CARPINTERIA VALLEY WATER DISTRICT

June 30, 2022 and 2021

FINANCIAL STATEMENTS

BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

CARPINTERIA VALLEY
WATER DISTRICT

Table of Contents

BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Carpinteria Valley Water District:

Opinion

We have audited the accompanying basic financial statements of the Carpinteria Valley Water District (the "District") as of and for the year ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Carpinteria Valley Water District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute

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assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, the California Public Employees' Retirement System Schedule of Carpinteria Valley Water District's Proportionate Share of the Net Pension Liability on page 50, the California Public Employees' Retirement System Schedule of Carpinteria Valley Water District's Contributions on page 51, and the Other Post-Employment Benefits (OPEB) Plan Schedule of Changes in the Net OPEB Liability and Related Ratios on page 52, be presented to supplement the basic financial statements. . Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bartlett, Pringle & Wolf, LLP

Santa Barbara, California
December 14, 2022

Management's discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the years ended June 30, 2022 and 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The statement of net position includes all the District's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Net position may be displayed in the categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The statement of net position provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The statement of revenues, expenses and changes in net position presents information which shows how the District's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operations
- Noncapital financing
- Capital and related financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because the statement accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

FINANCIAL HIGHLIGHTS

- For the year ending June 30, 2022, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $27,520,230. Of this amount, referred to as net position, 52% or $14,215,416 is unrestricted and may be used for the District's operating expenses, ongoing obligations and future capital projects. The remaining net position is comprised of net investment in capital assets of $11,679,168 or 42% and restricted net position of $1,625,646 or 6%. At June 30, 2021, unrestricted net position was $14,046,147 or 54%, net investment in capital assets was $11,213,273 or 43%, and restricted net position was $582,750 or 3%.

- At the end of fiscal year 2021, the District's net position increased by $2,285,373 or 441% from the prior year. This increase is primarily due to a net increase in operating income of $1,571,388 or 182%, a decrease in interest expense of $658,211 or 34%, and increased capital contributions of $939,674 as compared to the fiscal year ended June 30, 2020.

Adopted Financial Accounting Standards

During the year ended June 30, 2022, no new accounting standards had a significant impact to the District.

During the fiscal year ended June 30, 2021, the District adopted one new statement of financial accounting standards issued by GASB: Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. Interest cost incurred is now recognized as an expense in the period in which the cost incurred. Prior to implementation a portion of interest cost was capitalized as part of the historical cost of capital assets. There was no material impact to the financial statements as a result of the implementation of this standard.

FINANCIAL POSITION

The District's overall financial position continues to be strong and provides sufficient liquidity to support stable, ongoing operations. There are no restrictions, commitments or other limitations that would significantly affect the availability of fund resources for future use. Capital assets have continued to increase as new connections and investments continue to be made to upgrade and replace necessary infrastructure and facilities.

Condensed Statement of Net Position – *Analysis:*

	June 30, 2022	June 30, 2021	June 30, 2020	% Change FYE 2022 and 2021	% Change FYE 2021 and 2020
Assets:					
Current and other assets	$ 26,267,469	$ 24,871,801	$ 39,365,198	6%	-37%
Capital assets, net of depreciation	44,227,844	45,580,088	45,919,581	-3.0%	-1%
Total assets	70,495,313	70,451,889	85,284,779	0%	-17%
Deferred outflows of resources:	2,271,559	3,358,470	5,147,932	-32%	-35%
Liabilities:					
Current liabilities	5,408,746	5,386,576	5,223,109	0%	3%
Long-term liabilities	1,463,809	1,587,947	4,888,199	-8%	-68%
Long-term debt	36,325,302	38,338,844	56,352,158	-5%	-32%
Total liabilities	43,197,857	45,313,367	66,463,466	-5%	-32%
Deferred inflows of resources:	2,048,785	2,654,822	412,448	-23%	544%
Net position:					
Net investment in capital assets	11,679,168	11,213,273	9,799,381	4%	14%
Restricted net position	1,625,646	582,750	2,105,927	179%	-72%
Unrestricted	14,215,416	14,046,147	11,651,489	1%	21%
Total net position	$ 27,520,230	$ 25,842,170	$ 23,556,797	6%	10%

Analysis of Changes in Total Net Position from June 30, 2021 to June 30, 2022:

For the twelve months ended June 30, 2022, the District's total net position increased by $1,678,060 or 6% from the prior year. The amount of net position invested in capital assets, net of related debt, increased by $465,895 or 4% primarily due to current year capital asset additions and capital-related debt repayment exceeding depreciation (Notes 4 and 5). Restricted net position increased $1,042,896 or 179% primarily due to increases in bond reserve funds (Note 5). Unrestricted net position, the amount which may be used to meet the District's ongoing obligations, including future capital investments, increased by $169,269 or 1%.

Capital Assets

At June 30, 2022, the District had $44,227,844 invested in net capital assets, including construction in progress. This amount represents a decrease of $1,352,244 or 3% over the prior year. See Note 4 for a summary of the capital assets by asset type.

- Capital expenditures in the fiscal year ended June 30, 2022 included maintenance and upgrades to the transmission, distribution and service infrastructure, as well as software customizations. Large expenditures included creek crossing repair on a lateral transmission main and continuation of a valve exercise and replacement program.

Condensed Statement of Net Position – *Analysis:* (Continued)

Long-Term Liabilities

At the end of the current fiscal year, the District had long term debt of $36,325,302 which is a net decrease of $2,013,542, or 5% over the fiscal year ended June 30, 2021, primarily due to debt service payments. See Note 5 for additional detailed information about the District's long-term debt.

- In the fiscal year ended June 30, 2022, principal payments on long term debt were $1,511,326 (Note 5).

Analysis of Changes in Total Net Position from June 30, 2020 to June 30, 2021:

For the twelve months ended June 30, 2021, the District's total net position increased by $2,285,373 or 10% from the prior year. The amount of net position invested in capital assets, net of related debt, increased by $1,413,892 or 14% primarily due paying down related debt which was partially offset by current year depreciation exceeding capital asset additions, such as additions to the transmission, distribution and metered services infrastructure (Note 4). Restricted net position decreased $1,523,177 or 72% primarily due to the use of restricted funds for bond principal payments and bond reserve funds (Note 3 and Note 5). Unrestricted net position, the amount which may be used to meet the District's ongoing obligations, including future capital investments, increased by $2,394,658 or 21%.

Capital Assets

At June 30, 2021, the District had $45,580,088 invested in net capital assets, including construction in progress. This amount represents a decrease of $339,493 or 0.7% over the prior year. See Note 4 for a summary of the capital assets by asset type.

- Capital expenditures in the fiscal year ended June 30, 2021 included maintenance and upgrades to the transmission, distribution and service infrastructure as well as maintenance and upgrades to water treatment equipment and tanks and reservoirs. Large expenditures included water pipeline replacements and extensions on Linden and Casitas overpasses.

Long-Term Liabilities

At the end of the current fiscal year, the District had long term debt of $38,338,844 which is a net decrease of $18,013,314, or 32% over the fiscal year ended June 30, 2020, primarily due to April 2021 bond proceeds disbursed after the prior fiscal year end. See Note 5 for additional detailed information about the District's long-term debt.

- In the fiscal year ended June 30, 2021, principal payments on long term debt were $1,815,591 (Note 5).
- In the fiscal year ended June 30, 2021, long term liabilities decreased by $3,300,252 primarily due to the prefunding of the Net Pension Liability which was funded by the 2020B bond proceeds

Condensed Statement of Revenues, Expenses, and Changes in Net Position – *Analysis:*

	June 30, 2022	June 30, 2021	June 30, 2020	% Change FYE 2022 and 2021	% Change FYE 2021 and 2020
Operating revenues	$ 15,612,800	$ 15,433,377	$ 13,985,813	1%	10%
Operating expenses	12,791,992	12,999,686	13,123,510	-2%	-1%
Operating income	2,820,808	2,433,691	862,303	16%	182%
Interest and investment income (expense)	(72,983)	109,778	295,230	-166%	-63%
Interest expense	(1,199,471)	(1,267,270)	(1,925,481)	-5%	-34%
Net non-operating income (expense)	(1,272,454)	(1,157,492)	(1,630,251)	10%	-29%
Excess before capital contributions	1,548,354	1,276,199	(767,948)		
Capital contributions	129,706	1,009,174	69,500	-87%	1352%
Infrequent or unusual income (expenses), net	-	-	28,719	0%	-100%
Change in net position	1,678,060	2,285,373	(669,729)	-27%	-441%
Net position, beginning of year	25,842,170	23,556,797	24,226,526	10%	-3%
Net position, end of year	$ 27,520,230	$ 25,842,170	$ 23,556,797	6%	10%

As required by GASB Statement No. 34, capital contributions are presented as a component of Change in Net Position on the Statement of Revenues, Expenses and Changes in Net Position. Capital contributions consist of $129,706 for the year ended June 30, 2022.

Condensed Statement of Revenues, Expenses, and Changes in Net Position – *Analysis:* (Continued)

OPERATING REVENUES

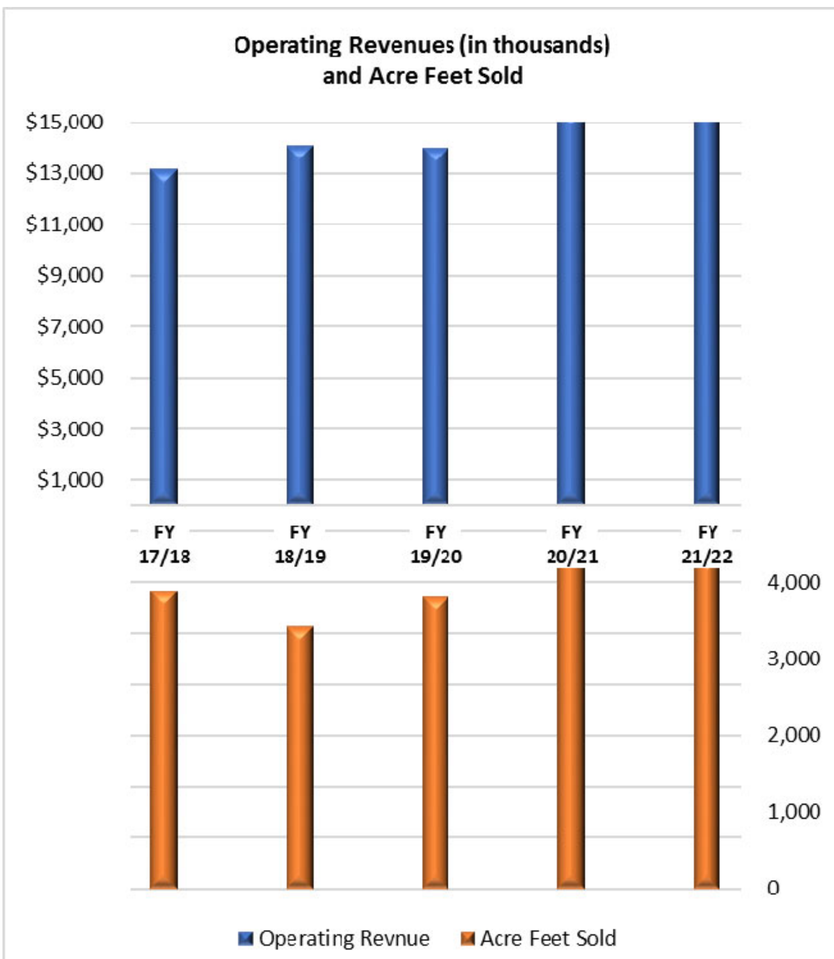
	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Water Sales and Service Charges	$ 12,432,870	$ 12,744,079	$ 13,331,513	$ 14,299,873	$ 14,361,165
Capital Recovery Fees	104,343	715,610	162,058	266,181	245,563
Fire Protection	287,878	304,357	350,605	356,377	502,614
Grant Revenue	-	-	-	265,571	149,987
Other Operating Revenues	337,195	279,892	141,637	245,375	353,471
Total Operating Revenues	$ 13,162,286	$ 14,043,938	$ 13,985,813	$ 15,433,377	$ 15,612,800

Definitions:

Water Sales and Service Charges: Water sales, based on the amount of water consumed, and service charges, based on meter location and size, type of service account and historical water consumption.

Capital Recovery Fees: One-time fees paid to connect to the water distribution infrastructure.

Fire Protection: Revenue associated with providing service to private fire suppression systems.



Condensed Statement of Revenues, Expenses, and Changes in Net Position – *Analysis:* (Continued)

Analysis of Changes in Operating Revenues from June 30, 2021 to June 30, 2022:

Water sales and service charge revenue increased $61,292 or 0.4% in fiscal year ended June 30, 2022, primarily due to changes in water rates and charges structure as water sales decreased by 54 acre feet or 1.2%. Grant revenues decreased by $115,584 due to variability in Groundwater Sustainability Plan grant reimbursement applications to the State of California Department of Water Resources. Fire protection revenue increased $146,237 or 41% primarily due to an increase in the number of fire service installation projects. Other operating revenues increased $108,096 or 44% primarily due to increased Carpinteria Groundwater Sustainability Agency personnel cost allocations and to changes in joint powers authority unexpended funds reimbursements. Total operating revenues increased $179,423 or 1%.

Analysis of Changes in Operating Revenues from June 30, 2020 to June 30, 2021:

Water sales and service charge revenue increased $968,360 or 7% in fiscal year ended June 30, 2021, primarily due to an increase in water sales by 581 acre feet or 15%. Grant revenues increased by $265,571 due to a Groundwater Sustainability Plan grant from the State of California Department of Water Resources. Capital recovery fees increased $104,123 or 64% primarily due to an increase in the number of fire service installation projects. Other operating revenues increased $103,738 or 73% primarily due to increases in asset disposal revenues and in Cachuma Operations and Maintenance Board return of unexpended funds, and to the return of unexpended 2020 refunding bond proceeds. Total operating revenues increased $1,447,564 or 10%.

Operating Expenses

Definitions:

Cost of Purchased Water: Water purchased from the Cachuma Project as well as Central Coast Water Authority (CCWA) and Department of Water Resources (DWR) variable costs.

CCWA Source of Supply: CCWA bond principal & interest, CCWA operating expenses and DWR fixed costs.

Cachuma Operating Expense: Cachuma Operations and Maintenance Board (COMB) operating expenses, special projects, storm damage, barge operation and safety of dam (SOD) expenses.

Pumping Expense: Maintenance of wells and pumping equipment as well as power and telephone for pumping.

Water Treatment: Cater Treatment Plant, chlorination, AB3030 groundwater management plan updates, and water quality and water testing expenses.

Transmission & Distribution: Maintenance of mains, hydrants and meters, engineering expenses, vehicle maintenance, cross connection expenses and other miscellaneous expenses.

Customer Accounting and Service: Meter reading and customer service orders, and uncollectible accounts.

General & Administrative: Salaries and benefits, legal expenses, administration, utilities, water conservation, Cachuma Conservation Release Board cost share, auditor fees and public information.

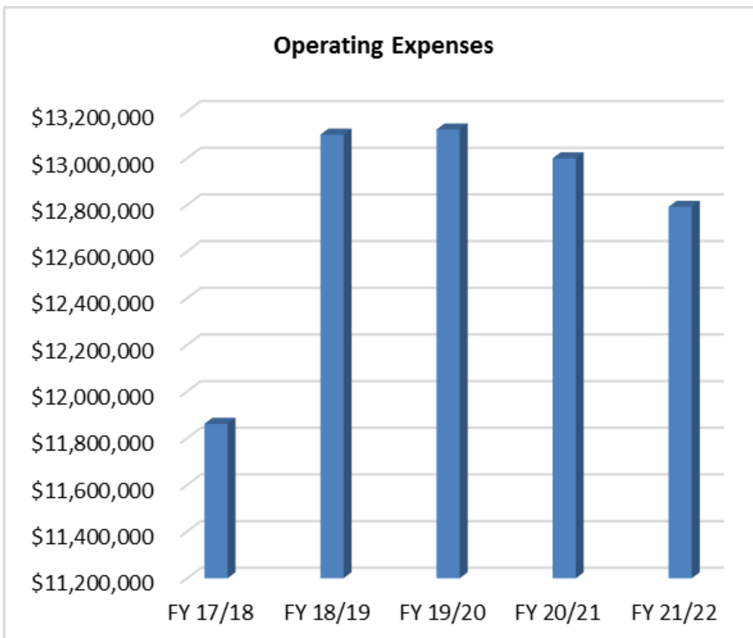
Depreciation and Amortization: Depreciation and amortization of District capital and intangible assets.

Overhead Charged to Customers: Overhead on work orders.

Condensed Statement of Revenues, Expenses, and Changes in Net Position – *Analysis:* (Continued)

OPERATING EXPENSES

	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Cost of Purchased Water	$ 637,179	$ 1,163,838	$ 510,007	$ 476,019	$ 1,652,546
CCWA Source of Supply	3,137,008	3,253,634	3,763,641	3,274,307	3,508,596
Cachuma Operating Expense	550,238	825,505	612,055	545,223	636,844
Pumping Expense	368,111	386,990	277,827	258,011	516,181
Water Treatment	1,088,862	1,227,394	1,317,448	1,586,907	1,224,578
Transmission and Distribution	1,196,620	1,236,637	1,227,081	1,193,288	1,690,125
Customer Accounting and Service	37,088	56,131	64,980	39,903	43,171
General and Administrative	2,631,700	2,575,356	2,906,470	3,174,496	1,107,770
Depreciation and Amortization	2,226,888	2,422,099	2,481,806	2,519,695	2,470,162
Overhead Charged to Customers	(11,506)	(46,291)	(37,805)	(68,163)	(57,981)
Total Operating Expenses	$ 11,862,188	$ 13,101,293	$ 13,123,510	$ 12,999,686	$ 12,791,992



<u>Analysis of Changes in Operating Expenses from June 30, 2021 to June 30, 2022:</u>

- Overall operating expenses decreased by $207,694 or 2%.
- Cost of purchased water increased by $1,176,527 or 247% due to a 1,000 AF supplemental water purchase in the amount of $1,000,000.
- Water Treatment costs decreased $362,329 or 23% primarily due to an increase in groundwater processed of 1,583 acre feet or 400%.
- General and administrative costs decreased $2,066,726 or 65% primarily due to a GASB 68 adjustment related to an April 2020 paydown of net pension liability and related valuation estimates.

Condensed Statement of Revenues, Expenses, and Changes in Net Position – *Analysis:* (Continued)

Analysis of Changes in Operating Expenses from June 30, 2020 to June 30, 2021:

- Overall operating expenses decreased by $123,823 or 1%.
- CCWA source of supply expense decreased by $489,334 or 13% due to reduced CCWA and DWR operating expenses.
- Water Treatment costs increased $269,459 or 20% primarily due to an increase in water processed of 1,299 acre feet or 44%.
- General and administrative costs increased $268,026 or 9% primarily due to increased administrative professional services related to a cost-of-service study and to a GASB 75 related adjustment to the other post-employment benefit (OPEB) liability.

SALARIES AND BENEFITS

	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Salaries	$ 1,643,570	$ 1,742,181	$ 1,846,959	$ 1,792,275	$ 2,072,955
Social Security	129,171	132,540	143,743	138,008	148,782
Employee Retirement - CalPERS	619,792	505,685	561,893	757,245	(1,433,219)
Employee Group Insurance	391,084	377,233	478,991	633,027	481,783
Deferred Compensation	33,713	34,558	36,170	34,162	33,794
Other Benefits	92,589	85,127	103,493	156,505	170,013
Total	$ 2,909,919	$ 2,877,324	$ 3,171,249	$ 3,511,222	$ 1,474,108

Condensed Statement of Revenues, Expenses, and Changes in Net Position – ***Analysis:*** **(Continued)**

Analysis of Changes in Salaries and Benefits from June 30, 2021 to June 30, 2022:

Salaries and benefits expenses decreased $2,037,114 or 58% primarily due to a credit to pension expense in the amount of $1,627,691 as a result of a change in the pension estimate calculated as part of the actuarial valuation in accordance with GASB 68. Additionally, the balance reflects the GASB 75 related adjustment, and is partially offset by filling vacant positions and a 3% cost of living adjustment.

Analysis of Changes in Salaries and Benefits from June 30, 2020 to June 30, 2021:

Salaries and benefits expenses increased $339,973 or 11% primarily due to GASB 68 and GASB 75 related adjustments, an increase in employer retirement contribution rates and a 2% cost of living adjustment.

Non-Operating Income and Expenses

Analysis of Changes in Non-Operating Income (Expenses) from June 30, 2021 to June 30, 2022:

Non-operating income/(expenses) of $(1,272,454) consisted primarily of interest expense of $1,199,471 and a decrease in temporary investments market value of $150,899, partially offset by interest revenue of $77,916.

Capital contributions of $129,706 consisted entirely of customer funded extensions to water service line installations, water service upgrades and fire hydrant installations.

Analysis of Changes in Non-Operating Income (Expenses) from June 30, 2020 to June 30, 2021:

Non-operating income (expenses) of $(1,157,492) consisted primarily of interest expense of $1,267,270 partially offset by $109,778 of interest revenue.

Capital contributions of $1,009,174 consisted entirely of customer funded extensions to water service line installations, water service upgrades and fire hydrant installations, and to a state funded overpass main line replacement.

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS:		
Current Assets:		
Cash and cash equivalents (Note 2)	$ 14,260,863	$ 13,975,945
Restricted cash and investments (Note 2 and 3)	3,392,748	2,350,852
Accounts receivable:		
Water sales	1,755,141	1,701,728
Related party	376,664	214,645
Other	421,041	759,860
Inventories:		
Materials and meters	318,456	140,131
Water in storage	254,285	135,174
Prepaid expenses	2,692,379	4,630,260
Deposits with CCWA	963,003	963,206
Total current assets	24,434,580	24,871,801
Capital Assets:		
Property and equipment	70,322,881	69,641,734
Less: accumulated depreciation	(32,424,191)	(30,606,378)
Construction in progress	2,636,151	2,396,628
Right of use assets, net of amortization	227,691	329,429
Capacity rights, net of amortization	3,405,484	3,745,711
Intangible assets, net of amortization	59,828	72,964
Net capital assets (Note 4)	44,227,844	45,580,088
Total non-current assets	44,227,844	45,580,088
Other Assets:		
Net pension asset (Note 6)	1,832,889	-
Total assets	70,495,313	70,451,889
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred pensions (Note 6)	1,926,362	2,846,997
Deferred other post-employment benefit (OPEB) (Note 7)	55,423	188,217
Deferred loss on refunding	289,774	323,256
Total deferred outflows of resources	2,271,559	3,358,470
Total assets and deferred outflows of resources	$ 72,766,872	$ 73,810,359

See accompanying notes

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF NET POSITION
June 30, 2022 and 2021

	2022	2021
LIABILITIES:		
Current Liabilities:		
Accounts payable	$ 1,099,340	$ 1,581,372
Customer deposits	246,234	230,202
Retainage payable	121,569	183,469
Interest payable	688,510	717,295
Advances for construction	1,244,658	752,842
Current portion of capital lease (Note 5)	94,155	91,743
Current portion of long-term debt (Note 5)	1,914,280	1,829,653
Total current liabilities	5,408,746	5,386,576
Long-Term Liabilities:		
Compensated absences payable	542,730	485,734
Capital leases	117,907	212,346
Siemens Master Lease purchase agreement	4,694,987	5,097,487
Revenue Bonds 2016A	6,015,221	6,575,243
Revenue Bonds 2020A	19,662,666	20,284,025
Revenue Bonds 2020B	3,525,000	3,625,000
Revenue Bonds 2020C	1,742,534	1,760,421
Cater Treatment Plant Expansion Project financing agreement	566,987	784,322
Net pension liability (Note 6)	-	109,401
Net OPEB liability (Note 7)	921,079	992,812
Total long-term liabilities (Note 5)	37,789,111	39,926,791
DEFERRED INFLOWS OF RESOURCES:		
Deferred pensions (Note 6)	1,923,916	2,529,953
Deferred other	124,869	124,869
Total deferred inflows of resources	2,048,785	2,654,822
Total liabilities and deferred inflows of resources	45,246,642	47,968,189
NET POSITION:		
Net investment in capital assets	11,679,168	11,213,273
Restricted for debt service	1,625,646	582,750
Unrestricted	14,215,416	14,046,147
Total net position	$ 27,520,230	$ 25,842,170

See accompanying notes

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating Revenues:		
Water sales	$ 14,361,165	$ 14,299,873
Capital recovery fees	245,563	266,181
Fire protection	502,614	356,377
Grant revenue	149,987	265,571
Other revenue	353,471	245,375
Total operating revenues	15,612,800	15,433,377
Operating Expenses:		
CCWA source of supply	3,508,596	3,274,307
Cost of purchased water	1,652,546	476,019
Cachuma operating expense	636,844	545,223
Pumping expense	516,181	258,011
Water treatment	1,224,578	1,586,907
Transmission and distribution	1,690,125	1,187,252
Customer accounting and service	43,171	39,903
General and administrative	1,107,770	3,180,532
Amortization	554,737	646,475
Depreciation	1,915,425	1,873,220
Overhead charged to customers	(57,981)	(68,163)
Total operating expenses	12,791,992	12,999,686
Operating income	2,820,808	2,433,691
Non-operating Income (Expenses):		
Investment income (loss)	(72,983)	109,778
Interest expense	(1,199,471)	(1,267,270)
Net non-operating expenses	(1,272,454)	(1,157,492)
Income before contributions	1,548,354	1,276,199
Capital contributions	129,706	1,009,174
Change in net position	1,678,060	2,285,373
Net position, beginning of year	25,842,170	23,556,797
Net position, end of year	$ 27,520,230	$ 25,842,170

See accompanying notes

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash received from customers	$ 16,254,277	$ 14,073,595
Payments to suppliers for goods and services	(7,083,128)	(9,551,454)
Payments for employee services and benefits	(3,614,674)	(1,083,661)
Net cash and cash equivalents provided by operating activities	5,556,475	3,438,480
Cash Flows from Capital and Related Financing Activities:		
Proceeds from issuance of long-term debt	-	169,602
Repayments of long-term debt	(1,603,352)	(18,108,713)
Interest payments	(1,539,043)	(1,313,756)
Capital assets purchased	(888,576)	(1,118,858)
Investment in water facilities	(99,636)	(60,562)
Net cash and cash equivalents used by capital and related financing activities	(4,130,607)	(20,432,287)
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	-	25,462
Interest income received	51,845	109,778
Fair value adjustment on cash equivalents	(150,899)	-
Net cash and cash equivalents provided (used) by investing activities	(99,054)	135,240
Increase (decrease) in cash and cash equivalents	1,326,814	(16,858,567)
Cash and cash equivalents, beginning of year	16,326,797	33,185,364
Cash and cash equivalents, end of year	$ 17,653,611	$ 16,326,797

Reconciliation of cash and cash equivalents to Statement of Net Position:

Unrestricted cash and cash equivalents	$ 14,260,863	$ 13,975,945
Restricted cash and investments - current	3,392,748	2,350,852
	$ 17,653,611	$ 16,326,797

See accompanying notes

CARPINTERIA VALLEY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Operating income	$ 2,820,808	$ 2,433,691
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,915,425	1,873,220
Amortization	554,737	646,475
(Increase) decrease in:		
Accounts receivable	149,458	(468,330)
Inventories	(297,436)	141,192
Prepaid expenses	1,937,881	(2,031,495)
Deposit with CCWA	203	(6,537)
Deferred outflows of resources	1,053,429	1,755,980
Increase (decrease) in:		
Accounts payable	(479,482)	917,561
Customer deposits	(48,418)	110,853
Compensated absences payable	78,114	67,349
Net OPEB liability	(71,733)	252,215
Deferred inflows of resources	(606,037)	2,242,374
Net pension liability	(1,942,290)	(3,611,153)
Advances for construction	491,816	(884,915)
Net cash and cash equivalents provided by operating activities	$ 5,556,475	$ 3,438,480

Supplemental Disclosure of Noncash Investing and Financing Activities:

	2022	2021
Capital Contributions	$ 129,706	$ 1,009,174

See accompanying notes

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

A) Reporting Entity

The Carpinteria Valley Water District (the "District") (formerly known as Carpinteria County Water District) was incorporated on February 13, 1941 under authority of the California County Water Districts Act. By contract dated April 17, 1953, the District entered into an agreement with the U.S. Bureau of Reclamation for the construction of a distribution system to serve approximately 96% of the District, thereby creating Improvement District #1. The District is governed by a Board of Directors consisting of five members elected from voters of the District.

B) Accounting Basis

The District reports its activities as an enterprise fund, which is used to account for operations where the intent of the District is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues and expenses are recognized on the accrual basis, as such, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

An enterprise fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the statement of net position.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and the producing and delivering of goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for water sales. Operating expenses of the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C) Budgetary Procedures

The District prepares an annual budget which includes estimates of its principal sources of revenue to be received during the fiscal year, as well as estimated expenditures and reserves needed for operation of District facilities.

D) Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity period, at purchase, of three months or less to be cash equivalents.

E) Restricted Assets

These assets consist of cash and other monetary assets restricted by outside parties for various purposes.

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

F) Basis for Recording Accounts Receivable and Allowance for Doubtful Accounts

The District grants credit to its customers, substantially all of whom are residents and businesses in Carpinteria, California. The District charges doubtful accounts arising from water receivables to bad debt expense when it is probable that the accounts will be uncollectible.

G) Inventories

The District's inventories are recorded at cost on the first-in, first-out basis.

H) Prepaid expenses

Prepaid expenses consist primarily of State water debt service and operating expenses through the Central Coast Water Authority.

I) Long Term Assets

Property, plant and equipment and intangible assets are valued at cost. The capitalization threshold for all capital asset purchases is $5,000. Donated property is valued at estimated acquisition value on the date donated. The assets, excluding land, are depreciated or amortized using the straight line method over estimated useful lives. Intangible assets consist of contract renegotiation costs and title transfers. The title transfers are being amortized over the life of the capital asset that was part of the transfer and the contract renegotiation costs are being amortized over the life of the contract.

Estimated useful lives are:

Buildings	30 years
Improvements other than buildings	25 years
Furnishings, machinery and equipment	5 years
Transmission and distribution infrastructure	30 years
Wells and water treatment infrastructure	30 years
Water storage infrastructure	30 years
Water delivery infrastructure	25 years
Intangible assets	25-30 years

J) 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 and sick leave is available to those qualified employees when retired or terminated.

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

K) Pensions

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

L) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (OPEB Plan) and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the accrual basis of accounting. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

M) Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows, and is classified into three components as follows:

Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds.

Restricted net position exists when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

It is the District's policy to first apply restricted resources when expenses are incurred for purposes for which both restricted and unrestricted resources are available.

N) Concentration of Credit Risk

The District grants credit to its customers, substantially all of whom are residents and businesses of the Carpinteria Valley.

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

O) Construction Advances

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

P) Use of Estimates

The preparation of 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, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q) Future GASB Accounting Pronouncements

Statement No. 91	*"Conduit Debt Obligations"*	The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)
Statement No. 94	*"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"*	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
Statement No. 96	*"Subscription-Based Information Technology Arrangements"*	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
Statement No. 99	*"Omnibus 2022"*	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
Statement No. 100	*"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"*	The requirements of this statement are effective for periods beginning after June 15, 2023. (FY 23/24)
Statement No. 101	*"Compensated Absenses"*	The requirements of this statement are effective for periods beginning after December 15, 2023. (FY 24/25)

Note 2 – Cash and Investments

As of June 30, 2022 and 2021 , the District had the following cash and investments on hand:

	2022	2021
Cash in banks and on hand	$ 2,381,334	$ 2,880,615
Cash with fiscal agent	3,392,158	2,350,262
Local Agency Investment Fund	11,880,119	11,095,920
Total cash and investments	$ 17,653,611	$ 16,326,797

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

The District's investment policy only authorizes investment in the local government investment pool administered by the State of California (LAIF). The District's investment policy generally limits deposits to the previous Federal Deposit Insurance Corporation (FDIC) determined limit of $250,000. This limitation does not apply to LAIF or amounts held with fiscal agents. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk or credit risk. Investments in LAIF are not rated by a national rating agency.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2022 and 2021.

2022 Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Cash with fiscal agent	$ 3,392,158	$ 3,392,158	$ -	$ -	$ -
Local Agency Investment Fund	11,880,119	11,880,119	-	-	-
Total	$ 15,272,277	$ 15,272,277	$ -	$ -	$ -

2021 Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Cash with fiscal agent	$ 2,350,262	$ 2,350,262	$ -	$ -	$ -
Local Agency Investment Fund	11,095,920	11,095,920	-	-	-
Total	$ 13,446,182	$ 13,446,182	$ -	$ -	$ -

Note 2 – Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of June 30, 2022 and 2021 for each investment type.

2022	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End AAA	Aa	Not Rated
Cash with fiscal agent	$ 3,392,158	N/A	$ -	$ 3,392,158	$ -	$ -
Local Agency Investment Fund	11,880,119	N/A	11,880,119			
Total	$ 15,272,277		$ 11,880,119	$ 3,392,158	$ -	$ -

2021	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End AAA	Aa	Not Rated
Cash with fiscal agent	$ 2,350,262	N/A	$ -	$ 2,350,262	$ -	$ -
Local Agency Investment Fund	11,095,920	N/A	11,095,920			
Total	$ 13,446,182		$ 11,095,920	$ 2,350,262	$ -	$ -

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments (other than investments guaranteed by the U.S. Government or investments in external investment pools).

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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk (Continued)

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. 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).

Fair Value Measurements

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 basic financial statements at the 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 has no investments that are measured at fair value as of June 30, 2022 and 2021.

Note 3 - Restricted Cash and Investments

Restricted cash and investments consisted of the following at June 30, 2022 and 2021:

	2022	2021
Restricted for capital improvements	$ 590	$ 590
Restricted for debt service payments	3,392,158	2,350,262
Total restricted assets	$ 3,392,748	$ 2,350,852
Restricted cash and investments - current	$ 3,392,748	$ 2,350,852
Restricted cash and investments - non current	-	-
	$ 3,392,748	$ 2,350,852

Note 4 – Capital Assets

Schedules of changes in capital assets, as well as depreciation and amortization for the fiscal year ended June 30, 2022 are shown below:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets, non-depreciable:					
Land and land rights	$ 1,034,008	$ -	$ -	$ -	$ 1,034,008
Construction in progress	2,396,628	887,033	(8,004)	(639,506)	2,636,151
Total capital assets, non-depreciable	3,430,636	887,033	(8,004)	(639,506)	3,670,159
Capital assets, depreciable/amortizable:					
Buildings	1,899,443	-	-	55,524	1,954,967
Improvements other than buildings	483,140	-	-	-	483,140
Furnishings, machinery and equipment	2,188,613	8,435	(97,612)	128,002	2,227,438
Transmission and distribution infrastructure	10,301,194	119,181	-	307,475	10,727,850
Wells and water treatment infrastructure	13,411,983	-	-	90,970	13,502,953
Water storage infrastructure	29,744,681	-	-		29,744,681
Water delivery infrastructure	10,578,672	11,637	-	57,535	10,647,844
Capacity rights	13,613,226	99,636	-	-	13,712,862
Capital leases	509,274	-	-	-	509,274
Intangible assets	349,200	-	-	-	349,200
Total capital assets, depreciable/amortizable	83,079,426	238,889	(97,612)	639,506	83,860,209
Total capital assets	86,510,062	1,125,922	(105,616)	-	87,530,368
Capital assets, accumulated depreciation/amortization:					
Buildings	(974,988)	(84,407)	-	-	(1,059,395)
Improvements other than buildings	(289,772)	(20,622)	-	-	(310,394)
Furnishings, machinery and equipment	(1,828,713)	(90,904)	97,612	-	(1,822,005)
Transmission and distribution infrastructure	(5,603,788)	(214,571)	-	-	(5,818,359)
Wells and water treatment infrastructure	(6,193,947)	(392,288)	-	-	(6,586,235)
Water storage infrastructure	(11,843,638)	(817,881)	-	-	(12,661,519)
Water delivery infrastructure	(3,871,532)	(294,752)	-	-	(4,166,284)
Capacity rights	(9,867,515)	(439,863)	-	-	(10,307,378)
Capital leases	(179,845)	(101,738)	-	-	(281,583)
Intangible assets	(276,236)	(13,136)	-	-	(289,372)
Total accumulated depreciation/amortization:	(40,929,974)	(2,470,162)	97,612	-	(43,302,524)
Net capital assets	$ 45,580,088	$ (1,344,240)	$ (8,004)	$ -	$ 44,227,844

Depreciation and amortization expense for the fiscal year ended June 30, 2022 was $2,470,162.

Note 4 – Capital Assets (Continued)

Schedules of changes in capital assets, as well as depreciation and amortization for the fiscal year ended June 30, 2021, are shown below:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, non-depreciable:					
Land and land rights	$ 1,034,008	$ -	$ -	$ -	$ 1,034,008
Construction in progress	2,617,688	958,819	(1,728)	(1,178,151)	2,396,628
Total capital assets, non-depreciable	3,651,696	958,819	(1,728)	(1,178,151)	3,430,636
Capital assets, depreciable/amortizable:					
Buildings	1,899,443	-	-	-	1,899,443
Improvements other than buildings	483,140	-	-	-	483,140
Furnishings, machinery and equipment	2,023,079	3,886	(32,525)	194,173	2,188,613
Transmission and distribution infrastructure	8,547,039	834,479	-	919,676	10,301,194
Wells and water treatment infrastructure	13,411,983	-	-	-	13,411,983
Water storage infrastructure	29,744,681	-	-	-	29,744,681
Water delivery infrastructure	10,355,793	158,577	-	64,302	10,578,672
Capacity rights	13,552,664	60,562	-	-	13,613,226
Capital leases	359,787	159,603	(10,116)	-	509,274
Intangible assets	349,200	-	-	-	349,200
Total capital assets, depreciable/amortizable	80,726,809	1,217,107	(42,641)	1,178,151	83,079,426
Total capital assets	84,378,505	2,175,926	(44,369)	-	86,510,062
Capital assets, accumulated depreciation/amortization:					
Buildings	(890,938)	(84,050)	-	-	(974,988)
Improvements other than buildings	(265,251)	(24,521)	-	-	(289,772)
Furnishings, machinery and equipment	(1,792,984)	(68,252)	32,523	-	(1,828,713)
Transmission and distribution infrastructure	(5,404,667)	(199,121)	-	-	(5,603,788)
Wells and water treatment infrastructure	(5,802,737)	(391,210)	-	-	(6,193,947)
Water storage infrastructure	(11,025,756)	(817,882)	-	-	(11,843,638)
Water delivery infrastructure	(3,583,348)	(288,184)	-	-	(3,871,532)
Capacity rights	(9,325,686)	(541,829)	-	-	(9,867,515)
Capital leases	(104,457)	(91,510)	16,122	-	(179,845)
Intangible assets	(263,100)	(13,136)	-	-	(276,236)
Total accumulated depreciation/amortization:	(38,458,924)	(2,519,695)	48,645	-	(40,929,974)
Net capital assets	$ 45,919,581	$ (343,769)	$ 4,276	$ -	$ 45,580,088

Depreciation and amortization expense for the fiscal year ended June 30, 2021 was $2,519,695.

Note 5 – Long-Term Debt

Long-term debt of the District is as follows:

	Balance June 30, 2021	Additions	Retirements/ Amortization	Balance June 30, 2022	Due Within One Year
Series 2016A Refunding Revenue Bonds	$ 5,910,000	$ -	$ (435,000)	$ 5,475,000	$ 460,000
Unamortized bond premium	1,200,265	-	(100,022)	1,100,243	100,022
Total Series 2016A Bonds	7,110,265	-	(535,022)	6,575,243	560,022
Series 2020A Refunding Revenue Bonds	17,490,000	-	(375,000)	17,115,000	395,000
Unamortized bond premium	3,395,384	-	(226,359)	3,169,025	226,359
Total Series 2020A Bonds	20,885,384	-	(601,359)	20,284,025	621,359
Series 2020B Refunding Revenue	3,720,000	-	(95,000)	3,625,000	100,000
Total Series 2020B Bonds	3,720,000	-	(95,000)	3,625,000	100,000
Series 2020C Refunding Revenue Bonds	1,510,000	-	-	1,510,000	-
Unamortized bond premium	268,308	-	(17,887)	250,421	17,887
Total Series 2020C Bonds	1,778,308	-	(17,887)	1,760,421	17,887
Cater Treatment Plant Financing Agreement	891,031	-	(214,717)	676,314	109,327
Siemens Master Lease Purchase Bonds	5,489,096	-	(391,609)	5,097,487	402,500
Capital Leases	304,089	-	(92,027)	212,062	94,155
Compensated Absences	567,801	296,527	(218,413)	645,915	103,185
Net OPEB Liability	992,812	-	(71,733)	921,079	-
Long-term debt	$41,738,786	$ 296,527	$ (2,237,767)	$39,797,546	$ 2,008,435

Note 5 – Long-Term Debt (Continued)

A) Revenue Certificates of Participation and Bonds

Series 2016A:

In May 2016, the District issued the Refunding Revenue Bonds, Series 2016A ("2016A Bonds") with a principal amount of $8,765,000 and premium of $1,713,989 with interest rates ranging from 2% to 5%. The Bonds were executed and delivered 1) to refund the entire outstanding aggregate principal amount and interest of the 2006A COPs and 2) to refund a portion of the District's obligations under the Safe Drinking Water State Revolving Fund Contract #SRF99CX125. The remaining obligations under the Safe Drinking Water State Revolving Fund Contract #SRF99CX125 were repaid by funds contributed by the District.

The refunding resulted in decreased total debt service payments from $11,851,263 to $10,302,396. This decreased cash flow created an economic gain of approximately $1,344,787 when discounted at the 2016A Bonds' effective interest rate of 1.8115713%. Total annual requirements to amortize the Series 2016A Bonds are as follows:

Fiscal Year End	Principal	Interest	Total
2023	$ 460,000	$ 262,250	$ 722,250
2024	480,000	238,750	718,750
2025	500,000	214,250	714,250
2026	525,000	188,625	713,625
2027	555,000	161,625	716,625
2028 - 2032	2,510,000	421,250	2,931,250
2033 - 2037	445,000	11,125	456,125
	$ 5,475,000	$ 1,497,875	$ 6,972,875

Series 2020A:

In March 2020, the District issued the Refunding Revenue Bonds, Series 2020A ("2020A Bonds") with a principal amount of $17,915,000 and premium of $3,668,272 with interest rates of 5%. The Bonds were executed and delivered 1) to provide a portion of the money to refund all of the currently outstanding 2010A; 2) to prepay the District's share of the outstanding balance of a Department of Water Resources joint loan contract; 3) to pay costs of issuance of the 2020 bonds. Total annual requirements to amortize the Series 2020A Bonds are as follows:

Note 5 – Long-Term Debt (Continued)

A) Revenue Certificates of Participation and Bonds (Continued)

Series 2020A (Continued):

Fiscal Year End	Principal	Interest	Total
2023	$ 395,000	$ 845,875	$ 1,240,875
2024	415,000	825,625	1,240,625
2025	435,000	804,375	1,239,375
2026	460,000	782,000	1,242,000
2027	485,000	758,375	1,243,375
2028 - 2032	6,345,000	2,970,125	9,315,125
2033 - 2037	8,580,000	981,500	9,561,500
	$ 17,115,000	$ 7,967,875	$ 25,082,875

Series 2020B:

In March 2020, the District issued the Refunding Revenue Bonds, Series 2020B ("2020B Bonds") with a principal amount of $3,720,000 with interest rates ranging from 2.56% to 3.32%. The Bonds were executed and delivered 1) to refund the District's net pension liability; and 2) to pay costs of issuance of the 2020 bonds. Total annual requirements to amortize the Series 2020B Bonds are as follows:

Fiscal Year End	Principal	Interest	Total
2023	$ 100,000	$ 134,986	$ 234,986
2024	100,000	132,314	232,314
2025	105,000	129,434	234,434
2026	105,000	126,379	231,379
2027	110,000	123,143	233,143
2028 - 2032	610,000	558,875	1,168,875
2033 - 2037	735,000	431,846	1,166,846
2038 - 2042	895,000	267,823	1,162,823
2043 - 2047	865,000	71,520	936,520
	$ 3,625,000	$ 1,976,320	$ 5,601,320

Note 5 – Long-Term Debt (Continued)

A) Revenue Certificates of Participation and Bonds (Continued)

Series 2020C:

In March 2020, the District issued the Refunding Revenue Bonds, Series 2020C ("2020C Bonds") with a principal amount of $1,500,000 and premium of $150,000 with interest rates of 5%. The Bonds were executed and delivered 1) to finance the cost of certain water utility system improvements and 2) to pay costs of executing and delivering the Certificates. Total annual requirements to amortize the Series 2020C Bonds are as follows:

Fiscal Year End	Principal	Interest	Total
2023	$ -	$ 75,500	$ 75,500
2024	-	75,500	75,500
2025	-	75,500	75,500
2026	-	75,500	75,500
2027	-	75,500	75,500
2028 - 2032	755,000	286,875	1,041,875
2033 - 2037	755,000	77,625	832,625
	$ 1,510,000	$ 742,000	$ 2,252,000

B) Cater Treatment Plant Expansion Project Financing Agreement

The District entered into a financing agreement with the City of Santa Barbara dated February 27, 2002, which requires the District to pay twenty percent of a loan obligation between the City of Santa Barbara and the California Drinking Water State Revolving Fund. The loan proceeds were used to finance certain improvements to the Cater Treatment Plant in order to meet new water quality standards imposed on public agencies. The loan provides for a 20 year loan amortization maturing on July 1, 2025, bearing an interest rate of approximately 2.5%. The improvements were completed in January 2005 and the District's portion of the loan in the amount of $3,580,170 was recorded on the statement of net position at June 30, 2005. The District is required to make semi-annual payments of interest and principal in the amount of $114,425 payable to the City of Santa Barbara on December 15th and June 15th each year.

The annual requirements to amortize the Cater Treatment Plant Expansion financing agreement are as follows:

Note 5 – Long-Term Debt (Continued)

B) Cater Treatment Plant Expansion Project Financing Agreement (Continued)

Fiscal Year End	Principal	Interest	Total
2023	$ 109,327	$ 8,260	$ 117,587
2024	222,674	12,501	235,175
2025	228,145	7,030	235,175
2026	116,168	1,420	117,588
	$ 676,314	$ 29,211	$ 705,525

C) Siemens Master Lease Purchase Agreement

The District entered into a master lease agreement with Siemens Financial Services, Inc., on August 2, 2017, in the amount of $6,468,656 to finance the replacement of all installed mechanical water meters with digital meters and the attendant remote reading and reporting infrastructure, installation of a solar carport and solar panels on a reservoir, and retrofit of all headquarter buildings with LED lights. The projected benefits of increased revenue collection due to more accurate meters and savings in electrical costs due to solar panel and LED lighting installations are projected to offset the total lease costs over the life of the lease. The District entered into a performance contracting agreement with Siemens Industry, Inc., to guarantee the projected cost savings. The lease payment period is fifteen years, commencing August 2018, with an annual amount of $538,677 paid quarterly and an interest rate of 2.7525%.

Fiscal Year End	Principal	Interest	Total
2023	$ 402,500	$ 136,177	$ 538,677
2024	413,693	124,984	538,677
2025	425,199	113,478	538,677
2026	437,024	101,653	538,677
2027	449,177	89,500	538,677
2028 - 2032	2,440,358	253,029	2,693,387
2033	529,536	9,141	538,677
	$ 5,097,487	$ 827,962	$ 5,925,449

Lease Element	Capital Asset Class	Amount	% Complete
Meter replacement	Transmission and Distributi	$ 5,401,236	100%
Lighting Retrofit	Buildings	25,500	100%
Solar Carport and Solar Reserv	Buildings	886,000	100%
Cellular Endpoint Installation	N/A (Work in Process)	155,920	80%
Total Master Lease Purchased Assets		$ 6,468,656	

Note 5 – Long-Term Debt (Continued)

D) Capital Lease Commitments

The District routinely leases equipment on an ongoing basis. In accordance with GASB Statement No. 87, Leases, lease agreements with terms greater than one year or that transfer ownership of the underlying asset are classified as leased assets, with a corresponding liability measured at the present value of payments to be made per lease terms. The following is a schedule showing the future minimum lease payments as of June 30, 2022:

Fiscal Year End	Principal	Interest	Total
2023	$ 94,155	$ 5,099	$ 99,254
2024	75,834	2,403	78,237
2025	32,213	830	33,043
2026	9,860	65	9,925
2027	-	-	-
	$ 212,062	$ 8,397	$ 220,459

As of June 30, 2022, the cost of assets and related accumulated depreciation under the capital leases were as follows:

	Gross	Accumulated Depreciation	Balance June 30, 2022
Furnishings, Machinery, and Equipment	$ 509,273	$ (281,582)	$ 227,691

Note 6 – Defined Benefit Pension Plan

General Information about the Pension Plans

Plan Descriptions – All qualified employees are eligible to participate in Carpinteria Valley Water District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Eligible employees hired after January 1, 2013 that are considered new members as defined by the Public Employees' Pension Reform Act (PEPRA) are participating in the PEPRA Miscellaneous Plan.

Note 6 – Defined Benefit Pension Plan (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, as discussed above. Members with five years of total service are eligible to retire at age 50 or 52 if in the PEPRA Miscellaneous Plan with statutorily reduced benefits. An optional benefit regarding sick leave was adopted. Any unused sick leave accumulates at the time of retirement will be converted to credited service at a rate of .004 years of service for each day of sick leave. All members are eligible for non-duty disability benefits after 10 years of service. The system also provides for the Optional Settlement 2W Death Benefit. The cost of living adjustments for all plans are applied as specified by the Public Employees' Retirement Law.

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

	Miscellaneous Plan - For the Year Ended June 30, 2022		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to February 10, 2011	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - Minimum
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.0%	7.0%	6.8%
Required employer contribution rates	10.9%	10.3%	7.6%

The Plans' provisions and benefits in effect at June 30, 2021 are summarized as follows:

	Miscellaneous Plan - For the Year Ended June 30, 2021		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to February 10, 2011	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - Minimum
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.0%	7.0%	6.8%
Required employer contribution rates	11.0%	10.5%	7.7%
Required employer contribution rates for payment on all UAL amortization bases	31.7%	2.0%	0.4%

Note 6 – Defined Benefit Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2022 and 2021, the contributions recognized as part of pension expense for all Plans were as follows:

	Miscellaneous Plan	
	June 30, 2022	June 30, 2021
Contributions – employer	$ 182,594	$ 175,358

The net pension liability was paid down during fiscal year 2020 with proceeds from the Refunding Revenue Bonds, Series 2020B.

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

The District's net pension liability for all Plans is measured as the proportionate share of the net pension liability. As of June 30, 2022 and 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability	
	June 30, 2022	June 30, 2021
Miscellaneous	$ (1,832,889)	$ 109,401

For the year ended June 30, 2022, the net pension liability of all of the Plans is measured as of June 30, 2021, and the total pension liability for all Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures.

For the year ended June 30, 2021, the net pension liability of all of the Plans is measured as of June 30, 2020, and the total pension liability for all Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures.

Note 6 – Defined Benefit Pension Plan (Continued)

The District's proportion of the net pension liability was based on a projection of their long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for all Plans with an actuarial valuation date of June 30, 2020 and 2019 was as follows:

For the Year Ended June 30, 2022 (Measurement date of June 30, 2021)

	Miscellaneous
Proportion – June 30, 2021	0.00259%
Proportion – June 30, 2022	-0.09653%
Change – Increase (Decrease)	-0.09912%

For the Year Ended June 30, 2021 (Measurement date of June 30, 2020)

	Miscellaneous
Proportion – June 30, 2020	0.09291%
Proportion – June 30, 2021	0.00259%
Change – Increase (Decrease)	-0.09032%

For the years ended June 30, 2022 and 2021, the District recognized pension credit of $1,627,691 and expense of $615,875, respectively. At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2022		June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 182,594	$ -	$ 175,358	$ -
Differences between expected and actual experience	(205,539)	-	5,638	-
Changes in assumptions	-	-	-	(780)
Change in employer's proportion	335,291	(1,590,331)	-	(2,529,173)
Difference between the employer's contributions and the employer's proportionate share of contributions	14,001	(333,585)	2,662,751	-
Differences between projected and actual investment earnings	1,600,015	-	3,250	-
	$ 1,926,362	$ (1,923,916)	$ 2,846,997	$ (2,529,953)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

Employer contributions of $182,594 reported at June 30, 2022 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. During the fiscal year ended June 30, 2021, $175,358 in deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Note 6 – Defined Benefit Pension Plan (Continued)

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

Year Ended June 30:	
2023	$ (590,204)
2024	(394,538)
2025	362,432
2026	442,162
2027	-
Thereafter	-
	$ (180,148)

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions:

	For the Year Ended June 30, 2022	For the Year Ended June 30, 2021
	Miscellaneous	Miscellaneous
Valuation Date	June 30, 2020	June 30, 2019
Measurement Date	June 30, 2021	June 30, 2020
Actual Cost Method	Entry Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68	Entry Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	Varies by entry age and service (1)	Varies by entry age and service (1)
Investment Rate of Return	7.15% (2)	7.15% (2)
Mortality	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

(1) Depending on age, service and type of employment
(2) Net of pension plan investment and administrative expenses, including inflation

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change of Assumptions and Methods - During the measurement periods ended June 30, 2021 and 2020 there were no changes of assumptions.

Note 6 – Defined Benefit Pension Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the measurement periods ending June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The tables below reflect the long-term expected real rate of return by asset class at June 30, 2022 and 2021, respectively.

	June 30, 2022 (Measurement date June 30, 2021)			June 30, 2021 (Measurement date June 30, 2020)		
Asset Class	Net Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)	Net Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	50.00%	4.80%	5.98%	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%	1.00%	0.00%	-0.92%

(a) An expected inflation of 2.00% used for this period
(b) An expected inflation of 2.92% used for this period

Note 6 – Defined Benefit Pension Plan (Continued)

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 all Plans, calculated using the discount rate of 7.15% for all Plans, 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 1-percentage point lower or 1-percentage point higher than the current rate:

Miscellaneous Plan For the Year Ended June 30, 2022			Miscellaneous Plan For the Year Ended June 30, 2021		
1% Decrease		6.15%	1% Decrease		6.15%
Net Pension Asset	$	(106,346)	Net Pension Liability	$	1,789,159
Current Discount Rate		7.15%	Current Discount Rate		7.15%
Net Pension Asset	$	(1,832,889)	Net Pension Liability	$	109,401
1% Increase		8.15%	1% Increase		8.15%
Net Pension Asset	$	(3,260,197)	Net Pension Asset	$	(1,278,530)

Pension Plan Fiduciary Net Position – Detailed information about all pension plan fiduciary net positions is available in the separately issued CalPERS financial reports.

Note 7 – Post-Employment Health Care Benefits

Plan Description

The District provides retiree medical, dental, vision, and prescription drug coverage to current and future eligible retirees under a single-employer plan. Under the Plan, retired employees who attain age 60 with at least 20 years of service are eligible to receive benefits. Spouses may elect to continue coverage at their own expense.

Benefits Provided

The contribution requirements of plan members and the District are established and may be amended by the District and its Board of Directors. The required contribution is based on projected pay-as-you-go financing requirements. Employees pay a portion of their monthly premium and the District contributes up to 5% of a retiree's CalPERS benefit toward the cost of medical coverage for post-65 retirees.

Employees Covered

At the OPEB liability measurement date of the June 30, 2022 and 2021, the following employees were covered by the benefit terms:

	June 30, 2022	June 30, 2021
Active and Fully Vested Eligible to Retire	0	0
Active and Terminated Vested Not Yet Fully Eligible to Retire	19	17
Retires	5	7
Total	24	24

Note 7 – Post-Employment Health Care Benefits (Continued)

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District Board. These contributions are neither mandated nor guaranteed. The District has retained the right to unilaterally modify its payment for retiree health care benefits. For the fiscal years ended June 30, 2021 and 2020, the District contributed $16,118 and $14,749, respectively. Employees are not required to contribute to the OPEB Plan.

Net OPEB Liability and Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

	OPEB Plan
Actual Cost Method	Entry-Age Actuarial Cost Method in accordance with the requirements of GASB Statement No. 75
Actuarial Assumptions:	
Investment Rate of Return	
Discount Rate (Unfunded)	
Measurement Date - 2022	2.28%
Measurement Date - 2021	1.86%
Salary Increases (1)	3.00%
Investment Rate of Return	
Measurement Date - 2022	2.28%
Measurement Date - 2021	1.86%
Mortality	CalPERS Active Mortality for Miscellaneous Employees; CalPERS Retiree Mortality for Miscellaneous Employees
Pre-Retirement Turnover	CalPERS Pre-Retirement Mortality Rates Public Agency Miscellaneous Table
Healthcare Trend Rate	5.0%-7.5% per year

(1) Benefits are not dependent upon salary

For the actuarial valuation the following time frames were used:

OPEB	June 30, 2022	June 30, 2021
Valuation Date	July 01, 2021	July 01, 2019
Measurement Date	June 30, 2022	June 30, 2021
Measurement Period	July 1, 2021 - June 30, 2022	July 1, 2020 - June 30, 2021

Note 7 – Post-Employment Health Care Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability as 2.28%. The projection of cash flows used to determine the discount rate assumed that District contributions will be sufficient to fully fund the obligation over a period not to exceed 30 years. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Assumption Changes

The discount rate was increased from 1.86% to 2.28%for the measurement period ending June 30, 2022.

Changes in the Net OPEB Liability

The District accrued the net OPEB liability of $921,079 and $992,812 as of June 30, 2022 and 2021, respectively, which is included on the statement of net position. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District's net OPEB liability for plan benefits for the years ended June 30, 2022 and 2021:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset)/Liability (a) - (b)
Balance at June 30, 2021	$ 992,812	$ -	$ 992,812
Changes Recognized for the Measurement Period:			
Service cost	52,229	-	52,229
Interest on Total OPEB Liability	19,564	-	19,564
Contributions - Employer	-	14,749	(14,749)
Changes in assumptions	(77,458)	-	(77,458)
Differences between expected and actual experience	(51,319)	-	(51,319)
Net investment income	-	-	-
Administrative expense	-	-	-
Benefit Payments & Refunds	(14,749)	(14,749)	-
Net Changes	(71,733)	-	(71,733)
Balance at June 30, 2022 *(Measurement Date June 30, 2022)*	$ 921,079	$ -	$ 921,079

Note 7 – Post-Employment Health Care Benefits (Continued)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset)/Liability (a) - (b)
Balance at June 30, 2020	$ 740,597	$ -	$ 740,597
Changes Recognized for the Measurement Period:			
Service cost	52,339	-	52,339
Interest on Total OPEB Liability	17,321	-	17,321
Contributions - Employer	-	16,118	(16,118)
Changes in assumptions	190,330	-	190,330
Differences between expected and actual experience	8,343	-	8,343
Net investment income	-	-	-
Administrative expense	-	-	-
Benefit Payments & Refunds	(16,118)	(16,118)	-
Net Changes	252,215	-	252,215
Balance at June 30, 2021 *(Measurement Date June 30, 2021)*	$ 992,812	$ -	$ 992,812

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

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

Measurement Date June 30, 2022			Measurement Date June 30, 2021		
Net OPEB Liability			Net OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
$ 1,049,607	$ 921,079	$ 812,695	$ 1,155,011	$ 992,812	$ 859,930

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate.

Measurement Date June 30, 2022			Measurement Date June 30, 2021		
Net OPEB Liability			Net OPEB Liability		
Trend 1% Lower	Valuation Trend	Trend 1% Higher	Trend 1% Lower	Valuation Trend	Trend 1% Higher
$ 888,973	$ 921,079	$ 960,580	$ 935,927	$ 992,812	$ 1,063,436

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

For the fiscal year ended June 30, 2022 and 2021, the District recognized OPEB expense of $75,810 and $80,116, respectively.

Note 7 – Post-Employment Health Care Benefits (Continued)

As of the fiscal year ended June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows or resources related to OPEB from the following sources:

	June 30, 2022		June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ (41,288)	$ -	$ 7,904	$ -
Changes in assumptions	96,711	-	180,313	-
Net differences between projected and actual earnings on plan investments	-	-	-	-
Total	$ 55,423	$ -	$ 188,217	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	
2023	$ 4,017
2024	4,017
2025	4,017
2026	4,017
2027	4,017
Thereafter	35,338
	$ 55,423

Note 8 – Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participating employees to defer a portion of their salary until future years. The District matches employee contributions up to 2.5% of a contributing employee's annual salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

On June 8, 1997 the District amended the plan in accordance with the provisions of IRC Section 457(g). On that date, assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the District no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the District's financial statements. Contributions to the Plan for the years ended June 30, 2022 and 2021 were $33,794 and $ 34,162, respectively.

Note 9 – Lease Obligations

The District has lease obligations for two of its well sites. The High School Well lease, dated March 1, 1989 and amended April 23, 2008 is for a term of thirty years, terminating July 1, 2030. There are no lease payments associated with this lease. In return the District provides the Carpinteria Unified School District with the irrigation water rate for specific water accounts.

During 2011, the District purchased a permanent easement from the City for the land that contains the El Carro Well. Prior to the purchase of the easement, the District had a lease with the City, dated November 16, 1990, for the useful life of the well. As "in-lieu of rent" for the first twenty year period, the District installed, at a cost of $40,085, water line and fire hydrant facilities to accommodate future development of the property adjoining the well site.

Note 10 – Cachuma Project Authority

This joint exercise of powers authority was created by the participating agencies for the purpose of renegotiating with the United States Bureau of Reclamation (USBR) the contract for the operation of the Cachuma reservoir. Through the authority, the agencies collectively issued revenue bonds to refinance certain obligations each agency had incurred to finance its share of the expansion of the shared Water Treatment Plant.

The Cachuma Project Authority successfully renegotiated a contract with the USBR. The Authority, effective September 30, 1996 merged into the Cachuma Operations and Maintenance Board (COMB), which is responsible for all operational aspects of the Cachuma reservoir. All assets and liabilities of the Authority were transferred to COMB. The District continues to contribute its share of the operating expenses. The accumulated contract renegotiation costs are being amortized over the term of the new contract, which is twenty-five years. The Cachuma Master Contract was renewed in 2020 and extended to 2023.

Note 11 – Joint Powers Insurance Authority

The District participates in the property and liability program organized by the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA). ACWA/JPIA is a Joint Powers Authority created to provide a self-insurance program to water agencies in the State of California. The ACWA/JPIA is not a component unit of the District for financial reporting purposes, as explained below.

ACWA/JPIA provides liability, property and workers' compensation insurance for approximately 450 water agencies for losses in excess of the member districts' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. ACWA/JPIA is governed by a separate board comprised of members from participating districts. The board controls the operations of ACWA/JPIA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member shares surpluses and deficiencies proportionately to its participation in ACWA/JPIA.

Note 11 – Joint Powers Insurance Authority (Continued)

To obtain complete financial information contact ACWA/JPIA at P.O. Box 619082 Roseville, CA 95661. The District paid premiums of $79,548 and $73,990 to ACWA/JPIA for property and liability insurance, and $60,315 and $66,218 for workers' compensation during the years ended June 30, 2022 and 2021, respectively.

Note 12 – Joint Ventures and Commitments

A) Central Coast Water Authority

In 1991, the voters of the District elected to participate in the State Water Project (SWP). As a result, the District joined in the formation of the Central Coast Water Authority (CCWA) in August 1991. The purpose of the Central Coast Water Authority is to provide for the financing, construction, operation, and maintenance of certain local (non-state owned) facilities required to deliver water from the SWP to certain water purveyors and users in Santa Barbara County.

Each project participant, including the District, has entered into a Water Supply Agreement to provide for the development, financing, construction, operation and maintenance of the CCWA Project. The purpose of the Water Supply Agreement is to assist in carrying out the purposes of CCWA with respect to the CCWA Project by:

1) requiring CCWA to sell, and the project participants to buy, a specified amount of water from CCWA ("take or pay"); and
2) assigning the Santa Barbara project participant's entitlement rights in the State Water project to CCWA.

Although the District does have an ongoing financial interest pursuant to the Water Supply Agreement between the District and CCWA, the District does not have an equity interest as defined by GASB Code Sec. J50.105.

Each project participant is required to pay to CCWA an amount equal to its share of the total cost of "fixed project costs" and certain other costs in the proportion established in the Water Supply Agreement. This includes the project participant's share of payments to the State Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power and replacement costs of the DWR facilities), debt service on CCWA bonds and all CCWA operating and administrative costs.

Each project participant is required to make payments under its Water Supply Agreement solely from the revenues of its water system. Each project participant has agreed in its Water Supply Agreement to fix, prescribe and collect rates and charges for its water system which will be at least sufficient to yield each fiscal year net revenues equal to 125% of the sum of (1) the payment required pursuant to the Water Supply Agreement, and (2) debt service on any existing participant obligation for which revenues are also pledged.

Note 12 – Joint Ventures and Commitments (Continued)

A) Central Coast Water Authority (Continued)

CCWA is composed of eight members, all of which are public agencies. CCWA was organized and exists under a joint exercise of power agreement among the various participating public agencies. The Board of Directors is made up of one representative from each participating entity. Votes on the Board are approximately apportioned between the entities based upon each entity's allocation of State water entitlement. The Carpinteria Valley Water District share of the project, based upon number of acre-feet of water, is 10.487%.

Operating and capital expenses are allocated among the members based upon various formulas recognizing the benefits of the various project components to each member.

In August 2006, CCWA issued the Series 2006A Refunding Revenue Bonds for $123,190,000 at a true interest cost of 4.24% to defease the 1996 Revenue Bonds. A portion of the bond proceeds together with other funds were placed into an escrow account invested in securities which will provide sufficient funds to pay the regularly scheduled principal of and interest on the refunded bonds on October 1, 2006, and to pay on October 3, 2006 the principal of and accrued interest to the date of redemption, and redemption premium, if any, on the refunded bonds maturing on and after October 1, 2006. On July 21, 2016 the 2006A Refunding Revenue Bonds were refunded. The Carpinteria Valley Water District estimated minimum State water payments for the next five fiscal years are summarized below:

Fiscal Year Ending June 30,	Fixed Costs	Variable Costs	Debt Service	Total
2023	$ 2,388,561	$ 473,109	$ -	$ 2,861,670
2024	2,682,979	467,144	-	3,150,123
2025	2,754,151	561,505	-	3,315,656
2026	2,751,677	585,160	-	3,336,837
2027	2,608,607	610,000	-	3,218,607
Thereafter (through 2035)	22,540,149	-	-	22,540,149
Total	$ 35,726,124	$ 2,696,918	$ -	$ 38,423,042

Additional information and complete financial statements for the CCWA are available for public inspection at 255 Industrial Way, Buellton, CA, between the hours of 8 a.m. and 5 p.m., Monday through Friday.

Note 12 – Joint Ventures and Commitments (Continued)

B) Carpinteria Groundwater Sustainability Agency

The District is a participant of the Carpinteria Groundwater Sustainability Agency (CGSA) with the City of Carpinteria, Santa Barbara County Water Agency and County of Ventura under a Joint Powers Agreement. CGSA was established to ensure long-term sustainable use of the Carpinteria Groundwater Basin through monitoring, planning, and oversight. The GSA is governed by directors of the District with optional director seats from each of the other participating agencies.

C) Cater Advanced Treatment Project

The City of Santa Barbara's Cater Reservoir Resiliency Project has a total estimated cost of approximately $25,000,000. The project is in the planning phases with construction estimated to start in 2023. The District will be responsible for 20% of the project costs. As of June 30, 2022 and 2021, the District has not incurred any cost related to this project.

D) Ortega Reservoir

The Ortega Reservoir has construction defects to its basin. Although the reservoir is not a capital asset of the District, the District, along with Montecito Water District, will be required to pay for the repairs, which may be significant. The total cost of the repairs cannot be estimated.

E) Bradbury Dam

The District, as a member of the Cachuma Operations and Maintenance Board (COMB), is responsible for a portion of costs associated with certain capital improvements to the Bradbury Dam. The improvements are required to meet certain earthquake and seismic safety standards imposed by public agencies. Pursuant the "Bradbury Dam SOD ACT Repayment Agreement", between COMB and the Bureau of Reclamation, the District will be required to make annual payments of $18,037 commencing October 2002 through 2015, annual payments of $28,649 commencing October 2016 through 2026 and annual payments of $10,612 commencing October 2027 through 2051 to finance the project.

The District's future obligations are as follows:

Fiscal Year Ending June 30,	Amount
2023	$ 28,649
2024	28,649
2025	28,649
2026	28,649
2027	28,649
Thereafter (through 2051)	254,688
	$ 397,933

Note 12 – Joint Ventures and Commitments (Continued)

F) Siemens Master Lease Purchase Agreement

The District entered into a master lease agreement with Siemens Financial Services, Inc., on August 2, 2017, in the amount of $6,468,856 to finance the replacement of all installed mechanical water meters with digital meters with remote read and reporting capabilities, the installation of a solar carport and solar panels on a reservoir, and the replacement of all headquarter buildings with LED lights (see Note 5). The projected benefits of increased revenue collection more accurate meters and savings in electrical costs due to solar panel and LED lighting installations are projected to offset the total lease costs over the life of the lease. The District entered into a performance and maintenance contracting agreement with Siemens Industry, Inc., to guarantee the projected cost savings.

Under the performance and maintenance contracting agreement, the District will pay annual fees to Siemens Industry, Inc., for measuring and verifying cost savings.

Fiscal Year Ending June 30,	Amount
2023	$ 37,135
2024	37,922
2025	38,724
2026	39,545
2027	40,383
Thereafter (through 2032)	225,562
	$ 419,271

G) Construction Commitments

The District has various ongoing contracts for construction in process at June 30, 2022 as follows:

Project Description	Date Approved	Contract Amount	Cost Incurred June 30, 2022	Remaining Balance at June 30, 2022
GWR Prelim Design, CEQA, Permitting	06/27/18	$ 1,336,470	$ 1,329,592	$ 6,878
RMA Bridge Replacement	07/08/20	1,364,933	1,188,120	176,813
SCC Lateral Valve Replacement	04/28/21	257,000	108,683	148,317
LIVR Project Construction	11/10/21	1,597,031	55,071	1,541,960
RMA Water System Design Phase 4 & 5	12/08/21	499,800	45,122	454,678
Ratification of COMB's Res 751, Securec	06/08/22	153,160	-	153,160
		$ 5,208,394	$ 2,726,588	$ 2,481,806

At June 30, 2022 and 2021, the District had $121,569 and $118,812, respectively, of retainage payable related to the above open contracts. Also included with retainage payable at June 30, 2021, was $64,657 related to completed contracts. In addition, at June 30, 2021 accounts payable included approximately $425,000 related to costs incurred on open contracts.

Note 12 – Joint Ventures and Commitments (Continued)

H) Water Purchase Agreement

During the year ended June 30, 2022, the District entered into two Supplemental Water Purchase Program Participation Agreements. Under these agreements, the District purchased 1,000 acre-feet of water at a rate of $1,000 per acre-feet, and 73 acre-feet of water at a rate of $750 per acre-feet.

Note 13 – Legal Contingencies

In the ordinary course of conducting business, various legal proceedings may be pending, however, in the opinion of the District's management, the ultimate disposition of these matters will have no significant impact on the financial position of the District.

Note 14 – Business Risk

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be to the District. The inherent risk and volatility of financial markets during the pandemic make it reasonably possible that the District is vulnerable to the risk of a near-term impact.

Note 15 – Subsequent Events

Subsequent events have been evaluated through December 14, 2022, the date that the financial statements were available to be issued.

In September 2022, the District entered into a 2022 Supplemental Water Purchase Program Participation Agreement in which the District can purchase 400 acre-feet of water for $1500 per acre-feet. The agreement includes a 2:1 exchange.

In October 2022, the District declared a stage 3 emergency drought. Implications to the District will include water usage restrictions and likely increased water costs.

REQUIRED SUPPLEMENTARY INFORMATION

CARPINTERIA VALLEY WATER DISTRICT
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
LAST 10 YEARS*

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CARPINTERIA VALLEY WATER DISTRICT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2022	2021	2020	2019	2018	2017	2016	2015
Valuation date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability	-0.03389%	0.00101%	0.03675%	0.03703%	0.03815%	0.03815%	0.04122%	0.04535%
Proportionate share of the net pension liability	$ (1,832,889)	$ 109,401	$ 3,720,554	$ 3,540,891	$ 3,672,110	$ 3,300,879	$ 2,829,302	$ 2,822,007
Covered payroll	$ 1,797,338	$ 1,781,477	$ 1,848,306	$ 1,783,980	$ 1,658,060	$ 1,625,984	$ 1,621,204	$ 1,612,949
Proportionate share of the net pension liability as a percentage of covered payroll	-101.98%	6.14%	201.30%	198.48%	221.47%	203.01%	174.52%	174.96%
Plan's fiduciary net position	$ 14,909,698	$ 12,513,180	$ 8,756,876	$ 8,418,045	$ 7,725,265	$ 7,151,600	$ 7,278,661	$ 7,148,327
Plan's fiduciary net position as a percentage of the total plan pension liability	114.02%	99.14%	70.18%	70.39%	67.78%	68.42%	72.01%	75.96%

Notes to Schedule:

* Historical information is required only for measurement period for which GASB 68 is applicable. Future year's information will be displayed up to 10 years as information becomes

CARPINTERIA VALLEY WATER DISTRICT
A COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
LAST 10 YEARS*

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CARPINTERIA VALLEY WATER DISTRICT'S CONTRIBUTIONS

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 182,594	$ 175,358	$ 614,945	$ 429,354	$ 349,270	$ 344,835	$ 329,792	$ 281,838
Contributions in relation to the actuarially determined contributions	182,594	175,358	614,945	429,354	349,270	344,835	329,792	281,838
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,797,338	$ 1,781,477	$ 1,848,306	$ 1,783,980	$ 1,658,060	$ 1,475,024	$ 1,627,135	$ 1,557,019
Contributions as a percentage of covered payroll	10.16%	9.84%	33.27%	24.07%	21.06%	23.38%	20.27%	18.10%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2021-2022 were derived from the June 30, 2019 funding valuation.

* Historical information is required only for measurement period for which GASB 68 is applicable. Future year's information will be displayed up to 10 years as information becomes available.

CARPINTERIA VALLEY WATER DISTRICT
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS*

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 52,229	$ 52,339	$ 71,585	$ 33,895	$ 45,515
Interest on the total OPEB liability	19,564	17,321	48,040	23,555	7,189
Benefit changes	-	-	-	-	432,614
Experience gain/losses	(51,319)	8,343	(50,502)	-	-
Assumption changes	(77,458)	190,330	26,256	-	-
Benefit payments	(14,749)	(16,118)	(36,474)	(21,317)	(19,401)
Net change in total OPEB liability	(71,733)	252,215	58,905	36,133	465,917
Total OPEB liability - beginning	992,812	740,597	681,692	645,559	179,642
Total OPEB liability - ending (a)	$ 921,079	$ 992,812	$ 740,597	$ 681,692	$ 645,559
Fiduciary Net Position					
Employer contributions	$ 14,749	$ 16,118	$ 36,474	$ 21,317	$ 19,401
Net investment income	-	-	-	-	-
Administrative expense	-	-	-	-	-
Benefit payments	(14,749)	(16,118)	(36,474)	(21,317)	(19,401)
Net change in fiduciary net position	-	-	-	-	-
Total fiduciary net position- beginning	-	-	-	-	-
Total fiduciary net position - ending (b)	$ -	$ -	$ -	$ -	$ -
Net OPEB liability- ending (a) - (b)	$ 921,079	$ 992,812	$ 740,597	$ 681,692	$ 645,559
Plan fiduciary net position as a percentage of the total OPEB liabilit	0.00%	0.00%	0.00%	0.00%	0.00%
Covered - employee payroll	$ 1,904,751	$ 1,982,425	$ 1,713,603	$ 1,613,620	$ 1,543,895
Net OPEB liability as a percentage of covered-employee payroll	48.36%	50.08%	43.22%	42.25%	41.81%
Discount rate used:	2.28%	1.86%	3.36%	3.71%	3.71%

Notes to Schedule:

* Historical information is required only for measurement periods for which GASB 75 is applicable.
Future year's information will be displayed up to 10 years as information becomes available.