumping                   | \$<br>5,393,212  | 15.2%  |
| Water Treatment           | \$<br>1,218,529  | 3.4%   |
| Transmission/Distribution | \$<br>3,613,032  | 10.2%  |
| Customer Service          | \$<br>1,176,259  | 3.3%   |
| Reclamation               | \$<br>1,098,963  | 3.1%   |
| General & Administrative  | \$<br>14,200,395 | 40.1%  |
| Regulatory                | \$<br>597,651    | 1.7%   |
| Depreciation              | \$<br>6,759,400  | 19.1%  |
| OPEB Interest             | \$<br>688,805    | 1.9%   |
| Other Expense             | \$<br>244,930    | 0.7%   |
| TOTAL                     | \$<br>35,442,006 | 100.0% |

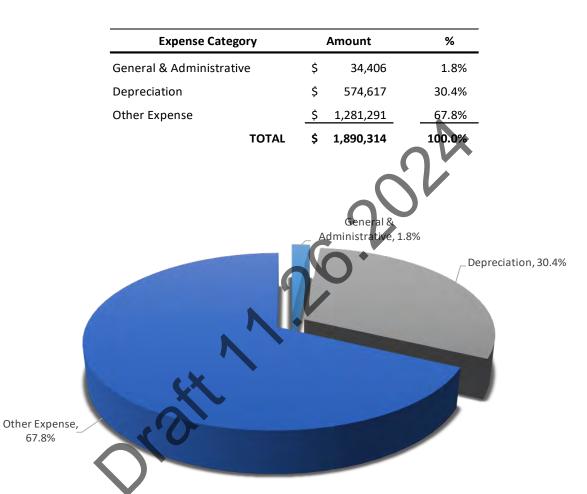


#### DESERT WATER AGENCY GENERAL FUND EXPENSES FISCAL YEAR 2023 - 2024

| Expense Category         | Amount        | %      |
|--------------------------|---------------|--------|
| Source of Supply         | \$ 17,634,638 | 76.2%  |
| General & Administrative | \$ 3,856,057  | 16.7%  |
| Depreciation             | \$ 1,635,432  | 7.1%   |
| Other Expense            | \$ 786        | 0.0%   |
| TOTAL                    | \$ 23.126.913 | 100.0% |



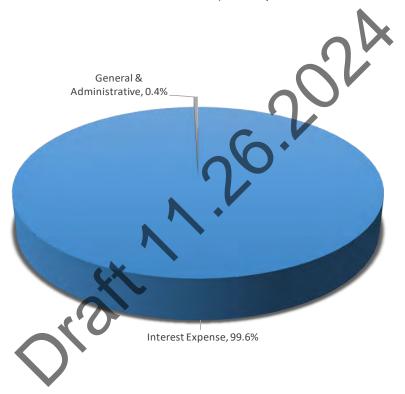
#### **DESERT WATER AGENCY WASTEWATER FUND EXPENSES** FISCAL YEAR 2023 - 2024



67.8%

#### DESERT WATER AGENCY BOND FUND EXPENSES FISCAL YEAR 2023 - 2024

| Expense Category         | Amount |         | %      |
|--------------------------|--------|---------|--------|
| Interest Expense         | \$     | 611,763 | 99.6%  |
| General & Administrative | \$     | 2,250   | 0.4%   |
| TOTAL                    | \$     | 614,013 | 100.0% |





#### **Organization and Description of the Agency**

Desert Water Agency (the "Agency") was formed in September 1961 by the Legislature of the State of California through the enactment of special legislation. The Agency was formed for the purpose of importing water by contracting for participation in the State Water Project of the State Department of Water Resources and for any other activities authorized by the Legislature as proper for the Agency to conduct. The Agency's contract for water provides for delivery of up to 38,100 acre feet of water per year, starting at 8,000 acre feet and increasing annually until deliveries totaled the full contract amount in 1990. In 2004, the contract was amended to reflect an allotment of 50,000 acre feet. In 2007, the contract was again amended to reflect an allotment of 55,750 acre feet, effective January 1, 2010. The Agency negotiated an agreement with the Metropolitan Water District of Southern California (Metropolitan Water District) for the exchange of the Agency's entitlement to Northern California water for an equal amount of Metropolitan Water District's Colorado River water. The exchange agreement became effective when approved by the Secretary of the Interior on December 1, 1972 and extends until 2035.

The Agency started receiving this exchange water in September 1973 when the service connection to the Metropolitan Water District's aqueduct was completed.

The Agency is committed to pay its proportionate share of the capital and other costs of the State Water Project, including the capital costs in connection with both the transportation facilities and the conservation facilities, the operation and maintenance costs in connection therewith, and the variable costs incident to the actual delivery of water. Annually, the State Department of Water Resources (DWR) issues a bulletin known as the 132 Series in which the capital and operating costs are estimated for the life of the project. On June 30 of each year, DWR bills for the costs to be paid during the next succeeding calendar year. The capital costs are being capitalized as utility plant while the other costs are charged to operations. The capital costs are being amortized using a life of 45 years.

The Agency shares in the costs of the Whitewater Turnout and the Mission Creek Turnout with the Coachella Valley Water District (CVWD). The Mission Creek Turnout connection makes imported water available for spreading in the Mission Creek area of the Mission Springs Water District. These facilities are necessary to enable the Agency and CVWD to perform under the present agreement for the exchange of State Water Project water for Colorado River water with the Metropolitan Water District of Southern California, which agreement was referred to in a paragraph above. The Whitewater connection was constructed by Metropolitan Water District crews and was completed in September 1973. The Mission Creek connection was completed in the late 1990's. Although the Whitewater and Mission Creek turnouts from the Colorado River Aqueduct were constructed by Metropolitan Water District, the Agency and Coachella Valley Water District funded the costs of constructing those turnouts.

The Agency is also committed to pay in future years its share of the cost of supplemental water facilities which may be necessary to enable it to benefit fully from participation in the State Water Project. Such supplemental facilities could be in the form of an aqueduct to transport State Water Project water from Hesperia or San Bernardino to the Coachella Valley or could consist of a desalination plant and/or other facilities necessary to continue the exchange of the Agency's Northern California water entitlement for Colorado River water. The cost of supplemental water facilities will be shared by other agencies which will benefit from their construction. Anticipated costs may also include construction of new Delta conveyance facilities and the cost of participation in additional surface water storage facilities, such as the Sites Reservoir.

#### **Organization and Description of the Agency (Continued)**

The Agency entered into a water management agreement with the CVWD on July 1, 1976. The agreement establishes principles which control the continuation of the parties' imported water program and the allocation of costs for these programs. It further provides for the collection and analysis of data which serves as the basis for management of the natural and imported water supplies of the management area. This agreement was amended in July 2014 to reflect a change in the allocation of certain costs to more accurately reflect allocations of water to each party. The Agency and CVWD have also entered into a similar, additional agreement to allocate between them the cost of delivering imported water to the Mission Creek spreading facilities.

#### FACTORS BEARING ON THE AGENCY'S FUTURE

The Agency has participated (along with Coachella Valley Water District, Metropolitan Water District, and San Gorgonio Pass Water Agency) in a partnership studying a potential desert aqueduct connection to the State Water Project. This potential connection remains an option to enable the delivery and storage of water in the local groundwater basins.

The Department of Water Resources is in the final stages of creating a plan to address the Delta Conveyance Project and the aging and unreliable levees in the Delta. This plan will directly affect the state water contractors and the costs associated with the State Water Project.

The Agency is participating in planning efforts for the Sites Reservoir Project along with many agricultural and municipal water providers throughout the State. The Agency is pursuing this project in order to meet its projected future increased water demands and promote water quality and environmental improvements in the Sacramento San Joaquin Delta. The Agency is working with DWR to incorporate the construction costs for this project on its State Water Project statement of charges.

It is important to recognize the potential desert aqueduct connection, the Delta Conveyance Project, and Sites Reservoir Project, as they will have a major financial impact on the Agency and its operations. Not only do the aqueduct connection, Delta conveyance project, and Sites Reservoir Project, constitute major financial transactions, but the potential financial obligations associated with the transactions are significant, thus impacting the financial statements and operations of the Agency.

## Officers, Directors, and Senior Management

The officers, directors, and senior management of the Agency are listed below:

|   | Term Expires  |  |
|---|---------------|--|
| Paul Ortega, President                    | December 2024 |  |
| Jeff Bowman, Vice President               | December 2026 |  |
| Gerald McKenna, Secretary-Treasurer       | December 2026 |  |
| Kristin Bloomer, Director                 | December 2024 |  |
| Steve Grasha, Director                    | December 2026 |  |
| Steve Johnson, General Manager            | July 2025     |  |
| Steve Johnson, General Manager  July 2025 |               |  |





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# Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors Desert Water Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Desert Water Agency (the Agency), as of and for the year ended June 30, 2024 and June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 3, 2024.

#### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.



#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Glendale, California December 3, 2024 This page intentionally left blank.



# PRESENTATION TO THE BOARD OF DIRECTORS

**December 3, 2024** 





### / To the Board of Directors

We are pleased to present this report related to our audit of the financial statements of Desert Water Agency (the Agency) as of and for the year ended June 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process, as well as other matters that we believe may be of interest to you. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

This report is intended solely for the information and use of the Board of Directors and Management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Agency.





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## / Engagement Team

### **Desert Water Agency Engagement Team**



Roger Martinez
Engagement Partner



**Cristy Canieda**Quality Control Partner



**Emer Jayson Fabro** Audit Manger



Jason Tagasa IT Audit Manager

**Audit Senior and Staff** 



### / Overview – Audit Strategy

Phase II Phase III Phase IV

Audit Planning

Internal Control Evaluation and Testing

Substantive Testing

Completion

- Familiarize ourselves with changes to the operating environment
- Perform risk assessment procedures (assessment of inherent risk, control risk and risk of material misstatement)
- Perform preliminary analytical review
- Scope the audit, including procedures and locations
- Identify major program(s) for Single Audit testing.

- Perform fraud risk and evaluation procedures
- Consider regulatory matters and communications
- Assess internal control environment
- Evaluate the design and functioning of key controls
- Review the IT control environment
- Test selected controls including those over the administration of federal funds
- Conclude as to internal control effectiveness; draft internal control comments.

- Perform substantive audit procedures including confirmations with third parties, account analyses and review of source documents
- · Conduct final analytical review
- Consider audit evidence sufficiency
- Conclude on critical accounting and financial reporting matters
- Draft compliance findings, if any
- Discuss proposed audit adjustments with management.

- Perform completion procedures (representation letter, update of audit evidence, final reviews)
- Assist in preparing the financial statements.
- Evaluate the financial statements and disclosures
- Draft auditor's reports on financial statements, internal controls and compliance
- Conduct exit conference, including audit adjustments, internal control and compliance findings and comments
- Issue auditor's reports and management letter.



/ Audit Results



### / Independent Auditor's Results

# Unmodified "CLEAN" Opinion

Audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards

# The financial statements fairly present, in all material respects Desert Water Agency's:



Financial position



Results of operations



Changes in net position



Cash flows

# Report on Internal Control over Financial Reporting and on Compliance and Other Matters

- Unmodified "clean" opinion
- No material weaknesses, significant deficiencies, and material noncompliance noted.



# / Audit Focus Areas

| <b>Audit Focus Areas</b>  | Risk/Concerns   | <b>Procedures Performed</b>   |
|---------------------------|---|---|
| Cash and cash equivalents | <ul> <li>Misappropriation of assets</li> <li>Cash balances in excess of federally insured limits</li> <li>Cash equivalents reported in the financial statements do not agree to amounts reflected in the account statements.</li> </ul> | <ul> <li>Obtained external confirmation of cash and deposit balances with banks and financial institutions.</li> <li>Agreed account balances to the period end bank statements, bank confirmations and general ledger.</li> <li>Management agreed with the proposal to add back \$1.1 million to the cash account to address an outstanding check. This adjustment was essential to correct the negative cash balance reported at the fiscal year-end and ensure the financial records accurately reflected the Agency's true cash position.</li> </ul> |
| Investments               | <ul> <li>Investments not in accordance with District and State of California policies</li> </ul>  | <ul> <li>Tested a sample of quarterly reports during the year</li> <li>There were no material exceptions noted.</li> </ul>  |



| Audit Focus Areas | Risk/Concerns   | <b>Procedures Performed</b>   |
|-------------------|---|---|
| Receivables       | <ul> <li>Receivables on specific transactions may not exist.</li> <li>The Agency may have no control on receivables</li> <li>Receivables are not recorded correctly and are properly valued as to collectability.</li> <li>Receivables do not reflect their economic value.</li> <li>Receivable aging is not correct regarding the collectability of receivables</li> </ul> | <ul> <li>Obtained external confirmation of accounts receivable balances with customers.</li> <li>Tested accounts receivable substantively through agreement to supporting documentation.</li> <li>There were no material exceptions noted.</li> </ul>   |
| Capital Assets    | <ul> <li>Capital assets, capital expenditures and related<br/>depreciation are not monitored and are not fairly<br/>stated in the financial statements.</li> </ul>  | <ul> <li>Obtained and tested the schedule of changes in capital assets and accumulated depreciation during the period.</li> <li>Obtained and agreed the listing of additions during the period to the schedule of changes in capital assets and test any reconciling items</li> <li>Obtained and agreed the listing of assets under construction (construction in progress) at period end.</li> </ul> |
|                   |   | There were no material exceptions noted.  |



| Audit Focus Areas  | Risk/Concerns  | <b>Procedures Performed</b>   |
|--|--|---|
| Expenditures/Payroll   | <ul> <li>Expenditures are not incurred in compliance with<br/>budgetary constraints and procurement policies.</li> <li>Payroll costs are not correctly allocated and are not<br/>supported by documentation of hours and rates.</li> </ul> | <ul> <li>Obtained and agreed listings of payroll expenses that<br/>were subjected to these procedures to the general<br/>ledger and trial balance and tested any reconciling<br/>items.</li> </ul>  |
|  |  | There were no material exceptions noted.  |
| Accounts payable, accrued liabilities, commitments and contingencies | <ul> <li>Understatement of accounts payable and accrued liabilities</li> <li>Commitments and contingencies are not recognized and/or properly disclosed in the financial statements.</li> </ul>  | <ul> <li>Selected subsequent period disbursements (payments) and evaluated whether the related liabilities were recorded in the correct period and opinion unit, for the correct amount, and are obligations of the entity.</li> <li>Obtained and agreed the listings of accrued expenses accounts to the general ledger and (or) trial balance and tested any reconciling items</li> </ul> |
|  |  | There were no material exceptions noted.  |



| <b>Audit Focus Areas</b> | Risk/Concerns   | <b>Procedures Performed</b>  |
|--------------------------|---|--|
| Procurement              | <ul> <li>Procurement is not in accordance with applicable regulations and policies.</li> <li>Bidding procedures not in accordance with Agency's policies</li> </ul> | <ul> <li>Obtained and inspected the supporting documents such as requisition form, purchase order and invoice, packing slip, checks, etc. of the cash payment selected.</li> <li>Tested a sample of contracts entered into during the year and compared to stated Agency's policies</li> <li>There were no material exceptions noted.</li> </ul> |
| Revenue recognition      | <ul> <li>Revenues are not properly recognized</li> <li>Billings to customers are not reasonably stated and reported in proper periods.</li> </ul>                   | <ul> <li>Performed analytical procedures and reasonableness tests</li> <li>Confirmed selected balances for the ten largest customers</li> <li>Verified proper cutoff of the year-end receivables balance</li> </ul>  |
|                          |   | There were no material exceptions noted.   |



| <b>Audit Focus Areas</b>        | Risk/Concerns   | <b>Procedures Performed</b>  |
|---------------------------------|---|--|
| Related party transactions      | <ul> <li>Not in compliance with Conflict of Interest Code</li> </ul>                                      | <ul> <li>Tested through review of the Form 700s as well as<br/>payments to vendors during the year through IDEA<br/>testing</li> </ul>   |
|                                 |   | There were no material exceptions noted.   |
| Management and BOD expenditures | ■ Not in compliance with Agency's policies  | <ul> <li>Tested a sample of expenditures related to<br/>management and BOD and compared to stated Agency<br/>policies</li> <li>There were no material exceptions noted.</li> </ul>                                   |
|                                 |   | There were no material exceptions noted.   |
| Management Override of Controls | <ul> <li>Fraudulent or improper journal entries were not identified and posted during the year</li> </ul> | Tested through use of IDEA to ensure that journal<br>entries were not posted on weekends, there were no<br>gaps in sequence and that entries with round numbers<br>were proper and had support validating the entry. |
|                                 |   | There were no material exceptions noted.   |



| <b>Audit Focus Areas</b>   | Risk/Concerns   | <b>Procedures Performed</b>   |
|--|---|---|
| GASB 75 and GASB 68 Disclosure of net pension liability and OPEB obligations | <ul> <li>Not in compliance with GASB 75 and 68 requirements</li> <li>Pension and OPEB liabilities are not properly valued and disclosed in the financial statements.</li> </ul> | <ul> <li>Tested reasonableness of assumptions used in the valuation</li> <li>Agreed to reports provided by third party actuaries and underlying data provided by the Agency</li> </ul>                |
|  |   | There were no material exceptions noted.  |
| GASB 87 Leases   | Not in compliance with GASB 87 requirements   | <ul> <li>Obtained supporting calculation and documents</li> <li>Tested and recalculated analysis and computations provided by the Agency</li> <li>There were no material exceptions noted.</li> </ul> |
|  |   | Thore were no material exceptions noted.  |
| GASB 96 Subscription-Based Information Technology Arrangements (SBITAs).     | Not in compliance with GASB 96 requirements   | <ul> <li>Obtained supporting calculation and documents</li> <li>Tested and recalculated analysis and computations provided by the Agency</li> </ul>   |
|  |   | There were no material exceptions noted.  |
|  |   |   |



## / Data Analytics – Idea Analysis

We performed data analytics to test disbursements and general ledger transactions for unusual events, such as:

- Gaps in check sequence
- Transactions posting outside of business hours
- Transactions/payments with even dollar amounts
- Unusually large dollar payments

All potential issues were investigated and resolved satisfactorily







We did not identify any material weaknesses or significant deficiencies, but we have shared some best practices with management.





/ New Accounting Pronouncements – GASB Implementation







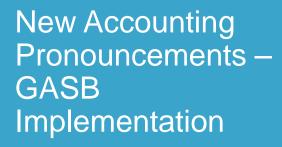
#### **Applicable to the Agency's financial statements for FY2024**

• GASB Statement No. 96 – Subscription-Based Information Technology Arrangements (SBITAs). The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this Statement apply to financial statements of all state and local governments.

The implementation of this new accounting standards resulted in the recognition of Subscription IT Asset in the Agency's June 30, 2024, financial statements.

See Notes 2 and 5 of the ACFR.







#### **Effective FY2024 – Not applicable to the Agency's financial statements**

• GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62 (effective for fiscal year 2024).

#### To be implemented in FY2025 and FY2026

- GASB Statement No. 101, Compensated Absences (effective for fiscal year 2025)
- GASB Statement No. 102, Certain Risk Disclosures (effective for fiscal year 2025)
- GASB Statement No. 103, Financial Reporting Model Improvements (effective for fiscal year 2026).



Auditor's Required Communication to Those Charged with Governance (AU-C 260)



## / Required Communication to Those Charged with Governance

| Management's Responsibility     | Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.                                    |
|---------------------------------|--|
| Significant Accounting Policies | The Agency's significant accounting policies are appropriate, and management has applied its policies consistently with prior periods in all material respects.                  |
| Controversial issues            | No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified. |
| Basis of Accounting             | The financial statements were prepared on the assumption that the Agency will continue as a going concern.   |



# Required Communication to Those Charged with Governance, Continued

| Audit Adjustments                    | Management agreed with the proposal to add back \$1.1 million to the cash account to address an outstanding check. This adjustment was essential to correct the negative cash balance reported at the fiscal year-end and ensure the financial records accurately reflected the Agency's true cash position. |
|--------------------------------------|--|
| Disagreements with Management        | We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements   |
| Consultations with Other Accountants | We are not aware of any consultations management had with other accountants about accounting and auditing matters.   |
| Conditions of Retention              | No significant issues were discussed, or subject to correspondence, with management prior to retention.  |



# Required Communication to Those Charged with Governance, Continued

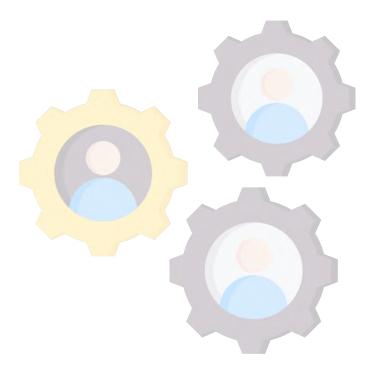
| Difficulties with Management                 | We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Administration and Finance Committee and the Board. |
|--|---|
| Material Weakness and Significant Deficiency | No significant deficiencies or material weaknesses in internal controls were identified.  |
| Irregularities, Fraud or Illegal Acts        | No irregularities, fraud or illegal acts or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.      |
| Management<br>Representations                | The Agency will provide us with a signed copy of the management representation letter at the end of the audit and prior to our issuance of the financial statements.              |



### / Independence

There are no relationships between any of our representatives and Desert Water Agency that in our professional judgment may reasonably be thought to bear on independence.

We confirm that we are independent of Desert Water Agency within the meaning of the independence, integrity and objectivity rules, regulations, interpretations, and rulings of the AICPA, *Government Auditing Standards* (Yellow Book), the State of California Board of Accountancy, and other regulatory agencies.





# **QUESTIONS**



### / Contact Information

Vasquez + Company LLP has over 50 years of experience in performing audit, tax, accounting, and consulting services for all types of nonprofit organizations, governmental entities, and private companies. We are the largest minority-controlled accounting firm in the United States and the only one to have global operations and certified as MBE with the Supplier Clearinghouse for the Utility Supplier Diversity Program of the California Public Utilities Commission.

We are clients of the **RSM Professional Services+ Practice**. As a client, we have access to the
Professional Services+ Collaborative, a globally
connected community that provides access to an
ecosystem of capabilities, collaboration and
camaraderie to help professional services firms
grow and thrive in a rapidly changing business
environment. As a participant in the PS+
Collaborative, we have the opportunity to interact
and share best practices with other professional
services firms across the U.S. and Canada.

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## Thank you for your time and attention!



#### Financial Highlights

#### October 2024

#### **Operating Fund**

#### Received

- \$4,335,528 in Water Sales Revenue Receipts
- \$96,594 in Recycled Water Sales Revenue Receipts
- \$71,800 in Construction Deposits
  - Cathedral Cove 1.0 LLC: \$15,600
     Project # 23-7010-M-00
  - Steve Englash: \$56,200
     Project # 24-7054-M-00, 24-8035-H-06, & 24-8053-F-04
- \$100,000 included in the Miscellaneous Receipts for conservation incentive program participation from Sentinel Energy Center, LLC.

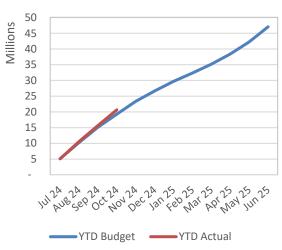
#### Paid

• \$5,316,245 in Accounts Payable

#### Year to date

- YTD Water Sales are 3% over budget
- YTD Total Revenues are 7% over budget
- YTD Total Expenses are 14% under budget

### Operating Fund Revenues Budget to Actual



### Operating Fund Expenses Budget to Actual



#### Financial Highlights

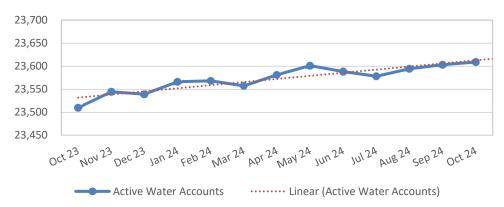
#### October 2024

#### Operating Fund (continued)

#### **Active Potable Water Accounts**

- There were 23,609 active potable water accounts billed in October 2024
- Compared to 23,603 active potable water accounts billed in September 2024
- Net increase of 6 active accounts billed

#### **Active Water Accounts**



#### Accounts Disconnections for Non-Payment

• There were 34 water accounts turned off for non-payment in October 2024. Over the past twelve months, an average of 24 accounts per month turned off for non-payment (1.2% of customers).

#### Financial Highlights

#### October 2024

#### **General Fund**

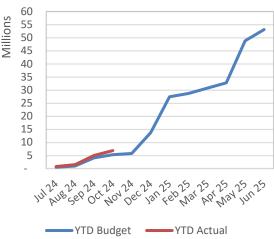
#### Received

- \$1,058,734 in Property Taxes
- \$22,022 in Replenishment Assessments from Private Pumpers
- \$534,665 in State Water Project Refunds
- \$33,111 in Power Sales from Southern California Edison for Whitewater Hydro

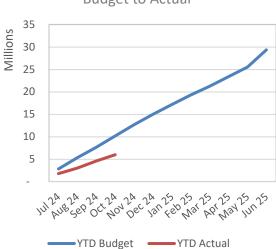
#### Paid

\$1,368,521 in State Water Project charges
 (YTD SWP Payments = \$9,108,171)





### General Fund Expenses Budget to Actual



#### Financial Highlights

#### October 2024

#### Wastewater Fund

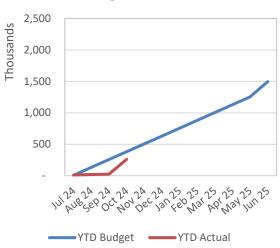
#### Received

\$229,496 in Wastewater Revenue Receipts

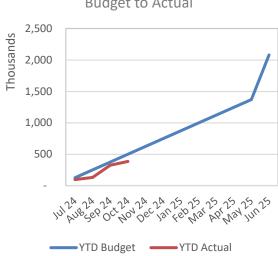
#### Paid

\$178,441 in Accounts Payable

### Wastewater Fund Revenues Budget to Actual



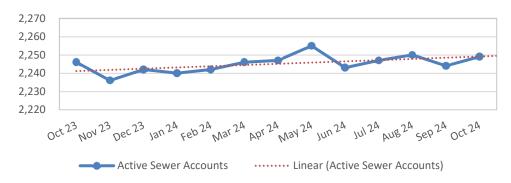
### Wastewater Fund Expenses Budget to Actual



#### **Active Sewer Accounts**

- There were 2,249 active sewer accounts billed in October 2024
- Compared to 2,244 active sewer accounts billed in September 2024
- Net increase of 5 active accounts billed

#### **Active Sewer Accounts**



#### **Statement of Cash Receipts and Expenditures**

OPERATING FUND

Invested

|  |                |              | Reserve Funds |
|--|----------------|--------------|---------------|
| BEGINNING BALANCE OCTOBER 1, 2024          |                | (275,095.17) | 63,902,239.50 |
| Receipts                                   |                |              |               |
| Water Sales                                | 4,355,528.26   |              |               |
| Recycled Water Sales                       | 96,593.90      |              |               |
| Wastewater Receipts                        | 93,748.51      |              |               |
| Power Sales                                | 8,703.15       |              |               |
| Meters, Services, Etc                      | 607,704.00     |              |               |
| Reimb - General Fund                       | 226,681.40     |              |               |
| Reimb - Wastewater Fund                    | 6,194.72       |              |               |
| Accounts Receivable - Other                | 24,439.67      |              |               |
| Customer Deposits - Surety                 | 15,940.00      |              |               |
|  | 71,800.00      |              |               |
| Customer Deposits - Const<br>Lease Revenue | 6,344.96       |              |               |
| Interest Received on Invstd Fnds           | 413,192.15     |              |               |
|  | 415,192.15     |              |               |
| Front Footage Fees                         | -              |              |               |
| Bond Service & Reserve Fund Int            | -              |              |               |
| Misc                                       | 22,467.73      |              |               |
| TOTAL RECEIPTS                             | 5,949,338.45   |              |               |
| Payments                                   |                |              |               |
| Payroll Checks                             | 653,186.67     |              |               |
| Payroll Taxes                              | 271,665.26     |              |               |
| Electronic Transfers                       | 263,307.45     |              |               |
| Checks Under \$10k                         | \$475,659.87   |              |               |
| Checks Over \$10k                          |                |              |               |
| Cancelled Checks and Fees                  | \$4,577,278.09 |              |               |
| TOTAL PAYMENTS                             | (363.45)       |              |               |
| TOTAL PATIVIENTS                           | 6,240,733.89   |              |               |
| NET INCOME                                 |                | (291,395.44) |               |
| Invested Deceme Funds                      |                |              |               |
| Invested Reserve Funds                     | 4 604 539 33   |              |               |
| Funds Matured (CIA)                        | 4,604,538.33   |              |               |
| Funds Invested (C/I)                       | 5,500,048.81   | (005 540 40) | 005 540 40    |
| NET TRANSFER                               |                | (895,510.48) | 895,510.48    |
|  |                |              |               |

(1,462,001.09)

64,797,749.98

**ENDING BALANCE OCTOBER 31, 2024** 

#### **Operating Fund**

Schedule #1 - Checks Over \$10,000



|       |                                      |   | Ostobou 2024        |
|-------|--------------------------------------|---|---------------------|
| Check | # Name                               | Description   | October 2024 Amount |
| 3167  |                                      | Wastewater Revenue & Wastewater Reimbursement August 2024 | \$<br>81,626.90     |
| 3168  | <b>5</b> ,                           | General Fund Reimbursement August 2024                    | \$<br>67,060.89     |
| 3169  | <u> </u>                             | Wastewater Revenue Correction June 2024                   | \$<br>132,354.84    |
| 3170  | <b>G</b> ,                           | Wastewater Revenue & Wastewater Reimbursement July 2024   | \$<br>93,487.92     |
| 3171  | <u> </u>                             | Interfund Operating to General Fund July 2024             | \$<br>791,985.42    |
| 3172  | Cliff Fisher Electrical              | Engineering-Electrical Work                               | \$<br>15,600.00     |
| 3173  | Down To Earth Landscaping            | Landscape Maintenance                                     | \$<br>52,236.35     |
| 3183  | BayCity Electric Works               | Water Service Supplies                                    | \$<br>202,112.50    |
| 3184  | Beck Oil, INC.                       | Fuel Purchase   | \$<br>12,648.31     |
| 3190  | Chase Card Member Services           | Credit Card Purchases                                     | \$<br>35,350.01     |
| 3196  | Cliff Fisher Electrical              | Engineering-Electrical Work                               | \$<br>14,250.00     |
| 3199  | Core & Main LP                       | Water Service Supplies                                    | \$<br>22,024.34     |
| 3202  | CU Technology                        | IT Services   | \$<br>18,010.00     |
| 3208  | Droplet Technologies, LLC            | Annual Licensing Fee (09/1/24-08/31/25)                   | \$<br>19,000.00     |
| 3210  | Avalon 1150, LLC                     | Customer Refund Project Series # 198008 & 198014          | \$<br>278,947.22    |
| 3230  | Sunrise Palms Homeowners Association | Grass Removal Rebate                                      | \$<br>73,960.00     |
| 3239  | Ferguson Waterworks #1083            | Water Service Supplies                                    | \$<br>15,558.12     |
| 3240  | Fiesta Ford Lincoln Corp             | Purchase-Unit # (Project #231019M00)                      | \$<br>141,285.05    |
| 3245  | Grainger W W, INC.                   | Safety Equipment  | \$<br>12,266.32     |
| 3257  | Krieger & Stewart, INC.              | Engineering Services                                      | \$<br>33,256.67     |
| 3265  | Mrc Smart Technology Solutions       | Printer Purchases (Project#241086M00)                     | \$<br>14,883.00     |
| 3291  | Southern Californnia Edison          | Power Purchase  | \$<br>28,618.14     |
| 3292  | Southwest Valve & Equipment, INC.    | Water Service Supplies                                    | \$<br>11,062.48     |
| 3295  | Thatcher Company Of California       | Water Service Supplies                                    | \$<br>11,843.22     |
| 3308  | Z&L Paving, INC.                     | Paving  | \$<br>32,194.25     |
| 3309  | Acwa/Joint Powers Ins Author         | Health, Dental & Vision Insurance Premiums-Novermber 2024 | \$<br>273,753.82    |
| 3333  | BayCity Electric Works               | Engineering - Manuel Transfer Switch                      | \$<br>14,748.75     |
| 3334  | Beck Oil, INC.                       | Fuel Purchase   | \$<br>19,515.29     |

#### **Operating Fund**

Schedule #1 - Checks Over \$10,000

DESERT WATER



|       |                                 |   |      | October 2024 |
|-------|---------------------------------|---|------|--------------|
| 3335  | Best Best & Krieger, LLP        | Legal Fees  | \$   | 37,590.79    |
| 3336  | Borden Excavating, INC.         | Pipeline Replacement -2021/2022 (Project #211011012)      | \$   | 206,945.20   |
| 3337  | Canon Solutions America, INC.   | Printer Purchases (Project #241087M00)                    | \$   | 18,430.59    |
| 3345  | Coachella Valley Water Dist     | Wastewater Revenue September 2024                         | \$   | 80,023.58    |
| 3358  | Desert Water Agency             | Wastewater Revenue September 2024                         | \$   | 118,186.27   |
| 3359  | Down To Earth Landscaping       | Landscape Maintenance                                     | \$   | 57,978.35    |
| 3362  | City Of Palm Springs            | Customer Refund(Project #238004F00)                       | \$   | 11,525.37    |
| 3367  | Perez Gardens, LLC              | Customer Refund(Project #237007M00)                       | \$   | 12,131.54    |
| 3369  | SWI Constructions, INC.         | Customer Refund(Project #237009M00)                       | \$   | 32,083.26    |
| 3380  | Canyon View Estates #3          | Grass Removal Rebate                                      | \$   | 10,120.00    |
| 3387  | Marquis Villa Palm Springs, LLC | Grass Removal Rebate                                      | \$   | 53,987.12    |
| 3396  | Ferguson Waterworks #1083       | Water Service Supplies                                    | \$   | 32,791.89    |
| 3411  | Jt Tech, INC                    | Customer Refund(Project #237007M00)                       | \$   | 31,653.56    |
| 3413  | Krieger & Stewart,INC           | Engineering Services                                      | \$   | 25,432.23    |
| 3416  | LM Technology Consulting        | I.T. Governance & Oversight                               | \$   | 52,308.48    |
| 3419  | McCrometer, INC                 | Customer Refund(Project #237007M00)                       | \$   | 12,710.73    |
| 3432  | Polydyne,INC                    | Water Service Supplies                                    | \$   | 10,095.22    |
| 3434  | Quadient, INC                   | IT Services -Equipment Upgrade/Insert Machine Maintenance | \$   | 11,080.24    |
| 3437  | Reeb Government Relations, LLC  | Consulting Services                                       | \$   | 16,000.00    |
| 3444  | Southern Californnia Edison     | Power Purchase  | \$ : | 1,055,712.92 |
| 3446  | Thatcher Company Of California  | Water Service Supplies(Reclamation Plant)                 | \$   | 66,178.18    |
| 3449  | Tyler Technologies, INC.        | Tyler Software (Project #201078M00)                       | \$   | 11,253.60    |
| 3451  | United Water Works, INC.        | Water Service Supplies                                    | \$   | 13,031.71    |
| 3463  | Xiologix, LLC                   | Annual Licensing Fee (10/12/2024-10/12/2027)              | \$   | 21,112.20    |
| 3464  | Z&L Paving, INC.                | Paving  | \$   | 59,275.25    |
| Total | -                               |   | \$ 4 | 1,577,278.09 |



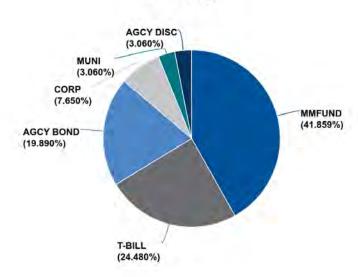
As of 10/31/2024

#### Monthly Investment Portfolio Report

AGG- Operating Fund (213426)

Dated: 11/21/2024

#### Security Type



#### Chart calculated by: PAR Value

#### MMFUND

| Description,<br>Broker              | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value     | Original Cost | Market Value  | Yield to Maturity |
|-------------------------------------|-------------|----------------|--------------------|----------------|---------------|---------------|---------------|-------------------|
| LAIF Money Market Fund<br>LAIF - OP |             |                | 10/31/2024         | 10/31/2024     | 27,358,815.92 | 27,358,815.92 | 27,358,815.92 |                   |
| LAIF Money Market Fund<br>LAIF - OP | <u></u>     |                | 10/31/2024         | 10/31/2024     | 27,358,815.92 | 27,358,815.92 | 27,358,815.92 |                   |

#### T-BILL

| Description,<br>Broker                 | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value     | Original Cost | Market Value  | Yield to Maturity |
|--|-------------|----------------|--------------------|----------------|---------------|---------------|---------------|-------------------|
| UNITED STATES TREASURY<br>US Wealth OP | 06/18/2024  |                | 12/12/2024         | 12/12/2024     | 2,000,000.00  | 1,950,194.17  | 1,989,545.00  | 4.567%            |
| UNITED STATES TREASURY US Wealth OP    | 06/18/2024  |                | 12/05/2024         | 12/05/2024     | 2,000,000.00  | 1,952,258.33  | 1,991,301.66  | 4.555%            |
| UNITED STATES TREASURY<br>US Wealth OP | 08/27/2024  |                | 02/20/2025         | 02/20/2025     | 2,000,000.00  | 1,954,570.00  | 1,972,712.50  | 4.520%            |
| UNITED STATES TREASURY US Wealth OP    | 09/20/2024  |                | 02/06/2025         | 02/06/2025     | 2,000,000.00  | 1,966,408.33  | 1,976,073.34  | 4.510%            |
| UNITED STATES TREASURY<br>US Wealth OP | 09/27/2024  |                | 03/06/2025         | 03/06/2025     | 2,000,000.00  | 1,962,844.44  | 1,969,548.62  | 4.479%            |
| UNITED STATES TREASURY US Wealth OP    | 09/27/2024  |                | 01/21/2025         | 01/21/2025     | 2,000,000.00  | 1,971,966.67  | 1,979,952.50  | 4.507%            |
| UNITED STATES TREASURY<br>US Wealth OP | 09/27/2024  |                | 02/06/2025         | 02/06/2025     | 2,000,000.00  | 1,968,906.67  | 1,976,073.34  | 4.510%            |
| UNITED STATES TREASURY<br>US Wealth OP | 10/11/2024  |                | 04/10/2025         | 04/10/2025     | 2,000,000.00  | 1,958,068.33  | 1,961,466.66  | 4.454%            |
| UNITED STATES TREASURY<br>US Wealth OP |             |                | 02/02/2025         | 02/02/2025     | 16,000,000.00 | 15,685,216.94 | 15,816,673.62 | 4.513%            |



### Monthly Investment Portfolio Report As of 10/31/2024

AGG- Operating Fund (213426)

Dated: 11/21/2024

| A3 01 10/31/202 <del>1</del>                           |             |                |                    |                |               |               |               | Batoa: 1 1/2 1/202 |
|--|-------------|----------------|--------------------|----------------|---------------|---------------|---------------|--------------------|
| AGCY BOND  |             |                |                    |                |               |               |               |                    |
| Description,<br>Broker                                 | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value     | Original Cost | Market Value  | Yield to Maturity  |
| FEDERAL FARM CREDIT BANKS FUNDING CORP<br>US Wealth OP | 04/29/2021  | 11/18/2024     | 04/28/2025         | 04/28/2025     | 1,000,000.00  | 999,500.00    | 980,942.00    | 4.573%             |
| FEDERAL HOME LOAN BANKS<br>US Wealth OP                | 09/30/2021  | 12/30/2024     | 09/30/2026         | 09/30/2026     | 1,000,000.00  | 1,000,000.00  | 939,137.00    | 4.364%             |
| FEDERAL HOME LOAN BANKS<br>US Wealth OP                | 04/29/2022  |                | 04/29/2027         | 04/29/2027     | 2,000,000.00  | 2,000,000.00  | 1,948,660.00  | 4.164%             |
| FEDERAL HOME LOAN BANKS<br>US Wealth OP                | 05/24/2022  |                | 05/24/2027         | 05/24/2027     | 2,000,000.00  | 2,000,000.00  | 1,958,348.00  | 4.164%             |
| FEDERAL HOME LOAN BANKS<br>US Wealth OP                | 05/23/2022  | 11/23/2024     | 05/23/2025         | 05/23/2025     | 2,000,000.00  | 2,000,000.00  | 1,986,628.00  | 4.517%             |
| FEDERAL HOME LOAN BANKS<br>US Wealth OP                | 06/26/2024  | 06/26/2026     | 06/26/2026         | 06/26/2029     | 2,000,000.00  | 2,000,000.00  | 2,004,402.00  | 4.845%             |
| FEDERAL HOME LOAN MORTGAGE CORP<br>US Wealth OP        | 08/20/2020  |                | 08/20/2025         | 08/20/2025     | 1,000,000.00  | 1,000,000.00  | 970,765.00    | 4.370%             |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION US Wealth OP     | 06/30/2020  | 12/30/2024     | 06/30/2025         | 06/30/2025     | 1,000,000.00  | 1,000,000.00  | 975,947.00    | 4.430%             |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION US Wealth OP     | 08/12/2020  | 02/12/2025     | 08/12/2025         | 08/12/2025     | 1,000,000.00  | 1,000,000.00  | 970,436.00    | 4.455%             |
| US Wealth OP   |             |                | 04/22/2026         | 10/13/2026     | 13,000,000.00 | 12,999,500.00 | 12,735,265.00 | 4.431%             |
|  |             |                |                    |                |               |               |               |                    |
| CORP   |             |                |                    |                |               |               |               |                    |
| Description,<br>Broker                                 | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value     | Original Cost | Market Value  | Yield to Maturity  |
| AMAZON.COM INC<br>US Wealth OP                         | 05/16/2022  | 03/13/2027     | 04/13/2027         | 04/13/2027     | 2,000,000.00  | 1,987,040.00  | 1,953,642.00  | 4.306%             |
| JPMORGAN CHASE BANK, NATIONAL ASSOCIATION US Wealth OP | 06/22/2021  |                | 12/23/2024         | 12/23/2024     | 1,000,000.00  | 1,000,000.00  | 992,250.00    | 5.770%             |
| MASSMUTUAL GLOBAL FUNDING II<br>US Wealth OP           | 06/14/2023  |                | 06/14/2028         | 06/14/2028     | 2,000,000.00  | 2,021,800.00  | 2,023,586.00  | 4.690%             |
| US Wealth OP   |             |                | 04/22/2027         | 04/22/2027     | 5,000,000.00  | 5,008,840.00  | 4,969,478.00  | 4.754%             |
|  |             |                |                    |                |               |               |               |                    |
| AGCY DISC  |             |                |                    |                |               |               |               |                    |
| Description,<br>Broker                                 | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value     | Original Cost | Market Value  | Yield to Maturity  |
| FEDERAL HOME LOAN BANKS<br>US Wealth OP                | 05/15/2024  |                | 11/08/2024         | 11/08/2024     | 2,000,000.00  | 1,949,456.67  | 1,998,170.00  | 4.190%             |
| FEDERAL HOME LOAN BANKS<br>US Wealth OP                | 05/15/2024  |                | 11/08/2024         | 11/08/2024     | 2,000,000.00  | 1,949,456.67  | 1,998,170.00  | 4.190%             |
|  |             |                |                    |                |               |               |               |                    |
| MUNI   |             |                |                    |                |               |               |               |                    |
| Description,<br>Broker                                 | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value     | Original Cost | Market Value  | Yield to Maturity  |
| UNIVERSITY CALIF REVS<br>US Wealth OP                  | 05/16/2022  | 03/15/2027     | 05/15/2027         | 05/15/2027     | 2,000,000.00  | 1,795,920.00  | 1,852,440.00  | 4.420%             |
| UNIVERSITY CALIF REVS<br>US Wealth OP                  | 05/16/2022  | 03/15/2027     | 05/15/2027         | 05/15/2027     | 2,000,000.00  | 1,795,920.00  | 1,852,440.00  | 4.420%             |
| Summary  |             |                |                    |                |               |               |               |                    |
| Description,<br>Broker                                 | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value     | Original Cost | Market Value  | Yield to Maturity  |
| DIONEI   |             |                |                    |                |               |               |               |                    |



As of 10/31/2024

# Monthly Investment Portfolio Report

AGG- Operating Fund (213426)

Dated: 11/21/2024

| Description,<br>Broker | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value     | Original Cost | Market Value  | Yield to Maturity |
|------------------------|-------------|----------------|--------------------|----------------|---------------|---------------|---------------|-------------------|
| =                      |             |                | 06/07/2025         | 07/10/2025     | 65,358,815.92 | 64,797,749.53 | 64,730,842.54 | 4.495%            |

<sup>\*</sup> Grouped by: Security Type. 

\* Groups Sorted by: Ending Market Value + Accrued. 

\* Filtered By: Description ≠ "Receivable". 

\* Weighted by: Ending Market Value + Accrued.

# Statement of Cash Receipts and Expenditures GENERAL FUND

Invested Reserve Funds

| BEGINNING BALANCE OCTOBER 1, 2024 |                | 138,771.40     | 260,080,740.57 |
|-----------------------------------|----------------|----------------|----------------|
| Receipts                          |                |                |                |
| Taxes - Riv County                | 1,058,734.35   |                |                |
| Interest                          | 550,045.84     |                |                |
| Groundwater                       | 22,021.70      |                |                |
| Reimb OP                          | 859,046.31     |                |                |
| Reimb CVWD                        | -              |                |                |
| State Water Proj Refunds          | 534,665.00     |                |                |
| Reimb CVWD Whitewater Hydro       | -              |                |                |
| Power Sales - Whitewater          | 33,110.88      |                |                |
| Misc                              | -              |                |                |
| TOTAL RECEIPTS                    | 3,057,624.08   |                |                |
|                                   |                |                |                |
| Payments                          |                |                |                |
| Checks Under \$10k                | \$12,744.87    |                |                |
| Checks Over \$10k                 | \$3,346,145.22 |                |                |
| Electronic Transfers              | 256,168.65     |                |                |
| TOTAL PAYMENTS                    | 3,615,058.74   |                |                |
| NET INCOME                        |                | (557,434.66)   |                |
|                                   |                |                |                |
| Invested Reserve Funds            |                |                |                |
| Funds Matured (CIA)               | 17,134,266.00  |                |                |
| Funds Invested (C/I)              | 18,060,791.97  |                |                |
| NET TRANSFER                      |                | (926,525.97)   | 926,525.97     |
| ENDING BALANCE OCTOBER 31, 2024   |                | (1,345,189.23) | 261,007,266.54 |
|                                   |                |                |                |
|                                   | TAXES          | INTEREST       |                |
| Receipts in Fiscal Year           | 4,245,034.75   | 2,267,491.48   |                |
| Receipts in Calendar Year         | 37,820,269.34  | 4,033,166.88   |                |

# **General Fund**

Schedule #1 - Checks Over \$10,000



# October 2024

| Check # | Name  | Description   | Amount             |
|---------|---|---|--------------------|
| 2063    | Desert Water Agency                               | Operating Fund Reimbursement-July 2024                          | \$<br>50,011.40    |
| 2065    | State of California Department of Water Resources | State Water Project - July 2024 Variable OMP&R                  | \$<br>275,552.00   |
| 2066    | State of California Department of Water Resources | State Water Project - October 2024 Fixed Water Delivery Charges | \$<br>1,092,969.00 |
| 2067    | Association of California Water Agencies          | ACWA 2025 Annual Agency Dues                                    | \$<br>29,425.00    |
| 2068    | Coachella Valley Water District                   | Water Management Cost Share- Whitewater                         | \$<br>155,068.39   |
| 2069    | Desert Water Agency                               | Operating Fund Reimbursement-July 2024 Correction               | \$<br>1,583,970.84 |
| 2070    | Desert Water Agency                               | Operating Fund Reimbursement-September 2024 Correction          | \$<br>159,148.59   |
| Total   |   |   | \$<br>3,346,145.22 |

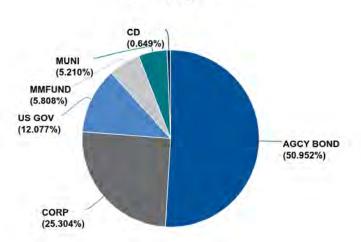


# Monthly Investment Portfolio Report As of 10/31/2024

AGG- General Fund (213428)

Dated: 11/21/2024

# Security Type



#### Chart calculated by: PAR Value

#### AGCY BOND

| ACCT BOTTE  |             |                |                    |                |              |               |              |                   |
|---|-------------|----------------|--------------------|----------------|--------------|---------------|--------------|-------------------|
| Description,<br>Broker                                  | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value    | Original Cost | Market Value | Yield to Maturity |
| FEDERAL AGRICULTURAL MORTGAGE CORP<br>Alamo Capital     | 09/14/2022  |                | 04/21/2025         | 04/21/2025     | 1,000,000.00 | 977,400.00    | 991,239.00   | 4.517%            |
| FEDERAL AGRICULTURAL MORTGAGE CORP<br>Piper Sandler     | 02/23/2022  | 02/23/2025     | 02/23/2027         | 02/23/2027     | 3,000,000.00 | 3,000,000.00  | 2,856,525.00 | 4.295%            |
| FEDERAL FARM CREDIT BANKS FUNDING CORP<br>Alamo Capital | 02/12/2021  |                | 11/12/2024         | 11/12/2024     | 3,000,000.00 | 3,000,000.00  | 2,996,001.00 | 4.662%            |
| FEDERAL FARM CREDIT BANKS FUNDING CORP<br>Alamo Capital | 08/04/2020  | 11/18/2024     | 08/04/2025         | 08/04/2025     | 3,000,000.00 | 3,000,005.00  | 2,916,216.00 | 4.455%            |
| FEDERAL FARM CREDIT BANKS FUNDING CORP US Wealth GF     | 12/22/2020  | 11/17/2024     | 12/22/2025         | 12/22/2025     | 3,000,000.00 | 3,000,000.00  | 2,869,761.00 | 4.410%            |
| FEDERAL FARM CREDIT BANKS FUNDING CORP<br>Piper Sandler | 11/05/2021  | 11/19/2024     | 10/20/2026         | 10/20/2026     | 3,000,000.00 | 2,988,000.00  | 2,818,701.00 | 4.376%            |
| FEDERAL FARM CREDIT BANKS FUNDING CORP<br>Piper Sandler | 02/16/2022  |                | 02/16/2027         | 02/16/2027     | 3,000,000.00 | 2,999,286.00  | 2,846,436.00 | 4.164%            |
| FEDERAL FARM CREDIT BANKS FUNDING CORP<br>Piper Sandler | 06/26/2023  |                | 06/21/2028         | 06/21/2028     | 4,000,000.00 | 3,963,160.00  | 3,959,124.00 | 4.179%            |
| FEDERAL FARM CREDIT BANKS FUNDING CORP<br>Piper Sandler | 04/30/2024  |                | 04/10/2029         | 04/10/2029     | 3,000,000.00 | 2,958,390.00  | 3,022,281.00 | 4.189%            |
| FEDERAL HOME LOAN BANKS<br>Alamo Capital                | 09/30/2021  | 12/30/2024     | 09/30/2026         | 09/30/2026     | 3,000,000.00 | 3,000,000.00  | 2,816,322.00 | 4.364%            |
| FEDERAL HOME LOAN BANKS<br>Alamo Capital                | 04/09/2021  |                | 11/18/2024         | 11/18/2024     | 3,000,000.00 | 2,989,263.00  | 2,993,745.00 | 4.722%            |
| FEDERAL HOME LOAN BANKS<br>Alamo Capital                | 12/30/2021  |                | 12/30/2024         | 12/30/2024     | 3,000,000.00 | 3,000,005.00  | 2,984,457.00 | 4.609%            |
| FEDERAL HOME LOAN BANKS<br>US Wealth GF                 | 12/30/2020  | 11/17/2024     | 12/30/2025         | 12/30/2025     | 3,000,000.00 | 3,000,000.00  | 2,869,806.00 | 4.376%            |
| FEDERAL HOME LOAN BANKS<br>US Wealth GF                 | 09/30/2021  | 12/30/2024     | 09/30/2026         | 09/30/2026     | 3,000,000.00 | 3,000,000.00  | 2,817,411.00 | 4.364%            |



# Monthly Investment Portfolio Report As of 10/31/2024

AGG- General Fund (213428)

Dated: 11/21/2024

| A3 01 10/31/202 <del>4</del>                           |             |                |                    |                |                |                |                |                   |
|--|-------------|----------------|--------------------|----------------|----------------|----------------|----------------|-------------------|
| Description,<br>Broker                                 | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value      | Original Cost  | Market Value   | Yield to Maturity |
| FEDERAL HOME LOAN BANKS<br>US Wealth GF                | 04/29/2022  |                | 04/29/2027         | 04/29/2027     | 3,000,000.00   | 3,000,000.00   | 2,922,990.00   | 4.164%            |
| FEDERAL HOME LOAN BANKS<br>US Wealth GF                | 06/23/2022  | 11/17/2024     | 06/23/2026         | 06/23/2026     | 3,000,000.00   | 3,000,000.00   | 2,982,594.00   | 4.577%            |
| FEDERAL HOME LOAN BANKS<br>US Wealth GF                | 02/28/2023  | 02/28/2025     | 02/28/2028         | 02/28/2028     | 3,000,000.00   | 2,999,250.00   | 2,991,606.00   | 5.090%            |
| FEDERAL HOME LOAN BANKS<br>US Wealth GF                | 06/23/2023  |                | 06/09/2028         | 06/09/2028     | 5,000,000.00   | 4,986,500.00   | 4,970,085.00   | 4.179%            |
| FEDERAL HOME LOAN BANKS<br>Piper Sandler               | 02/17/2021  | 02/17/2025     | 02/17/2026         | 02/17/2026     | 3,000,000.00   | 3,000,000.00   | 2,859,159.00   | 4.395%            |
| FEDERAL HOME LOAN BANKS<br>Piper Sandler               | 09/30/2021  | 12/30/2024     | 09/30/2026         | 09/30/2026     | 3,000,000.00   | 3,000,000.00   | 2,817,957.00   | 4.364%            |
| FEDERAL HOME LOAN BANKS<br>Piper Sandler               | 09/30/2021  | 12/30/2024     | 09/30/2026         | 09/30/2026     | 3,000,000.00   | 3,000,000.00   | 2,816,322.00   | 4.364%            |
| FEDERAL HOME LOAN BANKS<br>Piper Sandler               | 02/26/2021  |                | 11/26/2024         | 11/26/2024     | 3,000,000.00   | 3,000,000.00   | 2,990,895.00   | 4.682%            |
| FEDERAL HOME LOAN BANKS<br>Piper Sandler               | 01/31/2024  |                | 01/15/2027         | 01/15/2027     | 3,000,000.00   | 2,999,640.00   | 2,997,402.00   | 4.164%            |
| FEDERAL HOME LOAN BANKS<br>Piper Sandler               | 06/18/2024  | 12/15/2025     | 12/15/2025         | 06/15/2028     | 2,000,000.00   | 2,000,000.00   | 2,004,160.00   | 4.935%            |
| FEDERAL HOME LOAN BANKS<br>Piper Sandler               | 04/25/2022  |                | 07/25/2025         | 07/25/2025     | 3,000,000.00   | 3,000,000.00   | 2,998,119.00   | 4.380%            |
| FEDERAL HOME LOAN BANKS<br>Stifel                      | 04/24/2023  | 11/19/2024     | 04/24/2028         | 04/24/2028     | 3,000,000.00   | 3,000,000.00   | 2,986,284.00   | 5.014%            |
| FEDERAL HOME LOAN BANKS<br>Stifel                      | 02/25/2021  |                | 11/25/2024         | 11/25/2024     | 3,000,000.00   | 3,000,000.00   | 2,991,357.00   | 4.682%            |
| FEDERAL HOME LOAN BANKS<br>Stifel                      | 03/28/2024  | 03/28/2025     | 03/28/2025         | 03/28/2029     | 3,000,000.00   | 3,000,000.00   | 3,005,649.00   | 5.200%            |
| FEDERAL HOME LOAN BANKS<br>Stifel                      | 05/30/2024  | 05/30/2025     | 05/30/2025         | 05/30/2028     | 3,000,000.00   | 3,000,000.00   | 3,011,112.00   | 5.334%            |
| FEDERAL HOME LOAN BANKS<br>Stifel                      | 06/27/2024  | 06/27/2025     | 06/27/2025         | 06/27/2029     | 5,000,000.00   | 5,000,000.00   | 5,018,175.00   | 5.309%            |
| FEDERAL HOME LOAN BANKS<br>Stifel                      | 06/27/2024  | 06/27/2025     | 06/27/2025         | 06/27/2029     | 5,000,000.00   | 5,000,000.00   | 5,018,175.00   | 5.309%            |
| FEDERAL HOME LOAN BANKS<br>Stifel                      | 09/30/2024  | 09/22/2025     | 09/22/2027         | 09/22/2027     | 5,000,000.00   | 5,000,000.00   | 4,934,960.00   | 4.483%            |
| FEDERAL HOME LOAN MORTGAGE CORP<br>Alamo Capital       | 05/12/2022  |                | 11/12/2024         | 11/12/2024     | 3,000,000.00   | 3,000,000.00   | 2,998,353.00   | 4.733%            |
| FEDERAL HOME LOAN MORTGAGE CORP<br>Alamo Capital       | 09/30/2020  | 12/30/2024     | 09/30/2025         | 09/30/2025     | 3,000,000.00   | 3,000,000.00   | 2,892,435.00   | 4.434%            |
| FEDERAL HOME LOAN MORTGAGE CORP<br>US Wealth GF        | 05/16/2024  | 05/16/2025     | 05/16/2025         | 05/16/2028     | 3,000,000.00   | 3,000,000.00   | 3,013,134.00   | 5.162%            |
| FEDERAL HOME LOAN MORTGAGE CORP<br>US Wealth GF        | 08/20/2020  |                | 08/20/2025         | 08/20/2025     | 3,000,000.00   | 3,000,000.00   | 2,912,295.00   | 4.370%            |
| FEDERAL HOME LOAN MORTGAGE CORP<br>Piper Sandler       | 06/25/2020  |                | 06/25/2025         | 06/25/2025     | 3,000,000.00   | 3,000,000.00   | 2,929,428.00   | 4.410%            |
| FEDERAL HOME LOAN MORTGAGE CORP<br>Stifel              | 05/26/2022  | 11/26/2024     | 05/26/2027         | 05/26/2027     | 3,000,000.00   | 3,000,000.00   | 2,983,767.00   | 5.314%            |
| FEDERAL HOME LOAN MORTGAGE CORP<br>Stifel              | 05/03/2023  | 11/03/2024     | 11/03/2024         | 05/03/2027     | 3,000,000.00   | 3,000,000.00   | 2,999,742.00   | 5.354%            |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION<br>Alamo Capital | 08/25/2020  |                | 08/25/2025         | 08/25/2025     | 3,000,000.00   | 2,985,965.00   | 2,905,092.00   | 4.360%            |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION US Wealth GF     | 07/15/2020  | 01/15/2025     | 07/15/2025         | 07/15/2025     | 3,000,000.00   | 3,000,000.00   | 2,923,713.00   | 4.429%            |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION US Wealth GF     | 08/12/2020  | 02/12/2025     | 08/12/2025         | 08/12/2025     | 3,000,000.00   | 3,000,000.00   | 2,911,308.00   | 4.455%            |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION Stifel           | 01/23/2024  | 01/17/2025     | 01/17/2025         | 01/17/2029     | 3,000,000.00   | 3,000,000.00   | 3,002,304.00   | 4.978%            |
| =  | -           |                | 04/11/2026         | 12/30/2026     | 135,000,000.00 | 134,846,864.00 | 132,546,597.00 | 4.627%            |
|  |             |                |                    |                |                |                |                |                   |



# Monthly Investment Portfolio Report

As of 10/31/2024 Dated: 11/21/2024

CORP

| 0/03/2024<br>4/05/2024<br>3/26/2021<br>6/21/2022 | Next Call Date 04/12/2026 02/11/2027 01/08/2026 11/09/2026   | Effective Maturity 05/12/2026 05/11/2027 02/08/2026   | Final Maturity 05/12/2026 05/11/2027 02/08/2026   | PAR Value<br>5,000,000.00<br>2,000,000.00  | Original Cost<br>4,798,550.00<br>1,919,899.70 | Market Value Yiek<br>4,748,005.00<br>1,946,748.00   | d to Maturity<br>4.442% |
|--|--|---|---|--|---|---|-------------------------|
| 4/05/2024<br>3/26/2021<br>6/21/2022              | 02/11/2027<br>01/08/2026   | 05/11/2027  | 05/11/2027  | -  |   | , .,  | 4.442%                  |
| 3/26/2021<br>6/21/2022                           | 01/08/2026   |   |   | 2,000,000.00   | 1,919,899.70                                  | 1 9/16 7/18 00  |                         |
| 6/21/2022  |  | 02/08/2026  | 02/09/2026  |  |   | 1,040,140.00  | 4.323%                  |
|  | 11/09/2026   |   | 02/00/2020  | 1,000,000.00   | 986,200.00                                    | 954,218.00  | 4.448%                  |
| 0/04/2020  |  | 02/09/2027  | 02/09/2027  | 3,000,000.00   | 2,953,920.00                                  | 2,934,723.00  | 4.364%                  |
| 9/24/2020  | 04/11/2025   | 05/11/2025  | 05/11/2025  | 2,000,000.00   | 2,055,740.00                                  | 1,962,200.00  | 4.794%                  |
| 5/06/2020  | 03/24/2025   | 04/24/2025  | 04/24/2025  | 1,000,000.00   | 1,020,005.00                                  | 985,536.00  | 4.676%                  |
| 2/24/2023  | 02/15/2027   | 03/15/2027  | 03/15/2027  | 3,000,000.00   | 2,778,750.00                                  | 2,862,741.00  | 4.350%                  |
| 8/11/2022  | 12/01/2025   | 03/01/2026  | 03/01/2026  | 3,000,000.00   | 2,976,180.00                                  | 2,946,921.00  | 4.421%                  |
| 8/23/2024  | 05/16/2029   | 08/16/2029  | 08/16/2029  | 4,000,000.00   | 3,709,560.00                                  | 3,650,360.00  | 4.487%                  |
| 2/15/2022  | 12/01/2025   | 03/01/2026  | 03/01/2026  | 2,000,000.00   | 1,928,640.00                                  | 1,964,614.00  | 4.421%                  |
| 3/03/2023  |  | 11/19/2027  | 11/19/2027  | 3,000,000.00   | 2,522,160.00                                  | 2,707,290.00  | 4.722%                  |
| 2/08/2021  |  | 01/15/2026  | 01/15/2026  | 3,000,000.00   | 3,000,000.00                                  | 2,866,770.00  | 4.526%                  |
| 4/18/2023  |  | 03/09/2027  | 03/09/2027  | 2,000,000.00   | 1,829,101.63                                  | 1,880,862.00  | 4.440%                  |
| 3/28/2024  | 10/15/2027   | 01/15/2028  | 01/15/2028  | 3,000,000.00   | 2,844,090.00                                  | 2,885,166.00  | 4.187%                  |
| 3/08/2024  | 01/26/2027   | 03/26/2027  | 03/26/2027  | 3,000,000.00   | 2,903,490.00                                  | 2,924,244.00  | 4.418%                  |
| 5/15/2024  |  | 01/08/2029  | 01/08/2029  | 5,000,000.00   | 4,947,400.00                                  | 4,994,160.00  | 4.879%                  |
| 2/10/2021  | 08/03/2025   | 11/03/2025  | 11/03/2025  | 3,000,000.00   | 3,337,530.00                                  | 2,964,090.00  | 4.354%                  |
| 3/08/2024  |  | 01/29/2029  | 01/29/2029  | 5,000,000.00   | 4,990,150.00                                  | 5,032,145.00  | 4.530%                  |
| 2/24/2023  |  | 01/26/2028  | 01/26/2028  | 3,000,000.00   | 2,951,160.00                                  | 2,963,130.00  | 4.360%                  |
| 4/18/2023  |  | 04/06/2028  | 04/06/2028  | 2,000,000.00   | 1,799,880.37                                  | 1,836,192.00  | 4.503%                  |
| 7/18/2022  |  | 04/14/2025  | 04/14/2025  | 2,044,000.00   | 2,035,824.00                                  | 2,033,168.84  | 4.587%                  |
| 6/20/2024  | 07/22/2028   | 09/22/2028  | 09/22/2028  | 5,000,000.00   | 4,489,500.00                                  | 4,503,855.00  | 4.296%                  |
| 6/18/2020  | 12/14/2024   | 12/15/2024  | 12/15/2024  | 2,000,000.00   | 2,173,300.00                                  | 1,994,226.00  | 4.977%                  |
| -  |  | 05/21/2027  | 05/21/2027  | 67,044,000.00  | 64,951,030.69                                 | 64,541,364.84   | 4.495%                  |
| 5 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2          | 6/06/2020<br>6/06/2020<br>6/24/2023<br>6/11/2022<br>6/23/2024<br>6/15/2022<br>6/08/2021<br>6/18/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024<br>6/15/2024 | 6/06/2020 03/24/2025 6/06/2020 03/24/2025 6/24/2023 02/15/2027 6/11/2022 12/01/2025 6/23/2024 05/16/2029 6/15/2022 12/01/2025 6/03/2023 6/08/2021 6/28/2024 10/15/2027 6/28/2024 01/26/2027 6/15/2024 6/10/2021 08/03/2025 6/08/2024 6/10/2021 08/03/2025 6/18/2023 6/22/2023 6/22/2023 6/22/2023 6/22/2024 07/22/2028 6/18/2020 12/14/2024 | 6/06/2020         03/24/2025         04/24/2025           6/06/2023         02/15/2027         03/15/2027           6/11/2022         12/01/2025         03/01/2026           6/23/2024         05/16/2029         08/16/2029           6/23/2022         12/01/2025         03/01/2026           6/03/2023          11/19/2027           6/08/2021          01/15/2026           6/18/2023          03/09/2027           6/18/2024         10/15/2027         01/15/2028           6/08/2024         01/26/2027         03/26/2027           6/15/2024          01/08/2029           6/10/2021         08/03/2025         11/03/2025           6/08/2024          01/29/2029           6/16/2023          01/26/2028           6/18/2023          04/06/2028           6/18/2024          04/06/2028           6/18/2020          04/14/2024           6/18/2020         12/14/2024         12/15/2024 | 03/24/2025 04/24/2025 04/24/2025 02/15/2027 03/15/2027 03/15/2027 03/15/2027 03/15/2027 03/15/2027 03/01/2026 03/01/2026 03/01/2026 03/01/2029 08/16/2029 08/16/2029 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2026 03/01/2027 01/15/2027 01/15/2026 01/15/2026 01/15/2028 01/15/2028 01/15/2028 01/15/2024 01/26/2027 03/26/2027 03/26/2027 03/26/2027 01/08/2029 01/08/2029 01/08/2029 01/29/2029 01/29/2029 01/29/2029 01/29/2029 01/29/2029 01/29/2028 01/26/2028 01/26/2028 01/26/2028 01/26/2028 01/26/2028 01/26/2028 01/26/2028 01/26/2028 09/22/2028 09/22/2028 09/22/2028 09/22/2028 | 1,000,000.00                                  | \$106/2020 03/24/2025 04/24/2025 04/24/2025 1,000,000.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,020,005.00 1,021,005.00 1,021,005.00 1,021,005.00 1,021,005.00 1,021,005.00 1,020,005.00 1,021,005.00 1 | 1,000,000.00            |

#### **US GOV**

| Description,<br>Broker                 | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value    | Original Cost | Market Value | Yield to Maturity |
|--|-------------|----------------|--------------------|----------------|--------------|---------------|--------------|-------------------|
| UNITED STATES TREASURY<br>US Wealth GF | 11/17/2023  |                | 11/15/2028         | 11/15/2028     | 3,000,000.00 | 2,815,781.25  | 2,884,218.75 | 4.172%            |
| UNITED STATES TREASURY<br>US Wealth GF | 09/26/2024  |                | 08/31/2029         | 08/31/2029     | 5,000,000.00 | 5,038,671.88  | 4,887,500.00 | 4.143%            |
| UNITED STATES TREASURY Piper Sandler   | 05/15/2023  |                | 05/31/2027         | 05/31/2027     | 3,000,000.00 | 2,901,780.00  | 2,889,843.75 | 4.138%            |

AGG- General Fund (213428)



# Monthly Investment Portfolio Report

AGG- General Fund (213428)

| As of 10/31/2024   |             |                |                    |                | ======================================= |               |               | Dated: 11/21/2024 |
|--|-------------|----------------|--------------------|----------------|---|---------------|---------------|-------------------|
| Description,<br>Broker                                     | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value                               | Original Cost | Market Value  | Yield to Maturity |
| UNITED STATES TREASURY Piper Sandler                       | 08/17/2023  |                | 07/31/2028         | 07/31/2028     | 3,000,000.00                            | 2,974,080.00  | 2,996,250.00  | 4.160%            |
| UNITED STATES TREASURY Piper Sandler                       | 12/21/2023  |                | 04/30/2028         | 04/30/2028     | 3,000,000.00                            | 2,943,984.38  | 2,937,187.50  | 4.149%            |
| UNITED STATES TREASURY Piper Sandler                       | 01/31/2024  |                | 01/31/2029         | 01/31/2029     | 4,000,000.00                            | 4,007,192.00  | 3,973,750.00  | 4.169%            |
| UNITED STATES TREASURY<br>Piper Sandler                    | 06/18/2024  |                | 06/30/2028         | 06/30/2028     | 3,000,000.00                            | 2,961,501.00  | 2,985,000.00  | 4.147%            |
| UNITED STATES TREASURY<br>Stifel                           | 09/01/2023  |                | 07/15/2026         | 07/15/2026     | 3,000,000.00                            | 2,997,726.30  | 3,014,531.25  | 4.199%            |
| UNITED STATES TREASURY<br>Stifel                           | 10/29/2024  |                | 09/30/2029         | 09/30/2029     | 5,000,000.00                            | 4,956,250.00  | 4,934,375.00  | 4.172%            |
| UNITED STATES TREASURY                                     |             |                | 09/07/2028         | 09/07/2028     | 32,000,000.00                           | 31,596,966.81 | 31,502,656.25 | 4.161%            |
| MMFUND   |             |                |                    |                |   |               |               |                   |
| Description,<br>Broker                                     | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value                               | Original Cost | Market Value  | Yield to Maturity |
| LAIF Money Market Fund<br>LAIF - GF                        |             |                | 10/31/2024         | 10/31/2024     | 15,387,605.77                           | 15,387,605.77 | 15,387,605.77 |                   |
| LAIF Money Market Fund<br>LAIF - GF                        |             |                | 10/31/2024         | 10/31/2024     | 15,387,605.77                           | 15,387,605.77 | 15,387,605.77 |                   |
| MUNI   |             |                |                    |                |   |               |               |                   |
| Description,<br>Broker                                     | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value                               | Original Cost | Market Value  | Yield to Maturity |
| CALIFORNIA ST UNIV REV<br>Alamo Capital                    | 09/09/2022  |                | 11/01/2026         | 11/01/2026     | 1,000,000.00                            | 909,590.00    | 939,540.00    | 4.326%            |
| HEMET CALIF UNI SCH DIST<br>Alamo Capital                  | 12/12/2023  |                | 08/01/2028         | 08/01/2028     | 1,105,000.00                            | 967,062.85    | 999,295.70    | 4.373%            |
| MONTEREY PK CALIF PENSION OBLIG<br>US Wealth GF            | 02/16/2021  |                | 06/01/2025         | 06/01/2025     | 400,000.00                              | 403,156.00    | 391,072.00    | 4.812%            |
| SAN FRANCISCO CALIF MUN TRANSN AGY REV<br>Alamo Capital    | 09/14/2023  |                | 03/01/2028         | 03/01/2028     | 1,200,000.00                            | 1,028,748.00  | 1,091,736.00  | 4.232%            |
| SANTA CLARA CNTY CALIF<br>Alamo Capital                    | 04/05/2024  |                | 08/01/2027         | 08/01/2027     | 2,075,000.00                            | 1,922,570.50  | 1,957,036.25  | 4.210%            |
| UNIVERSITY CALIF REVS<br>Alamo Capital                     | 06/23/2023  | 03/15/2027     | 05/15/2027         | 05/15/2027     | 5,000,000.00                            | 4,486,800.00  | 4,631,100.00  | 4.420%            |
| YOSEMITE CALIF CMNTY COLLEGE DIST<br>Alamo Capital         | 12/12/2023  |                | 08/01/2027         | 08/01/2027     | 3,025,000.00                            | 2,786,872.00  | 2,862,618.00  | 4.167%            |
| =  |             |                | 07/06/2027         | 07/06/2027     | 13,805,000.00                           | 12,504,799.35 | 12,872,397.95 | 4.317%            |
| CD   |             |                |                    |                |   |               |               |                   |
| Description,<br>Broker                                     | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value                               | Original Cost | Market Value  | Yield to Maturity |
| Ally Bank<br>Piper Sandler                                 | 06/02/2022  |                | 06/02/2026         | 06/02/2026     | 245,000.00                              | 245,000.00    | 241,857.88    | 3.939%            |
| Capital One Bank (USA), National Association Piper Sandler | 06/08/2022  |                | 06/08/2027         | 06/08/2027     | 245,000.00                              | 245,000.00    | 240,843.82    | 3.839%            |
| Capital One, National Association<br>Piper Sandler         | 06/08/2022  |                | 06/08/2027         | 06/08/2027     | 245,000.00                              | 245,000.00    | 240,843.82    | 3.839%            |
| Discover Bank<br>Piper Sandler                             | 06/07/2022  |                | 06/07/2027         | 06/07/2027     | 245,000.00                              | 245,000.00    | 240,847.98    | 3.839%            |
| JPMorgan Chase Bank, National Association<br>Alamo Capital | 02/08/2021  | 01/16/2025     | 01/16/2026         | 01/16/2026     | 250,000.00                              | 250,000.00    | 239,642.50    | 4.124%            |
|  |             |                |                    |                |   |               |               |                   |



# Monthly Investment Portfolio Report

AGG- General Fund (213428)

Dated: 11/21/2024

| Description,<br>Broker  | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value    | Original Cost | Market Value | Yield to Maturity |
|---|-------------|----------------|--------------------|----------------|--------------|---------------|--------------|-------------------|
| Morgan Stanley Bank, N.A.<br>Piper Sandler                      | 06/09/2022  |                | 06/09/2027         | 06/09/2027     | 245,000.00   | 245,000.00    | 240,243.82   | 3.838%            |
| Morgan Stanley Private Bank, National Association Piper Sandler | 06/09/2022  |                | 06/09/2027         | 06/09/2027     | 245,000.00   | 245,000.00    | 240,243.82   | 3.838%            |
| -   |             |                | 02/03/2027         | 02/03/2027     | 1,720,000.00 | 1,720,000.00  | 1,684,523.63 | 3.893%            |

#### Summary

As of 10/31/2024

| Description,<br>Broker | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value      | Original Cost  | Market Value   | Yield to Maturity |
|------------------------|-------------|----------------|--------------------|----------------|----------------|----------------|----------------|-------------------|
|                        |             |                | 10/26/2026         | 03/09/2027     | 264,956,605.77 | 261,007,266.62 | 258,535,145.44 | 4.510%            |

<sup>\*</sup> Grouped by: Security Type. \* Groups Sorted by: Ending Market Value + Accrued. \* Filtered By: Description ≠ "Receivable". \* Weighted by: Ending Market Value + Accrued.

# **Statement of Cash Receipts and Expenditures**

WASTEWATER FUND

Invested Reserve Funds

| BEGINNING BALANCE OCTOBER 1, 2024 |            | (24,682.51)  | 1,650,747.69 |
|-----------------------------------|------------|--------------|--------------|
| Receipts                          |            |              |              |
| Accounts Receivable Other         | _          |              |              |
| Customer Deposits-Construction    | _          |              |              |
| Interest Earned-Invested Funds    | 19,709.20  |              |              |
| Wastewater Revenue                | 229,496.37 |              |              |
| Reimb OP                          | 77,973.29  |              |              |
| Sewer Capacity Charges            | -          |              |              |
| Miscellaneous                     | _          |              |              |
| TOTAL RECEIPTS                    | 327,178.86 |              |              |
| TOTAL RECEIPTS                    | 327,178.80 |              |              |
| Payments                          |            |              |              |
| Checks Under \$10k                | 396.87     |              |              |
| Checks Over \$10k                 | 178,044.15 |              |              |
| Cancelled Checks and Fees         | -          |              |              |
| TOTAL PAYMENTS                    | 178,441.02 |              |              |
| NET INCOME                        |            | 148,737.84   |              |
| NET INCOME                        |            | 140,737.04   |              |
| Invested Reserve Funds            |            |              |              |
| Funds Matured (CIA)               | -          |              |              |
| Funds Invested (C/I)              | 148,709.20 |              |              |
| NET TRANSFER                      |            | (148,709.20) | 148,709.20   |
| ENDING BALANCE OCTOBER 31, 2024   |            | (24,653.87)  | 1,799,456.89 |

## **Wastewater Fund**

Schedule #1 - Checks Over \$10,000

# DESERT WATER



## October 2024

| Check # | Name                            | Description                                 | Amount           |
|---------|---------------------------------|---|------------------|
| 3018    | Coachella Valley Water District | Wastewater Revenue Billing for August 2024  | \$<br>79,984.87  |
| 3019    | Coachella Valley Water District | Wastewater Revenue Billing for July 2024    | \$<br>73,435.83  |
| 3021    | Desert Water Agency             | Operating Fund Reimbursement-September 2024 | \$<br>24,623.45  |
| Total   |                                 |   | \$<br>178,044.15 |

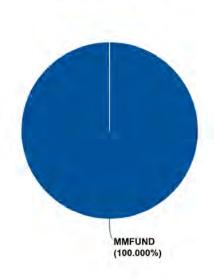


# Monthly Investment Portfolio Report As of 10/31/2024

AGG- Wastewater Fund (213427)

Dated: 11/21/2024

# Security Type



#### Chart calculated by: PAR Value

#### MMFUND

| Description,<br>Broker              | Settle Date | Next Call Date | Effective Maturity | Final Maturity | PAR Value    | Original Cost | Market Value | Yield to Maturity |
|-------------------------------------|-------------|----------------|--------------------|----------------|--------------|---------------|--------------|-------------------|
| LAIF Money Market Fund<br>LAIF - WW |             |                | 10/31/2024         | 10/31/2024     | 1,799,456.89 | 1,799,456.89  | 1,799,456.89 |                   |
| LAIF Money Market Fund<br>LAIF - WW |             |                | 10/31/2024         | 10/31/2024     | 1,799,456.89 | 1,799,456.89  | 1,799,456.89 |                   |

<sup>\*</sup> Grouped by: Security Type. 
\* Groups Sorted by: Ending Market Value + Accrued. 
\* Filtered By: Description ≠ "Receivable". 
\* Weighted by: Ending Market Value + Accrued.

# **Investment Portfolio Reporting Requirements**

as required by DWA Resolution 1301, Section VII & California Government Code Section 53646

as of **October 31, 2024** 

# Statement of Compliance

The Desert Water Agency portfolio is in compliance with the Agency's investment policy and guidelines for investment of Agency funds as outlined in DWA Resolution 1301.

# Statement of Agency's Ability to Meet Six-Month Expenditure Requirements

Desert Water Agency has the ability to meet its expenditure requirements for the next six months.

# **Description of Investments**

### **Agency Bonds**

Securities issued by a government-sponsored enterprise or by a federal government department other that the U.S. Treasury.

## **Bank Deposits**

Agency funds on deposit in the General Fund, Operating Fund and Wastewater Fund active checking accounts for use in meeting the daily cash flow requirements of the Agency.

#### Certificate of Deposits (CD)

Interest bearing time deposit. FDIC insured up to \$250,000 per depositor, per FDIC-insured bank.

#### Corporate Notes

Debt securities issued by a for-profit company.

#### Money Market Funds

High quality, short-term debt instruments, cash and cash equivalents. Utilized for overnight holding of investment proceeds prior to reinvesting or transferring to Agency checking accounts.

## Municipal Bonds

Fixed income securities issued by states, cities, counties, special districts and other governmental entities.

# Treasury Notes

Fixed income securities issued by the federal government with maturities between two and ten years backed by the full faith and credit of the United States government.

## Funds Managed by Contracted Parties - LAIF

The Desert Water Agency has contracted with the California Local Agency Investment Fund (LAIF) for investment of Agency funds. LAIF is a voluntary program created by Section 16429.1 et seq. of the California Government Code. LAIF is an investment alternative for California's local governments and special districts. This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the state Treasurer's Office professional investment staff at no additional cost to the taxpayer or ratepayer. All Agency funds invested with LAIF are available for withdrawal upon demand and may not be altered, impaired or denied in any way (California Government Code Section 16429.4).

#### Market Value Source

Current market values are provided by Clearwater Analytics for all investment types other than LAIF. LAIF market values are recorded at PAR value.

Esther Saenz Finance Director Desert Water Agency

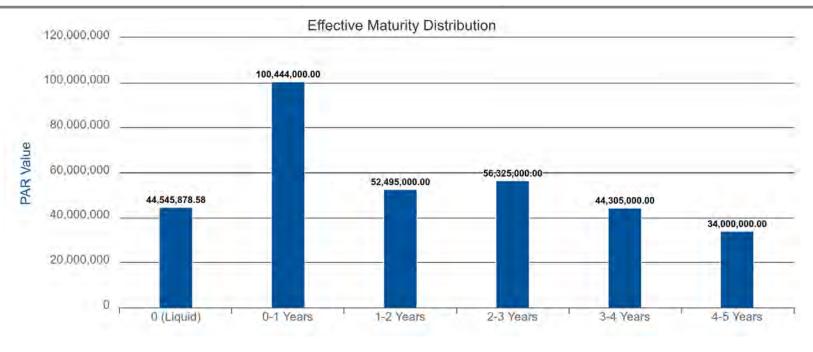


As of 10/31/2024

# **Effective Maturity Distribution Summary**

AGG-ALL (219610)

Dated: 11/21/2024



#### 0 (Liquid)

| DWA Fund        | Account   | Identifier | Description            | Security Type | PAR Value Ending Effective<br>Maturity | Final Maturity |
|-----------------|-----------|------------|------------------------|---------------|--|----------------|
| General Fund    | LAIF - GF | LAIFMMF    | LAIF Money Market Fund | MMFUND        | 15,387,605.77 10/31/2024               | 10/31/2024     |
| Operating Fund  | LAIF - OP | LAIFMMF    | LAIF Money Market Fund | MMFUND        | 27,358,815.92 10/31/2024               | 10/31/2024     |
| Wastewater Fund | LAIF - WW | LAIFMMF    | LAIF Money Market Fund | MMFUND        | 1,799,456.89 10/31/2024                | 10/31/2024     |
|                 |           | LAIFMMF    | LAIF Money Market Fund | MMFUND        | 44,545,878.58 10/31/2024               | 10/31/2024     |

#### 0-1 Years

| DWA Fund       | Account      | Identifier | Description | Security Type | PAR Value      | Ending Effective<br>Maturity | Final Maturity |
|----------------|--------------|------------|-------------|---------------|----------------|------------------------------|----------------|
| General Fund   |              |            |             |               | 75,444,000.00  | 04/17/2025                   | 07/03/2026     |
| Operating Fund | US Wealth OP |            |             |               | 25,000,000.00  | 02/27/2025                   | 02/27/2025     |
|                |              |            |             |               | 100,444,000.00 | 04/05/2025                   | 03/04/2026     |

#### 1-2 Years

| DWA Fund       | Account      | Identifier | Description             | Security Type | PAR Value     | Ending Effective<br>Maturity | Final Maturity |
|----------------|--------------|------------|-------------------------|---------------|---------------|------------------------------|----------------|
| General Fund   |              |            |                         |               | 49,495,000.00 | 05/05/2026                   | 06/13/2026     |
| Operating Fund | US Wealth OP |            | FEDERAL HOME LOAN BANKS | AGCY BOND     | 3,000,000.00  | 07/26/2026                   | 08/14/2028     |
|                |              |            |                         |               | 52,495,000.00 | 05/10/2026                   | 07/29/2026     |



# **Effective Maturity Distribution Summary**

AGG-ALL (219610)

As of 10/31/2024 Dated: 11/21/2024

| DWA Fund       | A            | I-I (:E:    | Description                  | O             | DAR Vehen Fredhen Effective            | Fire at Marke with a |
|----------------|--------------|-------------|------------------------------|---------------|--|----------------------|
| OWA Fund       | Account      | Identifier  | Description                  | Security Type | PAR Value Ending Effective<br>Maturity | Final Maturity       |
| General Fund   |              |             |                              |               | 48,325,000.00 04/30/2027               | 04/30/2027           |
| perating Fund  | US Wealth OP |             | <del></del>                  | <del></del>   | 8,000,000.00 05/05/2027                | 05/05/2027           |
| <del></del>    |              |             |                              | <del></del>   | 56,325,000.00 05/01/2027               | 05/01/2027           |
| -4 Years       |              |             |                              |               |  |                      |
| DWA Fund       | Account      | Identifier  | Description                  | Security Type | PAR Value Ending Effective<br>Maturity | Final Maturity       |
| General Fund   |              |             |                              |               | 42,305,000.00 05/07/2028               | 05/07/2028           |
| Operating Fund | US Wealth OP | 57629W6H8   | MASSMUTUAL GLOBAL FUNDING II | CORP          | 2,000,000.00 06/14/2028                | 06/14/2028           |
|                |              |             |                              | <del></del>   | 44,305,000.00 05/08/2028               | 05/08/2028           |
| I-5 Years      |              |             |                              |               |  |                      |
| DWA Fund       | Account      | Identifier  | Description                  | Security Type | PAR Value Ending Effective<br>Maturity | Final Maturity       |
| General Fund   |              |             |                              |               | 34,000,000.00 04/25/2029               | 04/25/2029           |
| General Fund   |              |             | •••                          | <b></b>       | 34,000,000.00 04/25/2029               | 04/25/2029           |
| Summary        |              |             |                              |               |  |                      |
| Account        | Identifier   | Description |                              | Security Type | PAR Value Ending Effective<br>Maturity | Final Maturity       |
|                |              |             |                              |               | 332,114,878.58 07/11/2026              | 11/01/2026           |

<sup>\*</sup> Grouped by: Effective Maturity Distribution -> DWA Fund. \* Groups Sorted by: Effective Maturity Distribution -> DWA Fund. \* Filtered By: Security Type not in "CASH". \* Weighted by: Ending Market Value + Accrued.

# **Monthly Investment Portfolio Report**

# **Abbreviations & Definitions**

| Investment Type Abbreviations |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|
| AGCY BOND                     | US Agency Obligation ₁   |  |  |  |  |
| AGCY DISC                     | Discounted US Agency Obligation 1 & 8                                    |  |  |  |  |
| CORP                          | Medium Term Notes (Corporate Notes) <sub>2</sub>                         |  |  |  |  |
| MMFUND                        | Local Agency Investment Fund (LAIF) 3 & Cash Funds in Transit 4          |  |  |  |  |
| MUNI                          | Municipal Bonds/Local Agency Bonds <sub>5</sub>                          |  |  |  |  |
| CD                            | Negotiable Certificates of Deposit 6                                     |  |  |  |  |
| US GOV                        | U.S. Treasury notes, bills bonds or other certificates of indebtedness 7 |  |  |  |  |

| Definitions           |  |
|-----------------------|--|
| Settle Date           | The date of original purchase  |
| <b>Next Call Date</b> | The next eligible date for the issuer to refund or call the bond or note                   |
| Effective Maturity    | The most likely date that the bond will be called based on current market conditions       |
| Final Maturity        | The date the bond matures, DWA receives the full PAR value plus the final interest payment |
| PAR Value             | The principal amount DWA will receive when a bond is either called or matures              |
| <b>Original Cost</b>  | The original cost to purchase the bond (includes premium/discount)                         |
| Market Value          | The current value of the bond at current market rates                                      |
| Yield to Maturity     | The total anticipated return on a bond if the bond is held to maturity                     |

#### NOTES:

- 1 DWA Investment Policy, Resolution 1301, Schedule 1, Item 2
- 2 DWA Investment Policy, Resolution 1301, Schedule 1, Item 14
- 3 DWA Investment Policy, Resolution 1301, Schedule 1, Item 9
- 4 Cash funds in transit are a result of maturities/calls/coupon payments that are held in the Agency's money market account with the broker/custodian until transferred to the Agency's bank. DWA Investment Policy, Resolution 1301, Schedule 1, Item 15
- 5 DWA Investment Policy, Resolution 1301, Schedule 1, Item 3
- 6 DWA Investment Policy, Resolution 1301, Schedule 1, Item 10
- 7 DWA Investment Policy, Resolution 1301, Schedule 1, Item 1
- 8 US Agency Obligation that does not bear an interest rate, but purchased at a discount, held to maturity and redeemed at PAR.

# DESERT WATER AGENCY - OPERATING FUND COMPARATIVE EARNINGS STATEMENT

| MONTH 24-25                |              | THIS MONTH   |              | FIS           | SCAL YEAR TO DATE- |               | VARIANCE-     |       |
|----------------------------|--------------|--------------|--------------|---------------|--------------------|---------------|---------------|-------|
| OCTOBER                    | THIS YEAR    | LAST YEAR    | BUDGET       | THIS YEAR     | LAST YEAR          | BUDGET        | YTD           | PCT   |
| OPERATING REVENUES         |              |              |              |               |                    |               |               |       |
| WATER SALES                | 3,958,842.61 | 3,444,023.11 | 3,710,400.00 | 17,900,424.01 | 15,370,111.29      | 17,315,300.00 | 585,124.01    | 3%    |
| RECYCLED WATER SALES       | 96,593.58    | 63,460.14    | 76,600.00    | 455,061.63    | 400,686.61         | 442,000.00    | 13,061.63     | 3%    |
| POWER SALES                | 8,703.15     | 18,780.92    | 7,200.00     | 45,470.60     | 44,144.04          | 28,800.00     | 16,670.60     | 58%   |
| OTHER OPER REVENUE         | 697,074.77   | 231,809.93   | 199,100.00   | 1,269,411.36  | 782,463.78         | 796,400.00    | 473,011.36    | 59%   |
| TOTAL OPER REVENUE         | 4,761,214.11 | 3,758,074.10 | 3,993,300.00 | 19,670,367.60 | 16,597,405.72      | 18,582,500.00 | 1,087,867.60  | 6%    |
| OPERATING EXPENSES         |              |              |              |               |                    |               |               |       |
| SOURCE OF SUPPLY EXP       | 30,380.34    | 40,319.86    | 102,100.00   | 2,397,265.78  | 2,020,887.92       | 2,456,400.00  | -59,134.22    | -2%   |
| PUMPING EXPENSE            | 1,084,546.23 | 80,133.74    | 537,800.00   | 2,128,882.36  | 1,882,458.00       | 2,445,200.00  | -316,317.64   | -13%  |
| REGULATORY WATER TREAT     | 128,348.01   | 134,248.52   | 102,900.00   | 405,351.42    | 418,332.25         | 411,600.00    | -6,248.58     | -2%   |
| TRANS & DIST EXPENSE       | 415,687.92   | 387,719.29   | 352,180.00   | 1,196,983.09  | 1,227,881.44       | 1,408,720.00  | -211,736.91   | -15%  |
| CUSTOMER ACT EXPENSE       | 143,760.36   | 82,802.85    | 109,800.00   | 396,211.20    | 312,822.41         | 439,200.00    | -42,988.80    | -10%  |
| ADMIN & GEN EXPENSE        | 1,182,690.44 | 967,316.97   | 1,138,550.00 | 6,500,218.96  | 5,645,815.29       | 7,310,800.00  | -810,581.04   | -11%  |
| REGULATORY EXPENSE         | 18,887.71    | 90,201.41    | 51,400.00    | 68,032.93     | 126,793.82         | 205,600.00    | -137,567.07   | -67%  |
| SNOW CREEK HYDRO EXP       | 7,641.89     | 1,029.24     | 3,600.00     | 19,321.26     | 11,264.58          | 14,400.00     | 4,921.26      | 34%   |
| RECYCLED WATER PLNT EXP    | 177,514.65   | 73,952.54    | 186,710.00   | 435,435.96    | 314,252.96         | 746,840.00    | -311,404.04   | -42%  |
| SUB-TOTAL                  | 3,189,457.55 | 1,857,724.42 | 2,585,040.00 | 13,547,702.96 | 11,960,508.67      | 15,438,760.00 | -1,891,057.04 | -12%  |
| OTHER OPER EXPENSES        |              |              |              |               |                    |               |               |       |
| DEPRECIATION               | 0.00         | 527,475.85   | 0.00         | 766.58        | 2,122,684.37       | 0.00          | 766.58        | 0%    |
| SERVICES RENDERED          | 10,737.46    | 28,249.95    | 17,000.00    | 53,926.35     | 85,784.77          | 68,000.00     | -14,073.65    | -21%  |
| DIR & INDIR CST FOR WO     | -250,195.83  | -435,421.19  | -293,600.00  | -1,192,861.06 | -1,340,676.30      | -1,174,400.00 | -18,461.06    | 2%    |
| TOTAL OPER EXPENSES        | 2,949,999.18 | 1,978,029.03 | 2,308,440.00 | 12,409,534.83 | 12,828,301.51      | 14,332,360.00 | -1,922,825.17 | -13%  |
| NET INCOME FROM OPERATIONS | 1,811,214.93 | 1,780,045.07 | 1,684,860.00 | 7,260,832.77  | 3,769,104.21       | 4,250,140.00  | 3,010,692.77  | 71%   |
| NON-OPERATING INCOME (NET) |              |              |              |               |                    |               |               |       |
| RENTS                      | 6,344.96     | 4,007.58     | 17,900.00    | 20,286.00     | 16,030.32          | 71,600.00     | -51,314.00    | -72%  |
| INTEREST REVENUES          | 153,129.82   | 138,090.15   | 125,000.00   | 582,720.20    | 487,637.83         | 500,000.00    | 82,720.20     | 17%   |
| INVESTMENT AMORT.          | 49,461.67    | 40,643.89    | 0.00         | 286,630.56    | 121,916.78         | 0.00          | 286,630.56    | 0%    |
| OTHER REVENUES             | 22,140.00    | 1,222,087.18 | 29,500.00    | 82,925.36     | 1,222,367.18       | 118,000.00    | -35,074.64    | -30%  |
| GAINS ON RETIREMENT        | 0.00         | 0.00         | 800.00       | 0.00          | 0.00               | 800.00        | -800.00       | -100% |
| DISCOUNTS                  | 0.00         | 0.00         | 100.00       | 0.00          | 934.79             | 400.00        | -400.00       | -100% |
| PR. YEAR EXPENSES          | 0.00         | 243.64       | 0.00         | 0.00          | 243.64             | 0.00          | 0.00          | 0%    |
| OTHER EXPENSES             | 0.00         | 0.00         | -3,800.00    | 0.00          | 0.00               | -15,200.00    | 15,200.00     | -100% |
| LOSS ON RETIREMENTS        | 0.00         | 0.00         | -5,300.00    | -13,782.44    | 0.00               | -21,200.00    | 7,417.56      | -35%  |
| TOTAL NON-OPER INCOME      | 231,076.45   | 1,405,072.44 | 164,200.00   | 958,779.68    | 1,849,130.54       | 654,400.00    | 304,379.68    | 47%   |
| TOTAL NET INCOME           | 2,042,291.38 | 3,185,117.51 | 1,849,060.00 | 8,219,612.45  | 5,618,234.75       | 4,904,540.00  | 3,315,072.45  | 68%   |

# GENERAL MANAGER'S REPORT DECEMBER 3, 2024

# <u>DWA Awarded United States Bureau of Reclamation WaterSMART Small-Scale Water</u> <u>Efficiency Grant</u>

DWA's Grass Removal program was one of the projects selected to receive a federal grant of \$100,000. The Agency has previously been awarded grants from the Small-Scale Water Efficiency Projects program in 2020 and 2022. Conservation team member, Ernye Valenciano, worked to complete and submit the grant application on behalf of DWA. DWA staff will continue to work to complete the grant agreement and financial commitments.

#### **SYSTEM LEAK DATA 2024**

Nov 12, 2024 - Nov 22, 2024

| Street Name      | Number of Leaks | Pipe Diameter (inches) | Install Date | Material   | Coatling/Linning |
|------------------|-----------------|------------------------|--------------|------------|------------------|
| ALEJO RD         | 3               | 8"                     | 1958         | Steel - SP | UL               |
| INDIAN CANYON DR | 3               | 6"                     | 1951         | Steel - SP | UL               |
| SUNNY DUNES RD   | 1               | 6"                     | 1946         | Steel - SP | UL               |
| HIGHLAND DR      | 1               | 4"                     | 1946         | Steel - SP | UL               |
| RAMON RD         | 1               | 6"                     | 1955         | Steel - SP | UL               |
| INDIAN CANYON DR | 1               | 6"                     | 1952         | Steel - SP | UL               |
| PATENCIO LN      | 1               | 4"                     | 1951         | Steel - SP | UL               |
| JOYCE DR         | 1               | 6"                     | 1958         | Steel - SP | UL               |
| MCMANUS DR       | 1               | 4"                     | 1946         | Steel - SP | ÜL               |
| RAMON RD         | 1               | 12"                    | 1956         | Steel - SP | ÜL               |
| PALM CANYON DR E | 1               | 6"                     | 1955         | Steel - SP | UL               |
| CERRITOS RD      | 1               | 6"                     | 1955         | Steel - SP | UL               |
| TAHQUITZ CYN WY  | 10              | 8"                     | 1946         | Steel - SP | UL               |
| INDIAN CANYON DR | 1               | 8"                     | 1938         | Steel - SP | UL               |
| SUNNY DUNES RD   | 111             | 10"                    | 1939         | Steel - SP | UL               |

Total Leaks in System

19



#### SYSTEM INFORAMTION

Oldest Pipe in the System (Year of Installation): 1936, 88 years old

Average Year of Installation of Unlined Steel Pipe (Systemwide): 1953, 71 years old

Total Length of Unlined Pipe Systemwide (Linear Feet): 232,014

\*Average Length of Pipe Replaced Annually (Linear Feet): 15,000 ft

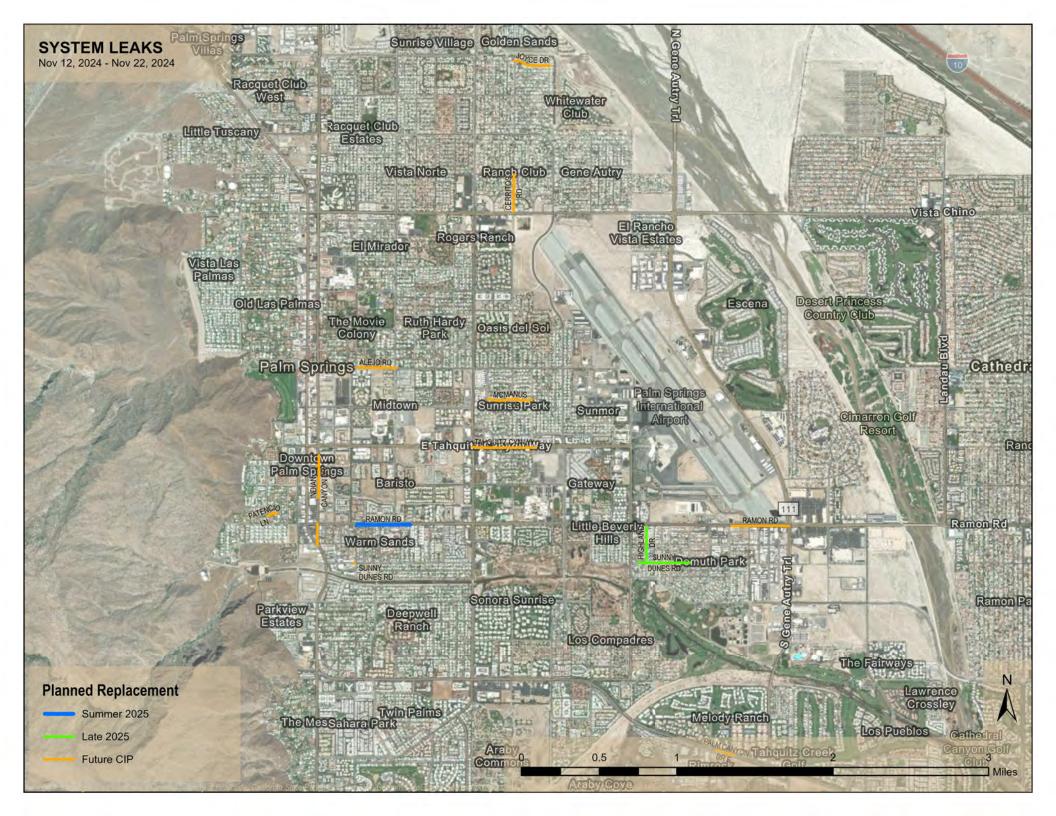
\*Projected Time Frame for 100% Replacement of Unlined Steel Pipe: 16 years

Year Agency Transitioned to Cement Lined Steel Pipe: 1960

\*Please note this figure represents the average linear footage of pipeline replaced annually given an average annual budget of \$3 million

# **DETAILED LEAK DATA 2024**Nov 12, 2024 - Nov 22, 2024

| Leak Date  | Street Name      | Number of Leaks          | Labor Hours          |
|------------|------------------|--------------------------|----------------------|
| 11/12/2024 | INDIAN CANYON DR | 1                        | 12                   |
| 11/12/2024 | TAHQUITZ CYN WY  | 1                        | 10                   |
| 11/12/2024 | INDIAN CANYON DR | 2                        | 10                   |
| 11/12/2024 | INDIAN CANYON DR | 1                        | 0                    |
| 11/12/2024 | SUNNY DUNES RD   | 1                        | 6                    |
| 11/12/2024 | INDIAN CANYON DR | 1                        | 12                   |
| 11/12/2024 | JOYCE DR         | 1                        | 8                    |
| 11/13/2024 | HIGHLAND DR      | 1                        | 6                    |
| 11/15/2024 | RAMON RD         | 1                        | 10                   |
| 11/15/2024 | SUNNY DUNES RD   | 1                        | 12                   |
| 11/17/2024 | PATENCIO LN      | 1                        | 8                    |
| 11/17/2024 | ALEJO RD         | 3                        | 3                    |
| 11/19/2024 | MCMANUS DR       | 1                        | 8                    |
| 11/20/2024 | CERRITOS RD      | 1                        | 10                   |
| 11/21/2024 | PALM CANYON DR E | 1                        | 12                   |
| 11/22/2024 | RAMON RD         | 1                        | 10                   |
|            |                  | Total Leaks in<br>System | Total Labor<br>Hours |
|            |                  | 19                       | 137                  |



## **General Manager's Meetings and Activities**

### Meetings:

| 11/20/24 | DCP Coordination Meeting              | Conf Call |
|----------|---------------------------------------|-----------|
| 11/20/24 | DCP Update Meeting                    | Conf Call |
| 11/20/24 | SWC Monthly Meeting                   | Conf Call |
| 11/21/24 | SWC Board Meeting                     | Conf Call |
| 11/21/24 | Tribal Mediation Coordination Meeting | Conf Call |
| 11/25/24 | DWA Weekly Department Heads Meeting   | DWA       |
| 11/25/24 | Tribal Mediation Small Group Meeting  | Conf Call |
| 11/26/24 | Executive Committee Meeting           | DWA       |
| 12/02/24 | DWA Weekly Department Heads Meeting   | DWA       |
| 12/02/24 | Tribal Mediation Small Group Meeting  | Conf Call |
| 12/03/24 | DWA Bi-Monthly Board Meeting          | DWA       |

#### Activities:

- 1) Sites Reservoir Finance
- 2) DCP Financing
- 3) Recycled Water Supply Strategic Planning
- 4) AQMD Rule 1196
- 5) DWA Organizational Restructuring
- 6) DWA Remote Meter Reading Fixed Network
- 7) DC Project Finance JPA Committee (Standing)
- 8) DWA/CVWD/MWD Operations Coordination (Standing)
- 9) DWA/CVWD/MWD Exchange Agreement Coordination Committee (Standing)
- 10) ACBCI Water Rights Lawsuit
- 11) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 12) Delta Conveyance Project Cost Allocation
- 13) MCSB Delivery Updates
- 14) SWP East Branch Enlargement Cost Allocation
- 15) RWQCB Update to the SNMP