Indian Wells Valley Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

History and Organization:

On January 24, 1955, the Ridgecrest County Water District was formed in accordance with Division 12, Section 30000-00901 of the California Water Code. The District was incorporated as a Political Corporation on February 1, 1955, and established as a California public entity with authority to construct, operate and maintain a community water works system, such as the District deems necessary and proper. In January 1970, the name was changed to Indian Wells Valley Water District to recognize that service had extended beyond the political boundaries of the City of Ridgecrest. Service is provided to nearly 12,000-metered sites. Voters living within the District's boundaries elect five Directors to govern the District. The District has a staff of 32 full-time regular employees. The District operates strictly from water rate charges and fees for services and has no revenue from taxes or federal sources. The District operates eleven production wells, eleven water tanks that provide for 17.1 million gallons of storage, and seven booster stations.

Indian Wells Valley Water District

Board of Directors as of June 30, 2023

Name	Title	Elected/ Appointed	Current Term
Mallory J. Boyd	President	Elected	11/20-11/24
Ronald R. Kicinski	Vice-President	Elected	11/22-11/24
Charles D. Griffin	Director	Elected	11/20-11/24
Stan G. Rajtora	Director	Elected	11/23-11/26
David C.H. Saint-Amand	Director	Elected	11/23-11/26

Indian Wells Valley Water District
Donald M. Zdeba, General Manager
500 W. Ridgecrest Blvd.
Ridgecrest, California 93555
(760) 375-5086 – www.iwvwd.com

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Financial Section

C.J. Brown & Company CPAs
An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
Indian Wells Valley Water District
Ridgecrest, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Indian Wells Valley Water District (District) which comprises the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Indian Wells Valley Water District as of June 30, 2023 and 2022, and the changes in net position and 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; 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. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District 's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in note 13 to the financial statements, in June 30, 2023, the District recorded prior period restatements for water purchase payable and receivables related to water purchases.

As a result, the District has restated its net position to reflect the effects of the change. Our opinion is not modified with respect to this matter.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the required supplementary information on pages 47 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 51 and 52.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
March 11, 2024

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Indian Wells Valley Water District (District) provides an introduction to the financial statements for the fiscal years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2023, the District's net position decreased 0.74%, or $284,418 to $38,120,142, due to a decrease of $873,426 from ongoing operations offset by capital contributions of $589,008. In fiscal year 2022, the District's net position increased 1.90%, or $716,512 to $38,404,560, due to an increase of $47,560 from ongoing operations and of $668,952 in capital contributions.
- Total revenues decreased 2.95% or $484,967 to $15,948,892. In fiscal year 2022, the District's total revenues increased 17.04% or $2,392,921 to $16,433,859.
- Operating revenues decreased 3.77% or $612,492 to $15,627,950. In fiscal year 2022, the District's operating revenues increased 17.28% or $2,393,383 to $16,240,442.
- Non-operating revenues increased 65.93% or $127,525 to $320,942. In fiscal year 2022, the District's non-operating revenues decreased 0.24% or $462 to $193,417.
- Total expenses increased 2.66% or $436,019 to $16,822,318. In fiscal year 2022, the District's total expenses increased 6.74% or $1,034,176 to $16,386,299.
- Operating expenses increased 3.24% or $393.389 to $12,520,230. In fiscal year 2022, the District's operating expenses increased 13.53% or $1,445,127 to $12,126,841.
- Non-operating expenses increased 3.66% or $48,260 to $1,366,433. In fiscal year 2022, the District's non-operating expenses decreased 2.28% or $30,700 to $1,318,173.
- Capital contributions decreased 11.95% or $79,944 to $589,008. In fiscal year 2022, the District's capital contributions decreased 65.87% or $1,291,270 to $668,952.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. These statements can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net change in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that help answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 the cash is received or paid. These two statements report the District's *net position* and changes in it. One can think of the District's net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 46.

Statement of Net Position

Condensed Statements of Net Position

	2023	As Restated 2022	Change	As Restated 2021	Change
Assets:					
Current assets	$ 15,805,719	22,250,222	(6,444,503)	24,042,764	(1,792,542)
Non-current assets	127,862	120,000	7,862	120,000	-
Capital assets, net	60,383,597	55,868,511	4,515,086	54,588,290	1,280,221
Total assets	76,317,178	78,238,733	(1,921,555)	78,751,054	(512,321)
Deferred outflows of resources	2,473,403	1,305,011	1,168,392	1,006,665	298,346
Liabilities:					
Current liabilities	2,837,052	3,116,282	(279,230)	3,170,996	(54,714)
Non-current liabilities	37,468,392	35,929,654	1,538,738	38,423,376	(2,493,722)
Total liabilities	40,305,444	39,045,936	1,259,508	41,594,372	(2,548,436)
Deferred inflows of resources	364,995	2,093,248	(1,728,253)	483,161	1,610,087
Net position:					
Net investment in capital assets	28,407,074	22,730,376	5,676,698	20,317,430	2,412,946
Restricted	491,437	5,428,522	(4,937,085)	6,839,839	(1,411,317)
Unrestricted	9,221,631	10,245,662	(1,024,031)	10,530,779	(285,117)
Total net position	$ 38,120,142	38,404,560	(284,418)	37,688,048	716,512

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $38,120,142 and $38,404,560 as of June 30, 2023 and 2022, respectively.

Statement of Net Position, continued

The largest portion of the District's net position (75% and 59% as of June 30, 2023 and 2022, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2023 and 2022, the District showed a positive balance in its unrestricted net position of $9,221,631 and $10,245,662, respectively, which may be utilized in future years. See note 12 for further information.

Statement of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenues, Expenses, and Changes in Net Position

		2023	As Restated 2022	Change	As Restated 2021	Change
Revenue:						
Operating revenue	$	15,627,950	16,240,442	(612,492)	13,847,059	2,393,383
Non-operating revenue		320,942	193,417	127,525	193,879	(462)
Total revenue		15,948,892	16,433,859	(484,967)	14,040,938	2,392,921
Expense:						
Operating expense		12,520,230	12,126,841	393,389	10,681,714	1,445,127
Depreciation and amortization		2,935,655	2,941,285	(5,630)	3,321,536	(380,251)
Non-operating expense		1,366,433	1,318,173	48,260	1,348,873	(30,700)
Total expense		16,822,318	16,386,299	436,019	15,352,123	1,034,176
Net (loss) income before capital contributions		(873,426)	47,560	(920,986)	(1,311,185)	1,358,745
Capital contributions:		589,008	668,952	(79,944)	1,960,222	(1,291,270)
Changes in net position		(284,418)	716,512	(1,000,930)	649,037	67,475
Net position, beginning of year		38,404,560	37,688,048	716,512	37,039,011	649,037
Net position, end of year as restated	$	38,120,142	38,404,560	(284,418)	37,688,048	716,512

A closer examination of the sources of changes in net position reveal that:

In fiscal year 2023 the District's net position decreased 0.74%, or $284,418 to $38,120,142, due to a decrease of $873,426 from ongoing operations offset by capital contributions of $589,008. In fiscal year 2022, the District's net position increased 1.90%, or $716,512 to $38,404,560, due to an increase of $47,560 from ongoing operations and of $668,952 in capital contributions.

The District's total revenues decreased 2.95% or $484,967 to $15,948,892 in fiscal year 2023. In fiscal year 2022, the District's total revenues increased 17.04% or $2,392,921 to $16,433,859.

The District's operating revenues decreased 3.77% or $612,492 to $15,627,950 in fiscal year 2023, due to decreases of $1,475,154 in water consumption sales, $106,235 in other charges for services, $43,556 in arsenic compliance charges, offset by increases of $648,783 in zone charges and $363,670 in ready-to-serve charges as compared to the prior year. In fiscal year 2022, the District's operating revenues increased 17.28% or $2,393,383 to $16,240,442, primarily due to increases of $1,858,246 in water consumption sales, $446,054 in ready-to-serve charges, $90,647 in arsenic compliance charges as compared to the prior year.

Statement of Revenues, Expenses, and Changes in Net Position, continued

The District's non-operating revenues increased 65.93% or $127,525 to $320,942 in fiscal year 2023, primarily due to an increase of $173,616 in investment earnings, offset by a decrease of $51,161 in gain on disposition of assets. In fiscal year 2022, the District's non-operating revenues decreased 0.24% or $462 to $193,417, primarily due to decreases of $29,454 in other revenue and $17,843 in investment earnings, offset by increases of $39,825 in gain on disposition of assets and $10,032 in special assessment 87-1 for debt service.

The District's total expenses increased 2.66% or $436,019 to $16,822,318 in fiscal year 2023. In fiscal year 2022, the District's total expenses increased 6.74% or $1,034,176 to $16,386,299.

The District's operating expenses increased 3.24% or $393.389 to $12,520,230 in fiscal year 2023, primarily due to increases of $203,011 in transmission and distribution, $133,582 in general and administrative, $104,916 in arsenic plant expenses, $53,973 in water supply, $50,416 in engineering, and $38,725 in field services, offset by a decrease of $184,996 in customer service as compared to the prior year. In fiscal year 2022, the District's operating expenses increased 13.53% or $1,445,127 to $12,126,841, due to increases of $1,319,813 in general and administrative, $177,800 in engineering, $86,842 in customer service, $22,069 in water supply, offset by decreases of $123,808 in arsenic plant expenses, $17,157 in transmission and distribution, and $14,311 in legislative expenses as compared to the prior year.

The District's depreciation decreased 0.19%, or $5,630 to $2,935,655 in fiscal year 2023, primarily due to maturing existing capital assets as compared to prior year. In fiscal year 2022, the District's depreciation decreased 11.45%, or $380,251 to $2,941,285, primarily due to maturing existing capital assets as compared to prior year.

The District's non-operating expenses increased 3.66% or $48,260 to $1,366,433 in fiscal year 2023, primarily due to an increase of $46,655 in interest expense related to long-term debt as compared to the prior year. In fiscal year 2022, the District's non-operating expenses decreased 2.28% or $30,700 to $1,318,173, primarily due to a decrease of $28,700 in interest expense related to long-term debt as compared to the prior year.

The District's capital contributions decreased 11.95% or $79,944 to $589,008 in fiscal year 2023, due to a decrease of $141,856 in capital facility fees, offset by increases of $46,283 in capital contributions from developers and $15,629 in capital contributions from the State. In fiscal year 2022, the District's capital contributions decreased 65.87% or $1,291,270 to $668,952, due to decreases of $745,348 in capital contributions from the State, $375,917 in capital facility fees, $117,369 in capital contributions from developers, $38,610 in capital contributions from local sources, and $14,026 in capital contributions for the Cash for Grass grant.

Capital Asset Administration

Changes in capital asset amounts for 2023 were as follows:

		Balance 2022	Additions	Transfers/ Deletions	Balance 2023
Capital assets:					
Non-depreciable assets	$	12,399,020	7,485,464	(5,077,398)	14,807,086
Depreciable assets		112,934,475	5,056,601	(196,340)	117,794,736
Accumulated depreciation and amortization		(69,464,984)	(2,935,655)	182,414	(72,218,225)
Total capital assets, net	$	55,868,511	9,606,410	(5,091,324)	60,383,597

Changes in capital asset amounts for 2022 were as follows:

		As Restated 2021	Additions	Transfers/ Deletions	Balance 2022
Capital assets:					
Non-depreciable assets	$	10,606,537	4,287,362	(2,494,879)	12,399,020
Depreciable assets		110,505,452	2,429,023	-	112,934,475
Accumulated depreciation and amortization		(66,523,699)	(2,941,285)	-	(69,464,984)
Total capital assets, net	$	54,588,290	3,775,100	(2,494,879)	55,868,511

At the end of fiscal years 2023 and 2022, the District's investment in capital assets amounted to $60,383,597 and $55,868,511 (net of accumulated depreciation and amortization), respectively. This investment in capital assets includes land, transmission and distribution systems, buildings, equipment, vehicles leased equipment and construction-in-process. See note 5 for further information.

Debt Administration

Changes in long-term debt amounts for 2023 were as follows:

		Balance 2022	Additions	Transfers/ Deletions	Balance 2023
Long-term debt:					
COPs payable	$	27,268,155	-	(817,408)	26,450,747
Loans payable		5,858,227	-	(332,451)	5,525,776
Lease payable		11,753	-	(11,753)	-
Total long-term debt	$	33,138,135	-	(1,161,612)	31,976,523

Debt Administration, continued

Changes in long-term debt amounts for 2022 were as follows:

	As Restated 2021	Additions	Transfers/ Deletions	Balance 2022
Long-term debt:				
COPs payable	$ 28,064,312	-	(796,157)	27,268,155
Loans payable	6,171,897	-	(313,670)	5,858,227
Lease payable	34,651	-	(22,898)	11,753
Total long-term debt	$ 34,270,860	-	(1,132,725)	33,138,135

See note 7 for further information.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present, and future periods.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Chief Financial Officer at 500 West Ridgecrest Boulevard, Ridgecrest, California 93555 – (760) 375-5086.

Basic Financial Statements

Indian Wells Valley Water District
Statements of Net Position
June 30, 2023 and 2022

		2023	As Restated 2022
Current assets:			
Cash and cash equivalents (note 2)	$	10,641,447	13,334,988
Restricted – cash and cash equivalents (note 2)		602,797	5,445,347
Accrued interest receivable		82,834	15,686
Accounts receivable – water sales and services		1,931,657	1,928,791
Accounts receivable – IWVGA		1,295,184	539,302
Accounts receivable – other		10,671	20,457
Assessment bonds receivable – delinquent (note 3)		61,476	72,857
Lease receivable (note 4)		9,534	7,861
Materials and supplies inventory		1,064,181	798,169
Prepaid expenses and other deposits		105,938	86,764
Total current assets		15,805,719	22,250,222
Non-current assets:			
Lease receivable (note 4)		7,862	-
Mitigation deposit – California Department of Fish and Game		120,000	120,000
Capital assets – not being depreciated (note 5)		14,807,086	12,399,020
Capital assets, net – being depreciated (note 5)		45,576,511	43,469,491
Total non-current assets		60,511,459	55,988,511
Total assets		76,317,178	78,238,733
Deferred outflows of resources:			
Deferred other post-employment benefit outflows (note 8)		516,744	447,985
Deferred pension outflows (note 9)		1,956,659	857,026
Total deferred outflows of resources	$	2,473,403	1,305,011

Continued on next page

See accompanying notes to the basic financial statements.

Indian Wells Valley Water District
Statements of Net Position, continued
June 30, 2023 and 2022

		2023	As Restated 2022
Current liabilities:			
Accounts payable and accrued expenses	$	1,061,426	1,354,862
Accrued wages and related payables		58,267	136,153
Customer deposits		322,961	359,539
Accrued interest payable		111,360	16,825
Unearned revenue		119,371	106,456
Long-term liabilities – due within one year:			
Compensated absences (note 6)		70,044	85,965
Bonds payable (note 7)		747,500	710,000
Loans payable (note 7)		346,123	334,729
Lease payable (note 7)		-	11,753
Total current liabilities		2,837,052	3,116,282
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 6)		280,177	343,862
Bonds payable (note 7)		25,703,247	26,558,155
Loans payable (note 7)		5,179,653	5,523,498
Net other post-employment benefit liability (note 8)		2,084,715	1,698,328
Net pension liability (note 9)		4,220,600	1,805,811
Total non-current liabilities		37,468,392	35,929,654
Total liabilities		40,305,444	39,045,936
Deferred inflows of resources:			
Deferred lease inflows (note 4)		14,345	4,782
Deferred other post-employment benefit inflows (note 8)		99,648	258,290
Deferred pension inflows (note 9)		251,002	1,830,176
Total deferred inflows of resources		364,995	2,093,248
Net position:			
Net investment in capital assets (note 10)		28,407,074	22,730,376
Restricted (note 11)		491,437	5,428,522
Unrestricted (note 12)		9,221,631	10,245,662
Total net position	$	38,120,142	38,404,560

See accompanying notes to the basic financial statements.

Indian Wells Valley Water District

Statements of Revenues, Expenses, and Changes in Net Position

For the Fiscal Years Ended June 30, 2023 and 2022

		2023	As Restated 2022
Operating revenues:			
Water consumption sales	$	7,067,452	8,542,606
Ready-to-serve charges		5,345,319	4,981,649
Arsenic compliance charges		1,879,917	1,923,473
Zone charges		855,966	207,183
Other charges for services		479,296	585,531
Total operating revenues		15,627,950	16,240,442
Operating expenses:			
Water supply		1,202,524	1,148,551
Arsenic plant		186,647	81,731
Transmission and distribution		1,819,017	1,616,006
Field services		490,423	451,698
Engineering		533,725	483,309
Customer service		462,135	647,131
Legislative		89,658	95,896
General and administrative		7,736,101	7,602,519
Total operating expenses		12,520,230	12,126,841
Operating income before depreciation expense		3,107,720	4,113,601
Depreciation expense – capital recovery		(2,935,655)	(2,941,285)
Operating income		172,065	1,172,316
Non-operating revenue(expense):			
Special assessment 87-1 for debt service		8,224	12,859
Investment earnings		260,368	86,752
Rental revenue		9,971	10,029
Interest expense		(1,361,128)	(1,314,473)
Debt service costs		(5,305)	(3,700)
Gain on disposition of assets		7,573	58,734
Other revenue		34,806	25,043
Total non-operating expense, net		(1,045,491)	(1,124,756)
Net (loss) income before capital contributions		(873,426)	47,560
Capital contributions:			
Capital facility fees		256,788	398,644
Capital contributions – State		102,592	86,963
Capital contributions – developer		229,628	183,345
Total capital contributions		589,008	668,952
Changes in net position		(284,418)	716,512
Net position, beginning of year		38,404,560	37,688,048
Net position, end of year, as restated (note 13)	$	38,120,142	38,404,560

See accompanying notes to the basic financial statements.

Indian Wells Valley Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2023 and 2022

		2023	As Restated 2022
Cash flows from operating activities:			
Cash receipts from customers for water sales and services	$	14,907,675	16,678,194
Cash paid to employees for salaries and wages		(7,507,206)	(8,161,634)
Cash paid to vendors and suppliers for materials and services		(5,844,607)	(4,802,673)
Net cash provided by operating activities		1,555,862	3,713,887
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(7,460,276)	(4,211,972)
Proceeds from capital contributions		589,008	668,952
Special assessments for debt service		19,605	24,580
Principal paid on long-term debt		(1,161,612)	(1,132,725)
Interest paid on long-term debt		(1,266,593)	(1,315,403)
Debt service costs on long-term debt		(5,305)	(3,700)
Net cash used in capital and related financing activities		(9,285,173)	(5,970,268)
Cash flows from investing activities:			
Investment earnings		193,220	86,131
Net cash provided by investing activities		193,220	86,131
Net decrease in cash and cash equivalents		(7,536,091)	(2,170,250)
Cash and cash equivalents, beginning of year		18,780,335	20,950,585
Cash and cash equivalents, end of year	$	11,244,244	18,780,335
Reconciliation of cash and cash equivalents to the statements of net position:			
Cash and cash equivalents	$	10,641,447	13,334,988
Restricted assets – cash and cash equivalents		602,797	5,445,347
Total cash and cash equivalents	$	11,244,244	18,780,335

Continued on next page

See accompanying notes to the basic financial statements.

Indian Wells Valley Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2023 and 2022

		2023	As Restated 2022
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	172,065	1,172,316
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		2,935,655	2,941,285
Rental revenue		9,971	10,029
Gain on disposition of assets		7,573	58,734
Other revenue		34,806	25,043
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase)Decrease in assets:			
Accounts receivable – water sales and services		(2,866)	171,803
Accounts receivable – IWVGA		(755,882)	(539,302)
Accounts receivable – other		9,786	114,814
Materials and supplies inventory		(266,012)	(151,566)
Prepaid expenses and other deposits		(19,174)	13,771
(Increase)Decrease in deferred outflows of resources:			
Deferred other post-employment benefit outflows		(68,759)	(358,321)
Deferred pension outflows		(1,099,633)	59,975
Increase(Decrease) in liabilities:			
Accounts payable and accrued expenses		(293,436)	(169,162)
Accrued wages and related payables		(77,886)	30,756
Customer deposits		(36,578)	26,320
Unearned revenue		12,915	31,010
Compensated absences		(79,606)	28,453
Net other post-employment benefit liability		386,387	305,361
Net pension liability		2,414,789	(1,667,519)
Increase(Decrease) in deferred inflows of resources:			
Deferred lease inflows		9,563	(9,563)
Deferred other post-employment benefit inflows		(158,642)	124,360
Deferred pension inflows		(1,579,174)	1,495,290
Total adjustments		1,383,797	2,541,571
Net cash provided by operating activities	$	1,555,862	3,713,887
Non-cash investing and financing transactions:			
Change in fair market value of investments	$	21,251	17,677

See accompanying notes to the basic financial statements.

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Indian Wells Valley Water District (District) was formed for the purpose of furnishing potable water within the District. The District was formed under the provisions of the County Water Act found in Division 12 of the State of California Water Code. The District is located in Kern County and includes the community of Ridgecrest and provides water to approximately 12,000 customers.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

B. Basis of Accounting and Measurement Focus

The District 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 District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

The District has adopted the following GASB pronouncements in the current year:

Governmental Accounting Standards Board Statement No. 91

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

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 91, continued

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap;(6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Investments

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.

4. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

5. Restricted Assets

Certain assets of the District are restricted for use by ordinance or debt covenant and, accordingly, are shown as restricted assets on the accompanying statements of net position. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

6. Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

7. Lease Receivable / Payable

Lease receivables / payables are measured at the present value of payments expected to be received (paid) during the lease term.

8. Materials and Supplies Inventory

Materials and supplies inventory consist primarily of water meters, pipe, and pipefittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using the weighted-average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

9. Prepaids

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

10. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated fair market 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 – 30 to 35 years
- Structures and improvements – 10 to 30 years
- Vehicles and large equipment – 3 to 10 years
- Office furniture and equipment – 3 to 10 years

Leased equipment is amortized on a straight-line basis over the life of the lease.

11. Deferred Outflows of Resources

The statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and, therefore, will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to employer contributions made after the measurement date of the net other-postemployment benefit liability. This amount will be amortized-in-full against the net other-postemployment benefit liability in the next fiscal year.
- Deferred outflow for the change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with other-postemployment benefits through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5-year period.

Pensions

- Deferred outflow which is equal to employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the Plan.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

11. Deferred Outflows of Resources, continued

Pensions, continued

- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension Plans' fiduciary net position. This amount is amortized over a 5-year period. In the prior year, this item was reported as a deferred inflow.
- Deferred outflow for the net change due to the difference in the change in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension through the Plan.

12. Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and portions of sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated.

13. Post-Employment Benefits Other Than Pensions (OPEB)

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

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation date: June 30, 2021
- Measurement dates: June 30, 2022 and 2021
- Measurement periods: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

14. 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 District's California Public Employees' Retirement System (CalPERS) plan (Plan) and addition to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation dates: June 30, 2021 and June 30, 2020
- Measurement dates: June 30, 2022 and June 30, 2021
- Measurement periods: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

15. Deferred Inflows of Resources

The statements of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources,* represents an acquisition of resources applicable to future periods and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the difference between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with other-postemployment benefits through the Plan.

Pensions

- Deferred inflow for the net difference in actual and proportionate share of employer contribution which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

16. Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- *Restricted* – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.

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

17. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

18. Budgetary Policies

The District adopts an annual non-appropriated 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.

(2) Cash and Investments

Cash and investments as of June 30 are classified as follows:

		2023	2022
Cash and cash equivalents	$	10,641,447	13,334,988
Cash and cash equivalents – restricted		602,797	5,445,347
Total cash and investments	$	11,244,244	18,780,335

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

		2023	2022
Cash on hand	$	1,200	1,200
Deposits with financial institutions		1,566,008	2,877,122
Total cash on hand and deposits		1,567,208	2,878,322
Deposits in Local Agency Investment Fund		1,379,470	1,359,165
Deposits in Kern County Investment Pool		8,297,566	10,359,697
Deposits in money market funds		-	4,183,151
Total investments		9,677,036	15,902,013
Total cash and cash equivalents	$	11,244,244	18,780,335

As of June 30, the District's authorized deposits had the following average days to maturity:

	2023	2022
Deposits in Local Agency Investment Fund	260 days	311 days
Deposits in Kern County Investment Pool	606 days	580 days

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

The District is legally empowered by statute and resolution to invest in money-market funds, the California State Investment Pool – Local Agency Investment Fund, and the Kern County Investment Pool. The District's investment policy identifies other investment types that are authorized for the District to invest under the California Government Code.

Investment in State Investment Pool

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

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

(2) Cash and Investments, continued

Investment in Kern County Investment Pool

The Kern County Treasurer's Pooled Cash Portfolio (Pool) is a pooled investment fund program governed by the Kern County Board of Supervisors and administered by the Kern County Treasurer and Tax Collector. Investments in the Pool are highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit.

The Kern County's bank deposits are either federally insured or collateralized in accordance with the California Government Code. Pool detail may be obtained from the Kern County Treasurer and Tax Collector's website at www.kcttc.co.kern.ca.us.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies.

California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to $250,000, are federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

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 of June 30, 2023 and 2022, the District's investments held to maturity were categorized as twelve months or less, respectively.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

(2) Cash and Investments, continued

Credit ratings of investments as of June 30, 2023 were as follows:

Investment Types		Total	Minimum Legal Rating	Rating as of Year End: AAA	Rating as of Year End: Not Rated
Local Agency Investment Fund (LAIF)	$	1,379,470	N/A	-	1,379,470
Kern County Investment Pool		8,297,566	N/A	-	8,297,566
Total	$	9,677,036		-	9,677,036

Credit ratings of investments as of June 30, 2022 were as follows:

Investment Types		Total	Minimum Legal Rating	Rating as of Year End: AAA	Rating as of Year End: Not Rated
Local Agency Investment Fund (LAIF)	$	1,359,165	N/A	-	1,359,165
Kern County Investment Pool		10,359,697	N/A	-	10,359,697
Money market funds		4,183,151	AAA	4,183,151	-
Total	$	15,902,013		4,183,151	11,718,862

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for external investment pools) that represent 5% or more of total District investments at June 30, 2023 and 2022, respectively.

Fair Value Measurements

At June 30, 2023, there were no reportable investments measured at fair value on a recurring and non-recurring basis.

Investments measured at fair value on a recurring and non-recurring basis for 2022 are as follows:

Investment Type		Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Held by bond trustee:					
Money market funds	$	4,183,151	4,183,151	-	-
Total investments measured at fair value		4,183,151	4,183,151	-	-
Investments measured at amortized cost:					
Local Agency Investment Fund (LAIF)		1,359,165			
Kern County Investment Pool		10,359,697			
Total	$	15,902,013			

(3) Assessment Bonds Receivable

The District has elected to hold the AD 87-1 Assessment District Bonds rather than sell them on the open market. Since the District has "invested" in these bonds, they are entitled to receive all revenue relating to the Assessment District Bonds.

The assessment bonds receivable at June 30 are as follows:

		2023	2022
Assessment bonds receivable – current and delinquent	$	61,476	72,857
Total assessments bonds receivable, net	$	61,476	72,857

At June 30, 2023 and 2022, the AD 87-1 Assessment District Bonds had been paid-in-full. The remaining balance represents the delinquent portion of the assessment bonds receivable balance. The balances were determined collectible at June 30, 2023 and 2022.

(4) Lease Receivable

The change in lease receivable for the year ended June 30, were as follows:

		Balance 2022	Additions	Principal Payments	Balance 2023	Current Portion	Long-term Portion	Deferred Inflows
Lease receivable:								
Mammoth Lakes	$	7,861	19,127	(9,592)	17,396	9,534	7,862	(14,345)
Total lease receivable	$	7,861	19,127	(9,592)	17,396	9,534	7,862	(14,345)

The change in lease receivable for the year ended June 30, were as follows:

		Restated 2021	Additions	Principal Payments	Balance 2022	Current Portion	Long-term Portion	Deferred Inflows
Lease receivable:								
Mammoth Lakes	$	17,396	-	(9,535)	7,861	7,861	-	(4,782)
Total lease receivable	$	17,396	-	(9,535)	7,861	7,861	-	(4,782)

Mammoth Lakes – Butterworth Ranch

On January 1, 2021, the District entered into a lease agreement with a tenant doing business as Mammoth Lakes Pack Outfit (Mammoth Lakes). Mammoth Lakes has agreed to pay the District for purpose of leasing land for the purpose of agriculture use at the District's site known as Butterworth Ranch. On January 1, 2023, the District renewed its lease agreement with Mammoth Lakes. The terms of the agreement require Mammoth Lakes to pay the District in semi-annual installments through December 31, 2025.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.50%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2023 and 2022, deferred inflows were reported at $14,345 and $4,782, respectively.

(4) Lease Receivable, continued

Butterworth Ranch, continued

Future payments to be received and deferred inflows as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2024	$ 9,534	466	10,000	(9,563)
2025	7,862	139	8,001	(4,782)
Total	17,396	605	18,001	$ (14,345)
Current	(9,534)			
Non-current	$ 7,862			

(5) Capital Assets

Changes in capital assets for 2023 were as follows:

	Balance 2022	Additions/	Deletions/ Transfers	Balance 2023
Non-depreciable assets:				
Land and land rights	$ 2,868,769	-	-	2,868,769
Construction-in-process	9,530,251	7,485,464	(5,077,398)	11,938,317
Total non-depreciable assets	12,399,020	7,485,464	(5,077,398)	14,807,086
Depreciable and amortizable assets:				
Transmission and distribution system	63,213,693	763,351	-	63,977,044
Production and source of supply	33,992,752	4,026,008	-	38,018,760
General plant	15,649,915	267,242	(118,225)	15,798,932
Leased equipment	78,115	-	(78,115)	-
Total depreciable and amortizable asset	112,934,475	5,056,601	(196,340)	117,794,736
Accumulated depreciation and amortization:				
Depreciable assets	(69,398,027)	(2,924,496)	104,298	(72,218,225)
Amortizable assets	(66,957)	(11,159)	78,116	-
Total accumulated depreciation and amortization	(69,464,984)	(2,935,655)	182,414	(72,218,225)
Total depreciable and amortizable assets, net	43,469,491	2,120,946	(13,926)	45,576,511
Total capital assets, net	$ 55,868,511	9,606,410	(5,091,324)	60,383,597

Major capital assets additions during the years include upgrades and extensions of the District's water transmission and distribution system, production and source of supply infrastructure, and general plant. Major deletions during the year include disposals to general plant and leased assets.

(5) Capital Assets, continued

Changes in capital assets for 2022 were as follows:

	Restated 2021	Additions/	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land and land rights	$ 2,870,035	-	(1,266)	2,868,769
Construction-in-process	7,736,502	4,287,362	(2,493,613)	9,530,251
Total non-depreciable assets	10,606,537	4,287,362	(2,494,879)	12,399,020
Depreciable and amortizable assets:				
Transmission and distribution system	62,770,902	442,791	-	63,213,693
Production and source of supply	32,814,069	1,178,683	-	33,992,752
General plant	14,842,366	807,549	-	15,649,915
Leased equipment	78,115	-	-	78,115
Total depreciable and amortizable asset	110,505,452	2,429,023	-	112,934,475
Accumulated depreciation and amortization:				
Depreciable assets	(66,479,061)	(2,918,966)	-	(69,398,027)
Amortizable assets	(44,638)	(22,319)	-	(66,957)
Total accumulated depreciation and amortization	(66,523,699)	(2,941,285)	-	(69,464,984)
Total depreciable and amortizable assets, net	43,981,753	(512,262)	-	43,469,491
Total capital assets, net	$ 54,588,290	3,775,100	(2,494,879)	55,868,511

Major capital assets additions during the years include upgrades and extensions of the District's water transmission and distribution system, production and source of supply infrastructure, general plant, and equipment purchases.

(6) Compensated Absences

Changes to compensated absences for 2023 were as follows:

Balance 2022	Earned	Taken	Balance 2023	Current Portion	Long-term Portion
$ 429,827	458,699	(538,305)	350,221	70,044	280,177

Changes to compensated absences for 2022 were as follows:

Balance 2021	Earned	Taken	Balance 2022	Current Portion	Long-term Portion
$ 401,374	396,739	(368,286)	429,827	85,965	343,862

(7) Long-term Debt

Changes in long-term debt amounts for 2023 were as follows:

	Balance 2022	Additions	Payments	Balance 2023	Current Portion	Long-term Portion
Bonds payable:						
2018 Certificates of participation	$ 24,395,000	-	(710,000)	23,685,000	747,500	22,937,500
Premium on issuance – 2018 Series	2,873,155	-	(107,408)	2,765,747	-	2,765,747
Total bonds payable	27,268,155	-	(817,408)	26,450,747	747,500	25,703,247
Loans payable:						
Mission Bank – 2016 loan	5,858,227	-	(332,451)	5,525,776	346,123	5,179,653
Lease payable:						
Unitrends equipment lease	11,753	-	(11,753)	-	-	-
Total long-term debt	$ 33,138,135	-	(1,161,612)	31,976,523	1,093,623	30,882,900

Changes in long-term debt amounts for 2022 were as follows:

	As Restated 2021	Additions	Payments	Balance 2022	Current Portion	Long-term Portion
Bonds payable:						
2018 Certificates of participation	$ 25,083,750	-	(688,750)	24,395,000	710,000	23,685,000
Premium on issuance – 2018 Series	2,980,562	-	(107,407)	2,873,155	-	2,873,155
Total bonds payable	28,064,312	-	(796,157)	27,268,155	710,000	26,558,155
Loans payable:						
Mission Bank – 2016 loan	6,171,897	-	(313,670)	5,858,227	334,729	5,523,498
Lease payable:						
Unitrends equipment lease	34,651	-	(22,898)	11,753	11,753	-
Total long-term debt	$ 34,270,860	-	(1,132,725)	33,138,135	1,056,482	32,081,653

2018 Series Certificates of Participation – Water Revenue Refunding Bonds

On November 13, 2018, the District issued 2018 Series Certificates of Participation Water Revenue Bonds, not to exceed $38,000,000 for the purpose of advance refunding its outstanding 2009 Series Certificates of Participation Water Revenue Bonds and to finance new capital improvement projects. As a result of the refunding, the District’s 2009 Certificates of Participation issue is considered defeased and the liability for that obligation has been removed from the District’s financial statements. The District completed the advance refunding to reduce the District’s total debt service payments over a 20-year period by a present-value amount of approximately $2.905 million to obtain an economic gain of approximately $3.831 million.

The certificates-of-participation are scheduled to mature in fiscal year 2049. An interest rate premium in the amount of $3,258,032 was calculated on the issuance of the refunding revenue bonds and will be amortized over the life of the debt. Principal and interest are payable in monthly installments due on the 1st of each month at rates ranging from 4.00% to 5.00% with monthly principal installments ranging from $43,333 to $129,583.

(7) Long-term Debt, continued

2018 Series Certificates of Participation – Water Revenue Refunding Bonds, continued

Future long-term debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2024	$ 747,500	1,136,700	1,884,200
2025	780,000	1,099,325	1,879,325
2026	818,750	1,060,325	1,879,075
2027	856,250	1,019,387	1,875,637
2028	901,250	976,575	1,877,825
2029-2033	5,267,500	4,157,000	9,424,500
2034-2038	6,752,500	2,699,937	9,452,437
2039-2043	3,562,500	1,231,562	4,794,062
2044-2048	3,428,750	536,500	3,965,250
2049	570,000	22,800	592,800
Total	23,685,000	13,940,111	37,625,111
Current	(747,500)		
Bond premium	2,765,747		
Long-term	$ 25,703,247		

Mission Bank – 2016 Loan

On April 1, 2016, the District entered into a loan agreement to receive an $8,000,000 loan from Mission Bank to finance the construction of the Solar Power Facility project. Terms of the agreement call for annual payments including interest at 3.50% maturing in fiscal year 2036.

Future long-term debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2024	$ 346,123	188,009	534,132
2025	358,944	175,188	534,132
2026	371,711	162,421	534,132
2027	384,931	149,201	534,132
2028	398,255	135,877	534,132
2029-2033	2,215,861	454,800	2,670,661
2034-2036	1,449,951	74,665	1,524,616
Total	5,525,776	1,340,161	6,865,937
Current	(346,123)		
Long-term	$ 5,179,653		

(7) Long-term Debt, continued

VAR Technology Finance Equipment Lease

On December 14, 2018, the District entered into an agreement with the VAR Technology Finance, to lease backup server equipment for use in the District's administrative office. Terms of the agreement commenced on July 1, 2019, for a period of 48 months, with rent due monthly at $1,979 per month for the entire lease term.

Following the provisions set forth by *GASB Statement No. 87*, the District has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 3.50%. The right-to-use asset is amortized on a straight-line basis over the term of the lease. At June 30, 2023, the lease was paid-in-full.

(8) Other Post-Employment Benefit (OPEB) Plan

Plan Description

The District provides other post-employment benefits (OPEB) to qualified employees who retire from the District and meet the District's vesting requirements. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. The District participates in CalPERS California Employer's Retiree Benefit Trust Program (CERBT), a trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code. Copies of CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA 95814.

Benefits Provided

The District provides post-employment health care benefits to all employees who retire from the District and meet certain eligibility requirements. Retirees may enroll in any plan available through CalPERS medical, dental and vision programs. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

To be eligible for retiree health benefits, an employee must retire from the District on or after age 55 with at least 15 years of District service. As of June 30, 2023 and 2022, the District's contribution was $700 per month for eligible employees regardless of the year in which the employee retired.

Employees Covered by Benefit Terms

At June 30 the following employees were covered by the benefit terms:

	2023	2022
Active plan members	31	31
Retirees and beneficiaries receiving benefits	11	11
Total Plan membership	42	42

Contributions

The contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District contributes towards the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The annual contribution is based on the actuarially determined contribution.

(8) Other Post-Employment Benefit (OPEB) Plan, continued

Contributions, continued

For the years ended June 30, the contributions were as follows:

		2023	2022
Contributions – employer	$	73,682	73,620

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The net OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

The following is a summary of the actuarial assumptions and methods:

Inflation	2023 – 2.50 percent 2022 – 2.50 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	2023 – 6.75 percent 2022 – 6.75 percent
Healthcare cost trend rates	4.00 percent
Retirees' share of benefit-related costs	100 percent of the District's share of projected health insuranc premiums for retirees age 55 with a minimum 15 years of serv hired before July 1, 2013. 100 percent of the District's share of projected health insuranc premiums for retirees age 60 with a minimum 15 years of serv hired on or after January 1, 2013.

(8) Other Post-Employment Benefit (OPEB) Plan, continued

Discount Rate

At June 30, 2022 and 2021, the discount rate used to measure the net OPEB liability was 6.75 percent and 7.00 percent, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The asset class percentages were taken from the current composition of the CERBT trust, and the expected yields were taken from a CalPERS publication for the Pension Fund. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 and 2021 are summarized in the following table:

Asset Class	Target Allocation* CERBT Strategy 1	Expected Real Return**
Global equity	59%	7.79%
Fixed income	25%	4.50%
Treasury inflation-protected securities	5%	3.25%
Commodities	3%	7.80%
Real estate trusts	8%	7.50%
Total	100%	

* Policy target effective October 1, 2018

** Assumed long-term rate of inflation - 2.75%

*** Expected long-term net rate of return, rounded - 6.75%

(8) Other Post-Employment Benefit (OPEB) Plan, continued

Changes in the Net OPEB Liability

Changes in net OPEB liability for the years were as follows:

	June 30, 2023			June 30, 2022
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Net OPEB Liability
Balance at beginning of year	$ 3,091,116	1,392,788	1,698,328	1,392,967
Changes for the year:				
Service cost	101,835	-	101,835	67,973
Interest	208,357	-	208,357	173,446
Expected investment income	-	94,001	(94,001)	(76,488)
Administrative expense	-	(353)	353	413
Employer contributions as benefit payments	-	91,742	(91,742)	(79,915)
Actual benefit payments from employer	(91,742)	(91,742)	-	-
Exepected minus actual benefit payments	(18,780)	-	(18,780)	(4,155)
Experience (gains) losses	-	-	-	(92,504)
Changes in assumptions	-	-	-	540,418
Changes in benefit terms	-	-	-	-
Investment gains/(losses)	-	(280,365)	280,365	(223,827)
Net change	199,670	(186,717)	386,387	305,361
Balance at end of year	$ 3,290,786	1,206,071	2,084,715	1,698,328

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

The following tables present the District’s net OPEB liability calculated using the discount rate, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

As of June 30, 2023, the discount rate comparison was as follows:

	Discount Rate - 1% 5.75%	Current Discount Rate 6.75%	Discount Rate + 1% 7.75%
District's net OPEB liability	$ 2,552,480	2,084,715	1,700,783

As of June 30, 2022, the discount rate comparison was as follows:

	Discount Rate - 1% 5.75%	Current Discount Rate 6.75%	Discount Rate + 1% 7.75%
District's net OPEB liability	$ 2,139,962	1,698,328	1,335,568

(8) Other Post-Employment Benefit (OPEB) Plan, continued

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

As of June 30, 2023, the healthcare cost trend rate comparison was as follows:

	1% Decrease 3.00%	Current Healthcare Cost Trend Rate 4.00%	1% Increase 5.00%
District's net OPEB liability	$ 1,662,548	2,084,715	2,627,125

As of June 30, 2022, the healthcare cost trend rate comparison was as follows:

	1% Decrease 3.00%	Current Healthcare Cost Trend Rate 4.00%	1% Increase 5.00%
District's net OPEB liability	$ 1,323,389	1,698,328	2,178,522

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

For the years ended June 30, 2023 and 2022, the District recognized OPEB expense of $232,668 and $145,020, respectively.

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2023		June 30, 2022	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Employer contributions made subsequent to the measurement date	$ 73,682	-	73,620	-
Changes in assumptions	340,852	-	374,365	-
Differences between expected and actual experience	-	(99,648)	-	(90,210)
Investment gains and losses	102,210	-	-	(168,080)
Total	$ 516,744	(99,648)	447,985	(258,290)

(8) Other Post-Employment Benefit (OPEB) Plan, continued

As of June 30 2023 and 2022, employer OPEB contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $73,6682 and $73,620 will be/were recognized as a reduction of the net OPEB liability for the fiscal years ended June 30, 2024 and 2023, respectively.

As of June 30, 2023, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources, Ne
2024	$ 40,372
2025	42,797
2026	35,481
2027	80,244
2028	24,171
Thereafter	120,349
Total	$ 343,414

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 47 and 48 for the Required Supplementary Information.

(9) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 Risk Pool to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2012. All employees hired after January 1, 2013 are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

(9) Defined Benefit Pension Plan, continued

Benefits Provided, continued

The Plan's provisions and benefits in effect at June 30, 2023 and 2022, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	**Tier 2**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 60	52 - 62
Monthly benefits, as a % of eligible compensation	1.5% to 2.4%	1.0% to 2.5%
2023:		
Required employee contribution rates	6.930%	6.750%
Required employer contribution rates	8.630%	7.470%
2022:		
Required employee contribution rates	6.920%	6.750%
Required employer contribution rates	8.650%	7.590%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers to be determined on an annual basis by an actuary and shall be effective on the July 1, following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As of the fiscal years ended June 30, the contributions to the Plan were as follows:

	Miscellaneous Plan	
	2023	**2022**
Contributions – employer	$ 545,176	489,602

Net Pension Liability

As of the fiscal years ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan was as follows:

	Proportionate Share of Net Pension Liability	
	2023	**2022**
Miscellaneous Plan	$ 4,220,600	1,805,811

(9) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's net pension liability for the PERF C is measured as the proportionate share of the net pension liability for the miscellaneous pool. As of June 30, 2023 and 2022, the net pension liability of the Plan is measured as of June 30, 2022 and 2021 (the measurement dates), respectively. The total pension liability for the PERF C's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and 2020 (valuation dates), rolled forward to June 30, 2022 and 2021, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportions of the net pension liability as of June 30, were as follows:

	Miscellaneous Plan	
	2023	**2022**
Proportion – beginning of year	0.03339%	0.03192%
Proportion – end of year	0.03654%	0.03339%
Change – increase (decrease)	0.00315%	0.00147%

Pension Expense and Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2023 and 2022, the District recognized pension expense of $281,158 and $377,348, respectively.

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	2023		2022	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to the measurement date	$ 545,176	-	489,602	-
Net difference between actual and expected experience	27,991	-	202,503	-
Net change in assumptions	432,490	-	-	-
Net difference between projected and actual earnings on plan investments	773,105	-	-	(1,576,384)
Differences between actual contribution and proportionate share of contribution	-	(251,002)	-	(253,792)
Net adjustment due to differences in proportions of net pension liability	177,897	-	164,921	-
Total	$ 1,956,659	(251,002)	857,026	(1,830,176)

(9) Defined Benefit Pension Plan, continued

Pension Expense and Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30 2023 and 2022, the District reported $545,176 and $489,602, respectively, as deferred outflows of resources related to contributions subsequent to the measurement dates. Pension contributions subsequent to the measurement date for the year ended June 30, 2023, will be recognized as a reduction of the net pension liability for the year ended June 30, 2024. Pension contributions subsequent to the measurement date for the year ended June 30, 2022, were recognized as a reduction of the net pension liability for the year ended June 30, 2023.

At June 30, 2023, other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Net Outflows / (Inflows) of Resources
2024	$ 266,069
2025	257,440
2026	150,019
2027	486,953

Actuarial Assumptions

The total pension liability in the June 30, 2021 and 2020, actuarial valuation reports were determined using the following actuarial assumptions:

Valuation dates	June 30, 2021 and 2020
Measurement dates	June 30, 2022 and 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2023 - 6.90% 2022 - 7.15%
Inflation	2023 - 2.30% 2022 - 2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	6.90 % net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' membership data for all funds
Period upon which actuarial experience survey assumptions were based	1997-2015
Post retirement benefit	COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online at https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2014.pdf.

(9) Defined Benefit Pension Plan, continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

At June 30, 2023 and 2022, the long-term expected real rate of return by asset class was as follows:

Asset Class	Strategic Allocation	Real Return Years 1–10
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	27.00%
Mortgage-backed Securities	5.00%	50.00%
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%	

(9) Defined Benefit Pension Plan, continued

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

The following table presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

As of June 30, 2023, the discount rate comparison was as follows:

	Discount Rate 1% Decrease 5.90%	Current Discount Rate 6.90%	Discount Rate 1% Increase 7.90%
District's net pension liability	$ 6,572,965	4,220,600	2,285,188

As of June 30, 2022, the discount rate comparison was as follows:

	Discount Rate 1% Decrease 6.15%	Current Discount Rate 7.15%	Discount Rate 1% Increase 8.15%
District's net pension liability	$ 3,916,411	1,805,811	61,008

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 49 and 50 for the Required Supplementary Information.

Payable to the Pension Plan

As of June 30, 2023 and 2022, the District reported no payables for the outstanding amount of contribution to the pension plan.

(10) Net Investment in Capital Assets

Calculation of net investment in capital assets as of June 30 were as follows:

		2023	As Restated 2022
Capital assets:			
Capital assets – not being depreciated	$	14,807,086	12,399,020
Capital assets, net – being depreciated		45,576,511	43,469,491
Current:			
Certificates-of-participation		(747,500)	(710,000)
Loans payable		(346,123)	(334,729)
Lease payable		-	(11,753)
Non-current:			
Certificates-of-participation		(25,703,247)	(26,558,155)
Loans payable		(5,179,653)	(5,523,498)
Total net investment in capital assets	$	28,407,074	22,730,376

(11) Restricted

Calculation of restricted net position as of June 30 was as follows:

		2023	As Restated 2022
Restricted – cash and cash equivalents	$	602,797	5,445,347
Accrued interest payable		(111,360)	(16,825)
Total restricted net position	$	491,437	5,428,522

(12) Unrestricted

Unrestricted net position as of June 30 were categorized as follows:

		2023	As Restated 2022
Non-spendable net position:			
Materials and supplies inventory	$	1,064,181	798,169
Prepaid expenses and other deposits		105,938	86,764
Mitigation deposit – California Department of Fish and Game		120,000	120,000
Total non-spendable net position		1,290,119	1,004,933
Spendable net position:			
Capital replacement reserve		5,287,675	6,160,486
Rate stabilization reserve		2,643,837	3,080,243
Total spendable net position		7,931,512	9,240,729
Total unrestricted net position	$	9,221,631	10,245,662

(13) Adjustments to Net Position

In fiscal year 2023, the District determined that it had overpaid for its water purchases from the Indian Wells Valley Groundwater Authority based on its agreement and the specific methods used to determine the water payable. The net overpayment was stratified across the fiscal years 2021, 2022, and 2023. The District calculated the overpayments by period. This resulted in an underpayment for 2021 and an over payment for 2022 and 2023, respectively.

As a result of the adjustments for the District's water purchases, the District recorded prior period restatements for water purchase payable and receivables related to water purchases to restate net position as of June 30, 2021 and 2022.

The adjustments to net position were as follows:

Net position at July 1, 2020, as previously stated	$ 37,039,011
Effect of the adjustment to record payable to Groundwater Authority related to water purchases.	(384,384)
Change in net position at June 30, 2021, as previously stated	1,033,421
Net position at June 30, 2021, as restated	$ 37,688,048
Effect of the adjustment to reverse prior year payable to Groundwater Authority related to water purchases.	384,384
Effect of the adjustments to record receivable to Groundwater Authority related to water purchases.	539,302
Subtotal adjustments to net position	923,686
Change in net position at June 30, 2022, as previously stated	(207,174)
Net position at June 30, 2022, as restated	$ 38,404,560

(14) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in two Deferred Compensation Programs (Programs): A 457 plan and a 401(a) plan. The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. For the District's 457 plan, the market value of all plan assets held in trust by Mutual of America at June 30, 2023 and 2022, was $2,582,874 and $2,542,775, respectively. For the District's 401(a) plan, the market value of all plan assets held in trust by Mutual of America at June 30, 2023 and 2022, were $162,799 and $77,776, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for these plans, the assets and related liabilities are not shown on the statements of net position.

(15) Debt Without District Commitment

Special Assessment Districts

The District maintains two Assessment Districts. These Assessment Districts were established under the Municipal Improvement Act of 1913 and partially financed with the 1951 Improvement Act bonds. Accounting for these Assessment Districts follows the Governmental Accounting Standards Board Statement No. 6, *Accounting and Financial Reporting for Special Assessments*. GASB No. 6 states that enterprise funds, such as that of the District, are to account for special assessment financing debt on the books of the District only if one of the following conditions exists:

1. The District is directly liable for the special assessment debt
2. The District is not directly liable for the special assessment debt, but the debt is expected to be repaid from revenues of the District.

Since the District is not directly liable for the Assessment District debt and it is expected all such debt will be repaid from landowner assessments and not District revenues, the special assessment debt is not included in the District's financial statements. The District acts solely as an agent for the bondholders in collecting and forwarding the special assessments.

Assessment District No. 87-1

The District acquired the Ridgecrest Heights Water System during the 1988 fiscal year. In order to finance the construction of the estimated $6,741,000 of required improvements the District formed Assessment District 87-1 on June 14, 1989. The District holds the Assessment District Bonds and did not sell them on the open market. Bond principal and interest revenues will be used to repay loans received to finance construction from the State of California. At June 30, 2020, the bond debt service was paid-in-full.

Assessment District No. 91-1

Assessment District 91-1 consists of approximately 300 acres of land subdivided into 133 residential lots contiguous to the southwesterly boundary of the City of Ridgecrest, California. The District formed Assessment District 91-1 on January 15, 1992, for the design and construction of a domestic water system for the property within the Assessment District. The cost of this construction was estimated at $1,508,000. Total assessments were $1,508,000 and $237,551 was collected during the cash collection period which ended February 15, 1992.

The remaining unpaid assessments of $1,270,449 were bonded and these limited obligation improvement bonds were sold on July 13, 1992. On August 23, 2001, the District approved resolution 01-05 under the California Streets and Highways Code Section 8771, 8772 and 8773, that the terms and conditions of the bond repayment schedule be modified as of June 30, 2008. The outstanding bonds and interest due to the bond holder were paid under the modified payment schedule. As of June 30, 2022, Assessment District 91-1 did not hold a cash balance in the Kern County Treasury. These funds are available for District expenses/improvements with the appropriate Board action/approvals.

(16) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2023, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $2,500,000, combined single limit at $2,500,000 per occurrence. The District purchased additional excess coverage layers: to a combined total coverage limit of $10,000,000 for general, auto and public officials' liability, increasing the limits on the insurance coverage noted above. Deductibles: General Liability Property Damage- $500, Auto Liability Property Damage - $1,000.

In addition, the District also has the following insurance coverage:

- Employee dishonesty coverage up to $1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis. A combined total of $1 billion per occurrence (pool limit), subject to a $1,000 deductible per occurrence unless otherwise listed in declarations.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence (pool limit), subject to a $1,000 deductible per occurrence, unless other specific object or peril as listed on the declaration.
- Public officials personal liability up to $500,000 each occurrence, with an annual aggregate of $500,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of $500 per claim, and an annual pool aggregate of $8,500,000.
- Workers' compensation insurance up to statutory limits and Employer's Liability Coverage up to $5 million.

Settled claims have not exceeded any of the coverage amounts in the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022, and 2021.

(17) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(17) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 101

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

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(18) Commitments and Contingencies

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and capital contributions.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(19) Subsequent Events

2024 Series Water Revenue Bonds

On March 1, 2024, the District entered into an installment sale agreement with the California Municipal Public Financing Authority in the amount $7,345,000 for the purpose of issuing 2024 Series Water Revenue Bonds to finance the District's water transmission pipeline replacement project. Terms of the agreement call for semi-annual principal and interest payments payable on April 1st and October 1st each year at an interest rate of 4.20%, commencing on October 1, 2024, and maturing in fiscal year 2054.

Management is not aware of any other events or transactions, including estimates that provide additional evidence about conditions which existed after June 30, 2023, which require disclosure as of March 11, 2024, which is the date the financial statements were available to be issued.

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Required Supplementary Information

Indian Wells Valley Water District
Schedules of Changes in the District's Net OPEB Liability and Related Ratios
As of June 30, 2023
Last Ten Fiscal Years*

cal year ending		June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
tal OPEB liability							
Service cost	$	101,835	67,973	66,154	43,624	42,456	41,320
Interest		208,357	173,446	163,097	97,754	70,031	91,646
Assumption changes		-	540,418	-	(603,686)	485,414	-
Changes in benefit terms		-	-	-	906,443	-	-
Expected benefit payments		-	-	-	-	(44,151)	-
Experience (gains)/losses		-	(92,504)	-	(17,713)	-	-
Actual benefit payments from employer		(91,742)	(79,915)	(79,259)	(61,487)	-	-
Actual minus expected benefit payments		(18,780)	-	-	-	1,172	(42,438)
Expected minus actual benefit payments		-	(4,155)	(1,305)	16,420	-	-
Net change in total OPEB liability		199,670	605,263	148,687	381,355	554,922	90,528
Total OPEB liability – beginning		3,091,116	2,485,853	2,337,166	1,955,811	1,400,889	1,310,361
Total OPEB liability – ending	$	3,290,786	3,091,116	2,485,853	2,337,166	1,955,811	1,400,889
n Fiduciary Net Position							
Employer contributions as benefit payments	$	91,742	79,915	79,259	61,487	-	-
Expected investment income		94,001	76,488	73,909	49,717	46,906	-
Investment gains/(losses)		(280,365)	223,827	(36,611)	12,145	30,630	-
Actual investment income		-	-	-	-	-	97,323
Administrative expenses		(353)	(413)	(516)	(214)	(1,787)	(811)
Actual benefit payments from employer		(91,742)	(79,915)	(79,259)	(61,487)	-	-
Expected benefit payments		-	-	-	-	(44,151)	-
Benefit payments		-	-	-	-	-	(42,438)
Actual minus expected benefit payments		-	-	-	-	1,172	-
Other **		-	-	-	-	1,190	-
Net change in plan fiduciary net position		(186,717)	299,902	36,782	61,648	33,960	54,074
Plan fiduciary net position – beginning		1,392,788	1,092,886	1,056,104	994,456	960,496	906,422
Plan fiduciary net position – ending	$	1,206,071	1,392,788	1,092,886	1,056,104	994,456	960,496
t OPEB liability – ending	$	2,084,715	1,698,328	1,392,967	1,281,062	961,355	440,393
vered payroll	$	2,683,152	2,574,331	2,524,428	1,984,705	2,305,138	2,156,274
t OPEB liability as a percentage of covered payroll		77.70%	65.97%	55.18%	64.55%	41.70%	20.42%

tes to Schedule:

luation dates	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
thod and assumptions used to etermine contribution rates:						
Single and agent employers	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age norma
Amortization period	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary increases	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Investment rate of return	6.75%	6.75%	7.00%	7.00%	5.00%	7.00%
Mortality, retirement, disability Termination	(4)	(4)	(3)	(3)	(3)	(3)

(1) Level percentage of payroll, closed

(2) Pre-retirement mortality based on RP-2014 Employee Mortality Tables, Post retirement mortality rates based on RP-2014 Health Annuitant Mortality Table

(3) 2014 CalPERS Active Mortality for Miscellaneous Employees

(4) 2017 CalPERS Mortality for Miscellaneous and School Employees

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Indian Wells Valley Water District
Schedules of OPEB Plan Contributions
As of June 30, 2023
Last Ten Fiscal Years*

Fiscal year ending		June 30, 2022	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	$	73,682	73,620	79,915	79,259	61,487	57,651
Contributions in relation to the actuarially determined contribution		(73,682)	(73,620)	(79,915)	(79,259)	(61,487)	(57,651)
Contribution deficiency (excess)	$	-	-	-	-	-	-
Covered payroll	$	2,683,152	2,574,331	2,524,428	1,984,705	2,305,138	2,156,274
Contribution's as a percentage of covered payroll		2.75%	2.86%	3.17%	3.99%	2.67%	2.67%

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Indian Wells Valley Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2023
Last Ten Fiscal Years*

Fiscal years	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement dates	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.03654%	0.03339%	0.03192%	0.03069%	0.02917%	0.02875%	0.02712%	0.02292%	0.02885%
District's proportionate share of the net pension liability	$ 4,220,600	1,805,811	3,473,330	3,144,639	2,810,828	2,851,601	2,346,813	1,573,256	1,795,052
District's covered payroll	$ 2,683,152	2,574,331	2,524,428	1,984,705	2,305,138	2,156,274	2,095,489	2,075,823	1,907,011
District's proportionate share of the net pension liability as a percentage of its covered payroll	157.30%	70.15%	137.59%	158.44%	121.94%	132.25%	111.99%	75.79%	94.13%
District's fiduciary net position as a percentage of the District's total pension liability	75.54%	88.70%	77.30%	78.02%	79.45%	78.83%	80.54%	86.11%	83.61%

Notes to schedule:

Benefits changes:
There were no changes in benefits

Changes in assumptions:
From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.
The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.
The asset valuation method changed from the 15 year smoothed market method to the market value method.
From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.
From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%
The inflation rate was reduced from 2.75% to 2.625%
From fiscal year June 30, 2018 to June 30, 2019:
The inflation rate was reduced from 2.625% to 2.50%
From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.
From fiscal year June 30, 2020 to June 30, 2021:
There were no changes in assumptions.
From fiscal year June 30, 2021 to June 30, 2022:
There were no changes in assumptions.
From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%
The inflation rate was reduced from 2.50% to 2.30%

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Indian Wells Valley Water District
Schedules of Pension Plan Contributions
As of June 30, 2023
Last Ten Fiscal Years*

Fiscal years		June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	$	600,343	491,371	403,812	380,872	317,222	261,417	232,521	170,777	136,504
Contribution's in relation to the actuarially determined contribution		(600,343)	(491,371)	(403,812)	(380,872)	(317,222)	(261,417)	(232,521)	(170,777)	(136,504)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-
Covered payroll	$	2,683,152	2,574,331	2,524,428	1,984,705	2,305,138	2,156,274	2,095,489	2,075,823	1,907,011
Contribution's as a percentage of covered payroll		22.37%	19.09%	16.00%	19.19%	13.76%	12.12%	11.10%	8.23%	7.16%
Notes to schedule:										
Valuation dates		June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Methods and assumptions used to: determine contribution rates:										
Actuarial cost method		Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method		(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method		Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value	15 year Smoothed Market Method
Inflation		2.300%	2.500%	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Salary increases		(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return		6.90% (3)	7.15% (3)	7.000% (3)	7.250% (3)	7.375% (3)	7.500% (3)	7.500% (3)	7.500% (3)	7.500% (3)
Retirement age		(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality		(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @62
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Report on Internal Controls and Compliance

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Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Indian Wells Valley Water District
Ridgecrest, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Indian Wells Valley Water District (District) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated March 11, 2024.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control 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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*, (continued)

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
March 11, 2024