INDIAN WELLS VALLEY
WATER DISTRICT

Board of Directors Meeting

March 11, 2024

INDIAN WELLS VALLEY WATER DISTRICT

2024 COMMITTEE ASSIGNMENTS

ADMINISTRATION/EXECUTIVE COMMITTEE
(KICINSKI/SAINT-AMAND)

Personnel, Legal Matters, General Plan, Community Relations, Board Meeting Agendas, Ordinances, Rules, Regulations, Policies, Procedures, Customer Service, Variances, Director's Manual, etc.

FINANCE COMMITTEE
(KICINSKI/SAINT-AMAND)

Rates, Cost-of-Service, Budget, Audits, Cost Allocation, Investments, Financial Services, Insurance, Loans/Grants, Water Sales & Service Policy Manual, Accounting, Assessment Districts, Billing, etc.

PLANT & EQUIPMENT COMMITTEE
(BOYD/RAJTORA)

Transmission/Distribution System, Vehicles & Equipment, Wells, Reservoirs, Real Property Management, Telemetry, etc.

WATER MANAGEMENT
(BOYD/GRIFFIN)

Groundwater Sustainability Act, Indian Wells Valley Groundwater Authority, Water Management, Water Policy, Water Quality, Conservation, Urban Water Management Plan, California Urban Water Conservation Council, Title 22 Compliance, Alternative sources for water supply including Blending, Importation, Reuse, etc.

Committee Meetings are generally scheduled on a regular day and time.
Committee Meetings are subject to change.

Administration/Executive	Wednesday before the Board Meeting at 2:00 p.m.
Finance	Tuesday before the Board Meeting at 2:30 p.m.
Plant & Equipment	Tuesday before the Board Meeting at 2:00 p.m.
Water Management	Wednesday before the Board Meeting at 3:00 p.m..

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BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

REGULAR BOARD MEETING

AGENDA

MONDAY, MARCH 11, 2024
CLOSED SESSION - 4:30 P.M.
OPEN SESSION - 6:00 P.M.

BOARD OF DIRECTORS' HEARING ROOM
500 W. RIDGECREST BLVD., RIDGECREST

- **Watch meetings on-line:**
  All District meetings are streamed live on the District's YouTube channel at:
  https://www.youtube.com/@IWVWD
  Recordings will be available for viewing after the meeting on the District's YouTube page.
- **Call in for public comments:**
  To make a public comment, please call: (760) 375-7548.
  Callers will be placed in a queue and answered in the order they were received. If a member of the public wishes to comment on multiple items, they will need to call in as each item is presented to the Board.

(In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Lauren Smith at (760) 384-5502. Requests must be made as early as possible and at least one full business day before the start of the meeting. Pursuant to Government Code section 54957.5, any materials relating to an open session item on this agenda, distributed to the Board of Directors after the distribution of the agenda packet, will be made available for public inspection at the time of distribution at the following location: Indian Wells Valley Water District, 500 W. Ridgecrest Blvd., Ridgecrest, CA.)

1. Call to Order

2. Pledge of Allegiance

3. Roll Call

4. Posting of Agenda Declaration

5. Conflict of Interest Declaration

6. Public Questions and Comments on Closed Session

7. Closed Session
   A. Potential Litigation
      Conference with Legal Counsel
      2 Matters

(Pursuant to Government Code Section 54956.9(d)(2)(4))

B. Existing Litigation
Conference with Legal Counsel
Mojave Pistachios, LLC v Indian Wells Valley Water District, et al.
Orange County Superior Court Case No. 30-2021-01187275-CU-OR-CJC
(Pursuant to Government Code Section 54956.9(d)(1))

C. Existing Litigation
Conference with Legal Counsel
Mojave Pistachios, LLC v Indian Wells Valley Groundwater Authority, et al.
Orange County Superior Court Case No. 30-2021-01187589-CU-WM-CXC
(Pursuant to Government Code Section 54956.9(d)(1))

D. Existing Litigation
Conference with Legal Counsel
Searles Valley Minerals Inc., v Indian Wells Valley Groundwater Authority, et al.
Orange County Superior Court Case No. 30-2021-01188089-CU-WM-CXC
(Pursuant to Government Code Section 54956.9(d)(1))

8. Public Questions and Comments
(This portion of the meeting is reserved for persons desiring to address the Board on any matter not on the agenda and over which the Board has jurisdiction. However, no action may be taken by the Board of Directors on any item not appearing on the agenda. Non-agenda speakers are asked to limit their presentation to five minutes. Public questions and comments on items listed on the agenda will be accepted at any time the item is brought forth for consideration by the Board. When you are recognized by the chairperson, please state your name and address for the record.)

9. Presentation by CJ Brown & Associates: 2023-2024 Audit Report
Description: Presentation by Chris Brown of the final 2023-2024 Audit Report.

10. Current Business/Committee Reports
A. Consent Calendar
Description: Approval of Board Meeting Minutes and Accounts Payable Disbursements.
1. Approval of Minutes:
i. February 12, 2024, Regular Board Meeting
ii. February 28, 2024, Special Board Meeting
2. Approval of Accounts Payable Disbursements

B. Plant & Equipment Committee
1. Gateway and Salisbury Booster Station Replacement Project: Acceptance of Contract Work
Description: Staff will present the recommendation for Acceptance of Contract Work.
Committee Recommends the Following: Board accept the Contract Work performed by Canyon Springs Enterprises in the amount of $2,457,476.34.

2. Dedication of Facilities for Richmond Elementary School
Description: Staff will present dedication documents and Resolution No. 24:02 Dedication of Facilities for approval to the Board.
Committee Recommends the Following: Board accept the dedication of facilities for Richmond Elementary School valued at $109,032.81.

3. Dune III Consolidation
Description: Staff will provide an update on discussions with the SWRCB and the proposed consolidation with Dune III.
Recommendation: None.

C. Administration/Executive Committee
1. Resolution to Oppose Initiative 1935 (Formerly 21-0042a1)
Description: Committee to review sample Resolution provided by California Special Districts Association (CSDA) regarding Initiative 1935 and make a recommendation for the Board.
Committee Recommends the Following: Staff to follow up with Mark Hildebrand regarding the potential outcome for the District. Further information to be provided at the Board meeting.

D. Indian Wells Valley Groundwater Authority
Description: Report and discussion regarding the February 14, 2024, meeting of the Indian Wells Valley Groundwater Authority (IWVGA). Including, Board discussion and consideration of issues of importance requiring action by the IWVGA. Next meeting is scheduled for March 13, 2024.

1. Authorization for George Croll to proceed with obtaining a cost estimate
Description: Board authorization for the General Manager to obtain a cost estimate for the imported water pipeline from Clean Energy Capital (CEC).

E. Comprehensive Adjudication
Description: Report and discussion regarding the status of the Comprehensive Adjudication.

F. General Manager and Staff Update (The Board will consider and may act on the following items):

1. Water Production, New Services, and Personnel Safety Record
Description: Water produced from all District wells, report of the new services installed in the District, and personnel safety record for the preceding month.

2. Public Outreach
Description: Public Outreach Report.

3. State Regulatory Updates
Description: Updates on State regulatory changes, including:
- ✓ Assembly Bill (AB) 1668 and Senate Bill (SB) 606

4. January 12, 2024, Special Board Workshop
   Description: Updates on the items below assigned at the January 12, 2024, Special Board Workshop:
   - ✓ Updated costs and plans for Wastewater Project
   - ✓ Follow up with LADWP on capturing water overflow
   - ✓ Project Priority List Based on FY 24 Funding

5. NW Transmission Pipeline
   Description: Update on this Project.

6. Financial Status
   Description: Report on the District's current financial status.

7. Conservation
   Description: Update on the Conservation Program and discussion on water conservation related items.

8. Arsenic Treatment Facilities
   Description: Staff will update the Board on maintenance issues and production.

9. Operations
   Description: Staff report on operations.

11. Board Comments/Future Agenda Items

12. Adjournment

9. Audit Report

Indian Wells Valley Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

INDIAN WELLS VALLEY
WATER DISTRICT

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

Indian Wells Valley Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

Indian Wells Valley Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2023 and 2022

Table of Contents

Financial Section

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.

Independent Auditor’s Report, continued

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.

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
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 assets		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 assets	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 insurance premiums for retirees age 55 with a minimum 15 years of service hired before July 1, 2013. 100 percent of the District's share of projected health insurance premiums for retirees age 60 with a minimum 15 years of service 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, Net
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	New 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

Management is not aware of any 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:

	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
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 :termine 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

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
Cypress, California
March 11, 2024

Indian Wells Valley Water District

Management Report

June 30, 2023

Indian Wells Valley Water District

Management Report

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Board of Directors
Indian Wells Valley Water District
Ridgecrest, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of Indian Wells Valley Water District (District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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

Current Year Comment and Recommendation

Our comment, all of which have been discussed with the appropriate members of management, is summarized as follows:

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries and have entered them into the general ledger of the District as of year end.

Prior Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries and have entered them into the general ledger of the District as of year end.

* * * * * * * * * *

This communication is intended solely for the information and use of management, the audit committee, the board of directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

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

APPENDIX

Indian Wells Valley Water District

Audit/Finance Committee Letter

June 30, 2023

Board of Directors
Indian Wells Valley Water District
Ridgecrest, California

We have audited the financial statements of the business-type activities of the Indian Wells Valley Water District (District) for the years ended June 30, 2023 and 2022 and have issued our report thereon dated March 11, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 20, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated March 11, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As auditors of the District, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefit (OPEB) plan: deferred outflows of resources, total OPEB liability, and deferred inflows of resources are based on the alternative measurement method. This alternative measurement method was determined and prepared by the District's third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary to calculate OPEB and relate balances in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability is based on an actuarial valuation of this liability that was conducted by a third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary to calculate the net pension liability and related amounts for the District to determine that they are reasonable in relation to the financial statements taken as a whole.

Qualitative Aspects of the Entity's Significant Accounting Practices, continued

Significant Accounting Estimates, continued

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's net other post-employment benefit liability, in Note 7 to the basic financial statements is based on an actuarial valuation.

The disclosure of the District's net pension liability in Note 8 to the basic financial statements is based on an actuarial valuation.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 5 through 8 discloses all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 11, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Schedules of Changes in the District's Total OPEB Liability and Related Ratios, Schedules of District's Proportionate Share of the Net Pension Liability, and Schedules of Pension Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

<u>Conclusion</u>

We appreciate the cooperation extended us by George Croll, General Manager and Tyrell Staheli, Chief Financial Officer, in the performance of our audit testwork. We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

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

Indian Wells Valley Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
CPE - To accrue various payable invoices at June 30, 2023.			
JE # 070-13-2023			
1-0-1115-300	College Tank	34.39	
1-1-5233-000	Natural Gas	51.53	
1-9-5927-106	2018 COP Admin/Misc Fees	2,000.00	
1-0-2220-000	Accounts Payable		34.39
1-0-2220-000	Accounts Payable		51.53
1-0-2220-000	Accounts Payable		2,000.00
Total		**2,085.92**	**2,085.92**
Adjusting Journal Entries JE # 2			
AJE - To accrue loan interest for June interest payable on 7/1 for 2018 COP and 2016 Solar Loan. CJB noted Solar Loan paid via wire 7/5/23 and 2018 COPs paid via wire 7/7/23.			
1-9-5927-105	2018 COP Interest Expense	95,495.84	
1-9-5927-202	2016 Solar Loan Interest Exp	15,863.73	
1-0-2259-006	2016 Solar Loan Accrued Int		15,863.73
1-0-2259-007	Interest Payable - 2018 COP		95,495.84
Total		**111,359.57**	**111,359.57**
Adjusting Journal Entries JE # 3			
GASB 68 Entry #1 - To reclassify 2022 contributions to NPL at June 30, 2023.			
1-0-2500-500	Net Pension Liability	489,602.00	
1-0-1500-000	Deferred Outflows		489,602.00
Total		**489,602.00**	**489,602.00**
Adjusting Journal Entries JE # 4			
GASB 68 Entry #2 - To reclassify 2023 contributions to Deferred Outflows of Resources at June 30,			
1-0-1500-000	Deferred Outflows	545,176.00	
1-1-4500-000	PERS ER Contributions		70,873.00
1-2-4500-000	PERS ER Contribution		10,904.00
1-3-4500-000	PERS ER Contribution		174,456.00
1-4-4500-000	PERS ER Contribution		38,162.00
1-5-4500-000	PERS ER Contribution		43,614.00
1-6-4500-000	PERS ER Contribution		59,969.00
1-7-4500-000	PERS ER Contribution		147,198.00
Total		**545,176.00**	**545,176.00**
Adjusting Journal Entries JE # 5			
GASB 68 Entry #3 - To record changes in pension liability during FY21/22 at June 30, 2023. Note: Outlfow and Inflow entries are summarized.			
1-0-1500-000	Deferred Outflows	1,505,265.00	
1-0-2500-000	Deferred Inflows	1,389,807.00	
1-1-5641-500	PERS Cost by Function	1,211.00	
1-2-5641-500	PERS Cost by Function	186.00	
1-3-5641-500	PERS Cost by Function	2,983.00	
1-4-5641-500	PERS Cost by Function	652.00	
1-5-5641-500	PERS Cost by Function	746.00	
1-6-5641-500	PERS Cost by Function	1,025.00	
1-7-5641-500	PERS Cost by Function	2,516.00	
1-0-2500-500	Net Pension Liability		2,904,391.00
Total		**2,904,391.00**	**2,904,391.00**

Indian Wells Valley Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY20/21 at June 30, 2023. Note: Outlfow and Inflow entries are summarized.			
1-0-2500-000	Deferred Inflows	189,367.00	
1-1-5641-500	PERS Cost by Function	35,339.00	
1-2-5641-500	PERS Cost by Function	5,437.00	
1-3-5641-500	PERS Cost by Function	86,988.00	
1-4-5641-500	PERS Cost by Function	19,029.00	
1-5-5641-500	PERS Cost by Function	21,747.00	
1-6-5641-500	PERS Cost by Function	29,902.00	
1-7-5641-500	PERS Cost by Function	73,397.00	
1-0-1500-000	Deferred Outflows		461,206.00
Total		**461,206.00**	**461,206.00**
Adjusting Journal Entries JE # 7			
GASB 75 Entry #1 - To reclassify 2022 contributions to a reduction in Net OPEB Liability at June 30, 2023.			
1-0-2400-500	Net OPEB Liability	73,620.00	
1-0-1501-000	Deferred Outflows - OPEB		73,620.00
Total		**73,620.00**	**73,620.00**
Adjusting Journal Entries JE # 8			
GASB 75 Entry #2 - To contra reclassify 2023 contributions for retiree benefits to deferred outflows of resources from expense at June 30, 2023.			
1-0-1501-000	Deferred Outflows - OPEB	73,682.00	
1-9-5928-000	OPEB Expense		73,682.00
Total		**73,682.00**	**73,682.00**
Adjusting Journal Entries JE # 9			
GASB 75 Entry #3 - To record changes in OPEB liability during FY21/22 in the current year.			
1-0-1501-000	Deferred Outflows - OPEB	280,365.00	
1-0-2400-000	Deferred OPEB Inflows	168,080.00	
1-9-5928-000	OPEB Expense	198,422.00	
1-0-1501-000	Deferred Outflows - OPEB		168,080.00
1-0-2400-000	Deferred OPEB Inflows		18,780.00
1-0-2400-500	Net OPEB Liability		460,007.00
Total		**646,867.00**	**646,867.00**
Adjusting Journal Entries JE # 10			
GASB 75 Entry #3 - To record changes in the deferred outflows and deferred inflows (amortization) at June 30, 2023.			
1-0-2400-000	Deferred OPEB Inflows	9,342.00	
1-9-5928-000	OPEB Expense	34,246.00	
1-0-1501-000	Deferred Outflows - OPEB		33,513.00
1-0-1501-000	Deferred Outflows - OPEB		10,075.00
Total		**43,588.00**	**43,588.00**
Adjusting Journal Entries JE # 11			
AJE - To accrue Jason Lillion sick leave accrual at 50% limit			
1-7-5645-001	Accrued Sick/Vacation Leave	21,054.02	
1-0-2311-100	Accrued Sick Leave		4,210.80
1-0-2311-150	Accrued Sick Leave LT		16,843.22
Total		**21,054.02**	**21,054.02**

Indian Wells Valley Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 12			
AJE - To adjust deferred inflows to schedule at June 30, 2023.			
1-0-4970-000	Olancha Farm Rent	796.94	
1-0-2500-100	Deferred Inflow - Butterworth		796.94
Total		**796.94**	**796.94**
Adjusting Journal Entries JE # 13			
PPA - To prior period adjust water underpayments payable due to IWVGWA for the period January 2021 through June 2021.			
1-0-3110-601	Fund Balance Unrestricted	384,383.95	
1-0-2225-000	Accounts Payable IWGWA		384,383.95
Total		**384,383.95**	**384,383.95**
Adjusting Journal Entries JE # 14			
PPA - To prior period adjust the following: 1) reverse prior year IWGWA payable and to 2) record IWGWA payable from July 2021 through June 2022.			
1-0-1375-000	Accounts Receivable IWGWA	539,302.30	
1-0-2225-000	Accounts Payable IWGWA	384,383.95	
1-0-3110-601	Fund Balance Unrestricted		384,383.95
1-0-3110-601	Fund Balance Unrestricted		539,302.30
Total		**923,686.25**	**923,686.25**
Adjusting Journal Entries JE # 15			
AJE - To reverse prior accrual			
1-9-5961-205	GSA Replenishment Fee	391,633.49	
1-9-5961-205	GSA Replenishment Fee	809,400.00	
1-0-1440-800	Prepaid GSA Fees		391,633.49
1-0-1440-800	Prepaid GSA Fees		809,400.00
Total		**1,201,033.49**	**1,201,033.49**
Adjusting Journal Entries JE # 16			
AJE - To adjust the following 1) reverse prior year IWGWA payable and 2) to record IWGWA receivable from July 2022 through June 2023.			
1-0-1375-000	Accounts Receivable IWGWA	755,881.74	
1-9-5961-206	IWVGWA water purchase overpayment		755,881.74
Total		**755,881.74**	**755,881.74**
Adjusting Journal Entries JE # 17			
AJE - To reclassify outstanding deposit from 1311-505 t0 1310-301 Main Account for capital Project funds reimbursement.			
1-0-1310-301	Main Account	700,000.00	
1-0-1372-000	Accounts Receivable Misc.		700,000.00
Total		**700,000.00**	**700,000.00**
	Total Adjusting Journal Entries	**9,338,413.88**	**9,338,413.88**
Proposed Journal Entries			
Proposed Journal Entries JE # 100			
PAJE - To accrue June invoices 51277575 & 99214519 pd check 70497 noted during the Search for Unrecorded Liabilities.			
1-2-5335-100	Arsenic Treatment Chemicals	9,253.00	
1-2-5335-100	Arsenic Treatment Chemicals	11,971.09	
1-0-2220-000	Accounts Payable		9,253.00
1-0-2220-000	Accounts Payable		11,971.09
Total		**21,224.09**	**21,224.09**

Indian Wells Valley Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2023

Account	Description	Debit	Credit
Proposed Journal Entries JE # 101			
PAJE - To adjust unbilled receivable calculation based on calculation difference between auditor and District.			
1-0-1371-100	Unbilled Water Sales Receivble	25,616.11	
1-0-4110-902	Arsenic Charge 1" Meter	293.40	
1-0-4110-903	Arsenic Charge 1-1/2" Meter	2.00	
1-0-4110-100	Residential Usage		4,113.26
1-0-4110-101	Residential RTS		4,713.26
1-0-4110-300	Master-Metered Res. Usage		448.74
1-0-4110-301	Master-Metered Res. RTS		307.16
1-0-4110-400	Commercial/Public/Ind Usage		869.33
1-0-4110-401	Commercial/Public/Ind RTS		553.42
1-0-4110-600	Construction Water		0.69
1-0-4110-700	Fire Prevention		184.69
1-0-4110-800	GSA Pump Fee		1,050.42
1-0-4110-801	B-Zone Charge		1,578.75
1-0-4110-802	C-Zone Charge		450.30
1-0-4110-803	D-Zone Charge		95.63
1-0-4110-804	E-Zone Charge		52.01
1-0-4110-804	E-Zone Charge		10,251.83
1-0-4110-901	Arsenic Charge 3/4" Meter		968.74
1-0-4110-904	Arsenic Charge 2" Meter		3.98
1-0-4110-905	Arsenic Charge 3" Meter		38.35
1-0-4110-906	Arsenic Charge 4" Meter		25.35
1-0-4110-907	Arsenic Charge 6" Meter		100.55
1-0-4110-908	Arsenic Charge 8" Meter		98.98
1-0-4110-908	Arsenic Charge 8" Meter		6.07
Total		**25,911.51**	**25,911.51**
	Total Proposed Journal Entries	**47,135.60**	**47,135.60**
	Total All Journal Entries	**9,385,549.48**	**9,385,549.48**

Legend:

AJE	Audit Adjusting Journal Entry
CPE	Client Prepared Adjusting Journal Entry
PPA	Prior Period Adjusting Journal Entry
GASB 68 Entry	GASB 68 Adjusting Journal Entry
GASB 75 Entry	GASB 75 Adjusting Journal Entry

Committee Reports

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

WATER MANAGEMENT COMMITTEE
REGULAR MEETING MINUTES

WEDNESDAY, FEBRUARY 7, 2024 – 3:00 P.M.

BOARD ROOM
500 W. RIDGECREST BLVD., RIDGECREST

Attendees: Mallory Boyd, Ron Kicinski, George Croll, Jason Lillion, Tyrell Staheli, and Renee Morquecho

1. **Call to Order**
The meeting was called to order at 3:00 p.m.

2. **Committee/Public Comments**
None.

3. **Indian Wells Valley Groundwater Authority (IWVGA)**
Director Kicinski stated that there is nothing new to report from the last IWVGA Board Meeting held on January 10th.

George Croll stated that there will be discussions at the next Indian Wells Vally Water District Board Meeting (being held Monday, February 12th) in regards to working with the IWVGA and a third-party company to develop a cost analysis for the proposed pipeline and alternative options to the project. This analysis would give the District a better idea of what the cost would be to the District and its customers.

The next IWVGA Board meeting will be held on February 10th.

   a. **Discuss feasible alternatives to the pipeline project.**
   There are no updates to report at this time.

4. **Future LADWP Aqueduct Water Release**
There are no updates to report at this time, however, this committee believes that, with the recent and forecasted weather, it is important to continue discussions with both LADWP and District consultants on ways to capture any future releases.

5. **Potential Impact of Recycled Water on District's Need for Imported Water**
The Committee discussed the amount of water needed by the District, the cost of recycled water, and what would need to be done to the water before it is injected into our aquifer.

6. **Brackish Water Study**
The first part of the study has been completed and there are no current plans to move on to the next portion of the study. The committee discussed the costs and difficulties related

to utilizing the brackish water in the IWV aquifer..

7. Alternate Water Sources

a. Exploration of sub-basins within the valley

There are no updates to report at this time. The committee discussed the monitoring and recharge rate of the El Paso sub-basin.

8. Future Agenda Items

None.

9. Adjournment

Meeting was adjourned at 3:50 p.m.

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

PLANT AND EQUIPMENT COMMITTEE
REGULAR MEETING

REPORT

TUESDAY, MARCH 5, 2024 – 2:00 PM
BOARD ROOM
500 W. RIDGECREST BLVD., RIDGECREST

Attendees: Stan Rajtora, Mallory Boyd, George Croll, Ty Staheli, Jason Lillion and Renee Morquecho.

1. Call to Order

The meeting was called to order at 2:00 pm.

2. Committee/Public Comments

None.

3. Gateway and Salisbury Booster Station Replacement Project: Acceptance of Contract Work

Work performed by Canyon Springs Enterprises is complete and the new booster station was put into service February 1, 2024. There are a few minor punch list items to complete and the contractor is awaiting the arrival of some back ordered spare parts. The original contract amount was $2,424,000.00. There were 14 change orders totaling $33,474.34, which is 1.4% of the original contract amount. Since the Contract Work has been completed in accordance with the Contract Documents, staff and Krieger & Stewart recommend the District accept the Contract Work in the amount of $2,457,476.34. Subsequent to Board acceptance, a Notice of Completion will be filed, and thereafter, following the lien period, the District will release retention monies. The Committee recommended the Board accept the Contract Work performed by Canyon Springs Enterprises in the amount of $2,457,476.34.

4. Richmond Elementary School: Dedication of Facilities

Sierra Sands Unified School District is building a new Richmond Elementary School off North Gateway Blvd. Construction of a 12-inch pipeline extension was required to service the new school. Colombo Construction is the contractor for this project and has completed installation of the pipeline extension and all appurtenances. The value of the water facilities is $109,032.81. The Committee recommended the Board accept the dedication of facilities for Richmond Elementary School.

5. NW Transmission Pipeline Replacement Project: Update

The District awarded this project to Nicholas Construction last month. Krieger & Stewart is working with the contractor to get the contract executed so it can be sent to District legal counsel for review. The contract has been sent back twice for some minor omissions by the contractor and a couple of missing insurance endorsements. We expect the contract to be sent back to Kreiger & Stewart by the end of this week.

The final bond pricing was completed last week. Staff expects closing by the end of next week and receipt of bond proceeds.

6. Dune 3 and Hometown Water Consolidations: Update

Staff and legal counsel have met the SWRCB regarding the consolidation agreements and will be discussing them with the Board during the next meeting. In addition, the District met with Groundwater Authority (GA) staff to discuss consolidations and is reviewing information provided by the GA. The GA will also be reviewing their grant funding agreement with the State to determine if it can assist the District with any consolidation funding shortfalls.

7. Arsenic Treatment Facilities: Update

Both Pureflow and Filtronics have received their 50% checks for new filtration media and are working with their supplies to schedule delivery. Pureflow has provided a date of May 1, 2024 for delivery. Staff will work as quickly as possible to get the arsenic removal plants online soon after delivery.

8. Future Agenda Items

- Transmission pipeline(s) inspection
- La Mirage area infrastructure (grant funding?)
- Springer Ave pipeline schedule
- Imported pipeline infrastructure upgrades

9. Adjournment

The meeting was adjourned at 2:26 pm.

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

FINANCE COMMITTEE
REGULAR MEETING

REPORT

TUESDAY MARCH 5, 2024 – 2:30 PM
BOARD ROOM
500 W. RIDGECREST BLVD., RIDGECREST

ATTENDEES: David Saint-Amand, Ron Kicinski, George Croll, Ty Staheli, Jason Lillion, and Renee Morquecho

1. **Call to Order**

   The Finance Committee Meeting was called to order at 2:30 pm.

2. **Committee/Public Comments**

   None.

3. **Fraud Risk Discussion**
   Description: Discuss potential or actual fraud risks within the organization.

   None to report.

4. **Northwest Transmission Line Funding**
   Description: Discussion on funding for the replacement of the Inyokern Road Transmission Line.

   Staff continues to work with CalMuni. Pricing occurred last week and was successful in securing 4.2% interest rate.

   Closing is to take place over the next week with funding received shortly thereafter.

5. **GA Imported Water Costs**
   Description: Discuss imported water costs and potential impact to customers' bills

   Staff continues to work on developing an accurate cost matrix inclusive of all associated costs to estimate impacts on customers.

   Recent staff conversations with a multi-public agency project cost consultant have been fruitful. Staff anticipates bringing a proposal for services by the consultant to the Board in the upcoming Board meeting. With the WRDA process for the current round of funding proposals expected to end in August/September, having accurate costs for the Board and customers becomes very important.

6. **Fourth Quarter 2023 Investment Reports** Description: Presentation to Committee of the quarterly investment earnings of the District's reserves in the Kern County Treasury and the State Treasury's Local Agency Investment Fund (LAIF).

INDIAN WELLS VALLEY WATER DISTRICT
QUARTERLY INVESTMENT REPORT
QUARTER ENDING DECEMBER 2023

INVESTMENTS	UNRESTRICTED	RESTRICTED	TOTAL
Cash in Bank	$ 1,585,909	0	
Local Agency Investment Fund	821,682		
Kern County Treasurer	7,262,627	621,888	
BNY Mellon			
2018 COP Project Fund		0	
Total Water District Investments	$ 9,670,219	$ 621,888	$ 10,292,107

RESERVES	DISTRICT DESIGNATED	RESTRICTED	TOTAL
Capital Improvements & Replacements (Committed)	$ 1,267,092		
Vehicle Replacement (Assigned)	350,882		
Computer Equipment Replacement (Assigned)	100,252		
Emergency Reserve (Committed)	3,257,833		
Alternate Water Supply/Future Source of Supply (Assigned)	1,914,380		
Miscellaneous Capital (Assigned for projects postponed)	44,473		
Customer Deposits & Credits (Nonspendable)	343,157		
Prepaid Connection Fees (Nonspendable)	385,392		
Post-Retirement Health Benefits - Kern County (Assigned)	327,716		
Emergency Reserve (Uncommitted)	1,679,043		
AD 87-1 Reserve Funds (Restricted to pay Prop 55 Loan)		552,658	
2018 COP Project Funds		0	
Capital Facility Fees		69,230	
Total Water District Reserves	$ 9,670,219	$ 621,888	$ 10,292,107

In the event of an emergency, the District may be required to use any or all unrestricted funds in Mission Bank, Kern County Treasury and LAIF

7. Financial Statements February 29, 2024 (preliminary)
Description: Presentation to Committee financial reports and graphs depicting current revenue and expense trends compared to budget and previous fiscal year actuals.

Estimated year-to-date revenues as of February 29, 2024, are \$9,927,939 and expenses are \$11,226,228, therefore expenditures exceeded revenues by \$1,298,289, which is over budget by \$240,875.

To date, the District has paid the Groundwater Authority \$13,682,679 in fees.

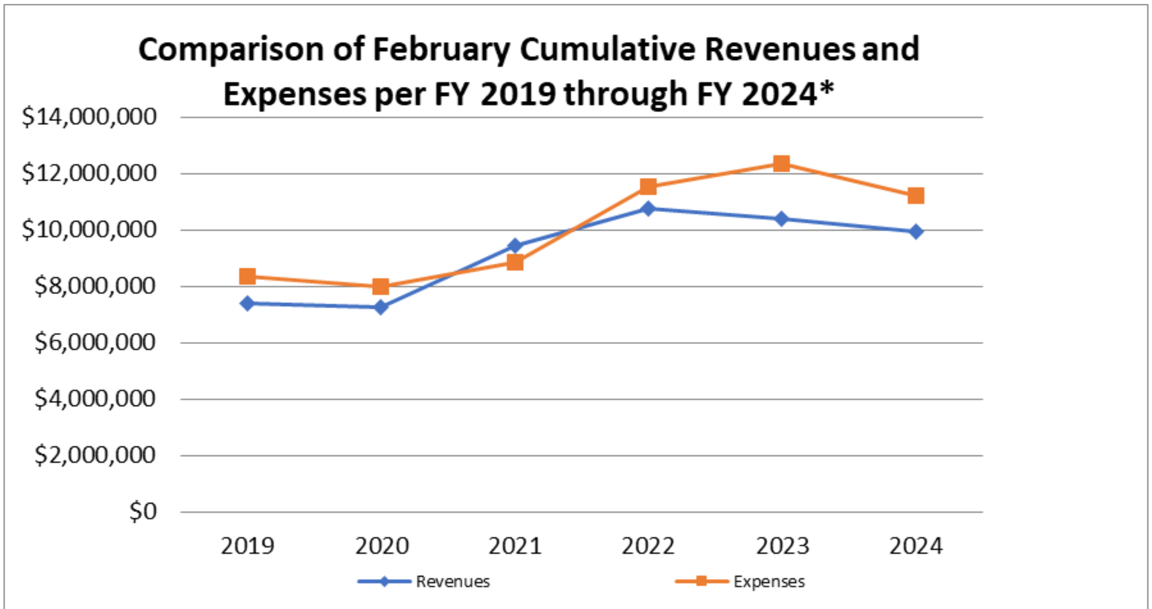
Staff presented the following spreadsheet, which compares February year-to-date actual to budgeted revenues and expenses by category:

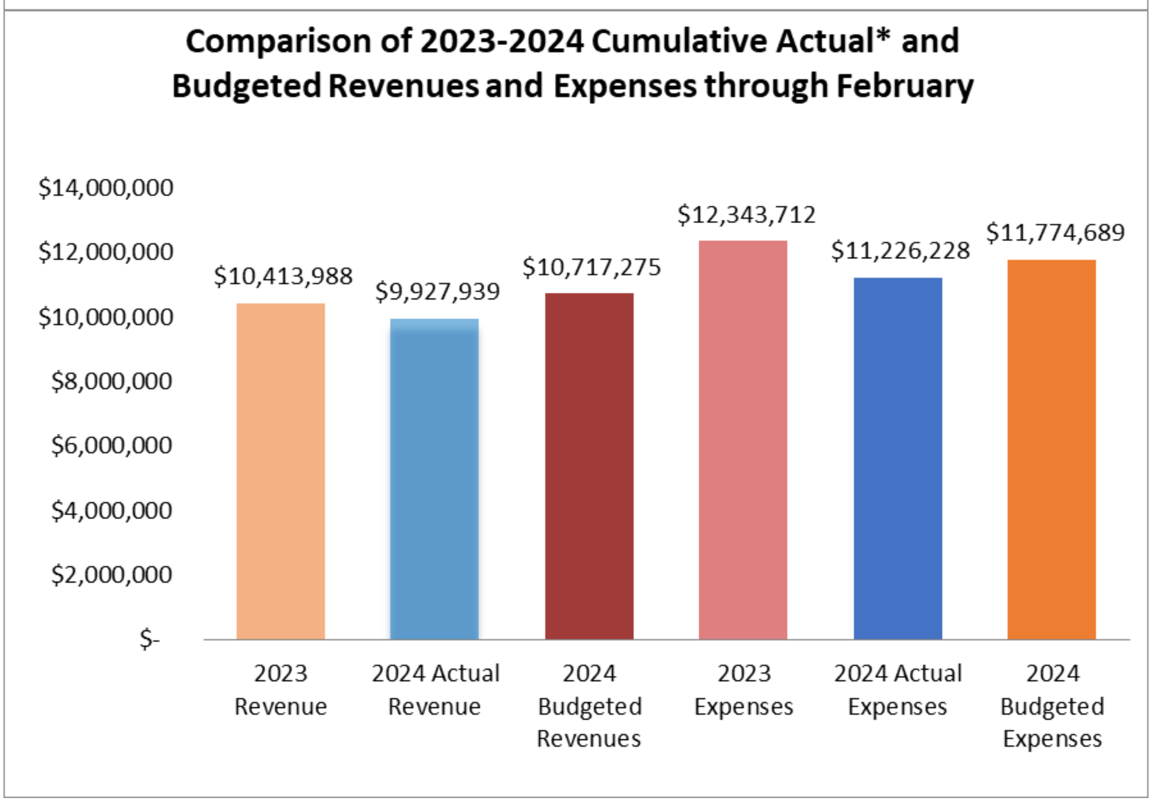
Indian Wells Valley Water District

Revenues vs. Expense

Actuals & Budget through February 2024 (Preliminary)

	Budget	Actuals	Δ
Revenues			
Total Water Sales	7,766,958	7,538,940	-228,017
GSA Fees	1,575,250	1,830,951	255,701
Total Water Service Revenue	236,855	261,256	24,402
Total Non-Operating Income	172,962	154,853	-18,109
Capital Contributions	108,629	141,938	33,309
Total Revenues	**9,860,654**	**9,927,939**	**67,284**
Expenses			
Water Supply	805,690	955,503	149,813
Arsenic Treatment Plants	275,060	183,179	-91,882
Transmission & Distribution	1,372,108	1,079,587	-292,521
Engineering	330,405	349,315	18,910
Customer Service	322,555	221,870	-100,686
Field Services	344,075	381,924	37,849
General & Administration	2,264,471	2,446,637	182,167
Legislative	63,726	54,893	-8,833
Depreciation	2,200,000	2,200,000	0
Non-Operating, Interest	914,155	914,155	0
Non-Operating, Miscellaneous	179,604	389,826	210,222
GSA Fees	1,663,000	1,967,371	304,371
Non-Operating, Conservation	22,750	24,809	2,059
Non-Operating, Alternate Water	61,198	57,159	-4,039
Total Expenses	**10,818,797**	**11,226,228**	**407,431**
Net Revenue Increase (Decrease)	**-958,143**	**-1,298,289**	**-340,146**
Capital Expenditures		**1,521,099**	
Debt Service Principle		**741,109**	
Total GSA Extraction Fee Paid		2,488,174	
Total GSA Replenishment Fee Paid		11,194,505	
		13,682,679	





**Actual Revenues and Expenses are Estimated*

8. Accounts Payable Disbursements

Description: Presentation to Committee of Accounts Payable Disbursements reports for Board approval.

The Committee recommended approval of accounts payable disbursements totaling $1,012,189.97 as follows:

Checks through:	2/1/24	2/15/24	2/29/24
Prepaid	$ 6,824.29	$ 49,205.71	$ 183,788.47
Current	161,819.01	388,628.82	221,923.67
Total	$ 168,643.30	$ 437,834.53	$ 405,712.14

9. Future Agenda Items

None

10. Adjournment

The Committee adjourned at 2:57 pm.

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

ADMINISTRATION/EXECUTIVE COMMITTEE
MEETING MINUTES

WEDNESDAY, MARCH 6, 2024 – 2:00 P.M.

BOARD ROOM
500 W. RIDGECREST BLVD., RIDGECREST

Attendees: Ron Kicinski, David Saint-Amand, George Croll, Ty Staheli, Renee Morquecho, and Jason Lillion

1. **Call to Order**
   The meeting was called to order at 2:00 p.m.

2. **Committee/Public Comments**
   None.

3. **Resolution to Oppose Initiative 1935 (Formerly 21-0042a1)**
   The Committee reviewed the sample Resolution provided by California Special Districts Association (CSDA) regarding Initiative 1935. This Initiative limits the ability for the State and local governments to impose taxes and/or fees for essential services and infrastructure. CSDA is concerned with the ambiguous language included in the proposed Initiative. Staff to follow up with Mark Hildebrand regarding the potential outcome for the District. Further information to be provided to the Board.

4. **Draft Agenda for the Regular Board Meeting of March 11, 2024**
   The Committee reviewed the agenda and made no changes.

5. **Future Agenda Items**
   None.

6. **Adjournment**
   The meeting adjourned at 2:11 p.m.

INDIAN WELLS VALLEY
WATER DISTRICT

Approval of Minutes

MINUTES OF THE REGULAR BOARD MEETING

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT

FEBRUARY 12, 2024

CALL TO ORDER

The Regular Meeting of the Board of Directors of the Indian Wells Valley Water District was called to order by President Kicinski at 4:31 p.m. in the Board of Directors Hearing Room, 500 West Ridgecrest Boulevard, Ridgecrest, California.

PLEDGE

The Pledge of Allegiance was led by Lauren Smith.

ROLL CALL

DIRECTORS PRESENT:	President Ronald R. Kicinski Vice President David C.H. Saint-Amand Director Mallory J. Boyd Director Charles D. Griffin Director Stan G. Rajtora
DIRECTORS ABSENT:	None
STAFF PRESENT:	George Croll, General Manager Jim Worth, Attorney Jason Lillion, Operations Manager Renée Morquecho, Chief Engineer Tyrell Staheli, Chief Financial Officer Lauren Smith, Recording Secretary

AGENDA DECLARATION

AGENDA DECLARATION

Recording Secretary, Lauren Smith, reported that the agenda for today's Regular Board Meeting was posted on Thursday, February 8, 2024.

CONFLICT OF INTEREST DECLARATION

CONFLICT OF INTEREST

Director Saint-Amand stated his opinions shared during this meeting are his own and do not necessarily reflect the opinions of his employer, nor the Board.

PUBLIC QUESTIONS AND COMMENTS ON CLOSED SESSION

PUBLIC COMMENTS

None.

With no further Board or Public comments, President Kicinski recessed the meeting and adjourned to Closed Session at 4:33 p.m.

CLOSED SESSION

CLOSED SESSION

The meeting was reconvened in Closed Session at 4:35 p.m.

Closed Session was adjourned at 6:00 p.m.

The meeting was reconvened to Open Session at 6:07 p.m.

No action was taken that requires disclosure under the Brown Act.

PUBLIC QUESTIONS AND COMMENTS

PUBLIC COMMENTS

The Board heard public comment from Mike Neel.

PRESENTATION

PRESENTATION: CEC

David Moore, of Clean Energy Capital (CEC), provided a presentation to the Board which included services and capabilities available. CEC is a Municipal Advisory firm with specialists in water project financing, multi-agency projects, and public/private partnerships.

The proposed scope of service would involve an independent cost assessment of the Imported Pipeline Project of the IWVGA.

The Board heard public comment from Judie Decker, Mike Neel, and Renee Westa-Lusk.

This item will be added to the March agenda for further discussion. Staff to research estimated costs and present to the Board.

No action was taken.

CONSENT CALENDAR

CONSENT CALENDAR

MOTION: was made by Vice President Saint-Amand and seconded by Director Boyd approving the Minutes of the January 8, 2024, Regular Board Meeting, January 12, 2024, Special Board Workshop, January 18, 2024, Special Board Meeting, and February 5, 2024, Special Board Meeting, and Payment of Accounts Payable totaling $1,025,798.82. Motion was carried, unanimously. (Ayes: Boyd, Griffin, Kicinski, Rajtora, Saint-Amand. Nays: None. Absent: None.)

PLANT & EQUIPMENT COMMITTEE

P&E CM: AWARD OF CONTRACT

On January 18, 2024, the District received three bids for Bid Schedule 1 (regular PVC replacement) and four bids for Bid Schedule II (fusible PVC) for this project. The lowest single responsive bid was from Nicholas Construction, Inc. for Bid Schedule I in the amount of $5,698,350.00. After correction of two minor irregularities in their bid, the bid documents were deemed complete and met the requirements of the Contract Documents. Committee recommends awarding the contract to Nicholas Construction, Inc. in the amount of $5,698,350.

MOTION: was made by Director Griffin and seconded by Director Rajtora to award the contract for the Northwest Transmission Mainline Replacement to Nicholas Construction, Inc. in the amount of $5,698,350.00). (Ayes: Boyd, Griffin, Kicinski, Rajtora, Saint-Amand. Nays: None. Absent: None.)

ADMINISTRATION/EXECUTIVE COMMITTEE

ADMIN/EXEC CM: PERSONNEL MANUAL CHANGES

Staff presented a redline version of the manual (included in the Board Packet) of recommended changes to the Personnel Manual due to, but not limited to, adoption of the 4/10 work schedule and the previously approved Travel Policy.

MOTION: was made by Vice President Saint-Amand and seconded by Director Rajtora to approve the changes made to the Personnel Manual as presented. Motion was carried, unanimously. (Ayes: Boyd, Griffin, Rajtora, Saint-Amand. Nays: None. Absent: None.)

INDIAN WELLS VALLEY GROUNDWATER AUTHORITY (IWVGA) — **IWVGA**

The Board discussed action items from the January 10th IWVGA Board meeting, and items on the February 14th agenda, including:

- Request for Bids for Utility Potholing Services
- Comments on the Groundwater Sustainability Plan (GSP) due by the end of February
- Authorizing a reimbursement agreement with AVEK

Director Griffin commented he would like to see for the Shallow Well Mitigation Plan by the Policy Advisory Committee (PAC) to be presented and reviewed by the IWVGA Board.

COMPREHENSIVE ADJUDICATION — **COMPREHENSIVE ADJUDICATION**

The next Hearing is scheduled for March 22, 2024, 1:30 p.m. to address any outstanding issues and try to get a Phase 1 Trial set.

GENERAL MANAGER AND STAFF UPDATE — **GENERAL MANAGER AND STAFF UPDATE**

George Croll reported the monthly water data for January. Water produced: 113,590,000 gallons, water consumed: 93,401,000 gallons (11% commercial, 4% other, 85% residential), and estimated loss 600,000 gallons (which is water lost to leaks, flushing activities, blow-offs, etc.)

Mr. Croll also provided historical water use and population data for comparison.

PUBLIC OUTREACH

Mr. Croll will be presenting at the Economic Outlook Conference on Thursday, February 22nd. The District will have a booth at the Home & Leisure Show on March 16th-17th. He also provided an update on social media outreach.

STATE REG. UPDATES

Slides were presented comparing Bakersfield, CA to Indian Wells Valley using the Water Use Objective Exploration Tool available through State Water Resources Control Board (SWRCB) Making Conservation a California Way of Life.

Ty Staheli provided on update on the requirements for the Eclectic Vehicle (EV) mandate which went into effect on January 1, 2024. The mandate applies to any state or local government agency in California that owns, leases, or operates one or more vehicles. Mr. Staheli provided details on the covered vehicles, excluded vehicles, and considerations going forward.

BOARD WORKSHOP UPDATES

The following updates were given on items assigned at the January 12, 2024, Special Board Workshop:

- **Updated Costs and plans for Wastewater Project**

Follow up to be had with Krieger & Stewart (K&S)

- **Follow up with LADWP on capturing water overflow**

No update available at this time

- **Project Priority List based on FY 24 Funding**

Staff is working on the list and will present to the Board at a future Board meeting

- **Deferred Maintenance List**

Staff is reviewing and updates will be given accordingly

Photos of the progress of the Booster Station were displayed. This project is in the final weeks of completion. Demolition of the old booster stations and appurtenances is scheduled to begin Tuesday the 13th. The final job walk is scheduled for the 14th. Once demolition is complete, the contractor will finish up any Punch List items. The project is expected to be completed by end of month, possibly the beginning of March. BOOSTER STATIONS

The estimated year-to-date revenues as of January 31, 2024, are $8,812,001 and expenses are $9,768,463. Expenditures exceeded revenues by $956,463, which is over budget by $58,660. To date, the District has paid $13,645,852 in GA Fees to the Groundwater Authority. FINANCIAL STATUS

Mr. Staheli reported on the following conservation items: CONSERVATION
State Water Resources Control Board (SWRCB) Water Waster Report – there have been no water waste reports thus far in 2024. In 2023, there were a total of 64 water waste reports received with 64 contacts made. There were 24 formal Second Notices and seven penalties issued.

Item was addressed and approved earlier in the meeting. No further updates. NW TRANSM. PIPELINE

Plants are off for the season. The 50% invoices were paid to order the media from Pureflow and Filtronics. Staff is now waiting a scheduled delivery date to plan for installation before summer. ARSENIC TREATMENT

Mr. Lillion reported for the month of January, five services were repaired and 31 were replaced. The NO-DES truck made three runs in January, filtering 15,780 gallons. Since inception, the NO-DES truck has filtered 9,265,764 gallons. Zero valves were exercised. OPERATIONS

BOARD COMMENTS

BOARD COMMENTS/FUTURE AGENDA ITEMS

Director Boyd and President Kicinski thanked the staff and George Croll for their updated presentation and all their hard work.

ADJOURNMENT

ADJOURNMENT

With no further business to come before the Board, the meeting was adjourned at 7:51 p.m.

Respectfully submitted,

Lauren Smith
Recording Secretary

APPROVED: ______________

INDIAN WELLS VALLEY
WATER DISTRICT

Presentation to IWVWD Board of Directors

February 12, 2024

CleanEnergyCapital

Clean Energy Capital

- Municipal Advisory firm headquartered in San Francisco
- Specialists in water project financing, multi-agency projects, and public/private partnerships

Representative Clients

Los Vaqueros Reservoir Expansion Project

San Francisco Water Power Sewer

Contra Costa Water District

Valley Water

San Diego County Water Authority

Advanced Water Purification East County

Padre Dam Municipal Water District

San Diego County Sanitation District

Montecito Water District

Orange County Water District

Hidden Valley Lake Community Services District

South Coast Water District

Laguna Beach County Water District

San Joaquin River Exchange Contractors Water Authority CCID • CCC FCWD • SLCC

Del Puerto Canyon Reservoir

Del Puerto Water District

Representative Services

- Financial feasibility assessment, cost-of-service, cost-benefit vs. alternatives
- Proforma financial modeling
- Capitalization plans and implementation strategies
- Drafting and negotiation of Water Supply Agreements and other partnering contracts and termsheets
- Support in JPA formation
- Public/private partnerships evaluation and implementation
- Obtainment of credit ratings
- Debt capital markets, WIFIA and SRF loan negotiation and procurement

Proposed Clean Energy Capital Scope of Service

1. Imported Pipeline Project
   - Independent cost assessment
     - Develop proforma financial model
     - Draw inputs from GA studies
     - Supplement inputs with CEC estimates
     - Calculate annual and unit costs
     - Estimate ratepayer impact
   - Share model with GA
   - Incorporate comments from GA
   - Present results to the District
2. Assess and compare modifications or additions to the current GA project as proposed. Develop cost estimates for alternatives.

<u>Key Cost Sensitivities:</u>

- Cost of imported water
- Throughput volumes
- Additional District costs
- Level of public benefits funding
- Cost allocation among GA JPA Members & Project beneficiaries

MINUTES OF THE SPECIAL BOARD MEETING

BOARD OF DIRECTORS
INDIAN WELLS VALLEY WATER DISTRICT
FEBRUARY 28, 2024

CALL TO ORDER

The Special Board Meeting of the Board of Directors of the Indian Wells Valley Water District was called to order by President Kicinski at 2:00 p.m. in the Board of Directors Hearing Room, 500 West Ridgecrest Boulevard, Ridgecrest, California.

PLEDGE

The Pledge of Allegiance was led by Chuck Griffin.

ROLL CALL

DIRECTORS PRESENT:	President Ronald R. Kicinski Director Charles D. Griffin Director Stan G. Rajtora Vice President David C.H. Saint-Amand
DIRECTORS ABSENT:	Director Mallory J. Boyd
STAFF PRESENT:	George Croll, General Manager Jason Lillion, Operations Manager Renée Morquecho, Chief Engineer Tyrell Staheli, Chief Financial Officer
VIA TELECONFERENCE:	Jim Worth, Attorney

AGENDA DECLARATION

AGENDA DECLARATION

Board President, Ron Kicinski, reported that the agenda for today's Special Board Meeting was posted on Tuesday, February 27, 2024.

CONFLICT OF INTEREST

CONFLICT OF INTEREST DECLARATION

Director Saint-Amand stated his opinions shared during this meeting are his own and do not necessarily reflect the opinions of his employer, nor the Board.

PUBLIC COMMENTS

PUBLIC QUESTIONS AND COMMENTS

None.

With no further Board or Public comments, President Kicinski recessed the meeting and adjourned to Closed Session at 2:02 p.m.

CLOSED SESSION

CLOSED SESSION

Closed Session was adjourned at 3:42 p.m.

The meeting was reconvened to Open Session at 3:45 p.m.

ADJOURNMENT

ADJOURNMENT

With no further business to come before the Board, the meeting was adjourned at 3:45 p.m.

Respectfully submitted,

Lauren Smith
Recording Secretary

APPROVED:__________________________

10.B.1.

KRIEGER & STEWART
Engineering Consultants

M E M O R A N D U M

TO:	GEORGE D. CROLL RENEE E. MORQUECHO INDIAN WELLS VALLEY WATER DISTRICT	**FILE:** 178-149.6.2 C
FROM:	TRAVIS R. ROMEYN *TRR* KRIEGER & STEWART, INCORPORATED	**DATE:** 3/4/2024
SUBJECT:	GATEWAY AND SALISBURY BOOSTER PUMP STATION RECOMMENDATION OF ACCEPTANCE OF CONTRACT WORK	

All work performed by Canyon Springs Enterprises was completed and the new Gateway and Salisbury Booster Pump Station was put into service on February 1, 2024. Only minor punch list work and furnishing backordered spare parts remains. The adjusted Contract Amount and Contract Completion Dates for same are set forth as follows:

	Amount
Original Contract	$2,424,000.00
Contract Change Order No. 1	($15,500.00)
Contract Change Order No. 2	$0.00
Contract Change Order No. 3	$4,772.25
Contract Change Order No. 4	$17,595.86
Contract Change Order No. 5	$8,438.86
Contract Change Order No. 6	$3,153.32
Contract Change Order No. 7	$3,180.19
Contract Change Order No. 8	($5,131.08)
Contract Change Order No. 9	$1,644.20
Contract Change Order No. 10	$3,532.24
Contract Change Order No. 11	$0.00
Contract Change Order No. 12	$2,634.44
Contract Change Order No. 13	$9,156.06
Contract Change Order No. 14	$0.00
Adjusted Contract	$2,457,476.34

KRIEGER & STEWART, INCORPORATED
Mailing Address: 3890 Orange Street #1509, Riverside, CA 92502
Office Address: 3602 University Avenue, Riverside, CA 92501
Tel: (951) 684-6900 • Fax: (951) 684-6986 • www.kriegerandstewart.com

Contract Completion Dates	
Original	Adjusted
February 18, 2023	February 29, 2024

Contract Change Order No. 1 is attributable to a reduction in the size of the pump cans and associated equipment. Contract Change Order No. 2 is attributable to delays in material procurement reflected in the baseline project schedule. Contract Change Order No. 3 is attributable to installation of additional tortoise fencing and modification to the tortoise fencing installation schedule. Contract Change Order No. 4 is attributable to the addition of a 20" MCC section to contain the control components and wiring. Contract Change Order No. 5 is attributable to the cost impact of The Patterson Company (building masonry subcontractor) going out of business and the Contractor procuring a replacement subcontractor. The Contractor and the District split the additional cost of the replacement subcontractor. Contract Change Order No. 6 is attributable to removal and disposal of unforeseen 12" ACP waterline interfering with installation of the 24" suction header. Contract Change Order No. 7 is attributable to the addition of panic hardware to allow emergency egress from the booster station building. Change Order No. 8 is attributable to the Contractor providing one inline p-trap on the booster station building floor drain system in lieu of eleven individual p-traps, as well as a credit for retesting of soil beneath the pump can foundation slab. Contract Change Order No. 9 is attributable to removal and disposal of large unforeseen thrust blocks during installation of underground piping. Contract Change Order No. 10 is attributable to modifications required for the connection of the 24" suction header. Contract Change Order No. 11 is attributable to delays incurred in procurement of equipment and inclement weather. Contract Change Order No. 12 is attributable to removal and disposal of large unforeseen thrust blocks during Javis Avenue pipeline tie-in work. Contract Change Order No. 13 is attributable to modification of pump control logic required in all four pump can buckets of the MCC. Contract Change Order No. 14 is attributable to delays in the final material procurement and startup process reflected in the final project schedule.

The total amount of contract extension via change order for this project is 392 days. The total Contract Amount adjustment due to change orders for this project is $33,476.34, which is approximately 1.38% of the original Contract Amount.

Since the Contract Work has been performed in accordance with the Contract Documents, we recommend the District accept said work in the amount of $2,457,476.34. Subsequent to Board acceptance, a Notice of Completion will be filed and thereafter, following the lien period, the District will make final payment (i.e. release retained amount).

If you have any questions, or require additional information, please call.

TRR/jmw
178-149P6P2-RECACCEPT

cc: Jim Worth, McMurtrey, Hartsock, & Worth

INDIAN WELLS VALLEY
WATER DISTRICT

10.B.2.

Board of Directors
Indian Wells Valley Water District
Post Office Box 1329
500 West Ridgecrest Boulevard
Ridgecrest, California 93555

I, Sierra Sands Unified School District, being the owner(s) and/or developer(s) of, Richmond Elementary School, hereby declare that the water system and appurtenances constructed by a private contractor, namely Colombo Construction Company, Inc. in accordance with Plans and Specifications filed with the Indian Wells Valley Water District, identified as Richmond Elementary School, were built for public use, and upon their acceptance by the Board of Directors of the Indian Wells Valley Water District, all rights, title and interest of the undersigned in and to said water system and appurtenances shall vest in the Indian Wells Valley Water District. The undersigned fully guarantees all said water system and appurtenances listed herein for a period of two (2) years from the Water District's acceptance thereof, and agrees to either make repairs or to pay for repairs of failure to said water system and appurtenances during said two-year period, which result from original installation or materials used therein.

Dated: 3/5/2024

(Signature of Owner and/or Developer)

(Signature of Owner and/or Developer)

Listed below, or attached hereto, is a listing of the total cost of the work done, the date completed, and a listing of the number of fittings, footages of pipe, valves, etc.

RICHMOND ELEMENTARY SCHOOL

CONTRACTOR: COLOMBO CONSTRUCTION

01/11/24	Construction of 12-inch PVC mainline on Gateway Blvd begins
01/31/24	Hydrostatic pressure test (4 hrs) - pass
02/04 – 02/08/24	Chlorination/Flushing/Sampling
02/16/24	Bacteriological results received – passing.
02/22/24	Tie-into system on Gateway Blvd

No Contingencies. Backflows will be tested and connection fees paid before domestic and landscape meters are in service.

SIERRA CONSTRUCTION & EXCAVATION INC.
10417 Meacham Rd
Bakersfield, CA 93312
PH- 661-588-5124
Fax- 661-588-1910

To:	Colombo Construction Co Inc	**Contact:**	
Address:	3211 Rio Mirada Dr	**Phone:**	
	Bakersfield, CA 93308	**Fax:**	
Project Name:	Richmond Elementary (RFI #Con -125 Off-Site Water Extension)	**Bid Number:**	
Project Location:		**Bid Date:**	11/22/2023

Item Description	Estimated Quantity	Unit	Unit Price	Total Price

1- 12" PVC Pipe

Foreman (Working)	60.00	HR	$84.80	$5,088.00
Operator	60.00	HR	$113.92	$6,835.20
2- Pipelayer	120.00	HR	$84.80	$10,176.00
Laborer	60.00	HR	$84.80	$5,088.00
Excavator	30.00	HR	$110.00	$3,300.00
Loader	20.00	HR	$80.00	$1,600.00
Backhoe	10.00	HR	$45.00	$450.00
Forklift	8.00	HR	$35.00	$280.00
Water Truck	20.00	HR	$55.00	$1,100.00
2- Rammer	40.00	HR	$20.00	$800.00
Tool Truck	56.00	HR	$30.00	$1,680.00
Sierra Profit Markup	1.00	LS	$3,639.72	$3,639.72
Total Price for above 1- 12" PVC Pipe Items:				**$40,036.92**

2- Fire Hydrant Assembly

Foreman (Working)	12.00	HR	$84.80	$1,017.60
Operator	12.00	HR	$113.92	$1,367.04
2- Pipelayer	24.00	HR	$84.80	$2,035.20
Laborer	12.00	HR	$84.80	$1,017.60
Excavator	8.00	HR	$110.00	$880.00
Loader	4.00	HR	$100.00	$400.00
Backhoe	2.00	HR	$45.00	$90.00
Forklift	2.00	HR	$60.00	$120.00
Water Truck	4.00	HR	$55.00	$220.00
2- Rammer	8.00	HR	$20.00	$160.00
Tool Truck	10.00	HR	$30.00	$300.00
Sierra Profit Markup	1.00	LS	$760.74	$760.74
Total Price for above 2- Fire Hydrant Assembly Items:				**$8,368.18**

3- Permanent Blow-Off

Foreman (Working)	6.00	HR	$84.80	$508.80
Operator	6.00	HR	$113.92	$683.52
2- Pipelayer	12.00	HR	$84.80	$1,017.60
Excavator	6.00	HR	$110.00	$660.00
Loader	2.00	HR	$100.00	$200.00
Forklift	1.00	HR	$60.00	$60.00
Water Truck	2.00	HR	$55.00	$110.00

Item Description	Estimated Quantity	Unit	Unit Price	Total Price
2- Rammer	2.00	HR	$20.00	$40.00
Tool Truck	5.00	HR	$30.00	$150.00
Sierra Profit Markup	1.00	LS	$342.99	$342.99
Total Price for above 3- Permanent Blow-Off Items:				**$3,772.91**

4- Tie-In

Item Description	Estimated Quantity	Unit	Unit Price	Total Price
Foreman (Working)	14.00	HR	$84.80	$1,187.20
Operator	14.00	HR	$113.92	$1,594.88
2- Pipelayer	28.00	HR	$84.80	$2,374.40
Excavator	8.00	HR	$110.00	$880.00
Loader	4.00	HR	$100.00	$400.00
Forklift	4.00	HR	$60.00	$240.00
Water Truck	4.00	HR	$55.00	$220.00
2- Rammer	8.00	HR	$20.00	$160.00
Tool Truck	14.00	HR	$30.00	$420.00
Sierra Profit Markup	1.00	LS	$747.65	$747.65
Total Price for above 4- Tie-In Items:				**$8,224.13**

5- Materials / Subcontractors

Item Description	Estimated Quantity	Unit	Unit Price	Total Price
12" PVC Pipe (Materials)	890.00	LF	$81.31	$72,365.90
Fire Hydrant Assembly	2.00	EACH	$7,758.81	$15,517.62
Permanent Blow-Off (Materials)	1.00	EACH	$2,185.30	$2,185.30
Tie-In (Materials)	1.00	EACH	$1,085.49	$1,085.49
Survey Subcontractor	1.00	LS	$4,945.00	$4,945.00
Encroachment Permit	1.00	LS	$1,500.00	$1,500.00
Sierra Profit Markup	1.00	LS	$9,755.93	$9,755.93
Sierra Bond Cost	1.00	LS	$1,677.57	$1,677.57
Total Price for above 5- Materials / Subcontractors Items:				**$109,032.81**

Total Bid Price: $169,434.95

Notes:

- Unless otherwise stated this proposal includes one mobilization only
- Unless otherwise stated this proposal excludes any and all concrete or Asphalt repairs / place back.
- The above prices do not include Performance and Payment Bonds. If required additional fees will apply
- Unless otherwise noted no permits included . If required additional fees will apply
- Unless otherwise noted no payment of construction water included . If required additional fees will apply
- Unless otherwise noted no payment of compaction testing included. If required additional fees will apply
- Unless otherwise noted no payment of construction surveying included. If required additional fees will apply
- The above prices are based on plans and specs provided. Any revisions made to plans or scope after proposal has been accepted will result in cost impacts
- Required California Preliminary Lien Information (California Civil Code Section 3097/3098) to be provided.
- Any unusual conditions of subsoil encountered, such as buried slabs, underground piping, trash deposits, etc. shall be deemed cause for additional charges.

Payment Terms:

Payment due within 30 days of date of invoice

RESOLUTION NO. 24-03

RESOLUTION OF THE INDIAN WELLS VALLEY WATER DISTRICT, KERN AND SAN BERNARDINO COUNTIES, CALIFORNIA, ACCEPTING DEDICATION OF WATER FACILITIES FOR THE RICHMOND ELEMENTARY SCHOOL.

WHEREAS, new water facilities have been constructed and installed by Colombo Construction to District specifications, at a total cost of $109,032.81; and

WHEREAS, said water system improvements were installed to provide domestic, landscape and fire water service to the Richmond Elementary School, located at North Gateway Blvd, in Ridgecrest, California; and

WHEREAS, the Developer, Sierra Sands Unified School District constructed said improvements for public use and grants all rights, title and interest to said water system improvements and appurtenances to the Indian Wells Valley Water District;

NOW THEREFORE, the Board of Directors of the Indian Wells Valley Water District does hereby RESOLVE, DETERMINE AND ORDER, as follows:

Section 1. That said water system improvements and appurtenances installed for the Richmond Elementary School, are hereby accepted by the Indian Wells Valley Water District.

Section 2. That this acceptance is conditional upon the warranty of said water system improvements and appurtenances by the Developer for a period of two years from this date of acceptance.

All the foregoing being on the motion of Director and seconded by, and authorized by the following vote, namely:

AYES:

NOES: None.

ABSENT: None.

I HEREBY CERTIFY that the foregoing resolution is the resolution of Indian Wells Valley Water District as duly passed and adopted by said Board of Directors at a legally convened meeting held on the 11th day of March, 2024.

WITNESS my hand and the official seal of said Board of Directors this 11th day of March, 2024.

ADOPTED AND APPROVED this 11th day of March, 2024.

____
Ronald R. Kicinski
President, Board of Directors
INDIAN WELLS VALLEY WATER DISTRICT

ATTEST:

____
George D. Croll
Secretary, Board of Directors
INDIAN WELLS VALLEY WATER DISTRICT

(SEAL)

INDIAN WELLS VALLEY
WATER DISTRICT
EST 1955

10.C.1.

From: Kyle Packham, Chief Advocacy & External Affairs Officer <kylep@csda.net>
Sent: Wednesday, February 28, 2024 3:37 PM
To: ty.staheli@iwvwd.com
Subject: Special District Revenue Could be Subject to Retroactive Invalidation by Initiative 1935: Your Response is Requested

California Special Districts Association
CSDA
Districts Stronger Together

CSDA IS YOUR VOICE IN AND AROUND THE CAPITOL

Special District Revenue Potentially Subject to Retroactive Invalidation by Initiative 1935

As a financial professional for your special district, we need your help.

Has your special district adopted new fees, updated its fee or rate schedule, or passed a revenue measure of any kind since January 1, 2022? Does your district plan to adopt new fees or update your fee or rate schedule? Does your district plan to pass a tax revenue measure in the future?

If you answer "yes" to any of these questions, you should be very concerned.

An entity representing California's wealthiest corporations is behind a proposition that is eligible for the November 2024 statewide ballot. The measure — Initiative 1935 (previously Initiative 21-0042A1) — would revise the state Constitution to significantly undermine local control and the ability of local governments to provide services and infrastructure.

*CSDA is asking all special districts to respond to the five-question survey linked below **no later than Friday, March 15** to help us understand the full story about the real impacts on our communities.*

TAKE SURVEY NOW

BACKGROUND:

- **Local Taxes**: Initiative 1935 would invalidate any revenue measures passed since January 1, 2022 that were put on the local ballot by citizen initiative requiring majority vote approval. The initiative would also repeal all taxes that do not contain a sunset (expiration date).
- **Fees, Rates, Assessments, and Other Charges**: Under the Initiative 1935, certain fees and charges may not exceed the "actual cost" of providing the product or service, and the initiative redefines "actual cost" as the "minimum amount necessary." This ambiguous language could lead to countless lawsuits and would likely force local governments to reduce certain fees to meet the "minimum amount necessary" threshold or the charges could be determined to be taxes requiring two-thirds voter approval.

For more information on Initiative 1935, including the full language of the initiative, CSDA's analysis, and a sample oppose resolution your board can approve, please visit csda.net/VoterLimitations.

JOIN US AT SPECIAL DISTRICTS LEGISLATIVE DAYS TO LEARN MORE:

Briefing on Critical Supreme Court Case Impacting Local Revenues and Government Functions
Wednesday, May 22, 2024
Sheraton Grand Sacramento

Legislature of the State of California et al. vs. Weber could determine the ability of special districts and other agencies to provide essential services and infrastructure to their communities. Join us for this briefing by Michael G. Colantuano, Esq., Managing Shareholder of Colantuono, Highsmith & Whatley, PC and author of the amicus brief to this landmark case jointly filed by CSDA, CalCities, California State Association of Counties and eight other local government association partners.

REGISTER TODAY

SAMPLE RESOLUTION TO OPPOSE INITIATIVE 1935 (FORMERLY 21-0042A1)

WHEREAS, an association representing California's wealthiest corporations is spending millions of dollars to promote a deceptive proposition currently eligible for the November 2024 statewide ballot; and

WHEREAS, the proposed proposition, Initiative 1935 (formerly 21-0042A1), has received the official title: "LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT"; and

WHEREAS, the measure would revise the Constitution to allow corporations to more easily sue public agencies, costing residents and taxpayers millions of dollars and disrupt essential services; and

WHEREAS, the measure would retroactively invalidate billions of dollars in local government funding for essential services and infrastructure, including [SPECIFIC SERVICES PROVIDED BY DISTRICT/ORGANIZATION], as well as to schools, fire and emergency response, law enforcement, public health, parks, libraries, housing, services to address homelessness and support mental health, and more; and

[**WHEREAS**, IF AVAILABLE, PLEASE CITE ANY POTENTIAL SPECIFIC FISCAL AND SERVICE IMPACTS TO YOUR COMMUNITY THAT COULD RESULT FROM THIS INITIATIVE.]

WHEREAS, the measure limits voters' rights, containing undemocratic provisions that would make it more difficult for local voters to pass measures to fund services, provisions that retroactively cancel measures recently passed by local voters, and provisions that prevent voters from passing advisory measures that provide direction on how they want their local tax dollars spent; and

WHEREAS, the measure restricts the discretion and flexibility of locally elected boards to respond to the needs of their communities, and injects uncertainty into the financing and sustainability of critical infrastructure; and

WHEREAS, the measure constrains state and local officials' ability to protect our environment, public health and safety, and our neighborhoods against those who violate the law; and

WHEREAS, the measure is opposed by hundreds of local governments, firefighters and other first responders, healthcare providers, teachers, working families, and local elected officials.

THEREFORE, BE IT RESOLVED that the [DISTRICT/ORGANIZATION NAME] opposes Initiative 1935 (formerly 21-0042A1);

BE IT FURTHER RESOLVED, that the [DISTRICT/ORGANIZATION NAME] will join the No on Initiative 1935 (formerly 21-0042A1) coalition, a growing coalition of local government, public safety, labor, infrastructure advocates, and other organizations throughout the state.

We direct staff to email a copy of this adopted resolution to the California Special Districts Association at advocacy@csda.net.

PASSED, APPROVED, AND ADOPTED this day _____ of _____, 2024.

RESOLUTION NO. 24-03

RESOLUTION OF THE INDIAN WELLS VALLEY WATER DISTRICT, KERN AND SAN BERNARDINO COUNTIES, CALIFORNIA, TO OPPOSE INITIATIVE 1935 (FORMERLY 21-0042A1)

WHEREAS, an association representing California's wealthiest corporations is spending millions of dollars to promote a deceptive proposition currently eligible for the November 2024 statewide ballot; and

WHEREAS, the proposed proposition, Initiative 1935 (formerly 21-0042A1), has received the official title: "LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT"; and

WHEREAS, the measure would revise the Constitution to allow corporations to more easily sue public agencies, costing residents and taxpayers millions of dollars and disrupt essential services; and

WHEREAS, the measure would retroactively invalidate billions of dollars in local government funding for essential services and infrastructure, including Drinking Water Service, as well as to schools, fire and emergency response, law enforcement, public health, parks, libraries, housing, services to address homelessness and support mental health, and more; and

WHEREAS, the measure would impact the ability of the District to adequately fund operations, maintain infrastructure resiliency and prepare for emergencies.

WHEREAS, the measure limits voters' rights, containing undemocratic provisions that would make it more difficult for local voters to pass measures to fund services, provisions that retroactively cancel measures recently passed by local voters, and provisions that prevent voters from passing advisory measures that provide direction on how they want their local tax dollars spent; and

WHEREAS, the measure restricts the discretion and flexibility of locally elected boards to respond to the needs of their communities, and injects uncertainty into the financing and sustainability of critical infrastructure; and

WHEREAS, the measure constrains state and local officials' ability to protect our environment, public health and safety, and our neighborhoods against those who violate the law; and

WHEREAS, the measure is opposed by hundreds of local governments, firefighters and other first responders, healthcare providers, teachers, working families, and local elected officials.

THEREFORE, BE IT RESOLVED that the Indian Wells Valley Water District opposes Initiative 1935 (formerly 21-0042A1);

BE IT FURTHER RESOLVED, that the Indian Wells Valley Water District will join the No on Initiative 1935 (formerly 21-0042A1) coalition, a growing coalition of local government, public safety, labor, infrastructure advocates, and other organizations throughout the state.
We direct staff to email a copy of this adopted resolution to the California Special Districts Association at advocacy@csda.net.

All the foregoing being on the motion of Director and seconded by Director and authorized by the following vote, namely:

AYES:

NOES:

ABSTAIN:

ABSENT:

I HEREBY CERTIFY that the foregoing resolution is the resolution of Indian Wells Valley Water District as duly passed and adopted by said Board of Directors at a legally convened meeting held on the 11th day of March, 2024.

WITNESS my hand and the official seal of said Board of Directors this 11th day of March, 2024.

ADOPTED AND APPROVED this 11th day of March, 2024.

Ronald R. Kicinski
President, Board of Directors
INDIAN WELLS VALLEY WATER DISTRICT

ATTEST:

George Croll
Secretary, Board of Directors
INDIAN WELLS VALLEY WATER DISTRICT

(SEAL)

10.F.7.

SWRCB Water Waster Report

	# of water waste reports received	# of contacts made (written or verbal)	# of formal warning actions	# of penalties issued
Jan-24	0	0	0	0
Feb-24	2	2	0	0
Mar-24				
Apr-24				
May-24				
Jun-24				
Jul-24				
Aug-24				
Sep-24				
Oct-24				
Nov-24				
Dec-24				
SUBTOTAL 2015	378	376	40	10
SUBTOTAL 2016	406	399	28	3
SUBTOTAL 2017	70	68	10	4
SUBTOTAL 2018	60	58	7	4
SUBTOTAL 2019	56	56	8	1
SUBTOTAL 2020	42	42	8	2
SUBTOTAL 2021	131	131	12	4
SUBTOTAL 2022	106	106	6	0
SUBTOTAL 2023	64	64	24	7
SUBTOTAL 2024	2	2	0	0
TOTAL	1313	1300	143	35
TOTAL PENALTIES BILLED				$3,350
TOTAL PENALTIES COLLECTED				$3,050

The Mission of the

Indian Wells Valley Water District

is to deliver the highest quality water at the best possible price while continuing to serve as respectful stewards of the environment.

The Vision of the

Indian Wells Valley Water District

is to provide for self-sustaining water resources now and for generations to come.

Board of Directors