Financial Statements
and
Independent Auditor's Report

April 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
Crestline Village Water District
Crestline, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Crestline Village Water District (the District) as of and for the year ended April 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of as of April 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the District. The information in the accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 4, 2022

The Water District

Crestline Village Water District (the District) was organized on January 19, 1954 and established under Division 12 of the Water Code of the State of California. The District has been engaged in financing, constructing, operating, maintaining and furnishing retail water service to its customers since inception. The District currently serves the Crestline and Lake Gregory areas and has about 4,960 water services. The District is governed by a five member Board of Directors that are elected at large from the registered voters living within the District's boundaries. The Board meets at 3:00 PM on the third Tuesday of each month at the District's office.

Water Supply

The District has two sources from which it obtains its water. There is a limited amount of water from local wells and the balance is obtained by purchasing imported water from the Crestline-Lake Arrowhead Water Agency. During this fiscal year, the local wells produced approximately 280 acre-feet of water, or 42% of the total supply, while purchased imported water provided approximately 386 acre-feet, or 58% of the total water supply. The current cost to purchase one acre-foot of imported water is $1,454, while the cost of producing one acre-foot of well water is approximately $353. In years of less than normal rainfall, the production of the local wells is less and the District must purchase more imported water. During this fiscal year, $555,216 was spent on purchased water (prior year was $380,627) and $600,000 has been budgeted for purchases in the next year. The demand for purchased imported water is expected to increase in the next fiscal year. While the cost of purchased water can fluctuate substantially from year to year depending on the rainfall and customer demands, the District has attempted to stabilize the cost impact to its customers by establishing a $655,223 Reserve for Purchased Water to minimize the impact of the annual fluctuation in the cost of purchased water, evaluating and adjusting the amount spent on capital improvements each year, and by continually searching for new water sources within the District.

The Basic Financial Statements

Crestline Village Water District is a special-purpose government engaged in activities that support themselves through water charges, availability assessments and property tax revenues. Accordingly, the accompanying financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board (GASB).

These financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data about our financial condition and operating results. They are the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. The Statements of Net Position presents assets/deferred outflows and liabilities/deferred inflows and the difference, or net, between what is owed and what is owed as of the last day of the fiscal year. The Statements of Revenues, Expenses, and Changes in Net Position describe the financial results of operations for the fiscal years reported. These results, or Changes in Net Position, are the increases or decreases in the bottom line of the Statements of Net Position. Readers also need to know how cash resources are managed during the year to effect the Changes in Net Position. This information is conveyed in the Statements of Cash Flows. These statements reconcile the income or loss from operations that are reported on the accrual basis with the actual cash inflows and uses. The Statements of Cash Flows also details how we obtain cash through financing and investing activities and, similarly, how we spend cash for these purposes.

Water Rates

The water rate schedule was revised on July 1, 2021. The monthly minimum charge is dependent on the size of the meter, and ranges from $30.50 to $70.50 per month. The monthly quantity rates from 0 to 1,300 cubic feet are $5.10 per 100 cubic feet and quantity in excess of 1,300 cubic feet is $7.65 per 100 cubic feet.

Summary Financial Information and Analysis

STATEMENT OF NET POSITION

	2022	2021	2020
Assets			
Current assets	$ 3,554,230	$ 3,298,732	$ 2,843,006
Utility plant	8,018,916	8,368,580	8,886,891
Total assets	11,573,146	11,667,312	11,729,897
Total deferred outflows of resources	710,384	660,868	459,009
Liabilities			
Current liabilities	229,221	203,770	160,818
Non current liabilities	2,227,721	3,185,202	3,456,440
Total liabilities	2,456,942	3,388,972	3,617,258
Total deferred inflows of resources	1,082,468	331,683	239,241
Net position			
Net investment in capital assets	8,016,948	8,363,755	8,879,322
Unrestricted	727,172	243,770	(546,915)
Total net position	$ 8,744,120	$ 8,607,525	$ 8,332,407

NET POSITION AND CASH FLOWS

During the current fiscal year, net position of the District increased by $136,595. The District had a net increase in cash for the year of $301,959. During the prior year, the net position increased by $275,118 with an increase in cash of $307,976. The ratio of current assets to current liabilities is 15.5 compared with 16.2 for the prior fiscal year.

Summary Financial Information and Analysis (continued)

CAPITAL IMPROVEMENTS

	Balance April 30, 2022	Balance April 30, 2021	Balance April 30, 2020
Land and other land rights	$ 281,164	$ 281,164	$ 281,164
Source of supply plant	640,178	595,737	595,737
Pumping plant	395,638	395,638	395,638
Water treatment	99,919	99,919	99,919
Transmission and distribution plant	17,706,748	17,736,140	17,736,140
General plant	2,723,029	2,713,218	2,626,922
Utility plant in service	21,846,676	21,821,816	21,735,520
Less accumulated depreciation	(14,150,801)	(13,632,178)	(13,027,298)
Construction in progress	323,041	178,942	178,669
Total	$ 8,018,916	$ 8,368,580	$ 8,886,891

The District strives to provide the best possible service to its customers. To provide this service, the District has adopted programs to upgrade or replace its water facilities as it becomes necessary. The District also continues to replace and upgrade old equipment to provide an efficient and safe environment for our customers and employees. During the past year, the District added $102,592 in utility plant compared to $86,296 in the prior year.

Summary Financial Information and Analysis (continued)

NET PENSION LIABILITY

The District reported a net pension liability of $937,927 in addition to associated deferred outflows of resources of $389,263 and deferred inflows of resources of $899,633. This was a decrease of $1,159,757 from the prior year net pension liability of $2,097,684 and was based on actuarially determined amounts.

NET OPEB LIABILITY

The District reported a net OPEB liability of $1,289,794 in addition to associated deferred outflows of resources of $321,121 and deferred inflows of resources of $182,835. This was an increase of $204,246 from the prior year net OPEB liability of $1,085,548 and was based on actuarially determined amounts.

REGULATORY AND ENVIRONMENTAL PLANNING

The United States Environmental Protection Agency (USEPA) and the California Department of Health Services (DOHS) prescribe regulations that establish standards for the drinking water provided by the District to its customers. The District continually tests the water it delivers to its customers to ensure that the water meets these standards. The regulatory agency periodically has indicated that it is considering adopting more stringent regulations in several areas that could require the District to increase the level of water treatment to ensure that the water would meet the proposed new standards. The additional water treatment would require additional capital improvement costs and increased operating costs. The extent of these costs are unknown until the regulations are adopted and an implementation schedule is established.

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2022	2021	2020
Operating revenues:			
Water sales	$ 3,352,033	$ 3,306,408	$ 2,752,371
Water services	49,665	73,058	76,047
Total operating revenues	3,401,698	3,379,466	2,828,418
Operating expenses:			
Source of supply - labor and maintenance	108,814	101,189	115,039
Source of supply - purchased water	555,216	380,627	204,336
Pumping - labor and maintenance	2,896	34,790	16,689
Pumping - power purchased	58,110	67,042	57,949
Water treatment	37,042	24,517	32,867
Transmission and distribution	297,163	468,000	345,431
Customer accounts	42,128	39,727	40,392
Administrative and general	2,007,343	1,830,314	2,463,924
Depreciation and amortization	596,355	604,880	628,856
Total operating expenses	3,705,067	3,551,086	3,905,483
Operating loss	(303,369)	(171,620)	(1,077,065)
Nonoperating revenues/expenses, net	423,379	438,670	477,891
Income (loss) before contributions	120,010	267,050	(599,174)
Capital contributions	16,585	8,068	7,702
Change in net position	$ 136,595	$ 275,118	$ (591,472)

Analysis for fiscal year ended April 30, 2022

The operating revenues for this fiscal year were $3,401,698. The operating expenses for this fiscal year were $3,705,067. Operating losses for this fiscal year was $303,369. Minor increases in water sales and service revenues were offset by minor increases in purchased water and other operating costs along with increased costs for administration and general expenses, resulting in an increase in net operating loss of $131,749.

Net nonoperating revenues from property taxes, availability assessments, interest and other income/expenses resulted in $423,379 nonoperating income.

Income before contributions was $120,010 (operating loss of $303,369 plus net nonoperating income of $423,379) for the current fiscal year. Income before contributions of $120,010 is added to the capital contributions of $16,585 for a change in net position for the current fiscal year of $136,595.

Analysis for fiscal year ended April 30, 2021

The operating revenues for the prior fiscal year were $3,379,466. The operating expenses were $3,551,086. Operating losses were $171,620. Increases in water sales and service revenues resulting from increased demand were offset by increases in source of supply, pumping, and transmission and distribution costs along with decreased costs for administration and general expenses primarily from actuarial pension and OPEB expenses, resulting in a decrease in net operating loss of $905,445.

Net nonoperating revenues from property taxes, availability assessments, interest and other income/expenses resulted in $438,670 nonoperating income.

Income before contributions was $267,050 (operating loss of $171,620 plus net nonoperating income of $438,670) for the prior fiscal year. Income before contributions of $267,050 is added to the capital contributions of $8,068 for a change in net position (decrease) for the prior fiscal year of $275,118.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to the Management of the District by mail at P.O. Box 3347, Crestline, California, 92325, by phone at 909-338-1727, or via email at cvwater@cvwater.com. The District's office is located at 777 Cottonwood Drive, Crestline, California, 92325.

Statements of Net Position
April 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash in bank and on hand	$ 517,119	$ 190,549
Local Agency Investment Fund	2,487,169	2,511,780
Accounts receivable - water service, net	256,966	315,538
Availability assessments receivable	31,259	41,722
Property taxes receivable, net	26,335	37,539
Accrued interest receivable	711	709
Inventory of materials and supplies	160,005	136,445
Prepaid expenses	74,666	64,450
Total current assets	3,554,230	3,298,732
Noncurrent assets:		
Capital assets:		
Utility plant in service	21,846,676	21,821,816
Less accumulated depreciation	(14,150,801)	(13,632,178)
Construction in progress	323,041	178,942
Total noncurrent assets	8,018,916	8,368,580
Total assets	11,573,146	11,667,312
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	389,263	514,809
OPEB related	321,121	146,059
Total deferred inflows of resources	710,384	660,868
LIABILITIES		
Current liabilities:		
Accounts payable	83,883	68,412
Accrued payroll	56,243	20,568
Accrued overtime leave	562	2,911
Accrued paid time off	85,765	108,224
Deposits	800	800
Lease payable - current portion	1,968	2,855
Total current liabilities	229,221	203,770
Non current liabilities:		
Lease payable	-	1,970
Net pension liability	937,927	2,097,684
Net OPEB liability	1,289,794	1,085,548
Total non current liabilities	2,227,721	3,185,202
Total liabilities	2,456,942	3,388,972
DEFERRED INFLOWS OF RESOURCES		
Pension related	899,633	87,170
OPEB related	182,835	244,513
Total deferred inflows of resources	1,082,468	331,683
NET POSITION		
Net investment in capital assets	8,016,948	8,363,755
Unrestricted	727,172	243,770
Total net position	$ 8,744,120	$ 8,607,525

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses, and Changes in Net Position
For the years ended April 30, 2022 and 2021

	2022	2021
Operating revenues:		
Water sales	$ 3,352,033	$ 3,306,408
Water services	49,665	73,058
Total operating revenues	3,401,698	3,379,466
Operating expenses:		
Source of supply:		
Supply process costs	89,400	74,237
Maintenance - structures and improvements	19,414	26,952
Purchased water	555,216	380,627
	664,030	481,816
Pumping:		
Maintenance - structures, improvements and equipment	2,896	34,790
Power purchased for pumping	58,110	67,042
	61,006	101,832
Water treatment:		
Treatment process costs	22,143	15,377
Maintenance - structures and improvements	14,899	9,140
	37,042	24,517
Transmission and distribution:		
Maintenance - structures and plant	297,163	468,000
Customer accounts:		
Billing, meter reading and customer service	42,128	39,727
Administration and general:		
Salaries	548,938	560,923
Office supplies and other expense	506,559	419,319
Property insurance, injuries and damages	93,547	66,736
Employees' retirement and benefits	709,302	674,970
Maintenance - general plant	132,997	102,166
Directors' fees	16,000	6,200
	2,007,343	1,830,314
Other operating expenses:		
Depreciation and amortization	596,355	604,880
Total operating expenses	3,705,067	3,551,086
Operating loss	(303,369)	(171,620)
Nonoperating revenues and expenses:		
Interest income	(24,517)	3,425
Taxes and assessments	281,547	268,271
Availability assessments	138,432	141,374
Other revenue	22,808	25,853
Gain (Loss) on disposal of utility plant	5,250	-
Interest expense	(141)	(253)
Total nonoperating revenues (expenses)	423,379	438,670
Income before contributions	120,010	267,050
Contributions:		
Capital contributions	16,585	8,068
Change in net position	136,595	275,118
Net position, beginning of the year	8,607,525	8,332,407
Net position, end of the year	$ 8,744,120	$ 8,607,525

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows
For the years ended April 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 3,460,270	$ 3,277,461
Cash paid to suppliers	(1,361,430)	(1,251,476)
Cash paid for employee services	(2,008,962)	(2,080,591)
Other revenue	5,250	25,853
Net cash provided by (used for) operating activities	95,128	(28,753)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Taxes and assessments received	292,751	272,202
Availability assessments received	148,895	140,411
Net cash provided by noncapital financing activities	441,646	412,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash purchases of capital assets	(246,691)	(86,569)
Proceeds on retirement of capital assets	22,808	-
Capital contributions	16,585	8,068
Principal paid - capital lease	(2,857)	(2,744)
Interest paid - capital lease	(141)	(253)
Net cash used for capital and related financing activities	(210,296)	(81,498)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	6,957	18,217
Change in fair value	(31,476)	(12,603)
Net cash (used for) provided by investing activities	(24,519)	5,614
Increase in cash and cash equivalents	301,959	307,976
Cash and cash equivalents, beginning of year	2,702,329	2,394,353
Cash and cash equivalents, end of year	$ 3,004,288	$ 2,702,329
RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION:		
CURRENT ASSETS:		
Cash in bank and on hand	$ 517,119	$ 190,549
Local Agency Investment Fund	2,487,169	2,511,780
Total	$ 3,004,288	$ 2,702,329

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows (continued)
For the years ended April 30, 2022 and 2021

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating loss	$ (303,369)	$ (171,620)
Adjustments:		
Depreciation and amortization	596,355	604,880
Other revenue	5,250	25,853
CHANGES IN ASSETS, LIABILITIES AND DEFERRALS:		
(Increase) decrease in:		
Accounts receivable - water services, net	58,572	(102,005)
Inventory of materials and supplies	(23,560)	(28,677)
Prepaid expenses	(10,216)	(22,225)
Deferred outflows of resources - pension related	125,546	(55,800)
Deferred outflows of resources - OPEB related	(175,062)	(146,059)
Increase (decrease) in:		
Accounts payable	15,471	38,446
Accrued payroll	35,675	16,268
Accrued overtime leave	(2,349)	(4,185)
Accrued paid time off	(22,459)	(7,688)
Net pension liability	(1,159,757)	182,775
Net OPEB liability	204,246	(451,158)
Deferred inflows of resources - pension related	812,463	(73,396)
Deferred inflows of resources - OPEB related	(61,678)	165,838
Net cash provided by (used for) operating activities	$ 95,128	$ (28,753)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

None

The accompanying notes are an integral part of these financial statements.

Note 1: Nature of activities and significant accounting policies

Reporting entity

The Crestline Village Water District (District) is a corporation organized and existing under Division 12 of the Water Code of the State of California. The original District, as organized on January 19, 1954. On October 1, 1979, the Lake Gregory Water Company became a part of the District.

Nature of business

The District has been engaged in financing, constructing, operating, maintaining and furnishing water service to its customers since inception.

Basis of accounting

The District uses the accrual method of accounting in conformity with the Uniform System of Accounts for Water Utility Districts as prescribed by the Controller of the State of California. Revenues are recognized when they are earned, and expenses are recognized when they are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The District has elected to follow all pronouncement of the Governmental Accounting Standards Board (GASB).

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Allowance for doubtful accounts

The District uses the allowance method to account for uncollectible customer accounts and property taxes receivable. The allowances are based on management's estimate of possible bad debts. The allowance for doubtful customer accounts is $5,200 and $6,400 at April 30, 2022 and 2021, respectively. The allowance for doubtful property taxes receivable is $1,300 and $1,300 at April 30, 2022 and 2021, respectively.

Inventory of materials and supplies

Inventories of materials and supplies, consist of parts used for utility plant construction and repair and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenses when used (consumption method).

Prepaid expenses

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

Note 1: Nature of activities and significant accounting policies (continued)

Capital assets

Capital asset purchases greater than $5,000 with a useful life of at least five years will be capitalized and recorded at cost, which includes direct labor. Capital assets consist of all fixed property plant and equipment assets of the District. The depreciation has been computed on the straight-line method based on the estimated service lives of the depreciable properties, which range from five to fifty years. The cost of maintenance is charged to operating expense. Donated capital assets are valued at acquisition value at the date of acquisition.

Employee benefits

District employees earn paid time off (PTO) days each pay period based on length of service. PTO may be accrued to a maximum of 512 hours depending on years of service. Upon termination, the District is obligated to compensate employees for 100% of the accrued unused PTO time. Earned but unused PTO is presented in the current liabilities section of the statement of net position. The change in PTO for the years ended April 30, 2022 and 2021 was as follows:

April 30, 2022 Description	Beginning April 30, 2021	Additions	Deletions	Ending April 30, 2022
Accrued paid time off	$ 108,224	$ 148,907	$ (171,366)	$ 85,765

April 30, 2021 Description	Beginning April 30, 2020	Additions	Deletions	Ending April 30, 2021
Accrued paid time off	$ 115,912	$ 98,563	$ (106,251)	$ 108,224

Net position is categorized as follows

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of "net investment in capital assets." Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted* – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Note 1: Nature of activities and significant accounting policies (continued)

Operating and nonoperating revenues

Operating revenue includes revenues from water sales and services. Nonoperating revenue includes revenues from all other sources, including taxes and assessments, investment income, and gain on sale of assets.

Property taxes

Property taxes are attached as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are due in two installments. The first installment is due on November 1, and is payable through December 10 without penalty. The second installment is due February 1, and becomes delinquent on April 10. Property taxes are remitted to the District from the County of San Bernardino at various times throughout the year.

Capital contributions

Capital contributions represent cash or utility plant additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment. Depreciation of contributed utility plant additions is charged to operations.

Statement of cash flows

For purposes of reporting changes in cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

	Fiscal Year 2022	Fiscal Year 2021
Valuation Date (VD)	June 30, 2020	June 30, 2019
Measurement Date (MD)	June 30, 2021	June 30, 2020
Measurement Period (MP)	July 1, 2020 to June 30, 2021	July 1, 2019 to June 30, 2020

Net position flow assumption

The District sometimes funds outlays for a particular purpose from both restricted, if applicable and unrestricted resources. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 1: Nature of activities and significant accounting policies (continued)

Other postemployment benefit plan (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined by an actuary. Investments are reported at fair value.

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.

	Fiscal year 2022	Fiscal year 2021
Valuation Date (VD)	April 30, 2020	April 30, 2020
Measurement Date (MD)	April 30, 2022	April 30, 2021
Measurement Period (MP)	May 1, 2021 to April 30, 2022	May 1, 2020 to April 30, 2021

Note 2: Cash and investments

Cash and investments as of April 30, 2022 and 2021 are classified in the accompanying financial statements as follows:

	2022	2021
Statements of net position:		
Current assets:		
Cash in bank and on hand	$ 517,119	$ 190,549
Cash in Local Agency Investment Fund	2,487,169	2,511,780
Total cash and investments	$ 3,004,288	$ 2,702,329

Cash and investments as of April 30, 2022 and 2021, consist of the following:

	2022	2021
Deposits with financial institutions	$ 516,619	$ 190,049
Cash on hand	500	500
Investment in Local Agency Investment Fund	2,487,169	2,511,780
Total cash and investments	$ 3,004,288	$ 2,702,329

Note 2: Cash and investments (continued)

Investments authorized by the California Government Code and the District's investment policy

For April 30, 2022, the table below identifies the investment types that are authorized by the District's investment policy and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the District's investment policy that address interest rate risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio	Maximum investment in one issuer
U.S. Treasury Bills, Notes or Bonds	1 year	None	None
Negotiable Certificates of Deposit	1 year	None	None
California Local Agency Investment Fund	N/A	None	$75 Million
Government Agency Securities	1 year	None	None

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of April 30, 2022 and 2021, the District had the following investments and maturities:

	2022		2021	
	Fair Value	Maturity	Fair Value	Maturity
State Investment pool	$ 2,487,169	10.5 months average	$ 2,511,780	8.5 months average

Investments with fair values highly sensitive to interest rate fluctuations

At April 30, 2022, and 2021 the District did not hold investments that were highly sensitive to interest rate fluctuations beyond that already indicated in the information provided above.

Note 2: Cash and investments (continued)

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 and the actual rating as of year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Not Rated
April 30, 2022			
State Investment Pool	$ 2,487,169	N/A	$2,487,169
April 30, 2021			
State Investment Pool	$ 2,511,780	N/A	$2,511,780

Concentration of credit risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At April 30, 2022 and 2021, the District did not hold any investments in any one issuer (other than external pools) that represent 5% or more of total District investments.

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the 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. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of April 30, 2022 and 2021, $292,302 and $-0- respectively of the District's deposits with financial institutions were in excess of Federal Depository Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF) limits.

Note 2: Cash and investments (continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance and State Controller. The District may invest up to $75,000,000 in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at www.treasurer.ca.gov.

The District's investment in this pool is reported in the accompanying financial statements at cost which approximates fair value 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

Fair value measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has no investments subject to the fair value hierarchy established by generally accepted accounting principles.

Note 3: Capital assets

A summary of changes in capital assets follows:

April 30, 2022

	Balance April 30, 2021	Additions and Transfers	Retirements and Transfers	Balance April 30, 2022
Land and other land rights	$ 281,164	$ -	$ -	$ 281,164
Source of supply plant	595,737	44,441	-	640,178
Pumping plant	395,638	-	-	395,638
Water treatment	99,919	-	-	99,919
Transmission and distribution plant	17,736,140	15,585	(44,977)	17,706,748
General plant	2,713,218	42,566	(32,755)	2,723,029
Utility plant in service	21,821,816	102,592	(77,732)	21,846,676
Less accumulated depreciation	(13,632,178)	(596,355)	77,732	(14,150,801)
Construction in progress	178,942	177,639	(33,540)	323,041
Total	$ 8,368,580	$ (316,124)	$ (33,540)	$ 8,018,916

April 30, 2021

	Balance April 30, 2020	Additions and Transfers	Retirements and Transfers	Balance April 30, 2021
Land and other land rights	$ 281,164	$ -	$ -	$ 281,164
Source of supply plant	595,737	-	-	595,737
Pumping plant	395,638	-	-	395,638
Water treatment	99,919	-	-	99,919
Transmission and distribution plant	17,736,140	-	-	17,736,140
General plant	2,626,922	86,296	-	2,713,218
Utility plant in service	21,735,520	86,296	-	21,821,816
Less accumulated depreciation	(13,027,298)	(604,880)	-	(13,632,178)
Construction in progress	178,669	273	-	178,942
Total	$ 8,886,891	$ (518,311)	$ -	$ 8,368,580

Note 4: Defined benefit pension plan (PERS)

General Information about the Pension Plan

Plan description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District participates in two rate plans (two miscellaneous). Benefit provisions under the Plan are established by State statute and District 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, at www.calpers.ca.gov.

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 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

Note 4: Defined benefit pension plan (PERS) (continued)

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

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7 % @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates for 2022	11.59%	7.59%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended April 30, 2022 and April 30, 2021, respectively, were $284,085 and $344,394. The actual employer payments of $344,394 made to CalPERS by the District during the measurement period ended June 30, 2021 differed from the District's proportionate share of the employer's contributions of $347,249 by $2,855, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan. The actual employer payments of $277,372 made to CalPERS by the District during the measurement period ended June 30, 2020 differed from the District's proportionate share of the employer's contributions of $318,135 by $40,736, which is also being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Net Pension Liability

The Districts net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Note 4: Defined benefit pension plan (PERS) (continued)

Actuarial methods and assumptions used to determine total pension liability

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov

	Fiscal year	
	2022	2021
Valuation Date	June 30, 2020	June 30, 2019
Measurement Date	June 30, 2021	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' membership data for all Funds	
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies.	

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Long-term expected rate of return

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

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

Note 4: Defined benefit pension plan (PERS) (continued)

Long-term expected rate of return (continued)

The expected real rates of return by asset class are as follows:

Asset Class[1]	New Strategic Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Global equity	50.0%	4.80%	5.98%
Global fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	100%		

[1] In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included Short-Term Investments; Inflation Assets are included in both Global Equity and Debt Securities.

[2] An expected inflation of 2.00% used for this period

[3] An expected inflation of 2.92% used for this period

Change of assumptions

There were no change of assumptions for measurement date June 30, 2021.

Discount rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

Note 4: Defined benefit pension plan (PERS) (continued)

Subsequent events (continued)

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Pension plan fiduciary net position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement periods ended June 30, 2021 and 2020.

June 30, 2021	Increase (Decrease)		
Miscellaneous Plan	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability
Balance at: 6/30/2020 (VD)	$ 9,218,038	$ 7,120,354	$ 2,097,684
Balance at: 6/30/2021 (MD)	9,766,679	8,828,752	937,927
Net Changes During 2020-21	$ 548,641	$ 1,708,398	$ (1,159,757)

June 30, 2020	Increase (Decrease)		
Miscellaneous Plan	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability
Balance at: 6/30/2019 (VD)	$ 8,524,505	$ 6,609,596	$ 1,914,909
Balance at: 6/30/2020 (MD)	9,218,038	7,120,354	2,097,684
Net Changes During 2019-20	$ 693,533	$ 510,758	$ 182,775

Valuation Date (VD), Measurement Date (MD).

Note 4: Defined benefit pension plan (PERS) (continued)

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the miscellaneous Plan as of the June 30, 2020 and 2021 measurement dates was as follows:

	Miscellaneous
Proportion Share of NPL - June 30, 2020	0.04940%
Proportion Share of NPL - June 30, 2021	0.04973%
Change - Decrease	0.00033%

	Miscellaneous
Proportion Share of NPL - June 30, 2019	0.04782%
Proportion Share of NPL - June 30, 2020	0.04973%
Change - Decrease	0.00191%

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability - 4/30/22	$ 2,227,431	$ 937,927	$ (128,087)

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability - 4/30/21	$ 3,324,379	$ 2,097,684	$ 1,084,103

Note 4: Defined benefit pension plan (PERS) (continued)

Amortization of deferred outflows and deferred inflows of resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for PERF C for the measurement period ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Note 4: Defined benefit pension plan (PERS) (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2019 and 2020), the District's net pension liability was $1,914,909 and $2,097,684, respectively. For the measurement period ending June 30, 2021 and 2020 (the measurement dates), the District incurred a pension expense of $937,927 and $397,971, respectively.

As of April 30, 2022, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 105,178	$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(818,761)
Change in Employer's Proportion	-	(3,263)
Difference in Actual vs Projected Contributions	-	(77,609)
Pension Contributions Subsequent to Measurement Date	284,085	-
	$ 389,263	$ (899,633)

The amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense. Contributions subsequent to the measurement date of $284,085 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Outflows/(Inflows) of Resources, Net
2023	$ (197,055)
2024	(174,839)
2025	(196,297)
2026	(226,264)
2027	-
Thereafter	-
	$ (794,455)

Note 4: Defined benefit pension plan (PERS) (continued)

As of April 30, 2021, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 108,100	$ -
Changes of Assumptions	-	(14,962)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	62,315	-
Change in Employer's Proportion	-	(21,486)
Difference in Actual vs Projected Contributions	-	(50,722)
Pension Contributions Subsequent to Measurement Date	344,394	-
	$ 514,809	$ (87,170)

The amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense. Contributions subsequent to the measurement date of $344,394 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Outflows/(Inflows) of Resources, Net
2022	$ (27,160)
2023	29,189
2024	51,328
2025	29,888
2026	-
Thereafter	-
	$ 83,245

Payable to the Pension Plan

At April 30, 2022, and 2021 the District reported a payable $0 for the outstanding amount of contributions to the pension plan required for the years then ended.

Note 5: Postemployment benefits other than pensions

Plan Description

Plan administration

The District sponsors an agent-multiple employer plan postemployment benefit plan. The District provides health benefits for employees and qualified dependents (and for retirees and their dependents) through the Association of California Water Agencies (ACWA) Anthem Classic Plan (PPO), Anthem CaliforniaCare HMO, and Kaiser HMO. Employees and eligible retirees also receive District-paid dental and vision coverage.

Benefits provided

An employee is eligible to retire with District-paid health benefits upon either (1) normal retirement on or after age 65 with five years of service, or (2) early retirement on or after age 55 with 10 years of service.

Medical, dental and vision coverages are provided for the lifetime of the retiree, subject to the retiree making any required monthly contributions. Retiree contributions are equal to the premiums, if any, in excess of the District limit, which is $1,623 for 2021-22 and $1,623 for 2020-21, multiplied by a percentage that is a function of date of hire and years of service at retirement, as follows:

- Employees hired before September 21, 2005: 50% after 10 years of service, increasing by 5% per year to a maximum of 100% after 20 years.
- Employees hired on or after September 21, 2005: 25% after 10 years of service, increasing by 2.5% per year to a maximum of 100% after 40 years.

Medicare Part B premiums for retiree and covered spouse are also payable by the District beginning at age 65, subject to the District limits described above. Surviving spouse benefits are payable until the earliest of spouse's age 65, remarriage, or coverage under another group policy.

The plan does not issue separate financial statements.

Plan membership

Active employees	13
Inactive employees or beneficiaries currently receiving benefits	9
Total	22

Note 5: Postemployment benefits other than pensions (continued)

Contributions

The District has adopted the PARS Public Agencies Post-Retirement Health Care Plan Trust Agreement, including the PARS Post-Retirement Health Care Plan, as part of the District's retirement program. The District intends to fund the other postemployment benefits (OPEB) obligation into the PARS Trust. The contribution requirements of Plan members and the District are established and amended by the District. The District contributed $57,379 to the plan during the current year and $75,541 in the prior year.

Net OPEB Liability

The District's net OPEB liability was measured as of April 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by the actuarial valuation as of April 30, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions

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

Actuarial Assumptions:	
Discount rate	6.00%
Inflation	2.75% per year
Salary increases	3.00% per year
Investment rate of return	6.00%, net of OPEB plan investment income
Healthcare trend rate	5.20% for 2022 through 2049; 5.0% for 2050 through 2064; and 4.0% for 2065 and later years

Mortality rates were based on the CalPERS mortality miscellaneous rates from the most recent experience study (1997-2015). The actuarial assumptions used in the April 30, 2020 valuation were based on a review of plan experience during the period May 1, 2018 to April 30, 2020.

Note 5: Postemployment benefits other than pensions (continued)

Discount rate

GASB 75 requires the use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources.

OPEB plans with irrevocable trust accounts can utilize a discount rate equal to the long-term expected rate of return to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the OPEB plan assets are expected to be invested using a strategy to achieve that return. To determine if the OPEB plan assets are sufficient, a calculation of the projected fiduciary net position and the amount of projected benefit payments is compared in each period. When OPEB plan assets are determined to not be sufficient, a blended rate is calculated. For OPEB plans that do not have irrevocable trust accounts, GASB 75 requires a discount rate equal to the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The District has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the long-term expected rate of return.

Long-term expected rate of return

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. 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. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset class	Target allocation	Long-term expected real rate of return
Broad US. Equity	0.5	4.40%
U.S. Fixed	0.5	1.50%
Total	100%	

Note 5: Postemployment benefits other than pensions (continued)

Changes in the Net OPEB Liability

The components of the net OPEB liability are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (B)	Net OPEB Liability (c) = (a) - (b)
Balance at April 30, 2021	$ 3,020,415	$ 1,934,867	$ 1,085,548
Changes recognized for the measurement period:			
Service cost	69,616	-	69,616
Interest	181,435	-	181,435
Contributions - employer	-	191,576	(191,576)
Net investment income	-	(133,025)	133,025
Benefit payments	(134,197)	(134,197)	-
Administrative expenses	-	(11,746)	11,746
Net Changes	116,854	(87,392)	204,246
Balance at April 30, 2022	$ 3,137,269	$ 1,847,475	$ 1,289,794

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate.

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB Liability	$ 1,687,066	$ 1,289,794	$ 961,465

Note 5: Postemployment benefits other than pensions (continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 887,539	$ 1,289,794	$ 1,785,318

Recognition of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

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

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

Net difference between projected and Actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (8.8 Years at April 30, 2020)

Note 5: Postemployment benefits other than pensions (continued)

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

For the fiscal years ended April 30, 2022 and 2021, the District recognized OPEB expense of $159,082 and $125,354, respectively.

As of April 30, 2022, the District has deferred outflows and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions and other inputs	$ 59,493	$ -
Differences between expected and actual experience	11,755	-
Differences between projected and actual return on OPEB plan investments	249,873	182,835
Total	$ 321,121	$ 182,835

As of April 30, 2021, the District has deferred outflows and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 71,635	$ -
Differences between expected and actual experience	14,154	-
Net difference between projected and actual earnings on OPEB plan investments	60,270	244,513
Total	$ 146,059	$ 244,513

Deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

April 30, 2022		April 30, 2021	
Fiscal year ended April 30:	Deferred outflows/(inflows) of resources	Fiscal year ended April 30:	Deferred outflows/(inflows) of resources
2023	$ 25,376	2022	$ (27,047)
2024	26,475	2023	(27,047)
2025	6,386	2024	(25,948)
2026	66,964	2025	(46,037)
2027	13,085	2026	14,541
Thereafter	-	Thereafter	13,084
	$ 138,286		$ (98,454)

Note 6: Risk management

The District is exposed to various risks of loss due to threats, theft of (or damage to and destruction of) assets, error and omissions, injuries to employees, and natural disasters. The District participates in a joint venture under a Joint Powers Agreement (JPA) with the Association of California Water Agencies Joint Powers Insurance Authority (the Authority). The Authority is a risk-pooling self-insurance authority created under the provisions of California Government Code Section 6500 et. sec.

The Authority is governed by a board consisting of a representative from each member agency. The board controls the operations of the Authority including selection of management and approval of operating budgets. The relationship between the District and the Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. At April 30, 2022, the District participation in the insurance programs of the Authority is shown as follows:

Liability	Deductible	Pooled Self Insured	Third Party
General liability	None	$5,000,000	up to $55,000,000
Auto liability	None	5,000,000	up to $55,000,000
Public officials liability	None	5,000,000	up to $55,000,000
Property			
Buildings and equipment	$ 5,000		$500,000,000
Mobile equipment	5,000		500,000,000
Licensed vehicle	1,000		500,000,000

Note 7: Capital lease

The District entered into a lease agreement for the acquisition of a copier valued at $13,562. The equipment has a five-year estimated useful life. The net book value at April 30, 2022 is $2,713 (cost $13,562, accumulated depreciation $10,849).

The future minimum lease payments and the net present value of the minimum lease payments as of April 30, 2022 were as follows:

Year ending April 30,	Principal	Interest	Total
2023	$ 1,968	$ 170	$ 2,138

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios as of the Measurement Date
Last 10 Years*

Measurement Date	Employer's Proportion of the Collective Net Pension Liability[1]	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
6/30/2014	0.02405%	$ 1,533,442	$ 785,468	195.23%	73.95%
6/30/2015	0.02507%	1,720,595	781,561	220.15%	71.40%
6/30/2016	0.02228%	1,928,066	836,877	230.39%	69.21%
6/30/2017	0.02107%	2,089,237	990,693	210.89%	71.19%
6/30/2018	0.01970%	1,898,460	938,305	202.33%	75.76%
6/30/2019	0.01869%	1,914,909	1,013,004	189.03%	77.54%
6/30/2020	0.01928%	2,097,684	1,099,883	190.72%	77.24%
6/30/2021	0.01734%	937,927	1,127,844	83.16%	90.40%

[1] Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Measurement date 6/30/2014 (fiscal year 2014-15) was the first year of implementation. Additional years to be presented as information becomes available.

Required Supplementary Information
Schedule of Pension Plan Contributions
Last 10 Years*

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
4/30/2015	$ 246,141	$ (246,141)	$ -	$ 781,561	31.49%
4/30/2016	333,081	(333,081)	-	836,877	39.80%
4/30/2017	243,135	(243,135)	-	990,693	24.54%
4/30/2018	312,317	(312,317)	-	938,305	33.29%
4/30/2019	191,851	(191,851)	-	1,013,004	18.94%
4/30/2020	277,372	(277,372)	-	1,099,883	25.22%
4/30/2021	344,394	(344,394)	-	1,127,844	30.54%
4/30/2022	284,085	(284,085)	-	1,034,509	27.46%

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 4/30/2015 was the first year of implementation. Additional years to be presented as information becomes available.

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios as of the Measurement Date
Last 10 Years*

Measurement Date	April 30, 2019	April 30, 2020	April 30, 2021	April 30, 2022
Total OPEB Liability				
Service cost	$ 55,846	$ 224,394	$ 67,588	$ 69,616
Interest on the Total OPEB Liability	155,717	164,228	175,003	181,435
Actual and expected experience difference	-	-	(168,352)	-
Changes in assumptions	-	-	83,777	-
Benefit payments	(137,421)	(122,815)	(140,548)	(134,197)
Net change in Total OPEB Liability	74,142	265,807	17,468	116,854
Total OPEB Liability - beginning	2,662,998	2,737,140	3,002,947	3,020,415
Total OPEB Liability - ending (a)	2,737,140	3,002,947	3,020,415	3,137,269
Plan Fiduciary Net Position				
Contribution - employer	195,651	96,126	216,089	191,576
Net investment income	89,713	(6,248)	402,833	(133,025)
Benefit payments	(137,421)	-	(140,548)	(134,197)
Administrative expense	(7,591)	(8,559)	(9,748)	(11,746)
Net change in Plan Fiduciary Net Position	140,352	81,319	468,626	(87,392)
Plan Fiduciary Net Position - beginning	1,244,570	1,384,922	1,466,241	1,934,867
Plan Fiduciary Net Position - ending (b)	1,384,922	1,466,241	1,934,867	1,847,475
Net OPEB Liability - ending (a) - (b)	$ 1,352,218	$ 1,536,706	$ 1,085,548	$ 1,289,794
Plan fiduciary net position as a percentage of the total OPEB liability	50.60%	48.83%	64.06%	58.89%
Covered-employee payroll	$ 873,686	$ 1,160,617	$ 1,196,926	$ 1,039,553
Net OPEB liability as a percentage of covered-employee payroll	154.77%	132.40%	90.69%	124.07%

Notes to schedule:
There were no changes in assumptions from the prior valuation.

* = Measurement date 4/30/19 (fiscal year 2018-19) was the first year of implementation. Additional years to be presented as information becomes available.

Required Supplementary Information
Schedule of OPEB Plan Contributions
Last 10 Years*

Fiscal Year Ended April 30	2019	2020	2021	2022
Actuarially Determined Contributions (ADC)	$ 129,545	$ 133,431	$ 149,323	$ 153,803
Contributions in relation to the ADC	(58,230)	(96,126)	(75,541)	(57,379)
Contribution deficiency/(excess)	$ 71,315	$ 37,305	$ 73,782	$ 96,424
Covered-employee payroll	$ 1,160,617	$ 1,196,926	$ 1,039,553	$ 1,034,509
Contribution as a percentage of covered-employee payroll	5.02%	8.03%	7.27%	5.55%

Notes to schedule:

Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll, closed
Amortization Period	30 years
Asset Valuation Method	Market value
Inflation	2.75% in 2021 and 2022; 3.00% in 2020 and 2019
Salary Increases	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Healthcare Trend	5.2% for 2022 through 2049; 5.0% for 2050 through 2064; and 4.0% for 2065 and later years.
Retirement Age	5 percent at age 55; 8 percent at age 56; 10 percent at age 57; 12 percent at age 58; 15 percent at age 59; 18 percent at age 60; 20 percent at age 61; 22 percent at age 62; 25 percent at age 63; 30 percent at age 64; 35 percent at age 65; 40 percent at age 66; and 100 percent at age 67
Mortality	CalPERS mortality miscellaneous rates from the most recent experience study (1997-2015)

* = Fiscal year 2018-19 was the first year of implementation. Additional years to be presented as information becomes available.

Supplementary Information
Schedule of Utility Plant and Accumulated Depreciation
April 30, 2022

	COST OF UTILITY PLANT				ACCUMULATED DEPRECIATION			
	Balance April 30, 2021	Additions	Retirements	Balance April 30, 2022	Balance April 30, 2021	Provision	Retirements	Balance April 30, 2022
LAND:								
Land	$ 281,164	$ -	$ -	$ 281,164	$ -	$ -	$ -	$ -
	281,164	-	-	281,164	-	-	-	-
SOURCE OF SUPPLY PLANT:								
Structures and improvements	13,921	-	-	13,921	9,744	696	-	10,440
Wells, springs and infiltration galleries	556,930	10,901	-	567,831	390,331	17,462	-	407,793
Crestline-Lake Arrowhead Water Agency meter connection	24,886	33,540	-	58,426	24,886	-	-	- 24,886
	595,737	44,441	-	640,178	424,961	18,158	-	443,119
PUMPING PLANT:								
Structures and improvements	255,677	-	-	255,677	247,530	4,335	-	251,865
Pumping equipment	101,413	-	-	101,413	89,679	2,443	-	92,122
Telemetering equipment	38,548	-	-	38,548	30,840	7,710	-	38,550
	395,638	-	-	395,638	368,049	14,488	-	382,537
WATER TREATMENT:								
Structures and improvements	9,005	-	-	9,005	9,005	-	-	9,005
Equipment	90,914	-	-	90,914	73,831	7,796	-	81,627
	99,919	-	-	99,919	82,836	7,796	-	90,632
TRANSMISSION AND DISTRIBUTION PLANT:								
Structures and improvements	521,089	-	-	521,089	432,963	13,387	-	446,350
Reservoirs and tanks	6,378,091	-	-	6,378,091	3,346,558	196,429	-	3,542,987
Transmission and distribution mains	8,540,004	-	-	8,540,004	5,413,527	145,142	-	5,558,669
Hydrants	297,509	15,585	(14,335)	298,759	295,996	1,514	(14,335)	283,175
Service taps	382,040	-	(30,642)	351,398	322,867	8,433	(30,642)	300,658
Meters	1,593,591	-	-	1,593,591	757,153	79,680	-	836,833
Equipment	23,816	-	-	23,816	-	-	-	-
	17,736,140	15,585	(44,977)	17,706,748	10,569,064	444,585	(44,977)	10,968,672
GENERAL PLANT:								
Structure and improvements	1,263,013	-	-	1,263,013	1,060,029	39,688	-	1,099,717
Office furniture and equipment	295,004	-	(6,149)	288,855	150,907	22,343	(6,149)	167,101
Transportation equipment	597,144	42,566	(22,873)	616,837	441,696	44,247	(22,873)	463,070
Tools, shop and garage equipment	435,213	-	(3,733)	431,480	430,625	2,512	(3,733)	429,404
Communication equipment	122,844	-	-	122,844	104,011	2,538	-	106,549
	2,713,218	42,566	(32,755)	2,723,029	2,187,268	111,328	(32,755)	2,265,841
Totals	$ 21,821,816	$ 102,592	$ (77,732)	$ 21,846,676	$ 13,632,178	$ 596,355	$ (77,732)	$ 14,150,801

Supplementary Information
History and Organization

The District was organized on January 19, 1954, under authority of the California Water Code.

A bond issue of $460,000 was authorized by an election held on January 25, 1955. General Obligation Water Bonds of 1955 - First Division were issued and sold as of April 1, 1955, in the amount of $350,000. The utility water plant was purchased from the Crestline Village Mutual Service Company on May 15, 1955, at a cost of $283,369. The balance of the bond issue proceeds were used to pay the cost of the District’s formation and to acquire additional plant facilities. The First Division bond was paid off in April 1987.

The remaining $110,000 of authorized bonds, designated “General Obligation Water Bonds, Election 1955 - Second Division,” were sold as of November 1, 1972. Proceeds of the bond issue were invested in certificates of deposit until used in the District’s Master Plan. The Second Division bond was paid off in November 1987. On October 1, 1979, the District almost doubled in growth by signing a purchase agreement to acquire the Lake Gregory Water Company.

Directors of the District Board as of April 30, 2022, were as follows:

Steven C. Farrell, President
Cory Hubble, Vice, President
William Barrera, Director
Kenneth Stone, Director
Leslie Brister, Director

As of April 30, 2022, the General Manager and Secretary to the Board position was vacant, and the Office Manager was Jeanene Weiss. The current General Manager is Tom Weddle and the current Office Manager is Larrie Ann Davis.

Supplementary Information
History and Organization

In 1968, the Board of Directors adopted a Master Plan for construction to modernize and expand the District's utility plant and to provide facilities to receive and distribute water from the California Water Project. The Master Plan was updated in 1972. In March 1972, the District began receiving Feather River water. The Master Plan continues to be updated to meet future water demands of the District.

Effective July 2013, the Board of Directors approved rate reductions in the Monthly Minimum Charge to equalize rates across all customers. In January 2017, all monthly minimum rates were increased by $8.00 per month.

Meter size	Effective July, 2021	Effective January, 2017	Effective July, 2013
5/8 X 3/4 inch meter	$ 31.50	$ 25.50	$ 17.50
3/4 inch meter	32.50	26.50	18.50
1 inch meter	33.50	27.50	19.50
1 inch meter (residential fire service)	35.75	29.75	21.75
1 1/2 inch meter	37.50	31.50	23.50
2 inch meter	42.50	36.50	28.50
3 inch meter	48.50	42.50	34.50

In addition to the monthly minimum charge, monthly water usage for Division 10 and 20 was increased in July 2004. There was no change in monthly water usage charges with the January 2017 monthly minimum rate change.

	Effective July, 2021 Per 100 cu ft	Effective July, 2004 Per 100 cu ft	Effective July, 1993 Per 100 cu ft
Water usage from 0 through 1,300 cubic feet	$ 5.10	$ 4.20	$ 3.75
Water usage in excess of 1,300 cubic feet	7.65	6.30	5.63

Supplementary Information
History and Organization

Active metered services for the District changed during the fiscal year ended April 30, 2022, as follows:

April 30, 2022	4,987
April 30, 2021	4,981
	6

The San Bernardino County Auditor – Controller's schedule of Agency Net Valuations, listed the following tentative assessed valuations for the fiscal year 2021-22, from which the total amount of tax or levy was calculated:

	General District Assessed Valuation
Secured	$ 990,555,458
Utility	48,553
Unsecured	2,925,870
	$ 993,529,881
Total Levy	$ 281,652

The San Bernardino County's 2021-22 allocation of the $1 maximum tax rate per $100 assessed valuation to the District was a levy of approximately $.0283 per $100 assessed valuation.

Supplementary Information
Statement of Net Position Comments

Utility plant

A summary of capital asset additions by principal classification is presented in Schedule One. The 2021-22 additions are as follows:

Acct	Description	Cost
160107	***Wells, Springs, Etc.***	
	New Pump - Chamois Well	$ 10,901
	Sub-total	10,901
160108	***Supply Mains***	
	Chateau Dr. 6" Main	33,540
	Sub-total	33,540
163140	***Hydrants***	
	Hydrants - Lake Dr. and BTC Woodsley	15,585
	Sub-total	15,585
164130	***Transporatation Equipment***	
	2022 F-150 Super Crew XLT	42,566
	Sub-total	42,566
	Total additions	$ 102,592

Construction in progress

Construction jobs in progress at April 30, 2022 consisted of the following:

Job Number	Description	Incurred to April 30, 2022
112198	Electra Vertical Well	$ 323,041
		$ 323,041

Supplementary Information
Statement of Net Position Comments

CURRENT ASSETS

At April 30, 2022, the District had $3,003,788 in cash held in a bank, a credit union and the Local Agency Investment Fund. The following summary shows the amounts in each of the District's accounts and the designated use of the funds:

California Bank & Trust – General account	$ 439,534
California Bank & Trust – Payroll account	5,448
Arrowhead Credit Union – Savings	36,865
Arrowhead Credit Union – Checking	35,272
Local Agency Investment Fund	2,487,169
Total cash in financial institutions	$ 3,004,288

Prepaid expenses of $74,666 are applicable to future periods.

The property taxes receivable, net of the allowance for uncollectible taxes and availability assessments, are shown below:

Property taxes receivable	$ 27,635
Allowance for uncollectible taxes	(1,300)
Net property taxes receivable	$ 26,335
Availability assessments receivable	$ 31,259

CURRENT LIABILITIES

Accounts payable at April 30, 2022, consisted of the following:

Purchased water – CLAWA	$ 28,046
Current billings for supplies and expenses	42,858
Inventory	12,979
Total accounts payable	$ 83,883

Overtime and paid time off are computed in hours. The total hours accumulated by each employee is multiplied by the employee's present hourly rate to determine the dollar amount of accrued overtime leave and accrued paid time off. The balance at April 30, 2022 for accrued overtime and accrued paid time off was $86,327 and $111,135, respectively.

The District withdrew from Social Security on January 1, 1983, and adopted an ING (Aetna Life Insurance Company) Money Purchase Pension Plan. On May 4, 2007, the District's ING Money Purchase Plan was terminated and on that same date the District started participating in the California Public Employees' Retirement System (CalPERS).

Supplementary Information
Revenue and Expense Comments

The following is a comparison of the residential and business water sales by month for the year ended April 30, 2022 and 2021 (unaudited-cash basis):

Month	2022	2021
May	$ 264,481	$ 222,435
June	292,653	247,410
July	314,055	251,514
August	329,646	319,160
September	305,668	337,234
October	293,870	311,890
November	272,130	296,778
December	260,877	264,143
January	261,826	262,861
February	260,482	261,157
March	252,126	244,127
April	244,219	287,699
Total sales	$ 3,352,033	$ 3,306,408

The following is a comparison of the water consumption by month for the year ended April 30, 2022 and 2021 (unaudited):

	Per 100 Cubic Feet Consumed	
Month	2022	2021
May	20,067	23,672
June	27,098	29,076
July	28,693	27,706
August	30,490	30,822
September	26,962	31,284
October	23,804	28,283
November	21,535	22,409
December	18,959	21,804
January	21,664	19,988
February	16,945	18,859
March	19,641	20,411
April	18,490	20,886
Totals (In 100 Cubic Feet)	274,348	295,200

Supplementary Information
Revenue and Expense Comments

The following is a comparison of the water purchased from the Crestline-Lake Arrowhead Water Agency by month for the year ended April 30, 2022 and 2021:

Month	2022	2021
May	$ 34,420	$ 17,988
June	61,411	21,968
July	88,899	79,793
August	62,044	41,317
September	66,463	25,416
October	42,601	56,125
November	39,484	20,880
December	32,333	26,052
January	35,507	20,492
February	29,422	21,949
March	34,586	22,701
April	28,046	25,946
Totals	$ 555,216	$ 380,627

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November 4, 2022

To the Board of Directors and Management
Crestline Village Water District

We have audited the financial statements of the Crestline Village Water District (the District) for the years ended April 30, 2022 and April 30, 2021. 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 May 20, 2022 our responsibility, as described by professional standards, is to form and express opinions 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 District'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.

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, has complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting – Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition – Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

Segregation of duties – Limited personnel in the accounting function often necessitates consolidation of certain duties that can expose an entity to risks absent additional compensating internal controls.

The first two significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. The third significant risk is common for entities with limited individuals involved in the accounting function. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the District'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 2022. 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 were:

Management's estimate of the depreciation expense of utility plant is based on engineers' estimated or similar industry useful lives of utility plant assets. We evaluated the key factors and assumptions used to develop the useful lives for utility plant assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability/net OPEB liabilities and related deferred inflows of resources and outflows of resources is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the net pension liability and related deferred amounts in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities and related deferred amounts may vary from disclosed estimates.

The disclosure of the net OPEB liability and related deferred amounts in the notes to the financial statements is based actuarial assumptions. Actual future liabilities and related deferred amounts may vary from disclosed estimates.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards 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. There were no such misstatements identified.

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.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 4, 2022.

Management's Consultations with Other Independent 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 consultations with one accountant regarding auditing and accounting matters.

Board of Directors and Management
Crestline Village Water District

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, operating and regulatory conditions affecting the District, 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.

This information is intended solely for the information and use of 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.

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 4, 2022

crestline village WATER DISTRICT

November 4, 2022

Rogers, Anderson, Malody and Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audits of the financial statements of Crestline Village Water District (the District), which comprise the respective financial position as of April 30, 2022, and the respective changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 4, 2022.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 20, 2022, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.

6. We have a process to track the status of audit findings and recommendations.We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

11. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.

12. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.

13. All components of net position are properly classified.

14. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.

15. Deposit and investment risks have been properly and fully disclosed.

16. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

17. All required supplementary information is measured and presented within the prescribed guidelines.

18. With regard to investments and other instruments reported at fair value:

    a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

    b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

    c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.

    d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

19. With respect to financial statement preparation, we have performed the following:

    a. Made all management decisions and performed all management functions;

    b. Assigned a competent individual to oversee the services;

    c. Evaluated the adequacy of the services performed;

    d. Evaluated and accepted responsibility for the result of the service performed; and

    e. Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

20. We have provided you with:

    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;

    b. Additional information that you have requested from us for the purpose of the audit; and

    c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.

21. All transactions have been recorded in the accounting records and are reflected in the financial statements.

22. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

23. We have no knowledge of any fraud or suspected fraud that affects the District and involves:

    a. Management;

    b. Employees who have significant roles in internal control; or

    c. Others where the fraud could have a material effect on the financial statements.

24. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the District's financial statements communicated by employees, former employees, vendors, regulators, or others.

25. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

26. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

27. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

28. The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

29. We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.

30. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

31. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

32. There are no:

    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

33. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

34. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.

b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.

c. The methods of measurement or presentation have not changed from those used in the prior period.

d. We believe the following significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

e. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the District of the supplementary information and the auditor's report thereon.

f. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the District of the supplementary information and the auditor's report thereon.

Use of a Specialist

We agree with the findings of specialists in evaluating our pension plan other post-employment benefits plan and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Tom Weddle, General Manager

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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November 4, 2022

To the Board of Directors and Management
Crestline Village Water District

We have audited the financial statements of the Crestline Village Water District (the District) for the years ended April 30, 2022 and April 30, 2021. 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 May 20, 2022 our responsibility, as described by professional standards, is to form and express opinions 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 District'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.

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, has complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting – Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition – Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

Segregation of duties – Limited personnel in the accounting function often necessitates consolidation of certain duties that can expose an entity to risks absent additional compensating internal controls.

The first two significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. The third significant risk is common for entities with limited individuals involved in the accounting function. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the District'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 2022. 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 were:

Management's estimate of the depreciation expense of utility plant is based on engineers' estimated or similar industry useful lives of utility plant assets. We evaluated the key factors and assumptions used to develop the useful lives for utility plant assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability/net OPEB liabilities and related deferred inflows of resources and outflows of resources is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the net pension liability and related deferred amounts in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities and related deferred amounts may vary from disclosed estimates.

The disclosure of the net OPEB liability and related deferred amounts in the notes to the financial statements is based actuarial assumptions. Actual future liabilities and related deferred amounts may vary from disclosed estimates.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards 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. There were no such misstatements identified.

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.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 4, 2022.

Management's Consultations with Other Independent 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 consultations with one accountant regarding auditing and accounting matters.

Board of Directors and Management
Crestline Village Water District

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, operating and regulatory conditions affecting the District, 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.

This information is intended solely for the information and use of 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.

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 4, 2022

crestline village
WATER DISTRICT

November 4, 2022

Rogers, Anderson, Malody and Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audits of the financial statements of Crestline Village Water District (the District), which comprise the respective financial position as of April 30, 2022, and the respective changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 4, 2022.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 20, 2022, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.

2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.

6. We have a process to track the status of audit findings and recommendations.We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

11. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.

12. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.

13. All components of net position are properly classified.

14. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.

15. Deposit and investment risks have been properly and fully disclosed.

16. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

17. All required supplementary information is measured and presented within the prescribed guidelines.

18. With regard to investments and other instruments reported at fair value:

    a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

    b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

    c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.

    d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

19. With respect to financial statement preparation, we have performed the following:

    a. Made all management decisions and performed all management functions;

    b. Assigned a competent individual to oversee the services;

    c. Evaluated the adequacy of the services performed;

    d. Evaluated and accepted responsibility for the result of the service performed; and

    e. Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

20. We have provided you with:

    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;

    b. Additional information that you have requested from us for the purpose of the audit; and

    c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.

21. All transactions have been recorded in the accounting records and are reflected in the financial statements.

22. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

23. We have no knowledge of any fraud or suspected fraud that affects the District and involves:

    a. Management;

    b. Employees who have significant roles in internal control; or

    c. Others where the fraud could have a material effect on the financial statements.

24. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the District's financial statements communicated by employees, former employees, vendors, regulators, or others.

25. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

26. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

27. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

28. The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

29. We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.

30. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

31. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

32. There are no:

    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

33. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

34. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.

b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.

c. The methods of measurement or presentation have not changed from those used in the prior period.

d. We believe the following significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

e. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the District of the supplementary information and the auditor's report thereon.

f. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the District of the supplementary information and the auditor's report thereon.

Use of a Specialist

We agree with the findings of specialists in evaluating our pension plan other post-employment benefits plan and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Tom Weddle, General Manager