

Bella Vista Water District

Redding, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2022



Bella Vista Water District

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bella Vista Water District
Redding, California

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the California State Controllers' Office and state regulations governing special districts; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, the California State Controller's *Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the California State Controller's *Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards* 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.

INDEPENDENT AUDITORS' REPORT

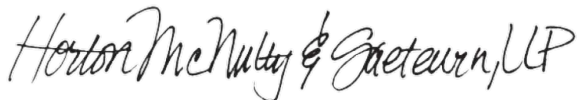
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



October 17, 2022

Chico, California

FINANCIAL SECTION

Required Supplementary Information

Bella Vista Water District

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Bella Vista Water District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for fiscal years ending June 30, 2022, 2021, and 2020. The management's discussion and analysis is designed to: 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the District's financial activity, and 3) identify changes in the District's financial position. Please read and review it in conjunction with the District's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

The net position of the District at the close of the fiscal years 2022 and 2021 totals \$28,928,510 and \$25,494,452, respectively. Of this amount, \$2,870,659 and \$(157,435), respectively (unrestricted net position) may be used or were used to meet the District's ongoing obligations. The increase in net position is the result of the payoff of the Water Infrastructure Improvements for the Nation Act (WIIN Act) water contract and reduction of the net OPEB liability.

Total operating revenues reached \$7,451,882 in fiscal year 2022 and \$8,000,085 in fiscal year 2021.

Total operating expenses were \$5,095,267 in fiscal year 2022 and \$9,682,552 in fiscal year 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual financial report is comprised of three components: 1) management's discussion and analysis (this section), 2) financial statements, and 3) notes to the financial statements.

The financial statements provide both long-term and short-term information about the District's overall financial status along with providing the readers with a broad overview in a manner similar to a private-sector business. The financial statements also include notes that are essential to fully understand the data provided in the financial statements. The notes to the financial statements can be found in this report and explain some of the information in the financial statements and provide more detailed data.

The District maintains an enterprise fund, which is used to account for its water funds. Various accounts are established within the fund. These accounts are utilized as the accounting device for allocations.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

The Statement of Net Position presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

Bella Vista Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Net Position

The net position increased at June 30, 2022, in the amount of \$3,434,058 or approximately 13% more than at June 30, 2021, as a result of the payoff of the WIIN Act water contract and reduction in the net OPEB liability. By far, the largest portion of the District's net position (75%) reflects the District's investment in capital assets (e.g., land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

June 30	2022		2021	Percentage Change	2020		Percentage Change	
ASSETS								
Current assets	\$	9,145,912	\$	8,564,093	6.79%	\$	8,718,461	-1.77%
Restricted assets		4,235,698		3,953,738	7.13%		3,765,387	5.00%
Capital assets		25,741,773		26,163,616	-1.61%		26,331,938	-0.64%
Other assets		581,877		82,755	603.13%		118,134	-29.95%
TOTAL ASSETS		39,705,260		38,764,202	2.37%		38,933,920	-0.44%
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources from pension		430,659		515,905	-16.52%		496,486	3.91%
Deferred outflows of resources from OPEB		34,291		-	N/A		257	-100.00%
TOTAL DEFERRED OUTFLOWS OF RESOURCES		464,950		515,905	-9.88%		496,743	3.86%
Total Assets and Deferred Outflows of Resources	\$	40,170,210	\$	39,280,107	2.27%	\$	39,430,663	-0.38%
LIABILITIES								
Current liabilities	\$	1,252,330	\$	1,731,158	-27.66%	\$	1,352,744	27.97%
Long-term debt		3,361,051		3,919,619	-14.25%		4,495,467	-12.81%
Net OPEB liability		3,533,109		5,275,116	-33.02%		4,925,374	7.10%
Net pension liability		1,175,581		2,469,640	-52.40%		2,221,293	11.18%
TOTAL LIABILITIES		9,322,071		13,395,533	-30.41%		12,994,878	3.08%
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources from leases		519,641		-	N/A		-	N/A
Deferred inflows of resources from pension		1,399,988		354,169	295.29%		321,487	10.17%
Deferred inflows of resources from OPEB		-		35,953	-100.00%		-	N/A
TOTAL DEFERRED INFLOWS OF RESOURCES		1,919,629		390,122	392.06%		321,487	21.35%
NET POSITION								
Net investment in capital assets		21,822,153		21,698,149	0.57%		21,303,551	1.85%
Restricted		4,235,698		3,953,738	7.13%		3,765,387	5.00%
Unrestricted		2,870,659		(157,435)	1923.39%		1,045,360	-115.06%
TOTAL NET POSITION		28,928,510		25,494,452	13.47%		26,114,298	-2.37%
Total Liabilities, Deferred Inflows, and Net Position	\$	40,170,210	\$	39,280,107	2.27%	\$	39,430,663	-0.38%

Bella Vista Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Changes in Net Position

At the end of the current fiscal year, the District is able to report a positive balance in its net position. As stated previously, the net position increased at June 30, 2022, in the amount of \$3,434,058 or approximately 13% more than at June 30, 2021, as a result of the payoff of the WIIN Act water contract and reduction of the net OPEB liability. Operating revenues decreased at June 30, 2022, by \$548,203 or 6.85% less than at June 30, 2021. The major factor attributable to the decrease was the messaging for water supply availability and the penalties for exceedance.

June 30	2022		2021	Percentage Change	2020		Percentage Change	
Operating revenues	\$	7,451,882	\$	8,000,085	-6.85%	\$	6,980,624	14.60%
Operating Costs and Expenses								
Operating expenses		4,017,697		8,645,501	-53.53%		6,096,170	41.82%
Depreciation		1,077,570		1,037,051	3.91%		1,063,822	-2.52%
Total Operating Expenses		5,095,267		9,682,552	-47.38%		7,159,992	35.23%
Operating Income (Loss)		2,356,615		(1,682,467)	240.07%		(179,368)	838.00%
Net nonoperating revenue (expenses)		894,443		857,621	4.29%		920,800	-6.86%
Net capital contributions		183,000		205,000	-10.73%		-	N/A
Change in Net Position		3,434,058		(619,846)	654.02%		741,432	-183.60%
Net Position - Beginning of Year		25,494,452		26,114,298	-2.37%		25,372,866	2.92%
Net Position - End of Year	\$	28,928,510	\$	25,494,452	13.47%	\$	26,114,298	-2.37%

CAPITAL ASSET AND DEBT ADMINISTRATION

The major capital asset events that occurred during the current fiscal year were the addition of water systems and operating equipment. As of June 30, 2022, the District's investment in capital assets was \$25,741,773 (net of accumulated depreciation). This amount represents a net decrease of \$421,843 or 1.61% from June 30, 2021. More detailed information about the capital assets of the District is set forth in the notes to the financial statements.

June 30	2022		2021	Percentage Change	2020		Percentage Change	
Land	\$	122,004	\$	122,004	0.00%	\$	122,004	0.00%
Land improvements		356,796		356,796	0.00%		356,796	0.00%
Buildings		4,692,501		4,692,501	0.00%		4,692,501	0.00%
Water system		41,861,532		41,182,061	1.65%		40,964,403	0.53%
General plant and equipment		2,809,852		2,532,677	10.94%		2,020,880	25.33%
Office furniture and equipment		164,540		164,540	0.00%		164,540	0.00%
Lease improvements		483,003		483,003	0.00%		483,003	0.00%
Construction in progress		97,590		398,509	-75.51%		328,075	21.47%
Total Capital Assets		50,587,818		49,932,091	1.31%		49,132,202	1.63%
Accumulated depreciation		(24,846,045)		(23,768,475)	4.53%		(22,800,264)	4.25%
Total Capital Assets - Net	\$	25,741,773	\$	26,163,616	-1.61%	\$	26,331,938	-0.64%

Bella Vista Water District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Debt Administration

Long-term debt includes the repayment of the following obligations: the 1915 Act Special Assessment Bonds (96-1 Assessment) and State of California Department of Water Resources SDWSRF loan repayment. More detailed information about the debt of the District is set forth in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The assessed valuation within the District increased \$32,606,273 or 6% in the 2021-22 fiscal year, from a total assessed valuation of \$548,474,808 to \$581,081,081. The District's assessed valuation has continued to show growth and the District has taken that into account along with the inflationary trends, the water sales, and the unemployment rate for the County of Shasta in preparing the District's current-year budget. The District continues to maintain and budget using a 20-year Extraordinary Operations Maintenance and Replacement (EOMR) schedule that assists in planning for long-term costs. The costs for these projects continue to be a benchmark and the District estimates for reserve placement for these costs annually by averaging the 20 year estimates from the EOMR schedule. The 2022-23 fiscal year operating budget includes a total of \$8,225,410 in revenue which consists of water sales, county taxes, and other funds available for use. The operating budget includes expenses in the amount of \$8,225,410, an increase from the 2021-22 fiscal year budget (\$7,883,937) of \$341,473 or approximately 4%, mostly as a result of the inclusion of the Unfunded Actuarial Liability payable to CalPERS. The District continues to budget for all Capital Improvements under the General Operating Budget at this time. The District's 2022-23 Debt Service Schedule was adopted in the amount of \$639,755. The Water Treatment Improvement fees are collected on every active account in the amount of \$14.00 bi-monthly which is used to repay the SDWSRF obligation created by the necessary and required Water Treatment Improvements. In addition, there is an additional funding in the Budget of \$123,407 to maintain the required reserve.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or questions for additional financial information should be addressed to:

Connie M. Wade, Office Manager
Bella Vista Water District
11368 E. Stillwater Way
Redding, California 96003
(530) 241-1085

Basic Financial Statements

Bella Vista Water District
STATEMENT OF NET POSITION

June 30, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$ 7,570,036
Cash in Shasta County Treasury	132,978
Accounts receivable - net	770,019
1915 Act Special Assessment Bonds receivable - current	5,379
Lease receivable - current	15,141
Inventories	149,773
Deposits and prepaid expenses	502,586

Total Current Assets 9,145,912

Restricted Assets

Cash and cash equivalents:

Department of Interior note reserve	81,520
Capital improvement funds	3,243,588
Water treatment plant improvement funds	688,243
Palo Cedro special projects	184,825
1996 Redemption Fund	37,522

Total Restricted Assets 4,235,698

Capital Assets

Nondepreciated capital assets	219,594
Depreciable capital assets - net	25,522,179

Total Capital Assets 25,741,773

Other Assets

Lease receivable - long-term portion	504,500
1915 Act Special Assessment Bonds receivable - long-term portion	77,377

Total Other Assets 581,877

TOTAL ASSETS 39,705,260

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources from pension	430,659
Deferred outflows of resources from OPEB	34,291

TOTAL DEFERRED OUTFLOWS OF RESOURCES \$ 464,950

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

Bella Vista Water District
STATEMENT OF NET POSITION
(Continued)

June 30, 2022

LIABILITIES

Current Liabilities

Accounts payable	\$ 69,712
Deposits held	213,433
Customer prepayments	66,327
Accrued wages	37,313
Accrued interest	46,808
Accrued benefits and compensated absences	233,228
Other accrued liabilities	26,940
Long-term debt, due within one year	558,569

Total Current Liabilities 1,252,330

Long-Term Liabilities

Long-term debt, due in more than one year	3,361,051
Net pension liability	1,175,581
Net OPEB liability	3,533,109

Total Long-Term Liabilities 8,069,741

TOTAL LIABILITIES 9,322,071

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources from lease	519,641
Deferred inflows of resources from pension	1,399,988

TOTAL DEFERRED INFLOWS OF RESOURCES 1,919,629

NET POSITION

Net investment in capital assets	21,822,153
Restricted	4,235,698
Unrestricted	2,870,659

TOTAL NET POSITION \$ 28,928,510

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

Bella Vista Water District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2022

Operating Revenues

Sale of water:	
Municipal and industrial	\$ 4,372,475
Agriculture	87,821
New meters	18,276
New services	11,460
Cross connections	28,078
Special assessment	2,031,882
Capital and water treatment improvement fees	780,331
Other charges	121,559

Total Operating Revenues 7,451,882

Operating Expenses

Wages and salaries	1,991,431
Depreciation	1,077,570
Payroll taxes and benefits	1,086,086
Water purchases and other water costs	961,233
Postemployment benefits	(1,609,340)
Repairs and maintenance	314,306
Utilities and communications	499,186
Legal and professional	206,522
General and administrative expenses	119,770
Chemicals and lab services	151,089
Insurance	81,369
Tools and supplies	56,365
Transportation	54,145
Office supplies	39,400
Memberships and dues	27,802
Miscellaneous expenses	20,028
Education and training	7,213
Janitorial	6,318
Equipment rental	4,774

Total Operating Expenses 5,095,267

Income From Operations \$ 2,356,615

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

Bella Vista Water District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(Continued)

Year Ended June 30, 2022

Nonoperating Revenues (Expenses)	
County tax allocation	\$ 939,361
Interest income	52,263
Interest expense	(97,181)
Total Nonoperating Revenues (Expenses)	894,443
Income Before Capital Contributions	3,251,058
Capital contributions	183,000
Change in Net Position	3,434,058
Net Position - Beginning of Year	25,494,452
Net Position - End of Year	\$ 28,928,510

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

Bella Vista Water District
STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and lessee	\$ 5,548,577
Cash received from special assessment	2,037,260
Cash paid to suppliers	(3,535,760)
Cash paid to/on behalf of employees	(3,492,065)
NET CASH PROVIDED BY OPERATING ACTIVITIES	558,012
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from county tax allocation	939,361
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(472,727)
Principal payments on long-term debt	(545,847)
Interest paid on long-term debt	(103,557)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(1,122,131)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	52,263
Net Change in Cash and Cash Equivalents	427,505
Cash and Cash Equivalents - Beginning of Year	11,511,207
Cash and Cash Equivalents - End of Year	\$ 11,938,712
COMPONENTS OF CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	\$ 7,570,036
Cash in Shasta County Treasury	132,978
Restricted cash	4,235,698
Total Cash and Cash Equivalents	\$ 11,938,712
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Cost of capital assets acquired	\$ 655,727
Capital contributions of capital assets	(183,000)
Cash Used For Acquisition and Construction of Capital Assets	\$ 472,727

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

Bella Vista Water District
STATEMENT OF CASH FLOWS
(Continued)

Year Ended June 30, 2022

**RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Income from operations	\$ 2,356,615
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	1,077,570
Net amortization of deferred outflows (inflows) from pension	(126,561)
Net amortization of deferred outflows (inflows) from OPEB	6,378
Changes in:	
Accounts receivable - net	111,987
1915 Act Special Assessment Bonds receivable	5,378
Lease receivable	(519,641)
Inventories	(84,115)
Deposits and prepaid expenses	(449,005)
Deferred outflows of resources from pension	(29,032)
Deferred outflows of resources from OPEB	(34,291)
Accounts payable	(453,120)
Deposits held	5,749
Customer prepayments	10,841
Accrued wages	(61,249)
Accrued benefits and compensated absences	12,606
Net pension liability	(1,294,059)
Net OPEB liability	(1,742,007)
Deferred inflows of resources from lease	519,641
Deferred inflows of resources from pension	1,286,658
Deferred inflows of resources from OPEB	(42,331)
Total Adjustments	(1,798,603)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 558,012

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

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bella Vista Water District (the District) was formed on June 17, 1957, and was organized as a water district under Division 13 of the *California Water Code*. The District's purposes are limited to "produce, store, and distribute water for irrigation, domestic, industrial, and municipal purposes and reclaim lands incidental thereto or connected therewith."

The District operates under an elected Board of Directors. The accounting methods and procedures adopted by the District conform to generally accepted accounting principles (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District are discussed below.

Implementation of New Accounting Standard The District adopted the provisions of GASB Statement No. 87, *Leases*, as of July 1, 2021. This statement improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement has been applied as of the beginning of the period of implementation, resulting in an initial lease receivable and deferred inflows of resources for lease of \$535,850. The implementation did not affect net position.

Basis of Accounting The District's activities are accounted for as an enterprise fund (a business-type activity) and the accounting records are maintained on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

When both restricted and unrestricted resources are available for use, it is the District's policy to use unrestricted resources first, then restricted resources as they are needed.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents Cash and cash equivalents includes amounts in demand deposits as well as short-term investments with a maturity date of three months to one year from the date acquired by the District.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The District maintains some of its cash in the Shasta County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code*, Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of more than one year. As of June 30, 2022, the fair value of the County pool was 96.69% of the carrying value and is deemed to not represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

Accounts Receivable Receivables represent revenues earned but not collected. Receivables are uncollateralized and are valued at cost. Any losses on uncollectible receivables are recognized when such losses become known or indicated. All receivables are adjusted to net realizable value when they are determined to be delinquent based on historical experience.

The allowance for doubtful accounts totaled \$5,000 at June 30, 2022. The allowance is estimated based on the analysis of specific customers, taking into consideration the amount of past due accounts.

Inventories Inventories are valued at cost, which approximates market, using the average cost method. The District's inventories of meters are valued under a pooled average basis.

Deposits and Prepaid Expenses Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid assets.

Restricted Assets Certain loan proceeds as well as certain resources set aside for their repayment are classified as restricted assets because their use is limited by applicable loan covenants. In addition, funds have been reserved for capital improvements, repairs, and maintenance.

Capital Assets The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

All purchased capital assets with an initial cost of \$10,000 or more and an estimated useful life in excess of one year are valued at cost based upon purchasing records, when available, and at an estimated historical cost where no historical records exist. Donated capital assets are valued at estimated fair market value on the date received.

Bella Vista Water District
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Accumulated depreciation is reported on the accompanying statement of net position. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

Buildings	40 years
Land and improvements	10 years
Water system – constructed	50 years
Water system - contributed	50 years
Office furniture and equipment	10 years
Plant equipment	15 years

Compensated Absences Vested or accumulated sick leave, floater holiday pay, and vacation pay is recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period which will only be recognized as an outflow of resources (expense) in the future. District contributions subsequent to the measurement date related to the pension plan, are reported as deferred outflows of resources in the statement of net position. District contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between the District’s contributions and proportionate share of pension contributions, the District’s proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District’s expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Differences between projected and actual earnings on OPEB plan investments are reported as deferred inflows or deferred outflows of resources in the statement of net position. These amounts are amortized over a closed period of five years.

Unearned lease revenue under the terms of a lease agreement with a third party is reported as deferred inflows of resources in the statement of net position. This amount is amortized over the term of the lease agreement, including any options to extend the lease.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Net Position Net position represents the difference between assets and liabilities. The District's net position is classified as follows:

Net Investment in Capital Assets: Net investment in capital assets represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position: Restricted net position represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: Unrestricted net position represents resources available for transactions relating to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Operating Revenue and Expense The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for 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 nonoperating revenues and expenses.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Tax Revenues The County of Shasta (the County) assesses, bills, and collects property taxes for the District.

The County property tax is levied each year on November 1 on the assessed valuation of land located in the County as of the preceding lien date (March 1). Taxes are receivable in two equal installments, which become delinquent the first working day after December 10 and April 10.

The County adopted the alternative method of tax apportionment (“Teeter Plan”). The District determined they would participate in this plan. Under the plan, the County remits all property taxes and special assessments due to the District without regard to their current or delinquent status.

Leases The District is a lessor for the lease of land. The District recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts:

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including any options to extend the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed or variable payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Water System Special Assessment Section 37203 of the *California Code*, upon a vote of the affected property owners, allows a California Water District to compel the county in which it is located to levy and collect ad valorem assessments on all lands located within the District, sufficient to raise monies to provide for the purchase of water, operation and maintenance of the system, and to maintain a reserve. The assessment was authorized by the voters in March 1964.

Budget The District’s budget is adopted on a modified accrual basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The annual appropriations lapse at fiscal year-end.

Bella Vista Water District
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

2. CASH AND CASH EQUIVALENTS

Deposits

All of the District’s deposits in financial institutions are entirely insured or collateralized. The *California Government Code* requires California banks and savings and loan associations to secure local agency deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a local agency’s deposit:

June 30, 2022	
Carrying amount	\$ 11,805,184
Deposits (1)	\$ 11,981,556
Amount covered by federal depository insurance	(250,000)
Amount Covered by Collateral Held by Agents of Pledging Bank	\$ 11,731,556

(1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.

Collateral was not held in the District’s name. (There is no government code requirement that collateral be held in the District’s name.)

The District also keeps \$550 of petty cash on hand.

Equity in Pooled Cash and Investments

The District maintains cash equivalents in pools managed by others. The District’s pooled cash and investments were as follows:

June 30, 2022		
Cash in Shasta County Treasury (2)	21.8 months average	\$ 132,978

(2) **Investments That Are Not Securities** A “security” is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

Bella Vista Water District
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The District has the following recurring fair value measurements as of June 30, 2022:

- County treasurer's investment pool of \$132,978 is valued using quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

Credit Risk - Investments

The District has a formal investment policy on managing credit risk; the District's policy and the *California Government Code* authorize the District to invest in obligations, participations, or other investments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investment Service, Inc., bankers' acceptances, repurchase agreements, and the State Treasurer's Investment Pool (LAIF). The District's investment in the County investment pool is unrated.

Concentration of Credit Risk

California Government Code, Section 53635, places the following concentration limits on the County investment pool:

No more than 40% may be invested in eligible commercial paper and no more than 10% may be invested in the outstanding commercial paper of any single issuer.

California Government Code, Section 53601, places the following concentration limits on the District's investments:

No more than 10% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises and where otherwise noted; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 40% may be invested in bankers' acceptances and no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; no more than 30% may be invested in medium-term notes; no more than 20% may be invested in mortgage passthrough and related securities; and no more than 30% may be invested in certain unsecured, unsubordinated obligations.

The District's policy limits the amount that may be invested in any one permissible investment type.

Bella Vista Water District
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. CAPITAL ASSETS

Capital assets consisted of the following:

Year Ended June 30, 2022	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciated Capital Assets				
Land	\$ 122,004	\$ -	\$ -	\$ 122,004
Construction in progress	398,509	13,371	314,290	97,590
Total Nondepreciated Capital Assets	520,513	13,371	314,290	219,594
Depreciated Capital Assets				
Buildings	4,692,501	-	-	4,692,501
Land improvements	356,796	-	-	356,796
Water system	41,182,061	679,471	-	41,861,532
Equipment	2,532,677	277,175	-	2,809,852
Office furniture and equipment	164,540	-	-	164,540
Filter plant improvements	483,003	-	-	483,003
Total Depreciated Capital Assets	49,411,578	956,646	-	50,368,224
Totals at Historical Cost	49,932,091	970,017	314,290	50,587,818
Less: Accumulated depreciation				
Buildings	482,959	77,174	-	560,133
Land improvements	307,404	24,696	-	332,100
Water system	21,203,408	846,809	-	22,050,217
Equipment	1,195,471	120,352	-	1,315,823
Office furniture and equipment	96,230	8,539	-	104,769
Filter plant improvements	483,003	-	-	483,003
Total Accumulated Depreciation	23,768,475	1,077,570	-	24,846,045
Total Depreciated Capital Assets - Net	25,643,103	(120,924)	-	25,522,179
Capital Assets - Net	\$ 26,163,616	\$ (107,553)	\$ 314,290	\$ 25,741,773

Bella Vista Water District
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

4. ACCRUED BENEFITS AND COMPENSATED ABSENCES

Accrued benefits and compensated absences consist of the following:

June 30, 2022	
Vacation	\$ 117,846
Sick leave	88,141
Comp time and floater holidays	27,241
Total Accrued Benefits and Compensated Absences	\$ 233,228

5. CHANGES IN LONG-TERM DEBT

Year Ended June 30, 2022	Beginning Balance	Additions	Deductions	Ending Balance
1915 Act Special Assessment Bonds	\$ 88,133	\$ -	\$ (5,378)	\$ 82,755
Direct borrowing: State of California Department of Water Resources	4,377,334	-	(540,469)	3,836,865
Total Long-term Debt	\$ 4,465,467	\$ -	\$(545,847)	3,919,620
Amounts due within one year				(558,569)
Amounts Due in More Than One Year				\$ 3,361,051

1915 Act Special Assessment Bonds

The District issued Limited Obligation Improvement Bonds (1915 Act), Series A, for \$201,470 on August 7, 1997, in order to provide the match funding required to complete the Logan Road Water Project. The bonds call for semi-annual interest payments at 5% on March 2 and September 2 of each year. Principal payments are due on September 2 of each year through the year 2033, and the principal payment amount ranges from \$3,600 to \$8,900. The bonds are secured by special assessment taxes to be collected by the County of Shasta.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Direct Borrowing: State of California Department of Water Resources

On September 16, 2004, the District entered into a funding agreement with the State of California Department of Water Resources for a construction loan under the Safe Drinking Water State Revolving Fund Law of 1997 (SDWSRF) to upgrade the District's water treatment plant. The amount of the loan was not to exceed \$10,399,538. Interest is charged at a rate of 2.34% annually. Interest during the construction period was due semi-annually. Principal payments commenced one year from the project completion date. The project was completed in August 2008 and the first semi-annual principal payment for this loan was due July 1, 2009. The entire amount of the loan plus interest is due and payable within 20 years from the date of the first payment. The loan is collateralized by the revenues from the water treatment plant improvement fees. The District adopted a five year rate study plan on March 1, 2018, in order to maintain the required level of reserve pursuant to the terms of the lending agreement.

The annual debt service requirements to amortize all long-term debt, including interest are as follows:

Year Ending June 30	1915 Act Special Assessment Bond (96-1 Logan Road)	Loan Fund (SDWSTR)	Total
2023	\$ 9,381	\$ 639,755	\$ 649,136
2024	9,600	639,755	649,355
2025	9,794	639,755	649,549
2026	9,475	639,755	649,230
2027	9,644	639,755	649,399
2028-2032	47,584	955,934	1,003,518
2033-2034	12,962	-	12,962
Total	108,440	4,154,709	4,263,149
Less: Interest	25,685	317,844	343,529
Net Principal	\$ 82,755	\$ 3,836,865	\$ 3,919,620

Bella Vista Water District
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

6. NET PENSION LIABILITY

Qualified employees are covered under a cost-sharing multiple-employer defined benefit pension plan maintained by the California Public Employees’ Retirement System (CalPERS).

Summary

Net pension liability, deferred outflows or resources, deferred inflows of resources, and pension expense are reported as follows:

June 30, 2022	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Public Agency Pool	\$ 1,175,581	\$ 430,659	\$ 1,399,988	\$ (13,074)

Plan Description All full-time employees participate in CalPERS, a cost-sharing, multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The District is part of a “cost-sharing” pool within CalPERS.

Benefit provisions are established by state statute, as legislatively amended, within the Public Employees’ Retirement Law. CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

Benefits Provided Employees are eligible for retirement as early as age 50 with five years of service. The California Public Employees’ Pension Reform Act (PEPRA) took effect January 1, 2013 and changed the way CalPERS retirement and health benefits are applied and placed limits on member compensation. Employees under PEPRA are eligible for retirement as early as age 52 with five years of service. For employees hired before PEPRA, at age 60, the employee is entitled to a monthly benefit of 2.0% of the highest three years of compensation for each year of service. For employees hired after PEPRA, at age 62, the employee is entitled to a monthly benefit of 2.0% of the highest three years of compensation for each year of service.

Retirement after age 60 will increase the percentage rate to a maximum of 2.418% at age 63 for employees hired before PEPRA and to a maximum rate of 2.500% at age 67 for employees hired after PEPRA. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from CalPERS, members’ accumulated contributions are refundable with interest credited through the date of separation.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Contributions For employees hired before PEPR, active plan members are required to contribute 7.0% of their salary (7.0% of monthly salary over \$133.33 if the member participates in Social Security). For employees hired after PEPR, active plan members are required to contribute 6.25% of their salary (6.75% of monthly salary over \$133.33 if the member participates in Social Security). Also, the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. For employees hired before PEPR, the required employer contribution rate for the fiscal year ended June 30, 2022, was 8.65% of annual payroll. For employees hired after PEPR, the required employer contribution rate for the fiscal year ended June 30, 2022, was 7.59% of annual payroll. The District's contributions to CalPERS for the fiscal year ended June 30, 2022 were \$149,920, and equaled 100% of the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension At June 30, 2022, the District reported a net pension liability of \$1,175,581 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability 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. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts and the State, actuarially determined. At June 30, 2022, the District's proportion was 0.0691%.

For the year ended June 30, 2022, the District recognized a pension expense of (\$13,074). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 131,829	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,026,220
Changes in proportion and differences between District contributions and proportionate share of contributions	-	373,768
Change in the District's proportion	148,910	-
District contributions subsequent to the measurement date	149,920	-
Total	\$ 430,659	\$ 1,399,988

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The \$149,920 reported as deferred outflows of resources related to the pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ending June 30	
2023	\$ (296,667)
2024	(278,873)
2025	(260,114)
2026	(283,595)
Total	\$ (1,119,249)

Actuarial Assumptions The total pension liability in the June 30, 2020, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2015.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 tables below reflect long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Assumed Asset Allocation	Real Rate of Return	
		Years 1 - 10	Years 11+
Public equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

Discount Rate The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at a 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.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Sensitivity of the District's 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 calculated using the discount rate of 7.15%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

June 30, 2022	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability (asset)	\$ 2,777,444	\$ 1,175,581	\$ (148,656)

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in CalPERS' separately issued CAFR.

7. DEFERRED COMPENSATION

The District also offers its employees a deferred compensation plan created in accordance with *Internal Revenue Code*, Section 457. The plan, available to all District employees, permits them to defer a portion of their salary up to the legal limit until future years. Participation in the plan is optional. The District currently has two options employees can voluntarily defer to: VALIC or CalPERS. They can defer to both, one, or none. The deferred compensation balance is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are held in trust for the "exclusive benefit of governmental plan participants." Consistent with this, the District has no rights to these monies and, therefore, plan assets and liabilities are not reported on the District's financial statements.

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The District has established a Retiree Healthcare Plan (HC Plan) under the CalPERS Public Employees' Medical and Hospital Care Act (PEMHCA), and participates in an agent multiple-employer defined benefit retiree healthcare plan. The HC Plan provides lifetimes healthcare insurance for eligible employees and their eligible family members through the District's group health insurance plan, which covers both active and retired members.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The District has fewer than 100 employees (active and inactive) who are eligible for OPEB through the HC Plan. Therefore, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, the District uses the Alternative Measurement Method (AMM) as a modified approach to calculate the District's OPEB liability. The AMM permits some simplified methods for setting the assumptions to be used in the calculation, however, the AMM includes the same broad steps as an actuarial valuation, including projecting benefit payments, discounting those payments to present value, and attributing the present value of projected benefit payments to time periods using an actuarial cost method.

Benefits Provided

The HC Plan provides employees who retire directly from the District, at a minimum age of 55, with a minimum of ten years of service with certain qualifying state of California agencies (at least five of which must be with the District), payments for CalPERS medical insurance premiums for employee plus spouse, starting at 50% of the employer contribution and increasing 5% per year, up to 100% in the 20th year of service. Payments coordinate when retiree or spouse is eligible for Medicare. Surviving spouses are also eligible for this benefit.

Employees who retire directly from the District at a minimum age of 55, with a minimum of ten years of service with certain qualifying state of California agencies (at least five of which must be with the District), are eligible to continue medical coverage as a participant with active employees at a blended premium rate. When eligible for Medicare at age 65, the HC Plan becomes a secondary plan at a reduced rate. A separate financial report is not prepared for the HC Plan.

Employees Covered

As of the June 30, 2021, valuation, the employees covered by the benefit terms of the HC Plan consisted of:

June 30, 2021	
Inactive HC Plan members or beneficiaries currently receiving benefit payments	16
Active HC Plan members	25
Total	41

Contributions

Benefits provisions are established and may be amended by the District's Board of Directors as authorized by bylaws. The HC Plan provides for the District to contribute 100% of the cost of health insurance premiums for retirees and their eligible family members. For the fiscal year ended June 30, 2022, the District contributed \$217,063 representing premium payments on behalf of retired employees. In addition, the District made a prefunding contribution of \$117,302 to the CalPERS Employee Retirement Benefit Trust (CERBT).

Bella Vista Water District
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

Net OPEB Liability

The District’s net OPEB liability for the HC Plan is measured as the total OPEB liability, less the HC Plan’s fiduciary net position. The net OPEB liability of the HC Plan is measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined using the Alternative Measurement Method (AMM) dated June 30, 2021. The June 30, 2022, total OPEB liability was based on the actuarial methods and assumptions as shown below.

Actuarial Assumptions

The District’s net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined using the Alternative Measurement Method (AMM) dated June 30, 2021, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	4.410%
Salary increases	2.00%
Healthcare cost trend rate - medical	4.70% ⁽¹⁾
Healthcare cost trend rate - pharmacy	5.20% ⁽²⁾
Healthcare cost trend rate - dental	3.50% ⁽³⁾
Healthcare cost trend rate - vision	3.00%

(1) Decreasing 0.5% to an ultimate rate of 4.2% in year eight.

(2) Decreasing 1.0% to an ultimate rate of 4.2% in year eight.

(3) Decreasing 0.5% to an ultimate rate of 3.0% in year three.

Mortality is based on Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Turnover assumptions are derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Bella Vista Water District
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

Long-Term Expected Rate of Return

As of the measurement date of June 30, 2022, the District has OPEB plan assets of \$1,108,371 in CERBT for the purpose of prefunding obligations for past service. The target allocation and best estimate of arithmetic real rates of return are summarized as follows:

CERBT Asset Allocation Strategy	Target Allocation	Long-Term Expected Real Rate of Return
CERBT Strategy 3	100.00%	4.41%
CERBT Strategy 3 Asset Class Allocation		
Global equity	22.00%	
Fixed income	49.00%	
Treasury inflation-protected securities	16.00%	
Real estate investment trusts (REITs)	8.00%	
Commodities	5.00%	
Cash	0.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.410%. The discount rate is based on the long-term expected rate of return. Plan assets are expected to be sufficient to cover all benefit payments in future years.

Bella Vista Water District
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Changes in the Net OPEB Liability

The changes in the net OPEB liability for the HC Plan are as follows:

Year Ended June 30, 2022

Total OPEB Liability	
Service cost	\$ 148,762
Interest	204,015
Effect of economic/demographic gains or losses	(1,170,818)
Changes of assumptions	(600,533)
Benefit payments - including refunds of employee contributions	(217,063)
Net Change in Total OPEB Liability	(1,635,637)
Total OPEB Liability - Beginning of Year	6,277,117
Total OPEB Liability - End of Year (a)	4,641,480
Plan Fiduciary Net Position	
Contributions - employer	334,365
Net investment income	(10,658)
Benefit payments - including refunds of employee contributions	(217,063)
Administrative expense	(274)
Net Change in Plan Fiduciary Net Position	106,370
Plan Fiduciary Net Position - Beginning of Year	1,002,001
Plan Fiduciary Net Position - End of Year (b)	1,108,371
Net OPEB Liability - End of Year ((a) - (b))	\$ 3,533,109
Plan fiduciary net position as a percentage of the total OPEB liability	23.88%
Covered-employee payroll	\$ 1,800,233
District's net OPEB liability as a percentage of covered-employee payroll	196.26%

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

The following presents the District's net OPEB liability calculated using the discount rate of 4.410%, as well as the District's net OPEB liability if it was calculated using a discount rate that is one percentage point lower (3.410%) or one percentage point higher (5.410%) than the current rate:

June 30, 2022	1% Decrease (3.410%)	Current Discount Rate (4.410%)	1% Increase (5.410%)
Net OPEB liability	\$ 4,033,954	\$ 3,533,109	\$ 3,105,210

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's net OPEB liability calculated using the various healthcare cost trend rates, as well as the District's net OPEB liability if it was calculated using a healthcare trend rate that is one percentage point lower than the current rates:

June 30, 2022	1% Decrease	Healthcare Cost Trend Rates (Various)	1% Increase
Net OPEB liability	\$ 3,379,792	\$ 3,533,109	\$ 3,690,130

Plan Fiduciary Net Position

Detailed information about the HC Plan's fiduciary net position is available from CalPERS which issues a publicly available financial report on CERBT that can be obtained at www.calpers.ca.gov.

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of (\$1,596,266). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HC Plan investments	\$ 34,291	\$ -

Bella Vista Water District
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Year Ending June 30	
2023	\$ 6,380
2024	6,293
2025	6,292
2026	15,326
Total	\$ 34,291

9. SPECIAL ASSESSMENT BONDS

Special assessment bonds are used for the provision and financing of public improvements, which primarily benefit the particular taxpayers against whose properties special assessments are levied. Property owners are given the option of paying their special assessments in a lump sum or in interest-bearing annual installments over a number of years. Special assessment bonds issued to finance initial construction costs are secured by liens on the property of those taxpayers electing to pay their assessments in annual installments.

The GASB issued Statement No. 6, *Accounting and Financial Reporting for Special Assessments*, in January 1989. Reporting requirements for governments vary under this statement, dependent on whether or not the government is obligated in some manner for special assessment debt.

In accordance with legal requirements pertaining to the sale of 1915 Act Special Assessment Bonds, a reserve fund was established out of the proceeds of the bond sale and is utilized to cover delinquencies by property owners.

Delinquencies, if any, at June 30, 2022, are immaterial and are covered by the Teeter Plan.

The liability for the payment of the outstanding 1915 Act Special Assessment Bonds is reported and disclosed in note 5.

Bella Vista Water District
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

10. RISK MANAGEMENT

The District has obtained general liability, auto liability, public officials' liability, workers' compensation, property coverage, and fidelity coverage through the Association of California Water Agencies - Joint Powers Insurance Authority (JPIA), a joint powers authority of the California public water agencies.

June 30, 2022	JPIA Pooled Amount	Commercial Insurance Additional Coverage
General, auto, and public officials' liability	\$ 5,000,000	\$ 55,000,000
Cyber	\$ -	\$ 5,000,000 *
Workers' compensation	\$ 2,000,000	\$ 4,000,000
Property coverage	\$ 100,000	\$ 500,000,000
Fidelity	\$ -	\$ 1,000,000

**\$5,000,000/occurrence, \$5,000,000 aggregate*

Each member's share of pooled insurance costs depends on the losses of all members. In addition, the cost to a member district will also depend on the loss experience of that district. Districts with a consistent record of costly claims will pay more than districts with a consistent record of less serious claims activity. Settled claims resulting from the risks identified above have not exceeded insurance coverage in the past three years. No significant reductions in insurance coverage from the prior year have been made.

A representative of each member district, appointed by the board of directors of that district, serves on the board of directors of the JPIA. The board of directors is responsible for deciding the risks the JPIA will underwrite, monitoring the costs of claims, and arranging financial programs. Each member of the board of directors has an equal vote in matters concerning the JPIA.

The District's share of year-end assets, liabilities, and fund equity is not calculated by the JPIA. Separately issued financial statements can be requested from the JPIA.

Bella Vista Water District
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

11. RESTRICTED NET POSITION

Restricted net position consists of the following:

June 30, 2022

<i>Department of Interior Note Reserve</i> - The purpose of these funds is to ensure that the District maintains adequate financial capability to meet unusual and unforeseen extraordinary operation and maintenance costs as per the Bureau contracts.	\$ 81,520
<i>Capital Improvement Fund</i> - This fund was established to deposit capital improvement fees charged for use towards the construction and improvement of District facilities and to maintain adequate facilities as growth in the District occurs.	3,243,588
<i>Water Treatment Plant Improvements</i> - This fund was established to deposit fees charged for the water treatment plant improvements required by the California State Water Resources Control Board, Division of Drinking Water, and to service the debt established.	688,243
<i>Palo Cedro Special Projects</i> - Pursuant to Resolution 87-38, the purpose of this reservation was to reduce the initial construction cost of the Palo Cedro South Project. Agreement by the property owners was made whereby a capital facilities charge would be levied upon property owners at such times as they choose to connect to the system. The funds are specifically allocated to the construction of improvements at such time as it becomes necessary.	184,825
<i>1996 Redemption Fund</i> - This fund was established to deposit the revenues collected by the County of Shasta for the 96-1 Assessments and repay the obligation with the USDA.	37,522
Total	\$ 4,235,698

Bella Vista Water District
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

12. DESIGNATED UNRESTRICTED NET POSITION

Designated unrestricted net position consists of the following:

June 30, 2022

Contingency Fund - This fund was established as an appropriation and interfund transfer account, as needed, for cash flow purposes.	\$ 2,279,738
Municipal and Industrial Rate Stabilization Reserve - This fund was established to fund current year M&I operating deficit charged by the U.S. Bureau of Reclamation, Department of the Interior.	679,197
Extraordinary Operations Maintenance Replacement - This fund was established to assist the District in long-term planning and budgeting for extraordinary major maintenance and replacement costs the District is going to be faced with for its aging facilities and infrastructure. In addition, a separate allocation under this fund was created to assist the District in the purchase of vehicles and large equipment items. It is the goal of the District to smooth the impact of these significant costs over many years rather than significant impact to any one year.	3,254,327
Total	\$ 6,213,262

In addition, the District holds an Irrigation Reserve to fund the Irrigation Operating Deficit charged by the U.S. Bureau of Reclamation, Department of the Interior. This reserve did not hold a balance at June 30, 2022, as a result of paying the monthly reserved amount toward the outstanding irrigation deficit.

The above amount of designated unrestricted net position exceeds the unrestricted net position balance in the statement of net position due to a difference in accounting method between the two statements. The District designates net position using the modified accrual accounting method which is the accounting method used for internal budgeting purposes. This accounting method does not take into account the net investment in capital assets as a component of net position. Therefore, it results in the District designating more unrestricted net position than is reported in the statement of net position. The full amounts of designated net position have been included in the table above to reflect the actual amounts approved by the District's Board of Directors as designated, however, only \$2,870,659 is actually available to be designated.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

13. LEASE

In November 2014, the District (lessor) entered into an agreement with a third party (lessee), to lease a portion of their property, including air space above such property, for the placement of the lessee's communication facility. The lease agreement was for a term of five years, after which time the lease would automatically renew for another five years unless intent to terminate was given in writing by either party. The lease can be automatically renewed a total of five times, for a total maximum lease term of 25 years. The lease contract ends in 2039.

On each of the five renewal cycles, the lease payments increase by 12% of the prior cycle's payment. Until the next renewal cycle in November 2024, the District will receive monthly payments of \$2,800. For the year ended June 30, 2022, the District recognized \$16,209 in lease revenue and \$17,391 in interest revenue.

14. COMMITMENTS AND CONTINGENCIES

Proposition 218

Proposition 218, which was approved by the voters in November 1996, and amended Article 13 of the State Constitution, regulates the District's ability to impose, increase, and extend taxes, assessments, and fees. New, increased, or extended taxes, assessments, and fees are subject to the provisions of Proposition 218. This decision was upheld and broadly interpreted to include water rates and charges in the court decision of *Bighorn-Desert View Water Agency vs. Verjil* which states "an agency may not adopt a rate increase if written protests against the proposed fee or charge are presented by a majority" of the affected property owners. In addition, Proposition 218 states that these rates will be fair, equitable, and cost based. Therefore, the District's ability to finance the services for which the taxes, assessments, and fees are imposed in the future may be impaired. However, management believes it will be able to maintain the current level of revenue it now receives. Subsequent legislation (AB1260 CABALLERO) clarifies the process required to revise fees and rates.

WIIN Act

On August 24, 2020, the District's Board of Directors authorized a contract amendment, authorized by the WIIN Act. The WIIN Act is a comprehensive federal legislation relating to water infrastructure. Section 4011 of Subtitle J outlines the authority and direction for the Secretary of the Interior to negotiate contracts for repayment terms, which may include prepayments, lump sum, or accelerated payments, on existing water service contracts. The contract amendment results in a perpetual repayment contract providing for Project Water Service and Facilities Repayment with the United States Bureau of Reclamation. While the amendment guarantees a perpetual contract, it does not guarantee a water allocation. Under the amendment, the District remitted accelerated repayment on facilities during fiscal year 2020-21, in the net amount of \$1,638,430, which included a payment of \$1,845,004, and a refund back to the District of \$206,574.

A coalition of California environmental interest groups is challenging the validity of the perpetual contracts of nearly one hundred water purveyors throughout California, including the District. The outcome is uncertain and could result in reverting to the previous water service contract.

Bella Vista Water District
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Project Commitments

Project commitments are as follows:

June 30, 2022	Remaining Project Commitment
Three million gallon (3MG) tank project	\$ 9,556

Grant Award

On May 9, 2022, the District was awarded a federal grant in the amount of \$2,000,000 toward constructing a new three million gallon water tank and to add supervisory control and data acquisition (SCADA) functionality to three existing wells. The project is expected to commence in 2022-23 and has a planned completion date of December 2024. The estimated total cost of the project is \$5,363,250; the remaining cost share of \$3,636,250 is expected to be funded by the District.

COVID-19

The novel coronavirus, COVID-19, was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The ongoing pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly-evolving situation. The impact of the pandemic on the District's operations and financial performance will depend on future developments, including government mandates and duration of the pandemic, all of which are uncertain and difficult to predict. As a result, it is not currently possible to assess the overall impact of COVID-19 on the District's future. However, if the pandemic continues, the disease could have a material adverse effect on the District's results of operations, financial condition, and cash flows. Management is monitoring the situation on a daily basis in order to mitigate the potential impact of COVID-19 on the District's operations and financial performance.

Bella Vista Water District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

15. WATER PURCHASE AGREEMENTS

Effective November 25, 2008, the District executed a contract to purchase water. The contract requires the District to annually pay for 1,536 acre feet of water, subject to shortage provisions, whether actually taken or not, at rates that are adjusted annually. The District is also required to pay an administrative fee per acre-foot which is adjusted by 3% annually. The contract is effective through February 28, 2045. On January 1, 2021, the District entered into an amendment for an additional 264 acre feet. The District expects to utilize the full allocation of 1,800 acre feet, subject to shortage provisions, each year.

During the year ended June 30, 2022, the District entered into additional water purchase agreements as follows:

- In August 2021, the District entered into an agreement to purchase 700 acre feet of water at a total cost of \$263,859.
- In August 2021, the District entered into an agreement to purchase 1,500 acre feet of water at a total cost of \$492,000.
- In March 2022, the District entered into an agreement to purchase 2,060 acre feet of water at a total cost of \$515,000.

Although water purchases are routine operations, these transactions are of note due to the high cost and limited availability of water during the current period of drought.

Required Supplementary Information

Bella Vista Water District

SCHEDULE OF CHANGES IN DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS

Years Ended June 30	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 148,762	\$ 135,769	\$ 130,586	\$ 187,794	\$ 200,300
Interest	204,015	182,481	166,384	381,188	266,983
Effect of economic/demographic gains or losses	(1,170,818)	546,558	390,615	(1,846,791)	233,533
Changes of assumptions	(600,533)	-	-	899,249	-
Benefit payments - including refunds of employee contributions	(217,063)	(204,833)	(183,805)	(151,534)	(131,686)
Net Change In Total OPEB Liability	(1,635,637)	659,975	503,780	(530,094)	569,130
Total OPEB Liability - Beginning of Year	6,277,117	5,617,142	5,113,362	5,643,456	5,074,326
Total OPEB Liability - End of Year (a)	4,641,480	6,277,117	5,617,142	5,113,362	5,643,456
Plan Fiduciary Net Position					
Contributions - employer	334,365	420,550	399,624	583,504	131,686
Net investment income	(10,658)	94,881	29,525	15,681	-
Benefit payments	(217,063)	(204,833)	(183,805)	(151,534)	(131,686)
Administrative expense	(274)	(365)	(227)	(1,000)	-
Net Change in Plan Fiduciary Net Position	106,370	310,233	245,117	446,651	-
Plan Fiduciary Net Position - Beginning of Year	1,002,001	691,768	446,651	-	-
Plan Fiduciary Net Position - End of Year (b)	1,108,371	1,002,001	691,768	446,651	-
Net OPEB Liability - End of Year ((a) - (b))	\$ 3,533,109	\$ 5,275,116	\$ 4,925,374	\$ 4,666,711	\$ 5,643,456
Plan fiduciary net position as a percentage of total OPEB liability	23.88%	15.96%	12.32%	8.73%	0.00%
Covered-employee payroll	\$ 1,800,233	\$ 1,777,661	\$ 1,775,053	\$ 1,780,304	\$ 1,729,420
District's net OPEB liability as a percentage of covered-employee payroll	196.26%	296.74%	277.48%	262.13%	326.32%

See the accompanying notes to the required supplementary information.

Bella Vista Water District

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB

Years Ended June 30	2022	2021	2020	2019	2018
Contractually required contribution	\$ 217,063	\$ 204,833	\$ 183,805	\$ 151,534	\$ 131,686
Contributions in relation to the contractually required contribution	(334,365)	(420,550)	(399,624)	(583,504)	(131,686)
Contribution Deficiency (Excess)	\$ (117,302)	\$ (215,717)	\$ (215,819)	\$ (431,970)	\$ -
Covered-employee payroll	\$ 1,800,233	\$ 1,777,661	\$ 1,775,053	\$ 1,780,304	\$ 1,729,420
Contributions as a percentage of covered-employee payroll	18.57%	23.66%	22.51%	32.78%	7.61%

See the accompanying notes to the required supplementary information.

Bella Vista Water District

SCHEDULE OF INVESTMENT RETURNS - OPEB

<u>Years Ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return - net of investment expense	-1.97%	18.87%	8.47%	6.57%	0.00%

See the accompanying notes to the required supplementary information.

Bella Vista Water District

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

Years Ended June 30	2022	2021	2020	2019
District's proportion of the net pension liability (asset)	0.0691%	0.0586%	0.0555%	0.0524%
District's proportionate share of the net pension liability (asset)	\$ 1,175,581	\$ 2,469,640	\$ 2,221,293	\$ 1,975,259
District's covered-employee payroll	\$ 1,800,233	\$ 1,777,661	\$ 1,775,053	\$ 1,780,304
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	65.30%	138.93%	125.14%	110.95%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	75.10%	75.26%	71.90%
Years Ended June 30	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0511%	0.0480%	0.0415%	0.0214%
District's proportionate share of the net pension liability (asset)	\$ 2,012,650	\$ 1,666,007	\$ 1,140,607	\$ 1,330,145
District's covered-employee payroll	\$ 1,729,420	\$ 1,757,845	\$ 1,650,845	\$ 1,483,341
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	116.38%	94.78%	69.09%	89.67%
Plan fiduciary net position as a percentage of the total pension liability	73.90%	80.70%	86.56%	83.03%

See the accompanying notes to the required supplementary information.

Bella Vista Water District

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2022		2021		2020		2019	
Contractually required contribution	\$	149,920	\$	152,901	\$	138,582	\$	132,983
Contributions in relation to the contractually required contribution		(149,920)		(152,901)		(138,582)		(132,983)
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	1,800,233	\$	1,777,661	\$	1,775,053	\$	1,780,304
Contributions as a percentage of covered-employee payroll		8.33%		8.60%		7.81%		7.47%
Years Ended June 30	2018		2017		2016		2015	
Contractually required contribution	\$	122,431	\$	124,469	\$	110,373	\$	125,721
Contributions in relation to the contractually required contribution		(122,431)		(124,469)		(110,373)		(125,721)
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	1,729,420	\$	1,757,845	\$	1,650,845	\$	1,483,341
Contributions as a percentage of covered-employee payroll		7.08%		7.08%		6.69%		8.48%

See the accompanying notes to the required supplementary information.

1. SCHEDULE OF CHANGES IN DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS

Changes in Benefit Terms

There were no significant changes in benefit terms during the measurement period ended June 30, 2022.

Changes in Assumptions

During the measurement period ended June 30, 2022, the discount rate increased 1.181% to 4.410%, the salary increases rate increased 0.75% to 2.00%, the healthcare cost trend rate for medical decreased 0.20% to 4.70%, and the healthcare cost trend rate for pharmacy decreased 0.70% to 5.20%.

2. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Changes in Benefit Terms

There were no significant changes of benefit terms during the measurement period ended June 30, 2021.

Changes in Assumptions

There were no changes in major assumptions during the measurement period ended June 30, 2021.

OTHER REPORT SECTION

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

To the Board of Directors
Bella Vista Water District
Redding, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bella Vista Water District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 17, 2022.

Internal Control Over Financial Reporting

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

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

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

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

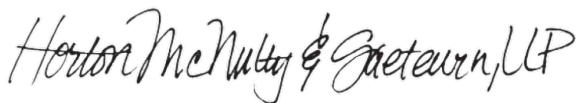
(Continued)

Compliance and Other Matters

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

Purpose of This Report

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



October 17, 2022
Chico, California