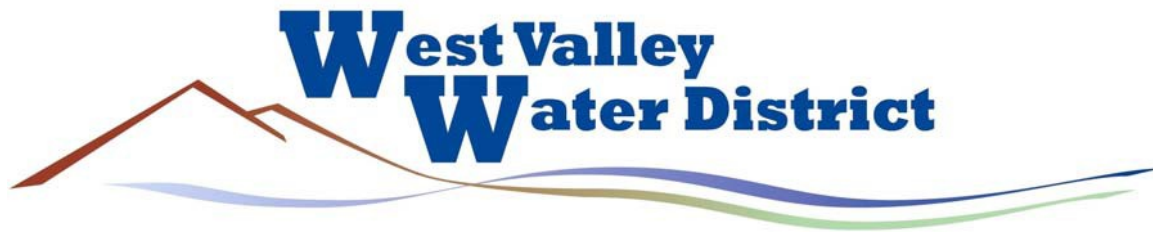


**West Valley Water District
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**





Comprehensive Annual Financial Report

For the Year Ended June 30, 2015

WEST VALLEY WATER DISTRICT

855 W. Baseline Road
Rialto, California 92376

Prepared by:

Suzanne Cook, Interim Chief Financial Officer

West Valley Water District Accounting Department

Our Mission Statement

“To provide a reliable, safe drinking water supply to meet our customers’ present and future needs at a reasonable cost and to promote water-use efficiency and conservation”

Board of Directors as of June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Elected / Appointed</u>	<u>Current Term</u>
Betty Gosney	President	Elected	12/11 - 11/15
Earl Tillman, Jr.	Vice President	Elected	12/11 - 11/15
Alan G. Dyer	Director	Elected	12/11 - 11/15
Linda Gonzalez	Director	Elected	11/13 - 11/17
Dr. Clifford O. Young, Sr.	Director	Elected	11/13 - 11/17

**West Valley Water District
Thomas J. Crowley, P.E., General Manager
855 W. Baseline Road
Rialto, California 92376
(909) 875-1804 – www.wvwd.org**

**West Valley Water District
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015**

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INTRODUCTORY SECTION

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December 31, 2015

Board of Directors
West Valley Water District

Introduction

It is our pleasure to submit the Comprehensive Annual Financial Report for the West Valley Water District for the fiscal year ended June 30, 2015, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditor's Report.

District Structure and Leadership

The West Valley Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District was formed in 1952 and is governed by a five-member Board of Directors, elected at-large from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employs approximately 60 regular employees organized in 25 departments. The District's Board of Directors meets on the first and third Thursdays of each month. Meetings are publicly noticed and citizens are encouraged to attend.

The District provides water service to approximately 20,000 customers within its thirty-one (31) square-mile service area, located in Southwestern San Bernardino County with a small area of Northwestern Riverside County. The District encompasses one half of the City of Rialto, portions of Bloomington, Colton, Fontana, Jurupa Valley, and some of the unincorporated areas of San Bernardino and Riverside counties.

District Services

Residential customers represent approximately 93% of the District's customer base and consume approximately 68% of the water produced annually by the District. The District currently has a total of 17 groundwater wells with a maximum production capacity of 24,305 gallons per minute.

Economic Condition and Outlook

The District's office is located in the City of Rialto in San Bernardino County. San Bernardino and Riverside counties (Inland Empire) have witnessed an increase in economic activity as development is continuing to recover from the recent recession. Service connections have increased approximately 2%.

Economic Condition and Outlook, continued

The District's source of water production comes from various sources which include: 1) local water from several groundwater basins, 2) surface water from Lytle Creek in the San Bernardino Mountains, and 3) the California State Water Project – Silverwood Lake. The District teamed up with the City of Rialto to construct a state-approved biological treatment process “bio-remediation” that employs naturally occurring micro-organisms to remove perchlorate and other contaminants in the basins drinking water supplies as well as reduce the need for waste handling and disposal in a cost effective manner. West Valley Water District considers this to be the first major step in a regional undertaking that will ultimately restore the region's groundwater resources.

California's water supply continues to be a concern due to projected population increases, continuance of a drought of past years, the State's aging water infrastructure, and various protected endangered species near our water supplies. On April 1, 2015, Governor Brown issued Executive Order B-28-14, which included the State Water Resources Control Board (SWRCB) to impose restrictions to achieve a 25 percent reduction in potable urban water usage. The District's reduction requirement from SWRCB is 32 percent. The District is continuing to improve its water conservation program through public education and conservation incentives.

Major Initiatives

The activities of the Board and staff of the District are driven by its Mission Statement: “To provide a reliable, safe drinking water supply to meet our customers' present and future needs at a reasonable cost and to promote water-use efficiency and conservation”. The strategic goals adopted by the Board of Directors are:

1. We know that we exist to serve the water needs of our customers. We are committed to treating every customer with dignity, respect and courtesy. We take the initiative to develop customer services, systems and programs that are designed for the benefit, education and convenience of our customers and their families.
2. To preserve district water rights, explore new sources and optimize ground and surface water production.
3. To provide the financial conditions necessary to secure the components needed for ongoing effectiveness and industry excellence. We will facilitate the vision by superior financial planning and resourcefulness in a manner consistent with managing the public's funds to ensure financial stability and to demonstrate responsible stewardship.
4. Designing and implementing an effective human resource strategy for developing staff that reflects the reality that strong and growing individuals are essential to achieving our vision. Broader than training, this strategy is designed to meet each staff wherever they are in their development and to assist them in achieving their next growth steps.
5. To continually keep our technology, our business processes and our management systems at optimum levels of effectiveness.
6. To nurture strategic alliances with local and regional partners in the water industry community of the Inland Empire as well as several State and Federal organizations.
7. To promote efficient use of water and to implement a conservation program of educational information and other incentives that encourage wise use of water.

All programs and operations of the District are developed and performed to provide the highest level of services to its customers.

Accomplishments

To assist the board of directors in meeting their strategic mission for our District, staff achieved the following initiatives in fiscal year 2015:

1. In 2010, California public health officials awarded \$10 million in grant funds to West Valley Water District for the construction of the unique and innovative Bioremediation groundwater treatment project. Construction of the facility was completed and the plant is currently in its testing and permitting phase during 2014-2015.
2. For the fourth consecutive year, West Valley Water District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for our 2014 Comprehensive Annual Financial Report; one of the best practices for local governments seeking to provide greater transparency and ease of understanding in financial reporting.
3. Implemented a conservation department to provide classes and educational outreach on conservation strategies and techniques, as well as the rebate programs available by the District, to help conserve water production and meet the State's requirement.
4. Launched a Geotechnical Information Services (GIS) program to provide water line and parcel data in the District's service area. Informational uses of the GIS program can include the ability to assess site environmental conditions, slope stability, groundwater monitoring or dewatering, and so on. A consultant and employee will be hired in the next fiscal year to implement this program.
5. Adopted an updated prudent reserve policy that is designed to ensure adequate reserves to provide a reliable and safe drinking water supply while maintaining District operations.
6. Received \$50,000 in grant funding for construction costs associated with the Bioremediation groundwater treatment plant.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund and institutional savings and checking accounts.

Other Post Employment Benefits Pre-funding

In the fiscal year 2014, the District began participating in a program to pre-fund the cost of its post-employment benefits plan through the California Public Employees Retirement System (CalPERS) Trust. The District established an account, however, is not currently funding the program.

Water Rates and District Revenues

In January, 2015, the third of five annual 15% rate increases became effective. This applied to both consumption and monthly service charges. In 2013, the District changed its rate structure from uniform rates to tiered rates. Water rates are composed of a commodity (usage) charge and a fixed meter (readiness-to-serve) charge. The District determined that the rates effective January 1, 2015 are sufficient to maintain safe operations and rescinded the 2016 and 2017 increases.

Water Conservation Programs

West Valley Water District has always been committed to conservation; however, due to the Executive Order issued on April 1, 2015, the District adopted new regulations in conformity with the state and instituted new rebate and educational programs that can help everyone become more efficient in their water usage, and assist in reaching the 25 percent statewide potable water use reduction. The District also offers Water Audits to assist customers with water efficiency.

Independent Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of the Pun Group, LLP has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Risk Management

The District is a member of the Association of California Water Agencies Joint Power Insurance Authority (Authority). 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. The District's Risk Management department provides staff with regular safety training each month as part of the District's safety program.

Technological Advance in Customer Service

The District continues to make significant improvements to its Customer Service Department, which has improved customer convenience. Customers now have the option to pay their bills using their touchtone phone (the Interactive Voice Response System), at the District office, at two satellite locations, with a major credit card or on the District's website, by automatic checking or savings account debit by enrollment in the auto-pay program, or at the drop boxes at the District office. All of these features are available in English and Spanish.

Other References

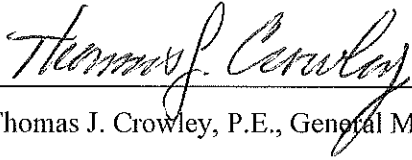
More information is contained in the Management's Discussion and Analysis and in the Notes to the Basic Financial Statements found in the Financial Section of the report.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada's (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the District's fourth year for submission for the award. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in planning and implementation of the West Valley Water District's fiscal policies.

Respectfully submitted,

A handwritten signature in cursive script, reading "Thomas J. Crowley". The signature is written in black ink and is positioned above a horizontal line.

Thomas J. Crowley, P.E., General Manager

Board of Directors

A five member Board of Directors are elected by the Rialto area to set policy and govern the District.
Currently the Board of Directors are:



**Betty Gosney
(President)**



**Earl Tillman Jr.
(Vice-President)**



**Alan Dyer
(Director)**



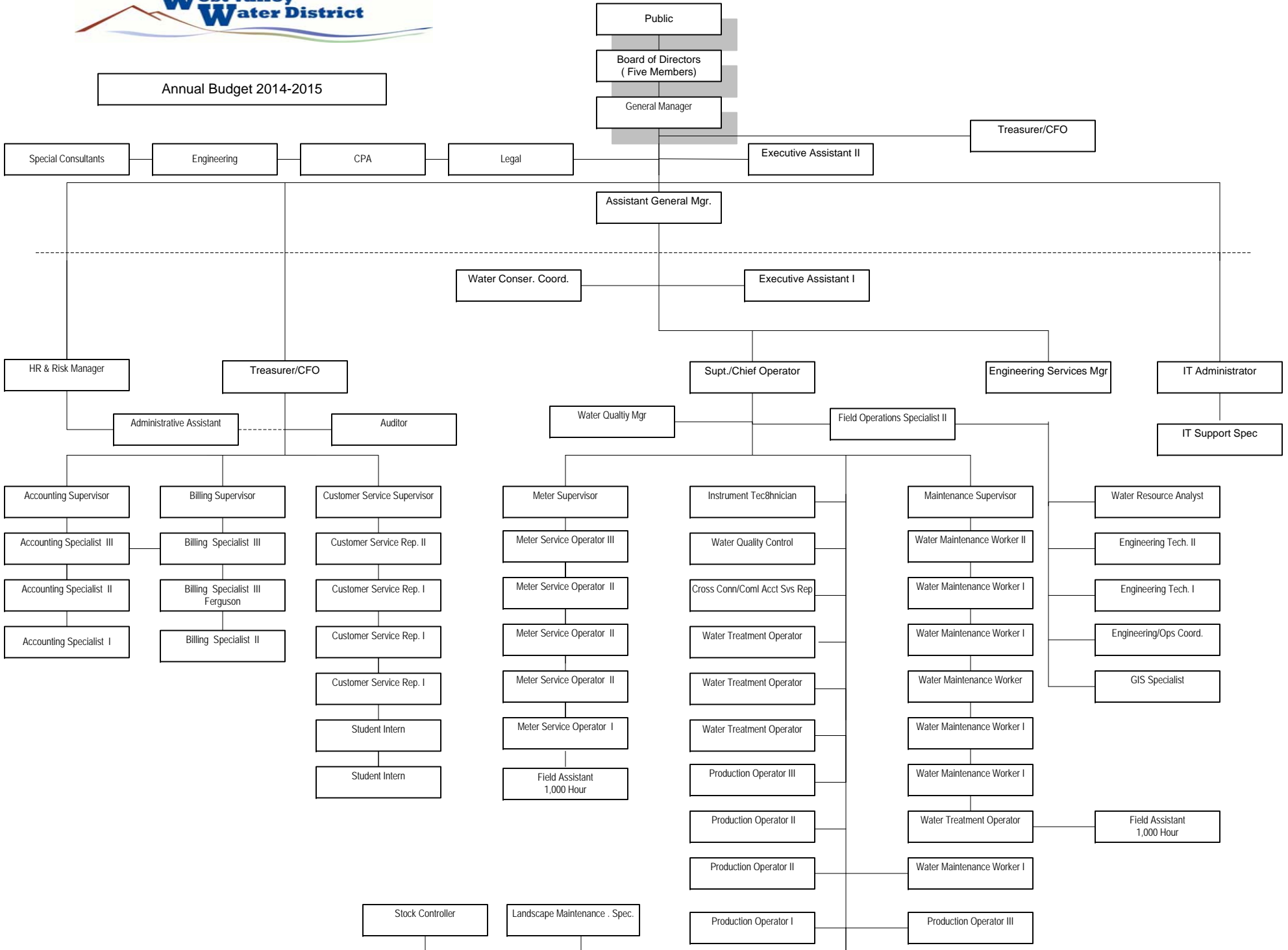
**Linda Gonzalez
(Director)**



**Dr. Clifford O. Young, Sr.
(Director)**



Annual Budget 2014-2015





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**West Valley Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the West Valley Water District
Rialto, California

Report on the Financial Statements

We have audited the accompanying financial statements of the West Valley Water District (District), which comprise of the balance sheet as of June 30, 2015, and the related statements of revenues, expenses and change in net position, and cash flows, for the year then ended and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2015, and the respective changes in financial position, and, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of GASB Statements No. 68 and 71

As discussed in Note 1 to the basic financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. The adoption of these statements requires retrospective application of previously reported net position at July 1, 2014 as described in Note 9 to the basic financial statements. In addition, Net Pension Liability is reported in the Balance Sheet in the amount of \$4,381,344 as of June 30, 2014, the measurement date as fully disclosed in Note 8 to the basic financial statements. This Net Pension Liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 21 and the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions, and Schedule of Funding Progress on Other Post-Employment Benefit Plan, are on pages 59 to 61 respectfully, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government 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 that collectively comprise the District's basic financial statements as a whole. The supplementary information on pages 65 through 67 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Directors
of the West Valley Water District
Rialto, California
Page 3

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory and the statistical sections are presented for purposes of additional analysis and are not required parts of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 31, 2015

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Directors
of the West Valley Water District
Rialto, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheet as of June 30, 2015, and the related statements of revenues, expenses and changes in net position, and cash flows, for the year then ended and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 31, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Directors
of the West Valley Water District
Rialto, California
Page 2

Purpose of this Report

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

The PwC Group, LLP

Santa Ana, California
December 31, 2015

West Valley Water District Management's Discussion and Analysis For the Year Ended June 30, 2015

The management of the West Valley Water District (District) presents the District's financial statements with a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the audited financial statements which follow this section.

Financial Highlights

- The District's net position increased approximately \$1.1 million, from \$106.9 million to \$108.1 million or 1.09% after the restatement of \$(4,980,634) due to the implementation of GASB 68 and 71.
- The District's operating revenues increased 9.19%, or \$2,104,248, due primarily to increases in water consumption sales and services. The increases in water consumption sales and service charges were primarily driven by the effect of the prior year's rate increase.
- The District's operating expenses before depreciation increased 0.23%, or \$39,229, primarily due to the net effect of an increase of \$9,180 in source of supply expenses, decrease of \$(307,565) in water treatment expenses, a \$12,065 increase in water treatment expense, an increase of \$219,229 in transmission and distribution expense, an increase of \$69,028 in customer account expenses, an increase of \$154,444 in conservation expense, a decrease of \$(34,587) in bio-remediation expense and a \$(82,565) decrease in general and administrative expenses.
- The District's non-operating revenues increased 21.62%, or \$352,584, primarily due to an increase of \$199,365 in property tax revenue, and \$167,773 in other non-operating revenues.
- The District's non-operating expenses decreased 3.95%, or \$(48,040), primarily due to the decrease of interest expense related to long-term debt.
- The District had a net income before capital contributions of \$1,202,641.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the District's financial statements. The District's financial statements comprise two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

The *balance sheet* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, noncapital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

West Valley Water District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Combining Schedule of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the four reported as net position by activity and is presented immediately following the notes to the financial statements.

Combining Schedule of Revenues, Expenses, and Changes in Net Position presents how net position changed during the year by activity and is presented immediately following the notes to the financial statements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$108.1 million and \$106.9 million as of June 30, 2015 and 2014, respectively.

The largest portion of the District's net position during June 30, 2015 and 2014 (81%) for both years, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the District is able to report positive balance in its unrestricted net position of \$9,219,049 after the implementation of GASB 68 and 71. See notes 8 and 9 for further information.

Condensed Balance Sheets

	June 30, 2015	June 30, 2014	Change
Assets:			
Current assets	\$ 29,512,825	\$ 19,605,687	\$ 9,907,138
Noncurrent assets	15,740,075	23,086,725	(7,346,650)
Capital assets, net	112,773,459	112,736,350	37,109
Total assets	158,026,359	155,428,762	2,597,597
Deferred outflows of resources	698,486	-	698,486
Total assets and deferred outflows of resources	\$ 158,724,845	\$ 155,428,762	\$ 3,296,083
Liabilities:			
Current liabilities	6,054,556	6,381,345	(326,789)
Noncurrent liabilities	43,352,343	42,062,895	1,289,448
Total liabilities	49,406,899	48,444,240	962,659
Deferred inflows of resources	1,171,242	-	1,171,242
Net position:			
Net investment in capital assets	87,693,459	86,581,350	1,112,109
Restricted	11,234,196	5,385,087	5,849,109
Unrestricted	9,219,049	15,018,085	(5,799,036)
Total net position	108,146,704	106,984,522	1,162,182
Total liabilities, deferred inflows of resources and net position	\$ 158,724,845	\$ 155,428,762	\$ 3,296,083

West Valley Water District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 25,012,159	\$ 22,907,911	\$ 2,104,248
Non-operating revenues	1,983,506	1,630,922	352,584
Total revenues	<u>26,995,665</u>	<u>24,538,833</u>	<u>2,456,832</u>
Expenses:			
Operating expenses	17,034,621	16,995,392	39,229
Depreciation	7,589,826	7,554,520	35,306
Non-operating expenses	1,168,577	1,216,617	(48,040)
Total expenses	<u>25,793,024</u>	<u>25,766,529</u>	<u>26,495</u>
Change in net position	1,202,641	(1,227,696)	2,430,337
Capital contributions	<u>4,940,175</u>	<u>4,283,248</u>	<u>656,927</u>
Change in net position	6,142,816	3,055,552	3,087,264
Net position:			
Beginning of year	106,984,522	103,928,970	3,055,552
Prior period adjustment	(4,980,634)	-	(4,980,634)
End of year	<u>\$ 108,146,704</u>	<u>\$ 106,984,522</u>	<u>\$ 1,162,182</u>

The statement of revenues, expenses, and changes of net position shows how the District's net position changed during the year. In the case of the District, the net position increased by \$6,142,816 in 2015.

In 2015, a closer examination of the sources of changes in net position reveals that:

- The District's net position increased approximately \$1.1 million, from \$106.9 million to \$108.1 million or 1.09%. This was primarily due to the net effect of an increase in revenues of \$2.4 million, an increase in expenses of \$26,495, increase in capital contributions of \$656,924 and the recognition of net pension expense of \$481,838 due to the implementation of Government Accounting Standards Board (GASB) 68 for the current period (Note 8) and \$(4,980,634) as a prior period adjustment (Note 9).
- The District had a net income before capital contributions of \$1,202,641.
- The District's operating revenues increased 9.19%, or \$2,104,248, due primarily to increases in water consumption sales and services. The increases in water consumption sales and service charges were primarily driven by the effect of the prior year's rate increase.
- The District's operating expenses before depreciation increased 0.23%, or \$39,229, primarily due to the net effect of an increase of \$9,180 in source of supply expenses, decrease of \$(307,565) in water treatment expenses, a \$12,065 increase in water treatment expense, an increase of \$219,229 in transmission and distribution expense, an increase of \$69,028 in customer account expenses, an increase of \$154,444 in conservation expense, a decrease of \$(34,587) in bio-remediation expense and a \$(82,565) decrease in general and administrative expenses.
- The District's non-operating revenues increased 21.62%, or \$352,584, primarily due to an increase of \$199,365 in property tax revenue, and \$167,773 in other non-operating revenues.
- The District's non-operating expenses decreased 3.95%, or \$(48,040), primarily due to decreases of interest expense related to long-term debt.

West Valley Water District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Total District Revenues

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
Operating revenues:			
Water consumption sales	\$ 16,246,445	\$ 15,715,734	\$ 530,711
Water service charges	6,061,174	5,214,461	846,713
Other operating revenue	<u>2,704,540</u>	<u>1,977,716</u>	<u>726,824</u>
Total operating revenues	<u>25,012,159</u>	<u>22,907,911</u>	<u>2,104,248</u>
Non-operating revenues:			
Property taxes	1,658,936	1,459,571	199,365
Interest and investment earnings	65,371	64,380	991
Rental revenue	32,207	26,746	5,461
Gain(loss) on sale of capital asset	24,644	45,650	(21,006)
Other non-operating revenue, net	<u>202,348</u>	<u>34,575</u>	<u>167,773</u>
Total non-operating revenues	<u>1,983,506</u>	<u>1,630,922</u>	<u>352,584</u>
Capital contributions:			
Capital grant	50,000	-	-
Developer contributions	3,977,745	430,248	3,547,497
Facility charges	<u>912,430</u>	<u>3,853,000</u>	<u>(2,940,570)</u>
Total capital contributions	<u>4,940,175</u>	<u>4,283,248</u>	<u>606,927</u>
Total revenues	<u>\$ 31,935,840</u>	<u>\$ 28,822,081</u>	<u>\$ 3,063,759</u>

In 2015, total District revenues increased by \$3,063,759 primarily due to an increase of \$2,104,248 in operating revenues, an increase of \$352,584 in non-operating revenues and an increase of \$606,927 in capital contributions.

Total District Expenses

Operating expenses:			
Source of supply	\$ 960,369	\$ 951,189	\$ 9,180
Pumping	4,524,032	4,831,597	(307,565)
Water treatment	1,680,613	1,668,548	12,065
Transmission and distribution	1,907,194	1,687,965	219,229
Customer accounts	2,104,526	2,035,498	69,028
Conservation	383,739	229,295	154,444
Bio-remediation	308,193	342,780	(34,587)
General and administrative	5,165,955	5,248,520	(82,565)
Depreciation expense	7,268,297	7,232,991	35,306
Amortization of water participation rights	<u>321,529</u>	<u>321,529</u>	<u>-</u>
Total operating expenses	<u>24,624,447</u>	<u>24,549,912</u>	<u>74,535</u>
Non-operating expenses:			
Interest expense	1,148,837	1,196,877	(48,040)
Debt administration expense	<u>19,740</u>	<u>19,740</u>	<u>-</u>
Total non-operating expenses	<u>1,168,577</u>	<u>1,216,617</u>	<u>(48,040)</u>
Total expenses	<u>\$ 25,793,024</u>	<u>\$ 25,766,529</u>	<u>\$ 26,495</u>

In 2015, total District expenses increased by \$26,495, primarily due to increases of \$74,535 in operating expenses which were offset by decreases of \$(48,040) in non-operating expenses.

West Valley Water District
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2015

Capital Asset Administration

The District's capital assets (net of accumulated depreciation) as of June 30, 2015 and 2014 were in the amounts of \$112,773,459 and \$112,736,350, respectively. This includes land and land rights, transmission and distribution systems, wells, tanks, reservoirs, pumps, building and structures, equipment, vehicles and construction-in-process. In 2015, various capital projects were finalized and added to capital assets. See note 3 for further information.

	June 30, 2015	June 30, 2014
Non-depreciable assets	\$ 9,694,787	\$ 8,342,202
Depreciable assets	169,861,717	163,965,312
Accumulated depreciation and amortization	(66,783,045)	(59,571,164)
Total capital assets, net	\$ 112,773,459	\$ 112,736,350

Long-term Debt Administration

At the end of June 30, 2015 and 2014, the District had total long-term debt of \$33,439,750 and \$34,889,866, respectively. In 2015, long-term debt decreased by \$1,450,117 due to principal payments made on the District's outstanding debt.

	June 30, 2015	June 30, 2014
Contract payable	\$ 8,359,750	\$ 8,734,866
Bonds payable	25,080,000	26,155,000
Total long-term debt	\$ 33,439,750	\$ 34,889,866

Additional information on the District's long-term debt can be found in note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

Management is unaware of any conditions that would have a significant impact on the District's financial position, net position, or operating results in future periods.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Chief Financial Officer at 855 W. Baseline Road, Rialto, CA 92376, by mail at P.O. Box 920, Rialto, CA 92377 by phone (909) 820-3706.

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BASIC FINANCIAL STATEMENTS

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West Valley Water District
Balance Sheet
June 30, 2015

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$ 11,559,343
Investments (note 2)	14,562,258
Accrued interest receivable	9,578
Accounts receivable – water sales and services, net	1,849,668
Accounts receivable – redevelopment pass-through	41,081
Accounts receivable – other	79,635
Property taxes receivable	16,021
Due from other governments	438,490
Materials and supplies inventory	277,193
Prepaid water	71,745
Prepaid items	607,813
	29,512,825

Noncurrent assets:

Restricted – cash and cash equivalents (note 2)	6,722,105
Restricted – accrued interest receivable	1,469
Restricted – assessments receivable	80,302
Water stock – Fontana Union Water Company	1,307
Tax increment pass-through receivable	575,142
Capital assets, net (note 3)	112,773,459
Water participation rights, net (note 4)	8,359,750
	128,513,534
Total noncurrent assets	128,513,534
Total assets	158,026,359

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources:

Employer contributions to pension plan made after measurement date(note 8)	608,372
Changes in employer contributions and differences between proportionate share of pension expense (note 8)	90,114
	698,486
Total deferred outflows of resources	698,486
Total assets and deferred outflows of resources	\$ 158,724,845

West Valley Water District
Balance Sheet (Continued)
June 30, 2015

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$	1,656,219
Accrued salaries and related payables		160,733
Pass-through utility user taxes payable		61,395
Customer deposits		1,434,428
Construction advances and deposits		768,841
Accrued interest payable		269,684
Long-term liabilities – due within one year:		
Compensated absences (note 5)		256,727
Contract payable (note 6)		321,529
Bonds payable (note 6)		1,125,000
		1,125,000
Total current liabilities		6,054,556

Noncurrent liabilities:

Deferred revenue – developers		587,587
Deferred revenue – tax increment pass-through		575,142
Long-term liabilities – due in more than one year:		
Compensated absences (note 5)		315,049
Contract payable (note 6)		8,038,221
Bonds payable (note 6)		23,955,000
Net other post-employment benefits payable (note 7)		5,500,000
Net pension liability (note 8)		4,381,344
		4,381,344
Total noncurrent liabilities		43,352,343
Total liabilities		49,406,899

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources:

Differences between projected and actual earnings on pension plan investments (note 8)		1,120,433
Recognized portion of adjustment due to differences in proportions (note 8)		50,809
		50,809
Total deferred inflows of resources		1,171,242

NET POSITION

Net position:

Net investment in capital assets (note 10)		87,693,459
Restricted – capital projects		5,360,944
Restricted – debt service		5,873,252
Unrestricted		9,219,049
		9,219,049
Total net position		108,146,704
Total liabilities, deferred inflows of resources and net position	\$	158,724,845

West Valley Water District
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

Operating revenues:	
Water consumption sales	\$ 16,246,445
Water service charges	6,061,174
Other operating revenue	2,704,540
Total operating revenues	25,012,159
Operating expenses:	
Source of supply	960,369
Pumping	4,524,032
Water treatment	1,680,613
Transmission and distribution	1,907,194
Customer accounts	2,104,526
Conservation	383,739
Bio-remediation	308,193
General and administrative	5,165,955
Total operating expenses	17,034,621
Operating income before depreciation	7,977,538
Depreciation expense	(7,268,297)
Amortization of water participation rights	(321,529)
Operating income	387,712
Non-operating revenues(expenses):	
Property taxes	1,658,936
Interest and investment earnings	65,371
Rental revenue	32,207
Gain on sale of capital assets, net	24,644
Interest expense	(1,148,837)
Debt administration expense	(19,740)
Other non-operating revenue, net	202,348
Total non-operating revenues, net	814,929
Net income before capital contributions	1,202,641
Capital contributions:	
Capital grant	50,000
Developer contributions	3,977,745
Facility charges	912,430
Total capital contributions	4,940,175
Change in net position	6,142,816
Net position:	
Beginning of year	106,984,522
Prior period adjustment (note 9)	(4,980,634)
End of year	\$ 108,146,704

West Valley Water District
Statement of Cash Flows
For the Year Ended June 30, 2015

Cash flows from operating activities:	
Cash receipts from customers for water sales and services	\$ 25,150,338
Cash paid to employees for salaries and benefits	(4,480,584)
Cash paid to vendors and suppliers for materials and services	(10,482,013)
Net cash provided operating activities	10,187,741
Cash flows from non-capital financing activities:	
Proceeds from property taxes	1,671,411
Rental revenue	32,207
Debt administration expense	(19,740)
Net cash provided by non-capital financing activities	1,683,878
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(7,315,362)
Proceeds from capital grant	50,000
Proceeds from capital contributions	327,140
Proceeds from facility charges	912,430
Proceeds from sale of capital assets	24,644
Principal paid	(1,450,117)
Interest paid	(1,159,800)
Net cash (used in) capital and related financing activities	(8,611,065)
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	26,000,000
Purchases of investments	(26,980,782)
Proceeds from interest and investment earnings	61,291
Net cash (used in) investing activities	(919,491)
Net increase in cash and cash equivalents	2,341,063
Cash and cash equivalents:	
Beginning of year	15,940,385
End of year	\$ 18,281,448
Reconciliation of cash and cash equivalents to balance sheet:	
Cash and cash equivalents	11,559,343
Restricted – cash and cash equivalents	6,722,105
Total cash and cash equivalents	\$ 18,281,448

West Valley Water District
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2015

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 387,712</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	7,268,297
Amortization of water participation rights	321,529
Other non-operating revenue, net	202,348
Changes in assets – (increase)decrease:	
Accounts receivable – water sales and services, net	138,179
Accounts receivable – other	(28,885)
Prepaid water	12,475
Prepaid items	199,708
Change in deferred outflows of resources – (increase)decrease:	
Employer contributions to pension plan made after measurement date	(167,275)
Changes in employer contributions and differences between proportionate share of pension expense	32,183
Changes in liabilities – increase(decrease):	
Accounts payable and accrued expenses	(110,283)
Accrued salaries and related payables	21,453
Customer deposits	(17,205)
Construction advances and deposits	(109,238)
Compensated absences	2,993
Other post-employment obligation	862,508
Change in deferred inflows of resources – increase(decrease):	
Recognized net differences between projected and actual earnings on pension plan investments	1,120,433
Recognized portion of adjustment due to differences in proportions	50,809
Total adjustments	<u>9,800,029</u>
Net cash provided by operating activities	<u>\$ 10,187,741</u>
Non-cash investing, capital and financing transactions:	
Change in fair-value of investments	<u>\$ 2,023</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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West Valley Water District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

Established on January 8, 1952, the West Valley Water District is located in Southwestern San Bernardino County with a small area of Northwestern Riverside County. The District's service area is approximately 31 square miles. The District uses 360 miles of water mains to provide water to approximately 20,000 customers. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The West End Water Development, Treatment and Conservation Joint Powers Authority (Authority) was formed on April 7, 1989, pursuant to the provisions of Article I, Chapter S, Division 7, Title 1 of the California Government Code. The Authority is deemed to be a component unit of the West Valley Water District, City of Rialto and the Municipal Water Department of the City of San Bernardino. The District's portion of the Authority has been included in these financial statements using the blended method of reporting. The Authority has had no activity in the past 10 years and reports no assets or liabilities.

Assessment District No. 97-1 (Crestmore Heights Mutual Water Company) was established to provide financing for construction and improvement of the water system. The District provides administrative duties such as placing assessments on the County tax rolls and submitting payments to the trustee (Rural Development, U.S. Department of Agriculture, Farmers Home Administration) for the assessment bond holders. Accordingly, the accounts and transactions of Assessment District No. 97-1 have been combined with that of the District's financial statements.

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

Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

The financial statements are reported using the "*economic resources*" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

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

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time

Basis of Presentation

The District's financial statement presentation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results most likely will differ from those estimates.

Cash and Investments

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value. Investments are reported at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Restricted Assets

Certain assets of the District are restricted in use by ordinance or debt covenant and, accordingly, are shown as restricted assets on the accompanying balance sheet. Revenue bond reserve funds and construction funds set aside from bond proceeds are restricted for future debt service payments and construction projects. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

Accounts Receivable and Allowance for Uncollectible Accounts

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

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Materials and Supplies Inventory

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

Prepaid Items

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

Water Stock – Fontana Union Water Company

Over the years, the District has acquired stock in the Fontana Union Water Company in order to obtain water rights within the Company’s service area.

Tax Receivable and Unearned Revenue

The District has a tax pass-through agreement with the City of Rialto; whereby, the County of San Bernardino auditor-controller is to pay a portion of the City’s incremental tax receipts directly to the District for water-related improvements within the Agua Mansa redevelopment area. Over the past several years, the District has received an annual payment of the revenue that it is entitled to and it is anticipated that the District will continue to collect annual payments through fiscal year 2029. As such, the revenue has been classified as unearned revenue.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

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

Source of supply plant	20 years
Pumping plant	10 – 20 years
Water treatment plant	10 years
Transmission and distribution plant	15 – 60 years
General plant	5 – 20 years

Compensated Absences

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

Construction Advances and Deposits

Construction advances represent deposits received in aid of construction, which are refundable if the applicable construction does not take place. Construction advances are transferred to contributed capital when the applicable construction project is completed.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Net Other Post Employment Retirement Benefits Payable

The District provides certain health care benefits for all retired employees that meet eligibility requirements. The District's share of the estimated costs that will be paid after retirement is generally being accrued by charges to expense over the employee's active service periods to the date they are fully eligible for benefits.

Defined Benefit Pension Plans

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

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Measurement period	July 1, 2013 to June 30, 2014

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.

The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

Net Position

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

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.

Restricted– This component of net position consists of external constraints placed on net position imposed by creditors, 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 is the amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Water Sales and Sewer Services

Water sales and sewer services are billed on a monthly cyclical basis and recognize the respective revenues when they are earned.

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment. Any prepayments received by the District are reported and deferred revenue until construction of the related project has commenced and the District is reasonably certain they will be completed. Upon completion, the applicable amounts are recognized as capital contributions.

Budgetary Policies

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

Accounting Changes

During fiscal year ended June 30, 2015, the District has implemented the following new GASB pronouncements:

Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts and equivalent arrangements. The requirements of No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. See notes 8 and 9 for further information on the implementation of this pronouncement.

Statement No. 69, *Government Combinations and Disposals of Government Operations*. The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and did not have a significant impact on the District's financial statements for the year ended June 30, 2015.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68*. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. See notes 8 and 9 for further information on the implementation of this pronouncement.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments

Cash and investments as of June 30, 2015 consist of the following:

Cash and cash equivalents	\$ 11,559,343
Restricted – cash and cash equivalents	6,722,105
Investments	14,562,258
Total cash and investments	\$ 32,843,706
Cash on hand	\$ 3,700
Deposits with financial institutions	6,237,290
Investments	26,602,716
Total cash and investments	\$ 32,843,706

Local Agency Investment Funds

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

The District’s investment with LAIF at June 30, 2015, included a portion of the pool funds investing in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2015, the District had \$10,755,538 invested in LAIF, which had invested 2.08% of the pool investment funds in structured notes and Medium-term Asset-backed Securities. The LAIF fair value factor of 1.000375979 was used to calculate the fair value of the investments in LAIF.

Investment in CalTRUST

The Investment Trust of California, doing business as CalTRUST, is a California joint powers authority which provides California Public Agencies with investment management services for surplus funds to consolidate investment activities of its Participants and thereby reduces duplication, achieves economies of scale and carries out coherent and consolidated investment strategies through the issuance of shares of beneficial interest in investments purchased by CalTRUST. CalTRUST currently offers three accounts or series as a means for Public Agencies to invest their funds. The District participates in the CalTRUST Short-Term Fund Series.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	3 years	50%	50%
Government Sponsored Entity Securities	3 years	50%	50%
Negotiable Certificate-of-Deposits	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	25%	\$40,000,000
CalTRUST Short Term Fund	2 years	25%	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy.

The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
Government Sponsored Entity Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commerical Paper	270 days	None	None
Money Market Mututal Funds	N/A	None	None
Investment Contracts	30 years	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 term and longer term investments by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the table on the following page that shows the distribution of the District’s investments by maturity date.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

Interest Rate Risk (Continued)

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months) 12 months or less</u>
U.S. Treasury Obligations	\$ 3,999,030	\$ 3,999,030
Government Sponsored Entity Securities	6,998,960	6,998,960
Cal Trust Short Term Fund	3,564,268	3,564,268
Local Agency Investment Fund (LAIF)	10,755,538	10,755,538
Cash with fiscal agent Money Market Mutual Funds	1,284,920	1,284,920
Total	<u>\$ 26,602,716</u>	<u>\$ 26,602,716</u>

Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings AAA to A-</u>
U.S. Treasury Obligations	\$ 3,999,030	AAA	\$ -	\$ 3,999,030
Government Sponsored Entity Securities	6,998,960	AAA	-	6,998,960
Cal Trust Short Term Fund	3,564,268	N/A	-	3,564,268
Local Agency Investment Fund (LAIF)	10,755,538	N/A	10,755,538	-
Cash with fiscal agent Money Market Mutual Funds	1,284,920	AAA	1,284,920	-
Total	<u>\$ 26,602,716</u>		<u>\$ 12,040,458</u>	<u>\$ 14,562,258</u>

Concentration of Credit Risk

The District's investment policy does not contain various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's deposit portfolio with governmental agencies such as the Local Agency Investment Fund (LAIF) was 40% of the District's total depository and investment portfolio as of June 30, 2015.

Custodial Credit Risk

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

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Capital Assets

Changes in capital assets for the year ended June 30, 2015, were as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2015</u>
Non-depreciable assets:				
Land and land rights	\$ 2,212,967	\$ -	\$ -	\$ 2,212,967
Water rights	404,949	-	-	404,949
Construction-in-process	5,724,286	4,574,869	(3,222,284)	7,076,871
Total non-depreciable assets	<u>8,342,202</u>	<u>4,574,869</u>	<u>(3,222,284)</u>	<u>9,694,787</u>
Depreciable assets:				
Source of supply plant	5,863,657	-	-	5,863,657
Pumping plant	9,844,731	170,544	-	10,015,275
Bio-remediation plant	20,601,722	-	-	20,601,722
Water treatment plant	30,648,481	-	-	30,648,481
Transmission and distribution plant	86,099,177	2,267,319	3,222,284	91,588,780
General plant	10,907,544	302,630	(66,372)	11,143,802
Total depreciable assets	<u>163,965,312</u>	<u>2,740,493</u>	<u>3,155,912</u>	<u>169,861,717</u>
Accumulated depreciation:				
Source of supply plant	(2,718,291)	(277,473)	-	(2,995,764)
Pumping plant	(5,022,168)	(599,370)	-	(5,621,538)
Bio-remediation plant	(686,724)	(686,724)	-	(1,373,448)
Water treatment plant	(17,010,913)	(2,970,640)	-	(19,981,553)
Transmission and distribution plant	(30,480,154)	(2,115,964)	-	(32,596,118)
General plant	(3,652,914)	(618,126)	56,416	(4,214,624)
Total accumulated depreciation	<u>(59,571,164)</u>	<u>(7,268,297)</u>	<u>56,416</u>	<u>(66,783,045)</u>
Total depreciable assets, net	<u>104,394,148</u>	<u>(4,527,804)</u>	<u>3,212,328</u>	<u>103,078,672</u>
Total capital assets, net	<u>\$ 112,736,350</u>	<u>\$ 47,065</u>	<u>\$ (9,956)</u>	<u>\$ 112,773,459</u>

Major capital assets additions during the year include the upgrades and extensions of the District's transmission and distribution, general plant and pumping plant. A significant portion of these additions were constructed by the District and/or sub-contractors and transferred out of construction-in-process, upon completion of these various projects.

Construction-In-Process

The construction-in-process balances at June 30, 2015 are as follows:

Bioremediation plant	\$ 2,807,941
Line Relocation at Duncan Canyon & I15	905,152
Zone 2 Waterline Reloc Phase 2	1,133,946
Zone 3A-2 Reservoir Recoat	734,709
Sierra Crest Waterline	637,590
Various minor district projects	549,318
Various other developer projects	308,215
Total construction-in-process	<u>\$ 7,076,871</u>

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 4 – Water Participation Rights

In 2012, the District acquired water participation rights from the San Bernardino Valley Municipal Water District for \$9,645,865. The District is amortizing the participation rights until January 31, 2041.

Water participation rights	\$ 9,645,865
Accumulated amortization	<u>(1,286,115)</u>
Water participation rights, net	<u><u>\$ 8,359,750</u></u>

Note 5 – Compensated Absences

	<u>Balance</u> <u>July 1, 2014</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion</u>	<u>Non-current</u> <u>Portion</u>
Compensated absences	<u>\$ 568,783</u>	<u>\$ 262,408</u>	<u>\$ (259,415)</u>	<u>\$ 571,776</u>	<u>\$ 256,727</u>	<u>\$ 315,049</u>

Note 6 – Long-term Debt

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>	<u>Amount</u> <u>Due In More Than</u> <u>One Year</u>
Bonds payable:						
Series 2006D-2	\$ 26,015,000	\$ -	\$ (1,045,000)	\$ 24,970,000	\$ 1,090,000	\$ 23,880,000
Assessment District 97-1	140,000	-	(30,000)	110,000	35,000	75,000
Total bonds payable	<u>26,155,000</u>	<u>-</u>	<u>(1,075,000)</u>	<u>25,080,000</u>	<u>1,125,000</u>	<u>23,955,000</u>
Loans payable:						
Contract payable	8,734,867	-	(375,117)	8,359,750	321,529	8,038,221
Total contract payable	<u>8,734,867</u>	<u>-</u>	<u>(375,117)</u>	<u>8,359,750</u>	<u>321,529</u>	<u>8,038,221</u>
Total long-term debt	<u>\$ 34,889,867</u>	<u>\$ -</u>	<u>\$ (1,450,117)</u>	<u>\$ 33,439,750</u>	<u>\$ 1,446,529</u>	<u>\$ 31,993,221</u>

Water Participation Rights Contract Payable

In 2012, the District acquired water participation rights from the San Bernardino Valley Municipal Water District. These rights entitle the District to purchase water from the Baseline Feeder system. The payment for the rights is calculated at 5,000 acre feet at \$90 per acre foot, per year, payable in monthly installments of \$26,794, until January 31, 2041. The calculated annual amount of \$321,529 is a minimum usage fee which does not actually represent the purchase of any water. Purchased water is billed in addition to the minimum fee.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-term Debt (Continued)

Water Participation Rights Contract Payable (Continued)

Annual payments on the water participation rights are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
2016	\$ 321,529
2017	321,529
2018	321,529
2019	321,529
2020	321,529
2021-2025	1,607,645
2026-2030	1,607,645
2031-2035	1,607,645
2036-2040	1,607,645
2041	321,525
Total	<u>\$ 8,359,750</u>

Limited Obligation Improvement Bonds Assessment District No. 97-1

Assessment District No. 97-1 (Crestmore Heights Mutual Water Company) was established to provide financing for construction and improvements of the water system. On April 16, 1998, Limited Obligation Improvement Bonds Assessment District No. 97-1 were issued through Rural Development, Farmers Home Administration for \$552,067. The payments on this indebtedness are being paid by the property owners within Assessment District No. 97-1. The bonds are being repaid in twenty annual installments with the last payment on September 1, 2017.

Annual debt service requirements on the Limited Obligation Improvement Bonds Assessment District No. 97-1 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 35,000	\$ 4,741	\$ 39,741
2017	35,000	1,922	36,922
2018	40,000	3,972	43,972
Total	<u>\$ 110,000</u>	<u>\$ 10,635</u>	<u>\$ 120,635</u>

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-term Debt (Continued)

Series 2006D-2 Bonds

On October 1, 2006, the District issued \$32,365,000 in Water and Wastewater Revenue Bonds (Series 2006D-2 Bonds). The proceeds of the issue are being used to prepay the 2004A CSCDA Water and Wastewater Revenue Bonds and to finance improvements to the System, including upgrading, renovation and /or installation of booster plants, wells, reservoirs, pipelines and metering stations, water treatment facilities, including the granulated activated carbon filter for the Treatment Plant.

A total of \$14,635,000 from the Series 2006D-2 Bonds was used to pay off the outstanding principal of the 2004A CSCDA Water and Wastewater Revenue Bonds. As a result, the 2004A CSCDA Water and Wastewater Revenue Bonds are considered defeased and the liability for those obligations have been removed from the financial statements. The District completed the advance refunding to reduce the District’s total debt service payments over the next 22 years by \$539,057 and to obtain an economic gain of approximately \$369,570.

The Series 2006D-2 Bonds are payable solely from the net revenues of the District’s water system as defined in the Series 2006D-2 Bond Indenture. The Bonds bear interest at a variable rate with principal maturities from 2007 to 2033.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,090,000	\$ 1,071,228	\$ 2,161,228
2017	1,130,000	1,027,628	2,157,628
2018	1,180,000	982,428	2,162,428
2019	1,225,000	937,588	2,162,588
2020	1,270,000	864,718	2,134,718
2021-2025	7,170,000	3,478,564	10,648,564
2026-2030	8,900,000	1,712,025	10,612,025
2031-2033	3,005,000	206,663	3,211,663
Total	<u>\$ 24,970,000</u>	<u>\$ 10,280,842</u>	<u>\$ 35,250,842</u>

Note 7 – Net Other Post-Employment Benefits Obligation

During the fiscal year ended June 30, 2009, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for other post-employment benefits (OPEB). Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The reporting requirements for these benefit programs as they pertain to the District are set forth below.

Plan Description – Eligibility

The District pays a portion of the cost of health insurance for retirees (including prescription drug benefits) under any group plan offered by the CalPERS Health Program, subject to certain restrictions as determined by the District.

Membership in the OPEB plan consisted of the following members as of June 30, 2015:

Active plan members	63
Retirees and beneficiaries receiving benefits	19
Separated plan members entitled to but not yet receiving benefits	-
Total plan membership	<u><u>82</u></u>

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Net Other Post-Employment Benefits Obligation (Continued)

Plan Description – Benefits

The District offers post employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District’s CalPERS Health Program, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.

Funding Policy

The District contributes the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District will pay a fixed contribution towards the cost of the post-employment benefit plan for those employees who meet the required service years for retirement from the District. The District funds the plan on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2015, the District’s annual OPEB cost was \$1,049,976. The District’s net OPEB obligation amounted to \$5,500,000 for the year ended June 30, 2015. The District contributed \$187,468 for retiree healthcare OPEB premiums, for the year ended June 30, 2015.

Annual OPEB cost:	
Annual required contribution (ARC)	\$ 1,101,403
Interest on beginning net OPEB obligation	185,500
Adjustment to annual required contribution	(236,927)
Total annual OPEB cost	1,049,976
Contributions made	
	(187,468)
Total change in net OPEB obligation	862,508
Net OPEB obligation:	
Beginning of year	4,637,492
End of year	\$ 5,500,000

The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>				
Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost of Retiree Benefits	Net OPEB Obligation
2015	\$ 1,049,976	\$ 187,468	17.85%	\$ 5,500,000
2014	806,993	183,750	22.77%	4,637,492
2013	976,620	141,012	14.44%	3,830,499

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Net Other Post-Employment Benefits Obligation (Continued)

The most recent valuation (June 30, 2013) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$10,121,028. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2013, was estimated at \$4,147,630. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 244%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

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

Valuation date	July 1, 2013
Actuarial cost method	Projected unit credit
Amortization method	30 year level dollar
Remaining amortization period	25 years as of the valuation date
Asset valuation method:	15 year smoothed market
Actuarial assumptions:	
Investment rate of return	2.50%
Projected salary increase	3.25%
Inflation - discount rate	4.00%
Healthcare trend rate	8.00%

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Defined Benefit Pension Plans

Summary of Defined Benefit Pension Plans

<u>Type of Account</u>	<u>Balance as of July 1, 2014 (As Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2015</u>
Deferred Outflows of Resources:				
Employer contributions to pension plan made after the measurement date:				
Miscellaneous Plan -Classic	\$ 441,097	\$ 608,372	\$ (441,097)	\$ 608,372
Changes in employer contributions and differences between proportionate share of pension expense:				
Miscellaneous Plan -Classic	122,297	-	(32,183)	90,114
Total deferred outflows of resources	<u>\$ 563,394</u>	<u>\$ 608,372</u>	<u>\$ (473,280)</u>	<u>\$ 698,486</u>
Net Pension Liability:				
Miscellaneous Plan -Classic	<u>\$ 5,544,028</u>	<u>\$ -</u>	<u>\$ (1,162,684)</u>	<u>\$ 4,381,344</u>
Deferred Inflows of Resources:				
Recognized net differences between projected and actual earnings on pension plan investments:				
Miscellaneous Plan -Classic	\$ -	\$ 1,400,541	\$ (280,108)	\$ 1,120,433
Recognized portion of adjustment due to differences in proportions:				
Miscellaneous Plan -Classic	-	68,955	(18,146)	50,809
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 1,469,496</u>	<u>\$ (298,254)</u>	<u>\$ 1,171,242</u>

Plans Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of CalPERS annual financial report may be obtained from their Executive Office: 400 P Street, Sacramento, CA 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment and can only be amended by the District's Board of Directors.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Defined Benefit Pension Plans (Continued)

Benefits Provided (Continued)

The Plan’s provisions and benefits in effect as of June 30, 2014, the measurement date, are summarized as follows:

Miscellaneous Plan
CLOSED TO NEW MEMBERS

Hire date	Prior to December 24, 2012
Benefit formula	2.0% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Final Average Compensation Period	12 months
Retirement age	50-67 & up
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%
Required employee contribution rates	6.89%
Required employer contribution rates	15.118%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%

PEPRA Miscellaneous Plan

Hire date	On or after January 1, 2013
Benefit formula	2.0% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Final Average Compensation Period	36 months
Retirement age	52-67
Monthly benefits, as a % of eligible compensation	1.0-2.5%
Required employee contribution rates	6.50%
Required employer contribution rates	6.50%
Pre-Retirement Death Benefit	Optional Settlement 2W
Post-Retirement Death Benefit	\$500 Lump Sum
Non-Industrial Standard Disability	1.8% of final compensation X multiplied by service
COLA	2.00%

Employees Covered

As of June 30, 2013, from the actuarial report, the following employees were covered by the benefit terms for the Plan:

	Misc. Plan - Classic
Inactive employees or beneficiaries currently receiving benefits	<u>27</u>
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>56</u>
Total	<u><u>108</u></u>

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Defined Benefit Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by 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 the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For period ended June 30, 2014 (the measurement date), the active employee contribution rate is 6.89% of annual pay and the average employer’s contribution rate is 15.118% of the annual payroll for the Miscellaneous Plan.

For the year ended June 30, 2014, at the measurement date, the contributions made for the Plan were as follows:

	Misc. Plan - Classic
Contributions - employer	\$ 563,394
Contributions - employee	261,869
Total	\$ 825,263

Pension Liability

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Misc. Plan - Classic
Proportionate Share of Net Pension Liability	\$ 4,381,344

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period.

CalPERS Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
Miscellaneous Plan - Classic			
Balance as of June 30, 2013 (Valuation Date)	\$ 19,530,840	\$ 13,986,812	\$ 5,544,028
Balance as of June 30, 2014 (Measurement Date)	20,693,113	16,311,769	4,381,344
Change in Plan Net Pension Liability	\$ 1,162,273	\$ 2,324,957	\$ (1,162,684)

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Defined Benefit Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2013). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contribution made by all employers during the measurement period (2013-14).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The Plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employee on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The District’s proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 are as follows:

	Misc. Plan - Classic
Proportion June 30, 2013	0.07041%
Proportion June 30, 2014	0.07041%
Change - Increase (Decrease)	0.00000%

For the year ended June 30, 2015, the District recognized pension expense of \$481,838.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Defined Benefit Pension Plans (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions to pension plan made after measurement date	\$ 608,372	\$ -
Changes in employer contributions and differences between proportionate share of pension expense	90,114	-
Recognized portion of adjustment due to differences in proportions	-	(50,809)
Differences between projected and actual earnings on pension plan investments	-	(1,120,433)
Total	<u>\$ 698,486</u>	<u>\$ (1,171,242)</u>

The \$608,372 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended June 30, 2016. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 32,184	\$ (298,254)
2017	32,183	(298,254)
2018	25,747	(294,625)
2019	-	(280,109)
2020	-	-
Thereafter	-	-
Total	<u>\$ 90,114</u>	<u>\$ (1,171,242)</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Misc. Plan - Classic</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	varies by entry age and service (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)

- (1) Depending on age, service, and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvement using Society of actuaries Scale BB.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Defined Benefit Pension Plans (Continued)

Actuarial Assumptions (Continued)

There were no changes in assumptions, benefit terms, or other inputs that affected the measurement of the net pension liability. There were no changes between the measurement date of the net pension liability and the reporting date. The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuations were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

1. In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Defined Benefit Pension Plans (Continued)

Discount Rate (Continued)

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)
(a) an expected inflation of 2.5% for this period			
(b) an expected inflation of 3.0% for this period			

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

	<u>Misc. Plan - Classic</u>
1% Decrease	6.50%
Net Pension Liability	\$ 7,126,549
Current Discount Rate	7.50%
Net Pension Liability	\$ 4,381,344
1% Increase	8.50%
Net Pension Liability	\$ 2,103,085

Pension Plan Fiduciary Net Position

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

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – Prior Period Adjustments

As a result of the implementation of GASB Statements No. 68 and 71, net position as of July 1, 2014 was restated as follows:

Net position at July 1, 2014, as previously reported	\$	<u>106,984,522</u>
Net pension liability		(5,544,028)
Employer contributions to pension plan made after the measurement date		441,097
Changes in employer contributions and differences between proportionate share of pension expense		<u>122,297</u>
Total prior period adjustments		<u>(4,980,634)</u>
Net position at July 1, 2014, as restated	\$	<u><u>102,003,888</u></u>

Note 10 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2015 was as follows:

Net investment in capital assets:		
Capital assets, net	\$	112,773,459
Bonds payable - current		(1,125,000)
Bonds payable - noncurrent		<u>(23,955,000)</u>
Total net investment in capital assets	\$	<u><u>87,693,459</u></u>

Note 11 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self insured losses and to purchase excess insurance coverage. At June 30, 2015, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$2,000,000, combined single limit at \$2,000,000 per occurrence. The JPIA purchases additional excess coverage layers: \$60 million per occurrence for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

West Valley Water District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 – Risk Management (Continued)

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

- Employee dishonesty coverage up to \$100,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$100 million per occurrence, subject to a \$2,500 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$50 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers' compensation insurance up to California statutory limits for all work related injuries/illnesses covered by California law. Coverage is through the Special Districts Risk Management Authority.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the year ending June 30, 2015. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2015.

Note 12 – Commitments and Contingencies

Construction Contracts

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

Litigation

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

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REQUIRED SUPPLEMENTARY INFORMATION

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**West Valley Water District
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2015**

**Schedule of Proportionate Share of the Net Pension Liability
District's Plans
(Last Ten Years*)**

	FY 2013-14
<u>Miscellaneous Plan</u>	
Proportion of the net pension liability	0.07041%
Proportionate share of the net pension liability	\$ 4,381,344
Covered - employee payroll	\$ 3,776,382
Proportionate share of the net pension liability as percentage of covered-employee payroll	116.02%
Plan's fiduciary net position as percentage of the total pension liability	78.83%
Proportionate share of aggregate employer contributions	\$ 441,097

* Historical information is required only for measurement periods for which GASB No. 68 is applicable.

West Valley Water District
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Schedule of Contributions
District's Plans
(Last Ten Years*)

	FY 2014-15	FY 2013-14
<u>Miscellaneous Plan</u>		
Actuarially determined contribution	\$ 600,451	\$ 563,394
Contributions in relation to the actuarially determined contribution	(600,451)	(563,394)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 3,889,673	\$ 3,776,382
Contributions as a percentage of covered-employee payroll	15.44%	14.92%

Notes to Schedule:

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact.

Changes of Assumption - There were no changes in assumptions.

Valuation Date:	June 30, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Average Remaining Period	20 years as of the valuation date
Assets Valuation Method	15 years smoothed market
Inflation	2.75%
Salary increases	3.30% - 14.20% depending on age, service and type of employment
Payroll growth	3.00%
Investment rate of return	7.50% net of administrative expenses

* Historical information is required only for measurement periods for which GASB No. 68 is applicable.

West Valley Water District
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Schedule of Funding Progress on Other Post-Employment Benefit Plan

Actuarial Valuation Date	Accrued Liability (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	\$ -	\$ 10,121,028	\$ 10,121,028	-	\$ 4,147,630	244.02%
July 1, 2011	-	10,360,723	10,360,723	-	4,136,087	250.50%
July 1, 2008	-	7,369,854	7,369,854	-	3,334,696	221.01%

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2018 based on the year ending June 30, 2017.

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SUPPLEMENTARY INFORMATION

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West Valley Water District
Combining Balance Sheet
June 30, 2015

<u>ASSETS</u>	<u>Water District</u>	<u>Assessment District 97-1</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 11,559,343	\$ -	\$ 11,559,343
Investments	14,562,258	-	14,562,258
Accrued interest receivable	9,578	-	9,578
Accounts receivable – water sales and services, net	1,849,668	-	1,849,668
Accounts receivable – redevelopment pass-through	41,081	-	41,081
Accounts receivable – other	79,635	-	79,635
Property taxes receivable	16,021	-	16,021
Due from other governments	438,490	-	438,490
Materials and supplies inventory	277,193	-	277,193
Prepaid water	71,745	-	71,745
Prepaid items	607,813	-	607,813
Total current assets	29,512,825	-	29,512,825
Noncurrent assets:			
Restricted – cash and cash equivalents	6,645,864	76,241	6,722,105
Restricted – accrued interest receivable	1,469	-	1,469
Restricted – assessments receivable	-	80,302	80,302
Water stock – Fontana Union Water Company	1,307	-	1,307
Tax increment pass-through receivable	575,142	-	575,142
Capital assets, net	112,773,459	-	112,773,459
Water participation rights, net	8,359,750	-	8,359,750
Total noncurrent assets	128,356,991	156,543	128,513,534
Total assets	157,869,816	156,543	158,026,359
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources:			
Employer contributions to pension plan made after measurement date	608,372	-	608,372
Changes in employer contributions and differences between proportionate share of pension expense	90,114	-	90,114
Total deferred outflows of resources	698,486	-	698,486
Total assets and deferred outflows of resources	\$ 158,568,302	\$ 156,543	\$ 158,724,845

West Valley Water District
Combining Balance Sheet (Continued)
June 30, 2015

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 1,656,219	\$ -	\$ 1,656,219
Accrued salaries and related payables	160,733	-	160,733
Pass-through utility user taxes payable	61,395	-	61,395
Customer deposits	1,434,428	-	1,434,428
Construction advances and deposits	768,841	-	768,841
Accrued interest payable	267,807	1,877	269,684
Long-term liabilities – due within one year:			
Compensated absences	256,727	-	256,727
Contract payable	321,529	-	321,529
Bonds payable	1,090,000	35,000	1,125,000
Total current liabilities	6,017,679	36,877	6,054,556

Noncurrent liabilities:

Deferred revenue – developers	587,587	-	587,587
Deferred revenue – tax increment pass-through	575,142	-	575,142
Long-term liabilities – due in more than one year:			
Compensated absences	315,049	-	315,049
Net other post-employment benefits payable	5,500,000	-	5,500,000
Contract payable	8,038,221	-	8,038,221
Bonds payable	23,880,000	75,000	23,955,000
Net pension liability	4,381,344	-	4,381,344
Total noncurrent liabilities	43,277,343	75,000	43,352,343
Total liabilities	49,295,022	111,877	49,406,899

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources:

Differences between projected and actual earnings on pension plan investments	1,120,433	-	1,120,433
Recognized portion of adjustment due to differences in proportions	50,809	-	50,809
Total deferred inflows of resources	1,171,242	-	1,171,242

NET POSITION

Net position:

Net investment in capital assets	87,693,459	-	87,693,459
Restricted – capital projects	5,360,944	-	5,360,944
Restricted – debt service	5,828,586	44,666	5,873,252
Unrestricted	9,219,049	-	9,219,049
Total net position	108,102,038	44,666	108,146,704
Total liabilities, deferred inflows of resources and net position	\$ 158,568,302	\$ 156,543	\$ 158,724,845

West Valley Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	<u>Water District</u>	<u>Assessment District 97-1</u>	<u>Total</u>
Operating revenues:			
Water consumption sales	\$ 16,246,445	\$ -	\$ 16,246,445
Water service charges	6,061,174	-	6,061,174
Other operating revenue	2,704,540	-	2,704,540
Total operating revenues	<u>25,012,159</u>	<u>-</u>	<u>25,012,159</u>
Operating expenses:			
Source of supply	960,369	-	960,369
Pumping	4,524,032	-	4,524,032
Water treatment	1,680,613	-	1,680,613
Transmission and distribution	1,907,194	-	1,907,194
Customer accounts	2,104,526	-	2,104,526
Conservation	383,739	-	383,739
Bio-remediation	308,193	-	308,193
General and administrative	5,165,955	-	5,165,955
Total operating expenses	<u>17,034,621</u>	<u>-</u>	<u>17,034,621</u>
Operating income before depreciation	7,977,538	-	7,977,538
Depreciation expense	(7,268,297)	-	(7,268,297)
Amortization of water participation rights	(321,529)	-	(321,529)
Operating income	<u>387,712</u>	<u>-</u>	<u>387,712</u>
Non-operating revenues(expenses):			
Property taxes	1,658,936	-	1,658,936
Interest and investment earnings	59,065	6,306	65,371
Rental revenue	32,207	-	32,207
Gain(loss) on sale of capital asset	24,644	-	24,644
Interest expense	(1,142,181)	(6,656)	(1,148,837)
Debt administration expense	(19,740)	-	(19,740)
Other non-operating revenue, net	208,258	(5,910)	202,348
Total non-operating revenues, net	<u>821,189</u>	<u>(6,260)</u>	<u>814,929</u>
Net income before capital contributions	<u>1,208,901</u>	<u>(6,260)</u>	<u>1,202,641</u>
Capital contributions:			
Capital grant	50,000	-	50,000
Developer contributions	3,977,745	-	3,977,745
Facility charges	912,430	-	912,430
Total capital contributions	<u>4,940,175</u>	<u>-</u>	<u>4,940,175</u>
Change in net position	<u>6,149,076</u>	<u>(6,260)</u>	<u>6,142,816</u>
Net position:			
Beginning of year	106,933,596	50,926	106,984,522
Prior period adjustment	(4,980,634)	-	(4,980,634)
End of year	<u>\$ 108,102,038</u>	<u>\$ 44,666</u>	<u>\$ 108,146,704</u>

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STATISTICAL SECTION

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**West Valley Water District
Statistical Section (Unaudited)
Last Ten Years**

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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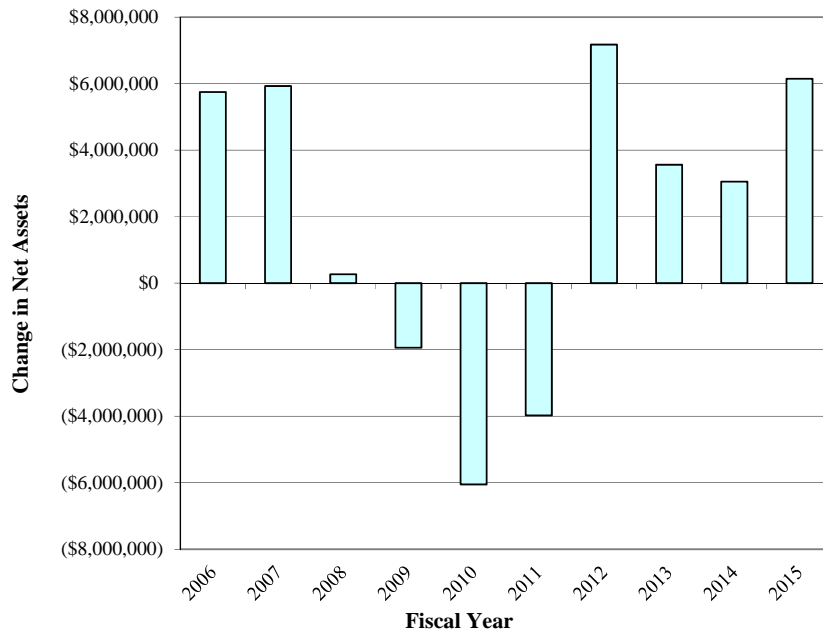
	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	72
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant own-source revenue, water sales.	74
Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	80
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	82
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	83

West Valley Water District

Changes in Net Position and Net Position by Component Last Ten Years

Schedule 1

	Fiscal Year				
	2006	2007	2008	2009	2010
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 9,585,883	\$ 12,649,898	\$ 11,952,084	\$ 12,516,368	\$ 12,847,976
Operating expenses (see Schedule 3)	(9,876,734)	(11,769,102)	(13,143,682)	(14,239,766)	(15,076,628)
Depreciation and amortization	(2,673,162)	(2,884,865)	(3,124,657)	(3,435,901)	(5,931,124)
Operating income(loss)	<u>(2,964,013)</u>	<u>(2,004,069)</u>	<u>(4,316,255)</u>	<u>(5,159,299)</u>	<u>(8,159,776)</u>
Non-operating revenues(expenses):					
Property taxes	341,795	1,056,260	1,218,693	1,368,431	1,160,572
Interest and investment earnings	1,020,033	1,377,234	1,349,096	367,362	92,589
Rental income - cellular antennas	25,683	25,923	24,629	26,116	41,767
Gain/(loss) on sale/disposition of capital assets	(6,920)	1,350	-	18,486	(15,414)
Expense Reimbursement	-	-	-	-	-
Interest expense - long term debt	(765,948)	(1,800,506)	(1,358,255)	(1,323,745)	(1,289,174)
Pension Related debt	-	-	-	(1,264,902)	-
Amortization of deferred charges	(22,848)	(36,356)	(48,474)	(48,474)	(48,474)
Other non-operating revenue/(expense), net	850,206	679,361	1,066,092	841,471	(505,204)
Total non-operating revenues(expenses), net	<u>1,442,001</u>	<u>1,303,266</u>	<u>2,251,781</u>	<u>(15,255)</u>	<u>(563,338)</u>
Net income (loss) before capital contributions	<u>(1,522,012)</u>	<u>(700,803)</u>	<u>(2,064,474)</u>	<u>(5,174,554)</u>	<u>(8,723,114)</u>
Capital contributions	7,270,164	6,628,672	2,331,245	3,233,296	2,672,626
Changes in net position	<u>\$ 5,748,152</u>	<u>\$ 5,927,869</u>	<u>\$ 266,771</u>	<u>\$ (1,941,258)</u>	<u>\$ (6,050,488)</u>
Net position by component:					
Net investment in capital assets	\$ 66,529,993	\$ 73,722,823	\$ 69,334,292	\$ 74,414,772	\$ 74,814,533
Restricted for capital projects	1,005,144	2,842,857	8,756,776	7,741,740	7,177,336
Restricted for debt service	68,148	68,908	69,100	57,555	55,816
Unrestricted	28,333,108	25,229,674	23,970,865	17,975,708	12,145,548
Total net assets	<u>\$ 95,936,393</u>	<u>\$ 101,864,262</u>	<u>\$ 102,131,033</u>	<u>\$ 100,189,775</u>	<u>\$ 94,193,233</u>



Source: West Valley Water District Accounting Department

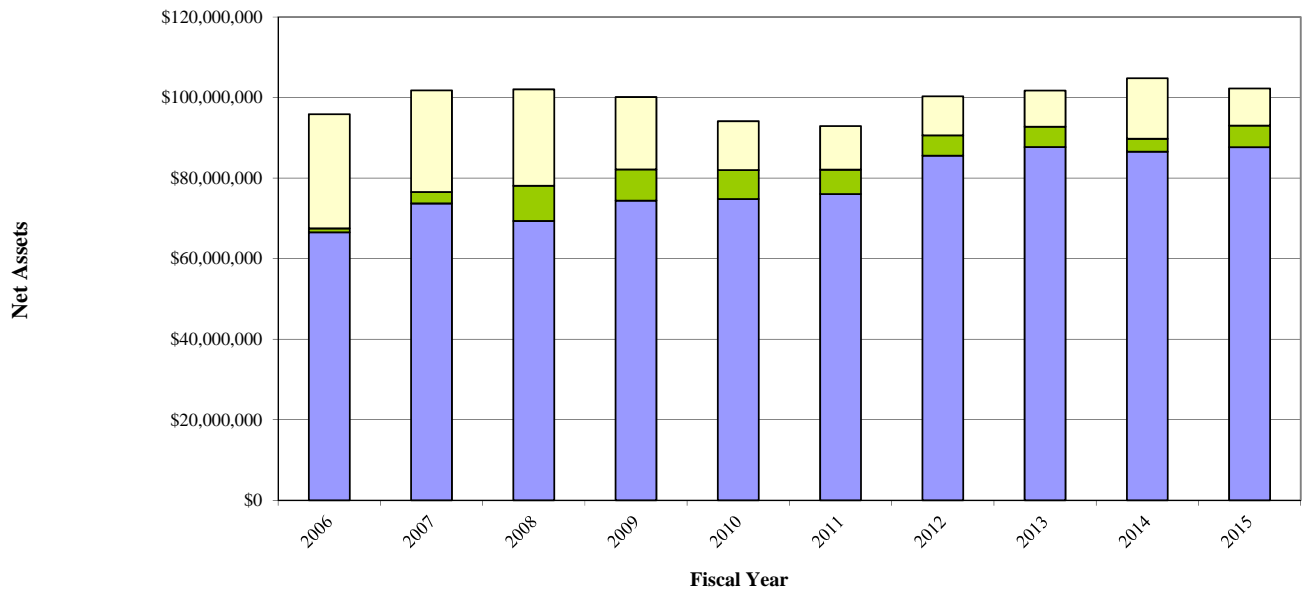
West Valley Water District

Changes in Net Position and Net Position by Component (Continued)

Last Ten Years

Schedule 1

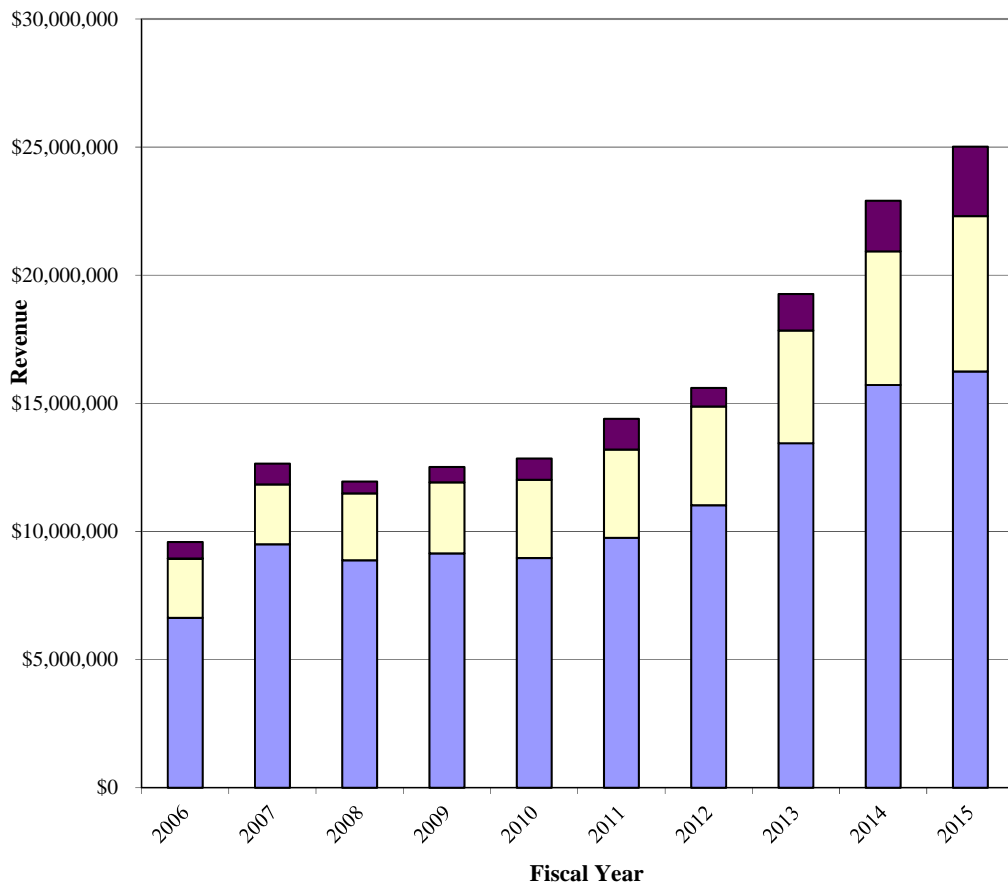
	Fiscal Year				
		As Restated	As Restated		
	2011	2012	2013	2014	2015
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 14,396,755	\$ 15,601,438	\$ 19,264,708	\$ 22,907,911	\$ 25,012,159
Operating expenses (see Schedule 3)	(15,152,541)	(14,146,510)	(15,781,608)	(16,995,392)	(17,034,621)
Depreciation and amortization	(7,183,269)	(6,751,348)	(6,734,329)	(7,554,520)	(7,589,826)
Operating income(loss)	<u>(7,939,055)</u>	<u>(5,296,420)</u>	<u>(3,251,229)</u>	<u>(1,642,001)</u>	<u>387,712</u>
Non-operating revenues(expenses):					
Property taxes	1,268,513	1,422,629	1,760,434	1,459,571	1,658,936
Interest and investment earnings	87,581	60,255	48,171	64,380	65,371
Rental income - cellular antennas	42,393	27,714	35,663	26,746	32,207
Gain/(loss) on sale/disposition of capital assets	3,137	16,171	-	45,650	24,644
Expense Reimbursement	-	-	2,000,000	-	-
Interest expense - long term debt	(1,339,178)	(1,295,266)	(1,246,914)	(1,196,877)	(1,148,837)
Pension Related debt	-	-	-	-	-
Amortization of deferred charges	(48,474)	(48,474)	(601,613)	(19,740)	(19,740)
Other non-operating revenue/(expense), net	56,826	(146,563)	55,737	34,575	202,348
Total non-operating revenues(expenses), net	<u>70,798</u>	<u>36,466</u>	<u>2,051,478</u>	<u>414,305</u>	<u>814,929</u>
Net income (loss) before capital contributions	<u>(7,868,257)</u>	<u>(5,259,954)</u>	<u>(1,199,751)</u>	<u>(1,227,696)</u>	<u>1,202,641</u>
Capital contributions	3,893,837	12,431,630	4,760,891	4,283,248	4,940,175
Changes in net position	<u>\$ (3,974,420)</u>	<u>\$ 7,171,676</u>	<u>\$ 3,561,140</u>	<u>\$ 3,055,552</u>	<u>\$ 6,142,816</u>
Net position by component:					
Net investment in capital assets	\$ 76,040,629	\$ 85,587,880	\$ 87,705,995	\$ 86,581,350	\$ 87,693,459
Restricted for capital projects	6,061,134	5,058,581	5,061,866	3,190,652	5,360,944
Restricted for debt service	56,104	55,093	2,196,172	2,194,435	5,873,252
Unrestricted	10,824,854	9,666,276	8,964,937	15,018,085	9,219,049
Total net assets	<u>\$ 92,982,721</u>	<u>\$ 100,367,830</u>	<u>\$ 103,928,970</u>	<u>\$ 106,984,522</u>	<u>\$ 108,146,704</u>



West Valley Water District Operating Revenue by Source Last Ten Years

Schedule 2

Fiscal Year	Water Consumption Sales	Water Service Charges	Other Operating Income	Total Operating Revenue
2006	\$ 6,625,716	\$ 2,319,087	\$ 641,080	\$ 9,585,883 (1)
2007	9,499,311	2,336,071	814,516	12,649,898
2008	8,872,941	2,609,836	469,307	11,952,084
2009	9,145,285	2,767,715	603,368	12,516,368
2010	8,961,085	3,053,040	833,851	12,847,976
2011	9,750,303	3,448,236	1,198,216	14,396,755
2012	11,019,032	3,855,757	726,649	15,601,438
2013	13,442,407	4,398,803	1,423,498	19,264,708
2014	15,715,734	5,214,461	1,977,716	22,907,911
2015	16,246,445	6,061,174	2,704,540	25,012,159



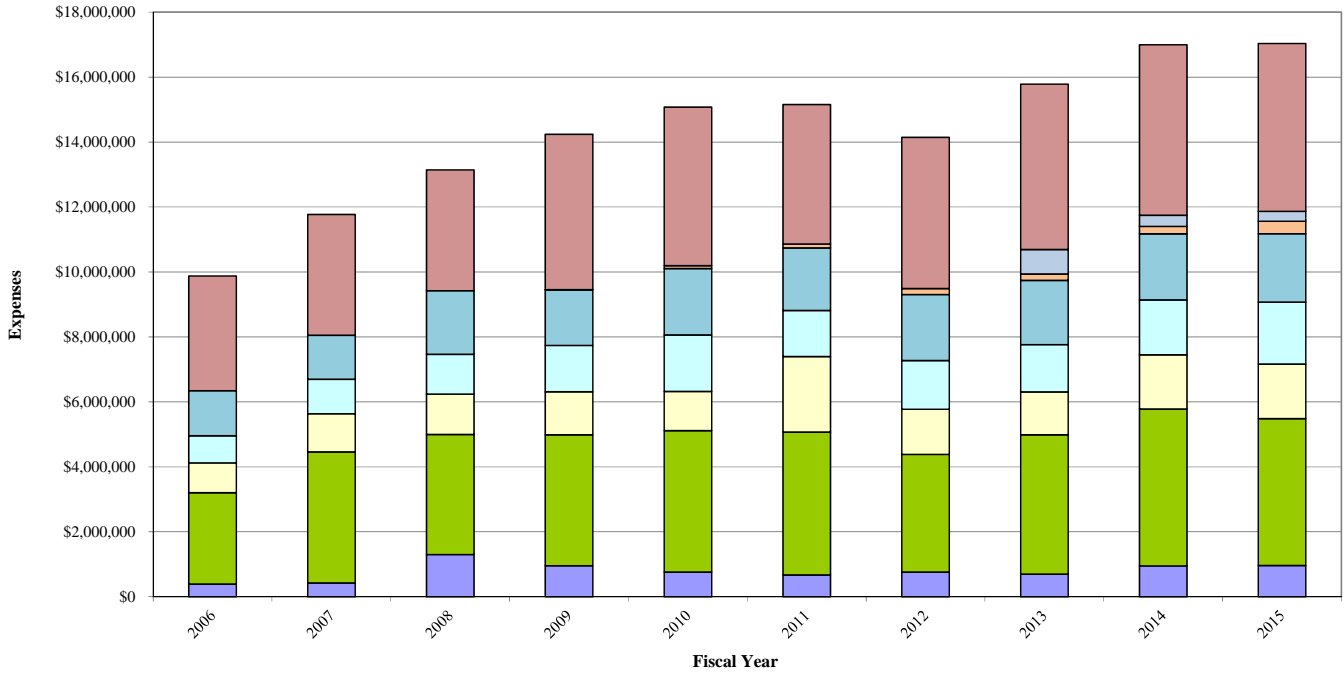
Notes: (1) Operating revenues were recategorized in 2006

Source: West Valley Water District Accounting Department

West Valley Water District Operating Expenses by Activity Last Ten Years

Schedule 3

Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Customer Accounts	Conservation	Bioremediation	General and Administrative	Total Operating Expenses
2006	\$ 392,681	\$ 2,812,655	\$ 919,408	\$ 831,875	\$ 1,389,227	\$ -	\$ -	\$ 3,530,888	\$ 9,876,734
2007	426,103	4,036,380	1,172,713	1,061,602	1,354,056	-	-	3,718,248	11,769,102
2008	1,300,832	3,696,297	1,242,661	1,225,763	1,956,901	-	-	3,721,228	13,143,682
2009	956,940	4,030,155	1,326,083	1,426,379	1,716,249	228	-	4,783,732	14,239,766
2010	760,170	4,356,011	1,204,436	1,740,459	2,043,316	90,123	-	4,882,113	15,076,628
2011	671,055	4,401,510	2,325,866	1,417,810	1,923,981	122,064	-	4,290,255	15,152,541
2012	759,898	3,624,258	1,388,672	1,500,136	2,032,390	183,840	-	4,657,316	14,146,510
2013	698,507	4,288,300	1,323,713	1,451,836	1,977,941	199,973	752,907	5,088,431	15,781,608
2014	951,189	4,831,597	1,668,548	1,687,965	2,035,498	229,295	342,780	5,248,520	16,995,392
2015	960,369	4,524,032	1,680,613	1,907,194	2,104,526	383,739	308,193	5,165,955	17,034,621

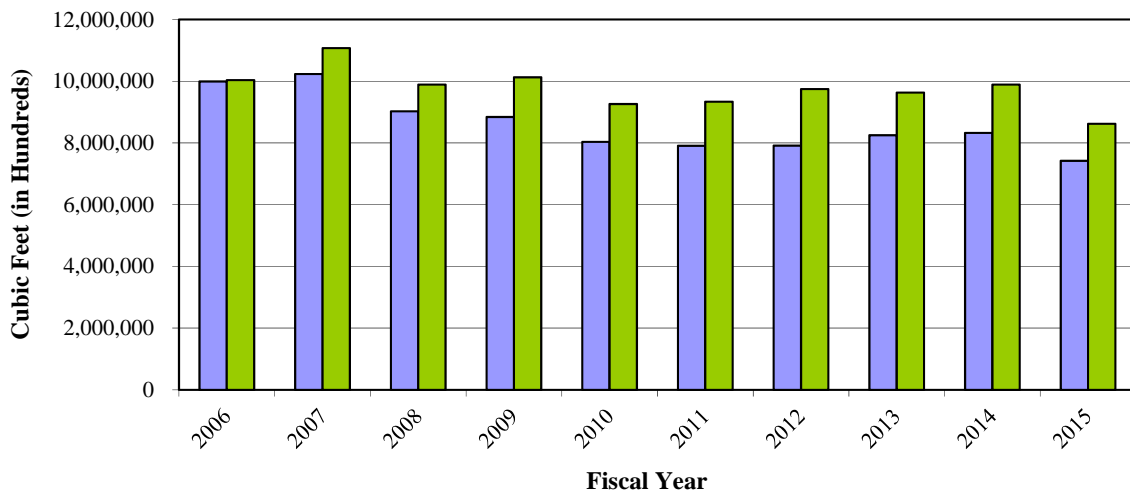


Source: West Valley Water District Accounting Department

West Valley Water District Revenue Base Last Ten Years

Schedule 4

Fiscal Year	Water Sales (HCF)	Water Produced (HCF)
2006	9,990,477	10,034,917
2007	10,232,514	11,070,338
2008	9,023,167	9,888,556
2009	8,838,936	10,128,571
2010	8,036,066	9,261,727
2011	7,909,036	9,337,086
2012	7,912,309	9,742,948
2013	8,250,812	9,629,632
2014	8,323,184	9,891,169
2015	7,419,170	8,621,349



Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

Source: West Valley Water District Accounting Department

West Valley Water District

Revenue Rates

Last Ten Years

Schedule 5

Water Consumption per Hundred Cubic Feet (HCF)

Service Type	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire	\$ 46.00	\$ 50.00	\$ 50.00	\$ 55.00	\$ 60.50	\$ 67.00	\$ 74.00	n/a	n/a	n/a
Tier 1								80.00	92.50	106.50
Tier 2								87.50	100.00	115.00
Tier 3								95.00	110.00	126.50
Golf Course	0.50	0.66	0.66	0.70	0.77	0.85	0.94	By contract	By contract	By contract
Hydrant	1.50	1.63	1.63	1.80	1.98	2.18	2.40	2.76	2.76	2.76
Irrigation:										
Demand	0.40	0.50	0.50	0.55	0.61	0.68	0.75	By contract	By contract	By contract
Gravity Flow	0.40	0.50	0.50	0.55	0.61	0.68	0.75	By contract	By contract	By contract
Pressure	0.57	0.72	0.72	0.80	0.88	0.97	1.07	By contract	By contract	By contract
Water	0.80	1.00	1.00	1.10	1.21	1.34	1.48	n/a	n/a	n/a
Tier 1								1.60	1.85	2.13
Tier 2								1.75	2.00	2.30
Tier 3								1.90	2.20	2.53

Connection Fees Per Month

Meter Size	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire										
5/8" & 3/4"	\$ 5.00	\$ 6.25	\$ 6.25	\$ 6.88	\$ 7.57	\$ 8.33	\$ 9.17	\$ 10.54	\$ 10.54	\$ 10.54
1"	5.00	6.25	6.25	6.88	7.57	8.33	9.17	10.54	10.54	10.54
1 1/2"	7.50	9.38	9.38	10.32	11.36	12.50	13.76	15.81	15.81	15.81
2"	10.00	12.50	12.50	13.76	15.14	16.66	18.34	21.08	21.08	21.08
3"	15.00	18.75	18.75	20.64	22.71	24.99	27.51	31.62	31.62	31.62
4"	20.00	25.00	25.00	27.52	30.28	33.32	36.68	42.16	42.16	42.16
6"	30.00	37.50	37.50	41.28	45.42	49.98	55.02	63.24	63.24	63.24
8"	40.00	50.00	50.00	55.04	60.56	66.64	73.36	84.32	84.32	84.32
Golf Course										
All Sizes	\$ 34.75	\$ 39.38	\$ 39.38	\$ 43.32	\$ 47.66	\$ 52.43	\$ 57.68	By contract	By contract	By contract
Hydrant										
All Sizes	\$ 34.75	\$ 43.45	\$ 43.45	\$ 47.80	\$ 52.58	\$ 57.84	\$ 63.63	73.17	73.17	73.17
Irrigation										
All Sizes:										
Demand	\$ 34.75	\$ 39.38	\$ 39.38	\$ 43.32	\$ 47.66	\$ 52.43	\$ 57.68	By contract	By contract	By contract
Gravity Flow	34.75	39.38	39.38	43.32	47.66	52.43	57.68	By contract	By contract	By contract
Pressure	34.75	39.38	39.38	43.32	47.66	52.43	57.68	By contract	By contract	By contract
Water										
5/8" & 3/4"	\$ 7.96	\$ 9.96	\$ 9.96	\$ 10.96	\$ 12.06	\$ 13.27	\$ 14.60	16.79	19.31	22.21
1"	11.87	14.84	14.84	16.33	17.97	19.77	21.75	25.01	28.76	33.07
1 1/2"	17.51	21.90	21.90	24.09	26.50	29.15	32.07	36.88	42.41	48.77
2"	24.12	30.16	30.16	33.18	36.50	40.15	44.17	50.80	58.42	67.18
3"	35.02	43.79	43.79	48.17	52.99	58.29	64.12	73.74	84.80	97.52
4"	46.17	57.71	57.71	63.50	69.85	76.84	84.53	97.21	111.79	128.56
6"	70.05	87.56	87.56	96.33	105.97	116.57	128.23	147.46	169.58	195.02
8"	93.92	117.40	117.40	129.16	142.08	156.29	171.92	197.71	227.37	261.48

Note 1: Out of District rates for Water Service are one and a half times the In District rates.

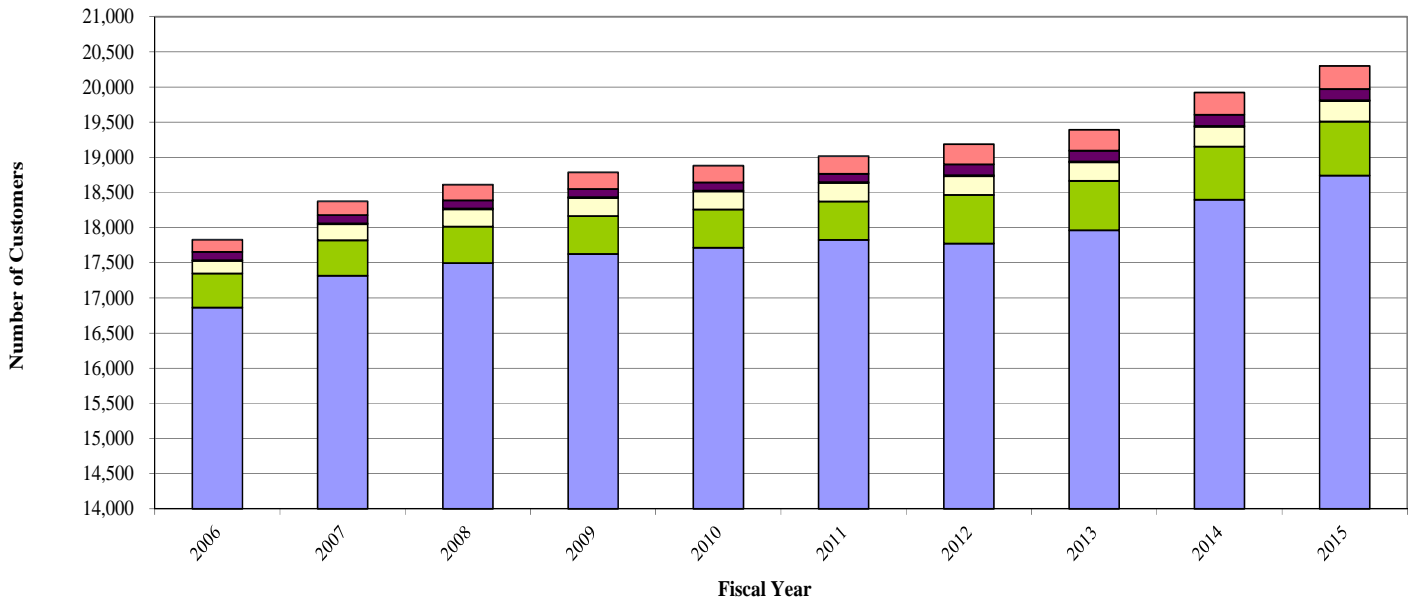
Note 2: The rates for Golf Course and Irrigation Services are by written agreement between the user and the District.

Source: West Valley Water District Board of Directors approved rate ordinances and resolutions

West Valley Water District Customers by Type Last Ten Years

Schedule 6

Fiscal Year	Customer Type							Total
	Residential	Commercial	Fire Service	Irrigation	Multi-Family	Park way	Golf Course	
2006	16,862	486	179	10	117	174	1	17,829
2007	17,315	505	230	11	117	197	1	18,376
2008	17,495	519	247	11	117	223	1	18,613
2009	17,624	541	257	11	117	235	1	18,786
2010	17,715	543	257	11	117	238	1	18,882
2011	17,824	549	262	12	117	253	1	19,018
2012	17,773	692	267	13	155	287	0	19,187
2013	17,961	703	266	10	155	296	0	19,391
2014	18,397	754	284	11	159	316	0	19,921
2015	18,740	769	292	11	159	330	0	20,301



Note: As a result of the 2012 rate study, certain accounts were reclassified to other types.

Source: West Valley Water District Accounting Department

**West Valley Water District
Principal Customers
Current Year and Nine Years Ago**

Schedule 7

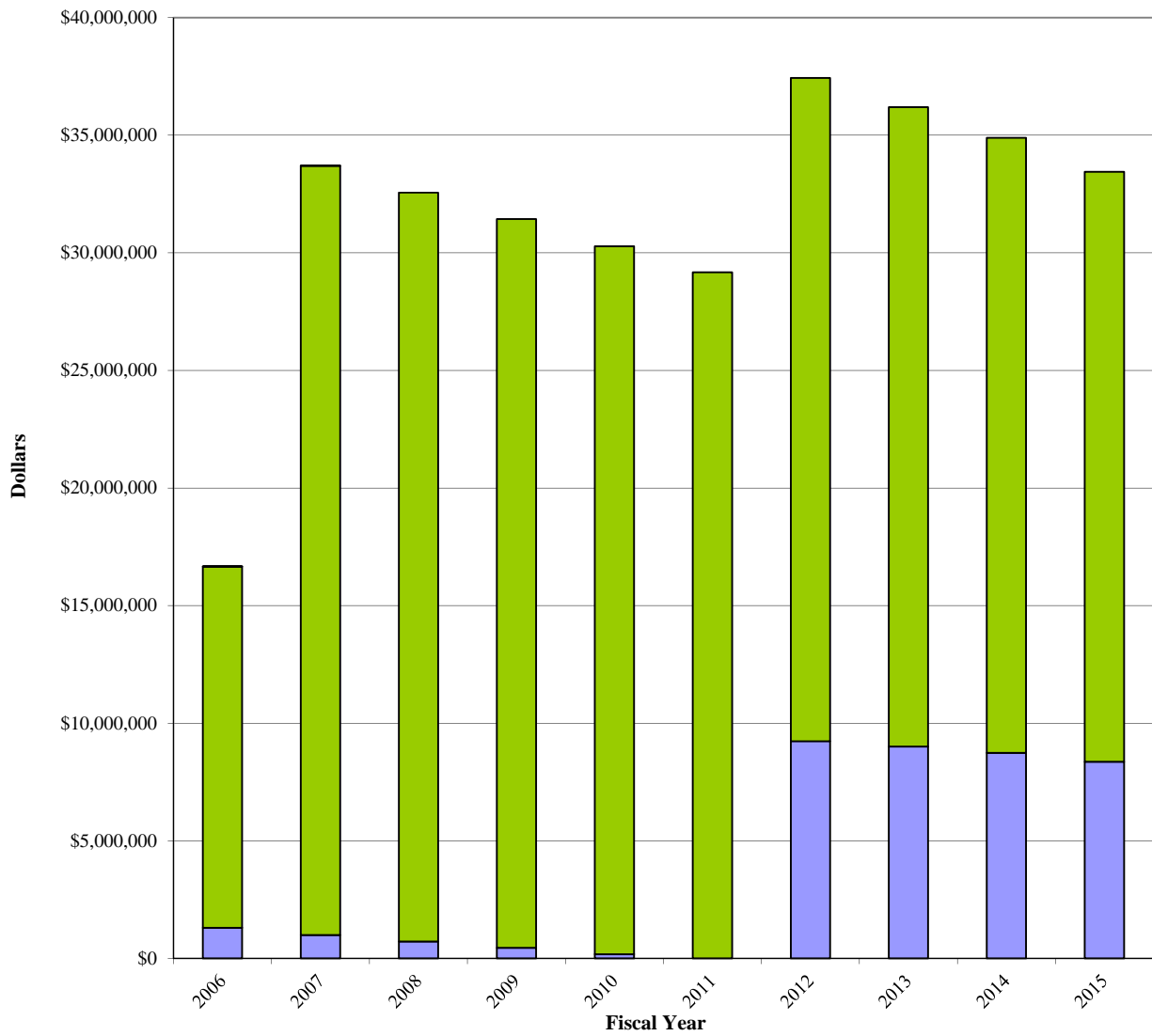
<u>Customer</u>	<u>2015</u>		<u>2006</u>	
	<u>Water Consumed</u>	<u>Percentage of Total</u>	<u>Water Consumed</u>	<u>Percentage of Total</u>
Rialto Unified School District	256,199	3.45%	248,835	2.49%
City of Rialto	165,347	2.23%	173,615	1.74%
Colton Joint Unified School District	160,124	2.16%	132,744	1.33%
Robertson's Ready Mix	151,902	2.05%	179,828	1.80%
Target	119,954	1.62%	45,560	0.46%
City of Fontana	94,919	1.28%	27,732	0.28%
Lennar Homes	91,632	1.24%	-	0.00%
My Montceito III	69,886	0.94%	92,153	0.92%
Aramark Uniform Services	69,557	0.94%	-	0.00%
Milan Capital Management, Inc.	44,563	0.60%	28,726	0.29%
Total	<u>1,224,083</u>	<u>16.50%</u>	<u>929,193</u>	<u>9.30%</u>
Total Water Consumed (HCF)	<u>7,419,170</u>	<u>100.00%</u>	<u>9,990,477</u>	<u>100.00%</u>

Source: West Valley Water District Accounting Department

West Valley Water District Ratios of Outstanding Debt by Type Last Ten Years

Schedule 8

Fiscal Year	Contracts Payable	Bonds Payable	Notes Payable	Total		
				Debt	Per Capita	As a Share of Personal Income
2006	\$ 1,305,000	\$ 15,355,000	\$ 4,395	\$ 16,664,395	168.58	0.58%
2007	990,000	32,710,000	1,143	33,701,143	341.92	1.14%
2008	720,004	31,835,000	-	32,555,004	328.50	1.08%
2009	450,009	30,985,000	-	31,435,009	314.79	1.06%
2010	180,009	30,095,000	-	30,275,009	301.96	1.01%
2011	-	29,170,000	-	29,170,000	290.94	0.93%
2012	9,234,336	28,195,000	-	37,429,336	370.47	1.16%
2013	9,002,807	27,190,000	-	36,192,807	358.71	1.12%
2014	8,734,867	26,155,000	-	34,889,867	345.39	1.05%
2015	8,359,750	25,080,000	-	33,439,750	325.48	0.99%



Source: West Valley Water District Accounting Department

**West Valley Water District
Pledged-Revenue Coverage
Last Ten Years**

Schedule 9

Fiscal Year	Net Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Debt Service			Coverage Ratio
				Principal ⁽²⁾	Interest	Total	
2006	\$ 15,788,676	\$ (11,769,102)	\$ 4,019,574	\$ 648,262	\$ 752,131	\$ 1,400,393	2.87
2007	15,610,594	(13,143,682)	2,466,912	1,146,143	1,274,061	2,420,204	1.02
2008	15,138,234	(14,239,766)	898,468	1,120,000	1,348,787	2,468,787	0.36
2009	13,622,286	(14,531,043)	(908,757)	1,160,000	1,314,378	2,474,378	(0.37)
2010	14,142,904	(14,391,194)	(248,290)	1,105,009	1,278,441	2,383,450	(0.10)
2011	15,855,205	(15,843,330)	11,875	1,296,529	1,241,103	2,537,632	0.00
2012	17,128,207	(14,836,728)	2,291,479	1,326,529	1,349,370	2,675,899	0.86
2013	21,164,713	(17,630,135)	3,534,578	1,356,529	1,297,214	2,653,743	1.33
2014	24,538,833	(18,212,009)	6,326,824	1,450,117	1,113,028	2,563,145	2.47
2015	26,995,665	(18,203,198)	8,792,467	1,446,529	1,148,837	2,595,366	3.39

Notes:

(1) Operating expenses exclude depreciation and amortization expense.

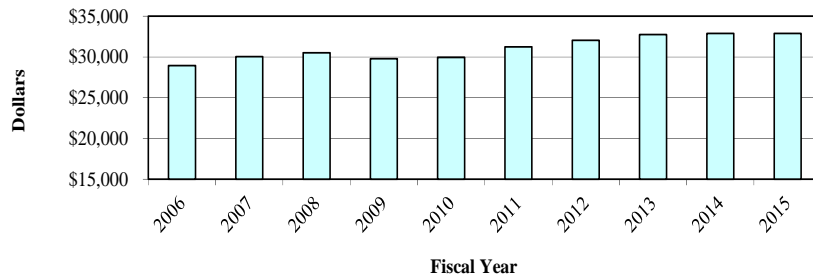
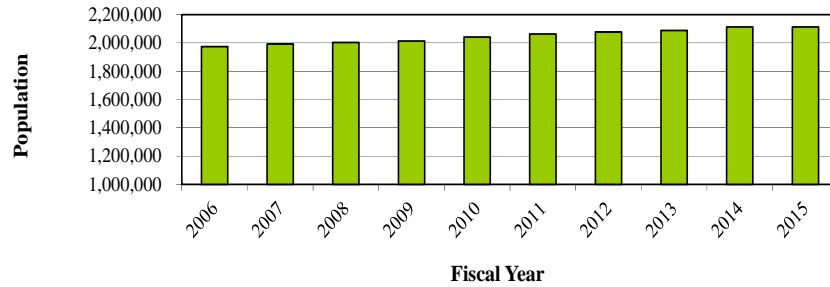
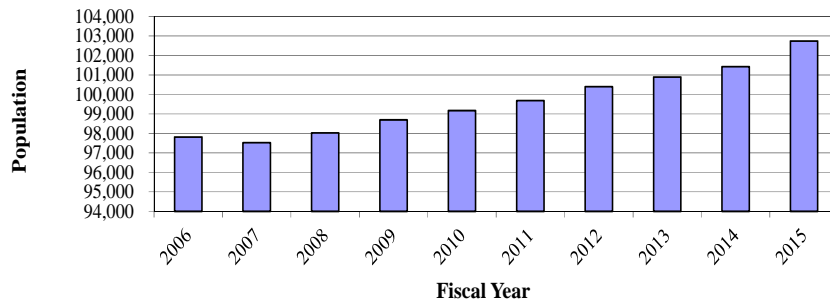
(2) Includes only normal principal payments (does not include payments as a result of refinancing of debt)

Source: West Valley Water District Accounting Department

West Valley Water District Demographics and Economics Statistics Last Ten Years

Schedule 10

Year	Unemployment Rate	City of Rialto Population ⁽¹⁾	County of San Bernardino ⁽²⁾			
			Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2006	6.3%	97,813	4.8%	1,974,140	57,153,907	28,951
2007	7.3%	97,525	5.6%	1,992,161	59,843,375	30,039
2008	10.3%	98,030	7.9%	2,003,735	61,161,307	30,524
2009	16.5%	98,698	13.0%	2,013,960	59,991,663	29,788
2010	18.1%	99,171	14.2%	2,041,626	61,147,087	29,950
2011	16.4%	99,686	12.9%	2,063,143	64,454,103	31,241
2012	14.3%	100,397	11.1%	2,077,453	66,577,329	32,048
2013	13.3%	100,896	10.4%	2,088,371	68,387,465	32,747
2014	11.6%	101,429	9.0%	2,112,619	69,487,877	32,892
2015	9.5%	102,741	8.1%	2,112,619	69,487,877	32,892



Sources:

- www.labormarketinfo.edd.ca.gov
- <http://www.bea.gov/regional/bearfacts>
- <http://www.dof.ca.gov/Research/demographic/reports/estimates/e-1/view.php>

(1) Separate data is not available for the District, therefore the District has used the data for the City of Rialto. A substantial portion of the District lies within the city, and therefore, is a reasonable basis for determining the demographic and economic statistics of the District.

(2) Only County data is updated annually. Therefore, the District has chosen to use its data since the District believes that the County data is representative of the conditions and experience of the District. 2015 not available- using 2014 data

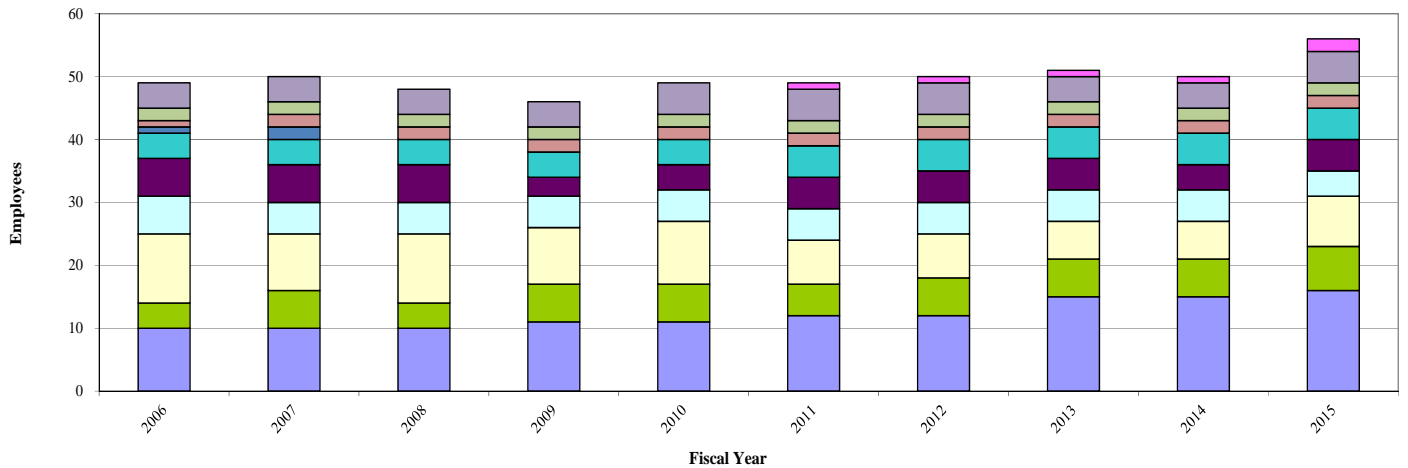
West Valley Water District Operating and Capacity Indicators Last Ten Years

Last Ten Fiscal Years

Schedule 11

Full-time Equivalent District Employees by Department

Fiscal Year	Production	Maintenance	Meters	Administration	Customer Service	Accounting	Billing	IT	Human Resources	Engineering	Conservation	Total
2006	10	4	11	6	6	4	1	1	2	4	0	49
2007	10	6	9	5	6	4	2	2	2	4	0	50
2008	10	4	11	5	6	4	2	2	2	4	0	50
2009	11	6	9	5	3	4	4	2	2	4	0	50
2010	11	6	10	5	4	4	4	2	2	5	0	53
2011	12	5	7	5	5	5	4	2	2	5	1	53
2012	12	6	7	5	5	5	4	2	2	5	1	54
2013	15	6	6	5	5	5	4	2	2	4	1	55
2014	15	6	6	5	4	5	4	2	2	4	1	54
2015	16	7	8	4	5	5	4	2	2	5	2	60



Source: West Valley Water District Human Resources Department

Schedule 12

Other Operating and Capacity Indicators

Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Storage Tanks	Storage Capacity (MG)	Groundwater Wells	Well Capacity (MGD)	Fire Hydrants
2006	30	354	24	66.6	20	46.0	2,040
2007	30	355	24	66.6	19	43.0	2,040
2008	31	361	26	73.6	19	41.0	2,040
2009	31	362	26	73.6	20	42.0	2,040
2010	31	365	26	73.6	17	43.0	2,040
2011	31	366	26	73.6	17	38.0	2,040
2012	31	366	26	73.6	17	35.0	2,040
2013	31	368	26	73.6	17	35.0	2,040
2014	31	370	26	73.6	17	35.0	2,040
2015	31	370	26	73.6	17	35.0	2,040

MG - Millions of Gallons

MGD - Millions of Gallons per Day

Sources: West Valley Water District Operations

Note: The Fire Hydrant total is inclusive of Hydrants and Jones heads.