

Victorville Water District

Victorville, California

*Financial Statements and
Independent Auditor's Report*

For the year ended June 30, 2024

Victorville Water District
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For the year ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Victorville Water District
Victorville, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Victorville Water District (District), a component unit of the City of Victorville, California, as of and for the year ended June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the District, as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required pension schedules and other post-employment benefit plan schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements of the District are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements of the District are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of the District are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

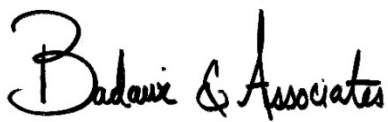
Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the District's June 30, 2023 financial statements. The prior year financial statements of the District as of and for the year ended June 30, 2023, were audited by other auditors whose report dated June 10, 2024, expressed an unmodified opinion on those statements.

To the Board of Directors
of the Victorville Water District
Victorville, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
April 10, 2025

BASIC FINANCIAL STATEMENTS

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Victorville Water District

Statement of Net Position

June 30, 2024

(With Comparative Data for June 30, 2023)

	2024	2023
ASSETS		
Current Assets:		
Cash and investments	\$ 85,120,299	\$ 78,986,581
Cash with fiscal agent	836,588	836,639
Accounts receivable	5,640,186	5,176,781
Interest receivable	371,279	248,870
Due from other governments	28,707	19,946
Inventory	1,604,610	866,934
Total current assets	<u>93,601,669</u>	<u>86,135,751</u>
Noncurrent:		
Deposits and prepaid items	51,763	28,306
Capital assets:		
Nondepreciable	37,054,907	40,643,195
Depreciable or amortizable, net	<u>120,138,363</u>	<u>119,672,824</u>
Total noncurrent assets	<u>157,245,033</u>	<u>160,344,325</u>
Total assets	<u>250,846,702</u>	<u>246,480,076</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - OPEB related	2,287,149	2,707,614
Deferred outflow - pension related	<u>6,305,417</u>	<u>6,095,478</u>
Total deferred outflows of resources	<u>8,592,566</u>	<u>8,803,092</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,857,836	4,376,617
Interest payable	153,385	161,029
Prepaid water connection fees	-	217,489
Deposits payable	1,748,554	1,700,469
Compensated absences - due within one year	561,302	527,666
Total OPEB liability - due within one year	338,738	273,537
Long-term liabilities - due within one year	<u>454,620</u>	<u>434,428</u>
Total current liabilities	6,114,435	7,691,235
Noncurrent liabilities:		
Total OPEB liability	11,690,747	11,388,426
Net pension liability	17,610,716	16,156,738
Long-term debt	7,329,311	7,790,160
Compensated absences	<u>154,792</u>	<u>145,516</u>
Total noncurrent liabilities	<u>36,785,566</u>	<u>35,480,840</u>
Total liabilities	<u>42,900,001</u>	<u>43,172,075</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - OPEB related	3,234,388	3,985,338
Deferred inflows - pension related	<u>851,599</u>	<u>1,029,801</u>
Total deferred inflows of resources	<u>4,085,987</u>	<u>5,015,139</u>
NET POSITION		
Net investment in capital assets	149,171,073	151,942,967
Unrestricted	<u>63,282,207</u>	<u>55,152,987</u>
Total net position	<u>\$ 212,453,280</u>	<u>\$ 207,095,954</u>

See accompanying Notes to Basic Financial Statements.

Victorville Water District
Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2024
(With Comparative Data for the year ended June 30, 2023)

	2024	2023
OPERATING REVENUES:		
Utility sales	\$ 29,871,480	\$ 30,269,489
Meter and service fees	11,326,765	9,801,678
Pass-thru charges for services	1,149,312	1,211,013
Fines and forfeitures	386,446	485,824
Arsenic surcharge	301,506	285,035
Other	243,233	242,429
Total operating revenues	43,278,742	42,295,468
OPERATING EXPENSES:		
Personnel services	12,737,893	11,648,542
Maintenance and operations	19,532,107	19,228,008
Production costs	6,411,631	5,434,263
Pass-thru production costs	1,178,512	1,211,013
Depreciation and amortization	6,570,505	6,524,962
Total operating expenses	46,430,648	44,046,788
Operating income (loss)	(3,151,906)	(1,751,320)
NONOPERATING REVENUES (EXPENSES):		
Taxes	1,567,817	1,335,019
Investment income	5,013,463	1,898,079
Interest expense	(1,387,860)	(381,764)
Gain on disposal of assets	-	338,923
Other nonoperating expenses	(2,024,057)	(220,750)
Total nonoperating revenues (expenses)	3,169,363	2,969,507
Income before contributions and transfers	17,457	1,218,187
CONTRIBUTIONS AND TRANSFERS:		
Connection fees	4,242,660	3,749,915
Alternate water source fees	484,220	528,412
Capital restricted use fees	587,276	586,681
Capital contributions	-	10,000
Transfers in	25,713	-
Contributions to the City of Victorville	-	(73,125)
Total contributions and transfers	5,339,869	4,801,883
Change in net position	5,357,326	6,020,070
NET POSITION:		
Beginning of year	207,095,954	201,075,884
End of year	\$ 212,453,280	\$ 207,095,954

See accompanying Notes to Basic Financial Statements.

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Victorville Water District
Statement of Cash Flows
For the year ended June 30, 2024
(With Comparative Data for the Year Ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 41,075,670	\$ 41,565,129
Receipts from other operating activities	5,069,090	-
Cash payments to employees for services	(11,592,107)	(11,108,779)
Cash payments to suppliers for goods and services	(29,619,653)	(19,431,426)
Net cash provided by (used in) operating activities	4,933,000	11,024,924
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other governments	1,567,817	1,335,019
Transfers in	25,713	-
Net cash provided by (used in) noncapital financing activities	1,593,530	1,335,019
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from the sale of capital assets	-	614,109
Cash payments to the City of Victorville for acquisition of capital assets	-	(73,125)
Cash payments to acquire capital assets and other assets	(3,447,756)	(8,983,075)
SBITA principal payments	(9,464)	(9,888)
Principal paid on capital-related debt	(431,193)	(410,000)
Interest paid on capital-related debt	(1,395,504)	(395,388)
Net cash provided by (used in) capital and related financing activities	(5,283,917)	(9,257,367)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Purchases	-	-
Interest received	4,891,105	1,705,536
Net cash provided by (used in) investing activities	4,891,105	1,705,536
Net cash flows	6,133,718	4,808,112
CASH AND INVESTMENTS - Beginning of year	78,986,581	74,178,469
CASH AND INVESTMENTS - End of year	\$ 85,120,299	\$ 78,986,581

See accompanying Notes to Basic Financial Statements.

Victorville Water District
Statement of Cash Flows (Continued)
For the year ended June 30, 2024
(With Comparative Data for the Year Ended June 30, 2023)

	2024	2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (3,151,906)	\$ (1,751,320)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	6,570,505	6,524,962
Nonoperating miscellaneous revenue (expense) and capital contributions	3,290,099	4,644,258
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(463,405)	1,163,723
Due from other governments	(8,761)	14,706
Prepaid expense	-	-
Inventories	(737,676)	81,339
Prepaid deposits	(23,457)	(6,783)
Deferred outflows - OPEB	420,465	(600,946)
Deferred outflows - pension	(209,939)	(3,218,593)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	(1,518,781)	(216,222)
Prepaid water connection fees	(217,489)	-
Deposits payable	48,085	30,498
Compensated absences	42,912	122,244
Total OPEB liability	367,522	(866,269)
Net pension liability	1,453,978	6,893,711
Deferred inflows - OPEB	(750,950)	1,565,151
Deferred inflows - pension	(178,202)	(3,355,535)
Net cash provided by (used in) operating activities	\$ 4,933,000	\$ 11,024,924
NONCASH TRANSACTIONS:		
Developer/tenant contributed capital assets	\$ -	\$ 10,000
SBITA acquisition	-	30,652

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NOTES TO BASIC FINANCIAL STATEMENTS

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Victorville Water District

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Victorville Water District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of the Reporting Entity

On August 15, 2007, the Victor Valley Water District and the Baldy Mesa Water District were consolidated into a subsidiary district of the City of Victorville (the City), known as the Victorville Water District (the District), per Resolution No. 2977 of the Executive Officer of the Local Agency Formation Commission (LAFCO) of San Bernardino County, which adopted a change of organization without election. All of the liabilities including debt obligations of the Victor Valley Water District and the Baldy Mesa Water District were assumed by this subsidiary district and the City upon consolidation. Upon consolidation of the two districts, the City consolidated the operations and activities of its Water Department and Water Funds into the District to serve all of the water customers of the City under this District. The basic operations of the District are financed by user charges plus capital contributions to finance growth of the water delivery system. The District is governed by a five-member Board of Directors (the City Council), each holding staggered four-year terms.

The District is an integral part of the reporting entity of the City of Victorville (the City) and is reflected as a blended component unit within the City of Victorville. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. The District fund has been included within the scope of the basic financial statements of the City because the City Council is the governing board and has financial accountability over the operations of the District. Only the District fund is included herein and these financial statements, therefore, do not purport to represent the financial position or results of operations of the City of Victorville, California.

B. Basic Financial Statements

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

C. Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The District reports its activities as an enterprise fund (proprietary fund type), 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 customers on a continuing basis be financed or recovered primarily through user charges (water sales and services), capital grants and similar funding.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting, Measurement Focus, and Financial Statement Presentation, Continued

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Proprietary funds are presented using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statement of net position.

Proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered, regardless of when the related cash flows take place. Amounts paid to acquire capital assets are capitalized as assets. Proceeds of long-term debt and acquisitions under leases and SBITAs are recorded as a liability. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liability. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues, such as water sales and service charges that include utility sales, meter and service fees, pass-thru charges, fines and forfeitures, arsenic surcharge, and other reimbursements, result from exchange transactions associated with the principal activities of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as taxes and investment income, result from nonexchange transactions, in which, the District gives (receives) value without directly receiving (giving) value in exchange.

Operating expenses, such as the cost of providing water, include the personnel services, maintenance and operations, production costs, pass-thru production costs, and depreciation and amortization on capital assets. All expenses not meeting this definition, such as interest expense, are reported as nonoperating expenses.

D. Cash and Investments

Investments are reported in the accompanying statement of net position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less from the date of acquisition that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include the cash and investments held by a fiscal agent.

F. Accounts Receivable, Net

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 directly write-off of those accounts.

G. Inventory

The District uses the consumption method of accounting for inventories. Inventory consists primarily of water meters, pipe and pipe fittings for construction, and repair to the District's water transmission and distribution system. Materials and supplies are valued at cost using a weighted average method.

H. Prepaid Deposits

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

I. Capital Assets

Tangible capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated tangible capital assets are recorded at estimated acquisition value at the date of donation. SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. The District capitalizes all assets with an initial individual cost of more than \$5,000 and a useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the life are not capitalized.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Capital Assets, Continued

Depreciation is computed utilizing the straight-line method over the following useful lives:

Buildings and Improvements	10 to 50 Years
Computer and Communications	5 Years
Furniture and Equipment	3 to 7 Years
Infrastructure:	
Transmission and Distribution Systems	40 Years
Source of Supply - Wells	10 to 40 Years
Water Treatment Systems	5 to 10 Years
Intangibles	5 to 25 Years
Vehicles	8 to 15 Years

J. Customer Deposits

Based on a customer's credit, the District may require a deposit deemed reasonable by the District. These deposits are held to pay off close out bills or to cover delinquent payments.

K. Compensated Absences

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances is attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the District. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the District and the employee.

The balance of unpaid vacation and vested sick leave at year-end is recorded as a long- term liability in the financial statements.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The category of deferred outflow of resources reported in the statement of net position is related to pension and other postemployment benefits, which are more fully discussed in Notes 6 and 5, respectively.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Notes 6 and 5, respectively.

M. Prepaid Water Connection Fees

Prepaid connection fees were received before year-end but will not be earned until the properties are developed and connected to the District's system.

N. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District through the collection of AB-1600 connection fees, by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

O. Net Position

Net Position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt (including premiums and discounts) that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by enabling legislation (such as external creditors, grantors, contributors, laws, or regulations of other governments).

Unrestricted Net Position – This amount is all of the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's practice to consider restricted net position to have been depleted before unrestricted net position is applied, unless otherwise directed by Council.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Pensions

For purposes of measuring the net pension liability, deferred outflows and 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) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Q. Prior Year Data

Selected information regarding the prior year had been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

R. Estimates

The presentation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2024, are classified in the accompanying financial statements

The following is a summary of the cash and investments at June 30, 2024:

Statement of Net Position:	
Cash and Investments	\$ 85,120,299
Cash and Investments with Fiscal Agent	836,588
	<hr/>
Total Cash and Investments	\$ 85,956,887
	<hr/> <hr/>
Deposits with Financial institutions	\$ 100,759
Deposits Held in City Pool	52,949,987
Investments	32,906,141
	<hr/>
Total Cash and Investments	\$ 85,956,887
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A. Investments Pool of the City of Victorville

The District’s equity in the cash and investment City pool is managed by the City of Victorville. The District is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City of Victorville. The District has not adopted an investment policy separate from that of the City of Victorville. 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 calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

B. Investments Authorized by the California Government Code and the City’s Investment Policy

The City adopts the investment policy for the District. The table on the following page identifies the investment types that are authorized for the District by the California Government Code and the City’s investment policy. The table also identifies certain provisions of the California Government Code (or the City’s investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

B. Investments Authorized by the California Government Code and the City's Investment Policy, Continued

Investment Type Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 Years	70%	None
U.S. Treasury Obligations	Yes	5 Years	70%	None
U.S. Agency Securities	Yes	5 Years	75%**	None
Banker's Acceptances	No	180 Days	40%	30%
Commercial Paper - Nonpooled Funds	No	270 Days	25%	10%
Commercial Paper - Pooled Funds	No	270 Days	40%	10%
Negotiable Certificates of Deposit	Yes	2 Years	25%	None
Repurchase Agreements	No	1 Year	20% of Base Value	None
Reverse Repurchase Agreements	No	92 Days	30%	None
Medium-Term Notes	No	5 Years	20%*	None
Mutual Funds***	Yes	5 Years	20%*	10%
Money Market Mutual Funds***	Yes	5 Years	20%	None
Mortgage Pass-Through Securities	No	5 Years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	\$75M
JPA Pools (Other Investment Pools)	No	N/A	None	None

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

** Ginnie Mae is not to exceed 20% of the total portfolio.

*** Fund must be an AAA rated Government or U.S. Treasury money fund.

C. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The following table identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum % Allowed	Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 Days	None	None
Commercial Paper	270 Days	None	None
Money Market Mutual Funds	None	None	None
Repurchase Agreements	None	None	None
Investment Contracts	None	None	None
Certificate of Deposit	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None
California Common Law Trust Shares	None	None	None

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

D. Disclosures Relating to 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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter- term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District’s investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of these investments by maturity:

Investment Type	Total	Remaining Maturities (in Months)	
		Within 12	60+
LAIF	\$ 32,906,141	\$ 32,906,141	\$ -
Held by Bond Trustee:			
Guaranteed Investment			
Contract (GIC)*	816,500	-	816,500
Money Market Mutual Funds	20,088	20,088	-
Total	\$ 33,742,729	\$ 32,926,229	\$ 816,500

* The District's GIC is with Financial Security Assurance (FSA). The contract required FSA to deposit cash, governmental securities, or governmental bonds as collateral with Bank of New York, at a value of at least 100%, 104%, or 105%, respectfully, of the investment balance the termination of the investment contract and release of collateral would occur in the event of default by FSA. As of June 30, 2023, FSA was not in default and the value of the collateral met the requirements.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California

Government Code, the City's investment policy, or debt agreements, and the actual Standard & Poor's rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Ratings as of Year-End	
			AAA	Not Rated
LAIF	\$ 32,906,141	N/A	\$ -	\$ 32,906,141
Held by Bond Trustee:				
Guaranteed Investment				
Contract (GIC)*	816,500	N/A	-	816,500
Money Market Mutual Funds	20,088	AAA	20,088	-
Total	\$ 33,742,729		\$ 20,088	\$ 33,722,641

* The District's GIC is with Financial Security Assurance (FSA). The contract required FSA to deposit cash, governmental securities, or governmental bonds as collateral with Bank of New York, at a value of at least 100%, 104%, or 105%, respectfully, of the investment balance. the termination of the investment contract and release of collateral would occur in the event of default by FSA. As of June 30, 2024, FSA was not in default and the value of the collateral met the requirements.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District has no investments in any one issuer (other than LAIF and money market mutual funds) that represent 5% or more of the City's investments.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

F. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City'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 the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2024, the District's deposits (bank balances) were insured by the federal depository insurance limits or collateralized as required under California Law.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

G. 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.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

2. CASH AND INVESTMENTS, Continued

H. Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within the Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are inactive.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation of other items.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurements. These unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The District's investments in LAIF and money market mutual funds (held by bond trustee) are not subject to the fair value measurement hierarchy. The District's investment in the GIC are included in Level 3 since they are not actively traded. To value the GIC, the District verified the collateral required was held at a minimum of 100% of the value reported above and recorded the investment at that amount.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

3. CAPITAL ASSETS

For the year ended June 30, 2024 the City's capital asset activity was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Nondepreciable Assets:				
Land	\$ 8,902,047	\$ -	\$ -	\$ 8,902,047
Intangibles	18,959,864	2,621,972	-	21,581,836
Idle Assets	3,017,958	-	-	3,017,958
Land Improvements	536,342	-	-	536,342
Construction in progress	9,226,984	8,233,032	(14,443,292)	3,016,724
Total Nondepreciable Assets	40,643,195	10,855,004	(14,443,292)	37,054,907
Depreciable Assets:				
Buildings and Improvements	27,754,469	67,398	-	27,821,867
Computer and Communication	740,008	115,210	-	855,218
Furniture and Equipment	37,958,091	479,291	-	38,437,382
Infrastructure	205,799,425	17,852,540	(11,933,398)	211,718,567
Intangibles	1,542,724	-	-	1,542,724
Vehicles	4,303,882	772,366	(322,798)	4,753,450
Total Depreciable Assets	278,098,599	19,286,805	(12,256,196)	285,129,208
Less Accumulated Depreciation:				
Buildings and Improvements	(11,658,122)	(687,123)	-	(12,345,245)
Computer and Communication	(664,861)	(28,164)	-	(693,025)
Furniture and Equipment	(32,021,010)	(610,385)	-	(32,631,395)
Infrastructure	(109,870,436)	(4,928,448)	8,959	(114,789,925)
Intangibles	(1,542,725)	-	-	(1,542,725)
Vehicles	(2,696,708)	(306,168)	(3,524)	(3,006,400)
Total Accumulated Depreciation	(158,453,862)	(6,560,288)	5,435	(165,008,715)
Total Depreciable Assets, Net	119,644,737	12,726,517	(12,250,761)	120,120,493
Subscription Based Information				
Technology Arrangement (SBITA)				
Assets Being Amortized:				
SBITA Assets	30,652	-	-	30,652
Accumulated Amortization	(2,565)	(10,217)	-	(12,782)
Total SBITA Assets, Being Amortized, Net	28,087	(10,217)	-	17,870
Total Capital Assets Being Depreciated or Amortized, Net	119,672,824	12,716,300	(12,250,761)	120,138,363
Capital Assets, Net	\$160,316,019	\$ 23,571,304	\$ (26,694,053)	\$157,193,270

Depreciation and amortization expense for the District was \$6,570,505 for the year ended June 30, 2024.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

4. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2024, is noted below:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Other Long-Term Liabilities:					
Compensated Absences	\$ 673,182	\$ 543,268	\$ (500,357)	\$ 716,093	\$ 561,302
SBITAs	19,084	-	(9,464)	9,620	9,620
Other Debt:					
2006 Certificate of Participation	8,125,000	-	(425,000)	7,700,000	445,000
Unamortized Discounts/Premiums	80,504	-	(6,193)	74,311	-
Total	\$ 8,897,770	\$ 543,268	\$ (941,014)	\$ 8,500,024	\$ 1,015,922

A. SBITAs

The District has entered into subscription based-information technology arrangements (SBITAs) for various software licenses. The SBITA arrangements expire at various dates through 2025 and do not provide for renewal options. The interest rates vary from 2.4% to 2.7% and there are no variable payments.

The future subscription payments under SBITA agreements are as follows:

Year Ending June 30,	SBITAs	
	Principal	Interest
2025	\$ 9,620	\$ 235
Total	\$ 9,620	\$ 235

Right-to-use assets acquired through SBITAs, net of accumulated amortization, are reported in Note 3, Capital Assets.

B. 2006 Certificates of Participation

On March 1, 2006, the City of Victorville's Baldy Mesa Water District issued 2006 Certificates of Participation. The proceeds were used to finance public improvements within the Baldy Mesa Water District service area.

The Certificates of Participation had a stated interest rates ranging from 3.20% to 5.00%. The annual debt service is a special limited obligation of the District payable from and secured by a pledge of and lien on the net revenues of the District - see end of note. Principal and interest payments are due each August 1 and interest only payments are due each February 1. The amount of Certificates of Participation outstanding at June 30, 2024 is \$7,700,000.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

4. LONG-TERM LIABILITIES, Continued

B. 2006 Certificates of Participation, Continued

The annual requirements to amortize outstanding debt of the District as of June 30, 2024, are as follows for each fiscal year ending June 30:

Year Ending June 30,	Certificates of Participation	
	Principal	Interest
2025	\$ 445,000	\$ 358,304
2026	465,000	338,511
2027	485,000	317,849
2028	505,000	295,938
2029	530,000	272,650
2030-34	3,050,000	949,363
2035-37	2,220,000	170,000
Subtotal	7,700,000	\$ 2,702,615
Premium	74,311	
Total	\$ 7,774,311	

C. Rate Covenant

The 2006 Certificates of Participation require that the Baldy Mesa Water District to generate sufficient net revenues which are at least equal to 110% of the amount of the installment payments and Parity Obligation coming due and payable in each fiscal year. The 2006 Certificates of Participation were issued before Baldy Mesa and Victor Valley Water District were consolidated into Victorville Water District. The City performed the calculation that demonstrated compliance with rate covenant for the fiscal year ended June 30, 2024. The calculation was prepared using revenues and the proportionate expenses applicable to the Baldy Mesa Water District.

D. Pledged Revenues

The District has a debt issuance outstanding that is collateralized by the pledging of certain revenues. The amount and term of the remainder of this commitment is indicated in the debt service to maturity table presented previously. The purpose for which the proceeds of the related debt issuance was utilized are disclosed in the debt description noted previously.

For the current year, pledged gross revenue (or net of certain expenses where so required by the debt agreement) as a percentage of the debt service payments are indicated in the table below:

Description of Pledged Revenue	Annual Amount of Pledged Revenue (Net of Expenses, Where Required)	Annual Debt Service Payment (of All Debt Secured by This Revenue)	Pledged Revenue as a Percentage of Debt Service
Net Revenues Pledged by the District for the 2006 Certificates of Participation	\$ 1,801,651	\$ 802,226	225%

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

5. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The District Plan provides medical benefits to eligible retired Water District employees and beneficiaries in accordance with various labor agreements. The plan covers employees who retire directly from the District with five years of service. The District Plan also provides Dental and Vision benefits to eligible former Water District employees with 15 years of service. The District also pays life insurance premium for eight Water District retirees and no benefit is available for future retirees. The District provides a contribution up to a certain amount (a portion of the Health Net HMO single premium). The percentage varies based on years of service.

B. Funding Policy

The contribution requirements of plan members and the District are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). The District has not established a trust for the purpose of holding assets accumulated for plan benefits.

C. Employees Covered

As of the June 30, 2023 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	85
Inactive employees or beneficiaries currently receiving benefit payments	38
Inactive employees entitled to but not yet receiving benefit payments	6
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Total	<u>129</u>

D. Contributions

The District Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units.

The annual contribution is based on the year’s retiree medical premiums (pay-as-you-go basis). For the fiscal year ended June 30, 2024, the District’s cash contributions were \$251,494 for current premiums, administrative costs of \$938, and the estimated implied subsidy was \$69,000 resulting in total payments of \$321,432.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

5. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

E. OPEB Liability

The District’s total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation dated June 30, 2023.

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	Lifetime
Discount Rate	3.65%
Inflation	2.50%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	N/A
Mortality, Retirement, Disability, and Termination	2000-2019 Experience Study
Mortality Improvement	Postretirement mortality projected fully generational with Scale MP-2021
Healthcare Trend Rate	Non-Medicare: 8.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076

F. Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. The discount rate is determined based on the Bond Buyer 20-Bond Index since the District has not established a trust.

G. Change in Actuarial Assumptions

The following actuarial assumption changes occurred from the measurement periods ended June 30, 2023 to 2024:

- The discount rate changed from 3.54% to 3.65% based on changes in the index.
- Inflation was same as prior year at 2.50%.
- The healthcare trend rate remained unchanged as follows: Non-Medicare rate is 8.5%, Medicare (Non-Kaiser) is 7.5%, and Medicare (Kaiser) is 6.25%.
- Demographic assumptions were updated from the CalPERS 1997-2015 Experience Study to the CalPERS 2000-2019 Experience Study.
- Mortality improvement was updated from Scale MP-2020 to Scale MP-2021.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

5. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

H. Changes in the Total OPEB Liability

The changes in the total OPEB liability for the District Plan are as follows:

	Total OPEB Liability
Total OPEB Liability at June 30, 2022 (MD)	\$ 11,661,963
Service Cost	455,359
Interest	423,401
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(197,575)
Benefit Payments	(313,663)
	<hr/>
Net Changes During 2022-2023	367,522
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Total OPEB Liability at June 30, 2023 (MD)	\$ 12,029,485

I. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

			Discount Rate		
1% Decrease		Current Rate		1% Increase	
-2.65%		-3.65%		-4.65%	
\$	14,013,544	\$	12,029,485	\$	10,429,832

J. Sensitivity of the Total OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower (Non-Medicare: 7.5% for 2024 decreasing to 2.45% in 2076; Medicare (Non-Kaiser): 6.5% for 2024, decreasing to an ultimate rate of 2.45% in 2076; Medicare (Kaiser): 5.25% for 2024, decreasing to an ultimate rate of 2.45% in 2076) or one percentage point higher (Non-Medicare: 9.5% for 2024 decreasing to 4.45% in 2076; Medicare (Non-Kaiser): 8.5% for 2024, decreasing to an ultimate rate of 4.45% in 2076; Medicare (Kaiser): 7.25% for 2024, decreasing to an ultimate rate of 4.45% in 2076) than the current rate:

			Healthcare Trend Rate		
1% Decrease		Current Rate		1% Increase	
\$	10,143,485	\$	12,029,485	\$	14,455,595

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

5. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

K. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in the total OPEB liability are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	
Plan Investments	5 Years
All Other Amounts	Expected average remaining service lifetime (EARSL) (8.1 Years at June 30, 2023 measurement date)

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

For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$358,469. As of the fiscal year ended June 30, 2024, the District reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions Subsequent to the Measurement Date	\$ 321,432	\$ -
Differences Between Expected and Actual Experience	743,896	(921,173)
Changes of Assumptions	1,221,821	(2,313,215)
Total	<u>\$ 2,287,149</u>	<u>\$ (3,234,388)</u>

The \$321,432 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (484,006)
2026	(271,065)
2027	(15,227)
2028	(73,957)
2029	(175,651)
Thereafter	(248,765)

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

5. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

M. Payable to the OPEB Plan

At June 30, 2024, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

6. PENSION PLAN

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. The District's share of the net pension liability is reported as a cost-sharing plan in these financial statements. 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.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least five years of services. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonduty disability benefits after five 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. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect as of the measurement period ended June 30, 2024, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.5%@55	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 to 55	52 to 67
Required Employee Contribution Rates	8.00%	7.75%
Required Employer Contribution Rates:		
Normal Cost Rate	11.57%	11.57%
Payment of Unfunded Liability	\$ 980,426	N/A

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. PENSION PLAN, Continued

A. General Information about the Pension Plans, Continued

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Authority contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. For the fiscal year ended June 30, 2024, the District made contributions of \$1,827,835 to the plan.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Actuarial Assumptions

The total pension liability for the Miscellaneous Plan for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with standard update procedures used to roll forward the total pension liability to June 30, 2023. The total pension liability for the Miscellaneous Plan was based on the following assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Income	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(3) The lesser of contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter.

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. PENSION PLAN, Continued

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return (a) (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84
Private Equity	13.00%	7.28
Treasury	5.00%	0.27
Mortgage-backed Securities	5.00%	0.50
Investment Grade Corporates	10.00%	1.56
High Yield	5.00%	2.27
Emerging Market Debt	5.00%	2.48
Private Debt	5.00%	3.57
Real Assets	15.00%	3.21
Leverage	-5.00%	(0.59)
Total	100.00%	

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

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

Discount Rate

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

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. PENSION PLAN, Continued

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Proportionate Share of Net Pension Liability – City’s Miscellaneous Agent Multiple-Employer Plan Allocation to the District

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the Miscellaneous Plan relative to the projected contributions of the City, actuarially determined.

The District’s proportionate share of the net pension liability for the Miscellaneous Plan as of the measurement date ended June 30, 2022 and 2023, was as follows:

	Increase (Decrease)			Proportionate Share
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	
Balance at June 30, 2022 (MD)	\$ 57,476,037	\$ 41,319,299	\$ 16,156,738	23.60%
Balance at June 30, 2023 (MD)	60,704,859	43,094,143	17,610,716	23.26%
Net Changes During 2022-23	\$ 3,228,822	\$ 1,774,844	\$ 1,453,978	-0.34%

Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, the District recognized pension expense of \$3,287,393 for the Miscellaneous Plan. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to the Measurement Date	\$ 1,827,835	\$ -
Changes of Assumptions	1,024,318	-
Differences Between Expected and Actual Experience	1,299,850	(851,599)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,153,414	-
Total	\$ 6,305,417	\$ (851,599)

\$1,827,835 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Differences between projected and actual investment earnings are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits

Victorville Water District
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

6. PENSION PLAN, Continued

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Pension Expense and Deferred Outflows and Inflows of Resources, Continued

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

Measurement Period Ended June 30,	Deferred Inflows of Resources
2024	\$ 1,272,794
2025	594,414
2026	1,701,930
2027	56,846
2028	-
Thereafter	-

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

The following presents the District's proportionate share of the net pension liability for the Miscellaneous Plan, calculated using the discount rate for the Plan, 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:

Discount Rate		
1% Decrease	Current Rate	1% Increase
-5.90%	-6.90%	-7.90%
\$ 26,300,582	\$ 17,610,716	\$ 10,502,048

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separate issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2024, the District had no outstanding amount of contributions to the Miscellaneous Plan required for the year ended June 30, 2024.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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Victorville Water District
Required Supplementary Information
For the year ended June 30, 2024

CalPERS Cost Sharing Plan

Schedule of the Proportionate Share of the Net Pension Liability - Last Ten Fiscal Years

Reporting Fiscal Year	2015	2016	2017	2018
Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Plan's proportion of the net pension liability	24.28%	24.40%	24.63%	24.87%
Plan's proportionate share of the net pension liability	\$ 6,754,806	\$ 7,425,085	\$ 9,777,304	\$ 11,480,941
Plan's covered payroll	\$ 4,707,026	\$ 4,824,221	\$ 4,860,190	\$ 5,506,946
Plan's proportionate share of the net pension liability as percentage of its covered payroll	143.50%	153.91%	201.17%	208.48%
Fiduciary net position as a percentage of the total pension liability	19.73%	19.55%	18.59%	18.52%

Notes to the schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes).

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2022:

There were no significant changes in assumptions.

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

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

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

The discount rate and long-term rate of return remain the same as the prior year at 6.90%, and the inflation rate is also unchanged from the prior year at 2.30%

2019	2020	2021	2022	2023	2024
6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
24.95%	25.15%	25.07%	25.57%	23.60%	23.26%
\$ 11,526,434	\$ 12,996,097	\$ 12,569,004	\$ 9,263,027	\$ 16,156,738	\$ 17,610,719
\$ 5,598,545	\$ 5,546,115	\$ 6,177,914	\$ 6,148,247	\$ 6,657,109	\$ 7,424,195
205.88%	234.33%	203.45%	150.66%	242.70%	237.21%
18.88%	18.74%	18.47%	21.49%	16.97%	16.51%

Victorville Water District
Required Supplementary Information
For the year ended June 30, 2024

CalPERS Cost Sharing Plan
Schedule of Pension Plan Contributions - Last 10 Fiscal Years

Fiscal Year Ended	2015	2016	2017	2018
Actuarially determined contribution	\$ 709,786	\$ 827,951	\$ 916,742	\$ 1,026,643
Contributions in relation to actuarially deemed contributions	(709,786)	(827,951)	(916,742)	(1,026,643)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,824,221	\$ 4,860,190	\$ 5,506,946	\$ 5,598,545
Contributions as a percentage of covered payroll	14.71%	17.04%	16.65%	18.34%

Notes to Schedule:

Valuation Date	6/30/2012	6/30/2013	6/30/2014	6/30/2015
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Fair Value except for 2015 is Market Value of Assets
Discount Rate	6.90%
Inflation	2.75% to 2.30%
Salary increases	Annual increase vary by category, entry age and duration of service
Retirement age	50 and up

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 1,221,074	\$ 1,459,333	\$ 1,520,299	\$ 1,591,527	\$ 1,773,330	\$ 1,827,835
<u>(1,221,074)</u>	<u>(1,459,333)</u>	<u>(1,520,299)</u>	<u>(1,591,527)</u>	<u>(1,773,330)</u>	<u>(1,827,835)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,546,115	\$ 6,177,914	\$ 6,148,247	\$ 6,657,109	\$ 7,424,195	\$ 9,139,039
22.02%	23.62%	24.73%	23.91%	23.89%	20.00%
6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

Victorville Water District
Required Supplementary Information
For the year ended June 30, 2024

*Schedule of Changes in the Total OPEB Liability and Related Ratios - Last 10 Fiscal Years**

Reporting Fiscal Year	2018	2019	2020	2021	2022	2023	2024
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Total OPEB Liability							
Service cost	\$ 583,831	\$ 494,095	\$ 417,399	\$ 474,890	\$ 600,360	\$ 626,941	\$ 455,359
Interest	345,325	404,923	364,950	372,802	271,338	281,198	423,401
Changes of assumptions	(1,452,630)	(509,085)	601,978	1,795,864	105,768	(2,488,667)	(197,575)
Differences between expected and actual experience	-	(1,985,311)	-	(904,000)	-	987,796	-
Benefit payments	(185,817)	(199,802)	(216,889)	(224,298)	(253,227)	(273,537)	(313,663)
Net change in the total OPEB liability	(709,291)	(1,795,180)	1,167,438	1,515,258	724,239	(866,269)	367,522
Total OPEB liability - beginning	11,625,768	10,916,477	9,121,297	10,288,735	11,803,993	12,528,232	11,661,963
Total OPEB liability - ending (a)	10,916,477	9,121,297	10,288,735	11,803,993	12,528,232	11,661,963	12,029,485
Covered-employee payroll	\$ 4,577,527	\$ 6,818,328	\$ 7,078,295	\$ 7,618,996	\$ 7,710,052	\$ 7,778,497	\$ 8,679,777
Net OPEB liability as a percentage of covered - employee payroll	238.48%	133.78%	145.36%	154.93%	162.49%	149.93%	138.59%

Notes to Schedule:

Changes in Assumptions:

Discount Rate	3.58%	3.87%	3.50%	2.21%	2.16%	3.54%	3.65%
Mortality Improvement Rates	Scale MP-2016	Scale MP-2018	Scale MP-2018	Scale MP-2020	Scale MP-2020	Scale MP-2021	Scale MP-2021

The mortality, retirement, disability, and termination rates for the measurement periods ended June 30, 2017 and 2018 were based on the CalPERS 1997-2011 Experience Study and CalPERS 1997-2015 Experience Study, respectively.

In the June 30, 2018 measurement period, the pre-65 waived retiree re-election was updated to be 10% after age 65.

In the June 30, 2020 measurement period, the medical trend rate for Kaiser Senior Advantage plans decreased from 6.5% to 5.0%.

In the June 30, 2022 measurement period, the following medical trend rates changed: Non-Medicare increased from 7.0% to 8.5%; Medicare increased from 6.1% to 7.5%; and Kaiser increased from 7.0% to 6.25%.

In the June 30, 2023 measurement period, the following medical trend rates remained unchanged: Non-Medicare increased by 8.5%, Medicare increased by 7.5%, and Kaiser increased by 6.25%.

* Fiscal year 2018 was the 1st year of implementation.

SUPPLEMENTARY INFORMATION

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Victorville Water District
Combining Statement of Net Position
For the year ended June 30, 2024
(With Comparative Data for June 30, 2023)

	Water	Victorville Wastewater Reclamation Facility	Reclaimed Water	Eliminations
ASSETS				
Current Assets:				
Cash and investments	\$ 69,640,396	\$ 11,951,308	\$ 3,528,595	\$ -
Cash with fiscal agent	836,588	-	-	-
Accounts receivable	3,905,373	1,708,021	26,792	-
Interest receivable	371,279	-	-	-
Due from other governments	28,707	-	-	-
Inventory and other assets	1,604,610	-	-	-
Total current assets	<u>76,386,953</u>	<u>13,659,329</u>	<u>3,555,387</u>	<u>-</u>
Noncurrent:				
Prepaid deposits	18,675	33,088	-	-
Advances to other funds	23,713,443	-	-	(23,713,443)
Capital assets:				
Nondepreciable	35,813,652	942,051	299,204	-
Depreciable or amortizable, net	105,369,090	10,721,445	4,047,828	-
Total noncurrent assets	<u>164,914,860</u>	<u>11,696,584</u>	<u>4,347,032</u>	<u>(23,713,443)</u>
Total assets	<u>241,301,813</u>	<u>25,355,913</u>	<u>7,902,419</u>	<u>(23,713,443)</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - OPEB related	2,221,178	65,971	-	-
Deferred outflow - pension related	6,157,662	147,755	-	-
Total deferred outflows of resources	<u>8,378,840</u>	<u>213,726</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	2,156,491	650,089	51,256	-
Interest payable	153,385	-	-	-
Prepaid water connection fees	-	-	-	-
Deposits payable	1,748,554	-	-	-
Compensated absences - due within one year	561,302	-	-	-
Total OPEB liability - due within one year	338,738	-	-	-
Long-term liabilities - due within one year	454,620	-	-	-
Total current liabilities	<u>5,413,090</u>	<u>650,089</u>	<u>51,256</u>	<u>-</u>
Noncurrent liabilities:				
Advances from other funds	-	23,713,443	-	(23,713,443)
Total OPEB liability	11,444,716	246,031	-	-
Net pension liability	17,320,116	290,600	-	-
Long-term debt	7,329,311	-	-	-
Compensated absences	154,792	-	-	-
Total noncurrent liabilities	<u>36,248,935</u>	<u>24,250,074</u>	<u>-</u>	<u>(23,713,443)</u>
Total liabilities	<u>41,662,025</u>	<u>24,900,163</u>	<u>51,256</u>	<u>(23,713,443)</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - OPEB related	3,165,532	68,856	-	-
Deferred inflows - pension related	806,554	45,045	-	-
Total deferred inflows of resources	<u>3,972,086</u>	<u>113,901</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	133,160,545	11,663,496	4,347,032	-
Unrestricted	70,885,997	(11,107,921)	3,504,131	-
Total net position	<u>\$ 204,046,542</u>	<u>\$ 555,575</u>	<u>\$ 7,851,163</u>	<u>\$ -</u>

2024		2023	
\$	85,120,299	\$	78,986,581
	836,588		836,639
	5,640,186		5,176,781
	371,279		248,870
	28,707		19,946
	1,604,610		866,934
	<u>93,601,669</u>		<u>86,135,751</u>
	51,763		28,306
	-		-
	37,054,907		40,643,195
	<u>120,138,363</u>		<u>119,672,824</u>
	157,245,033		160,344,325
	<u>250,846,702</u>		<u>246,480,076</u>
	2,287,149		2,707,614
	6,305,417		6,095,478
	<u>8,592,566</u>		<u>8,803,092</u>
	2,857,836		4,376,617
	153,385		161,029
	-		217,489
	1,748,554		1,700,469
	561,302		527,666
	338,738		273,537
	454,620		434,428
	<u>6,114,435</u>		<u>7,691,235</u>
	-		-
	11,690,747		11,388,426
	17,610,716		16,156,738
	7,329,311		7,790,160
	154,792		145,516
	<u>36,785,566</u>		<u>35,480,840</u>
	42,900,001		43,172,075
	3,234,388		3,985,338
	851,599		1,029,801
	<u>4,085,987</u>		<u>5,015,139</u>
	149,171,073		151,942,967
	63,282,207		55,152,987
\$	<u>212,453,280</u>	\$	<u>207,095,954</u>

Victorville Water District

Combining Statement of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2024

(With Comparative Data for the Year Ended June 30, 2023)

	Water	Victorville Wastewater Reclamation Facility	Reclaimed Water	Eliminations
OPERATING REVENUES:				
Utility sales	\$ 20,801,733	\$ 8,737,426	\$ 332,321	\$ -
Meter and service fees	11,326,765	-	-	-
Pass-thru charges for services	1,149,312	-	-	-
Fines and forfeitures	386,446	-	-	-
Arsenic surcharge	301,506	-	-	-
Other	243,233	-	-	-
Total operating revenues	34,208,995	8,737,426	332,321	-
OPERATING EXPENSES:				
Personnel services	12,262,415	270,709	204,769	-
Maintenance and operations	10,779,044	8,582,566	170,497	-
Production costs and pass-thru production costs	6,405,146	-	6,485	-
Pass-thru production costs	1,178,512	-	-	-
Depreciation and amortization	6,071,690	337,751	161,064	-
Total operating expenses	36,696,807	9,191,026	542,815	-
Operating income (loss)	(2,487,812)	(453,600)	(210,494)	-
NONOPERATING REVENUES (EXPENSES):				
Taxes	1,567,817	-	-	-
Investment income	4,272,348	583,426	157,689	-
Interest expense	(363,799)	(1,024,061)	-	-
Gain on disposal of assets	-	-	-	-
Other nonoperating expenses	(2,180,570)	156,513	-	-
Total nonoperating revenues (expenses)	3,295,796	(284,122)	157,689	-
Income before contributions and transfers	807,984	(737,722)	(52,805)	-
CONTRIBUTIONS AND TRANSFERS:				
Connection fees	1,904,448	2,338,212	-	-
Alternate water source fees	484,220	-	-	-
Capital restricted use fees	-	587,276	-	-
Capital contributions	-	-	-	-
Transfers in	25,713	-	-	-
Contributions to the City of Victorville	-	-	-	-
Total contributions and transfers	2,414,381	2,925,488	-	-
Change in net position	3,222,365	2,187,766	(52,805)	-
NET POSITION:				
Beginning of year	200,824,177	(1,632,191)	7,903,968	-
End of year	\$ 204,046,542	\$ 555,575	\$ 7,851,163	\$ -

2024		2023	
\$	29,871,480	\$	30,269,489
	11,326,765		9,801,678
	1,149,312		1,211,013
	386,446		485,824
	301,506		285,035
	243,233		242,429
	<u>43,278,742</u>		<u>42,295,468</u>
	12,737,893		11,648,542
	19,532,107		19,228,008
	6,411,631		5,434,263
	1,178,512		1,211,013
	6,570,505		6,524,962
	<u>46,430,648</u>		<u>44,046,788</u>
	<u>(3,151,906)</u>		<u>(1,751,320)</u>
	1,567,817		1,335,019
	5,013,463		1,898,079
	(1,387,860)		(381,764)
	-		338,923
	<u>(2,024,057)</u>		<u>(220,750)</u>
	<u>3,169,363</u>		<u>2,969,507</u>
	<u>17,457</u>		<u>1,218,187</u>
	4,242,660		3,749,915
	484,220		528,412
	587,276		586,681
	-		10,000
	25,713		-
	-		<u>(73,125)</u>
	<u>5,339,869</u>		<u>4,801,883</u>
	5,357,326		6,020,070
	<u>207,095,954</u>		<u>201,075,884</u>
\$	<u>212,453,280</u>	\$	<u>207,095,954</u>

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