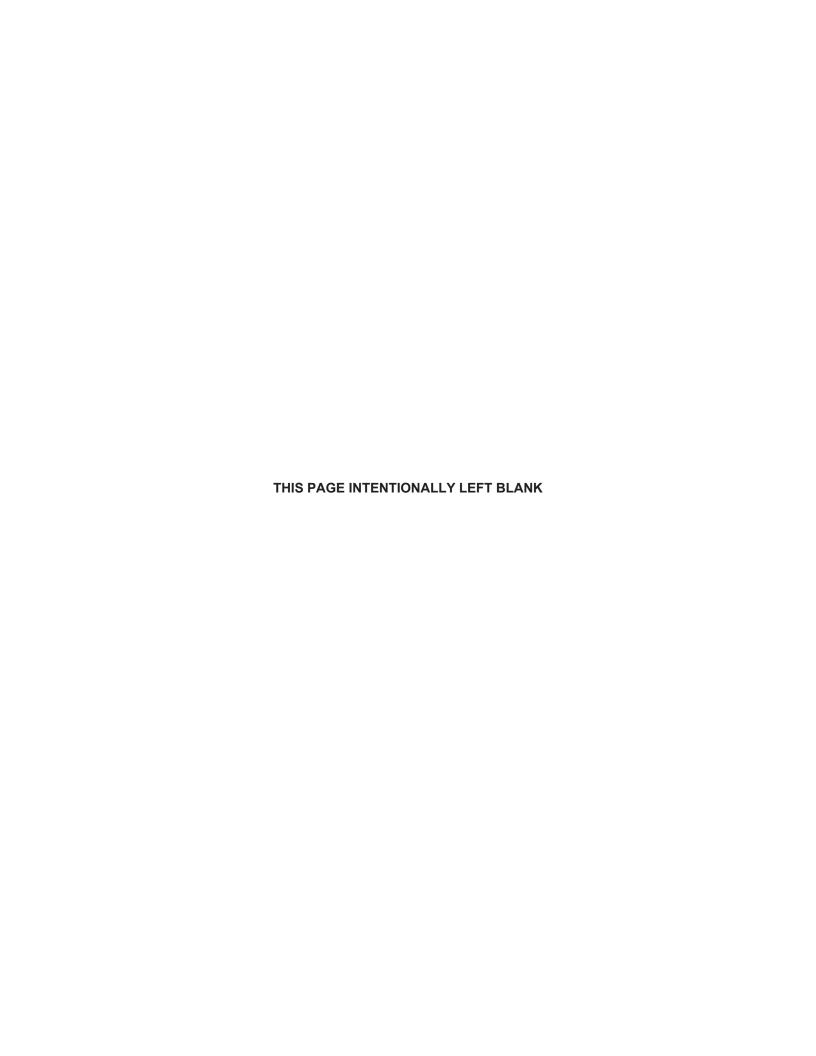


ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY:

THE FINANCE AND ACCOUNTING DIVISION



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2021

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FOR FISCAL YEAR ENDED JUNE 30, 2021

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CITY OF SAN BERNARDINO WATER BOARD

> TONI CALLICOTT President

Commissioners WAYNE HENDRIX DAVID E. MLYNARSKI RIKKE V. JOHNSON THOMAS BRICKLEY



"Trusted, Quality Service since 1905"

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General Manager
ROBIN L. OHAMA
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STEVE R. MILLER
Director of Water Utility
KEVIN T. STEWART, P.E.
Director of Water Reclamation
JENNIFER L. SHEPARDSON
Director of Environmental &
Regulatory Compliance
CYNTHIA J. MOUSER
Director of Finance

December 3, 2021

Water Board Commissioners San Bernardino Municipal Water Department

Introduction:

State law requires that every general-purpose government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the San Bernardino Municipal Water Department ("Department") for the fiscal year ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Lance, Soll & Lunghard, LLP has issued an unmodified opinion on the Department's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Department:

The San Bernardino Municipal Water Department and the Water Board of Commissioners ("Board") were established on May 8th, 1905, by the Mayor and Common Council of the City of San Bernardino in accordance with the provisions specified in the City charter. The Board assembled for the first time on May 16th, 1905, to ensure water supply needs of the community are met by providing trusted, quality service to our customers. This service has grown through the years to include water supply, water reclamation, geothermal heating supply, sewer collection and administrative support for the growing community.

The first water distribution system of San Bernardino included water supply for approximately six thousand citizens within a one square mile service area. Today, the Department's service area is approximately 50 square miles and the water supply distribution network now encompasses over 45,000 service connections and 750 miles of water mains. Although the number of connections has increased during the past one hundred years, our commitment to providing trusted, quality service remains the same.

The City of San Bernardino receives the majority of its water supply from an underground aquifer called Bunker Hill Groundwater Basin which is part of the San Bernardino Basin. The water contained in the Bunker Hill Basin is replenished with rain and snowmelt that filters through our local San Bernardino Mountains. This local water supply ensures that San Bernardino Municipal Water Department customers receive high quality, relatively inexpensive water as compared to other communities. Many other communities in Southern California must import their water supplies from remote locations via the Colorado River and State Water Project systems which adds cost. Many water supplies imported from distant locations can be impacted by certain man-made and natural contaminants as the water is transported to the customer. Imported supplies are also impacted by drought conditions.

The Department has operated the Water Reclamation Plant (WRP) since 1973. The WRP is a 33 million gallons per day (MGD) Regional Secondary Treatment facility that provides trusted, quality wastewater treatment services for the City of San Bernardino, City of Loma Linda, East Valley Water District, San Bernardino International Airport, Patton State Hospital, and unincorporated areas of San Bernardino County. The WRP serves over 60,000 customers, of which 38,000 are located within the City's boundaries.

In May of 2017, management and operations of the Sewer Collection System were transferred from the City of San Bernardino Public Works Department to the San Bernardino Municipal Water Department. The system encompasses approximately 38,000 connections and conveys over 5 billion gallons of sewage annually to the Department's Water Reclamation Plant for treatment.

Fiscal Management:

The Board annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Department's functions, including the Water Utility, Sewer Treatment and Sewer Collection Funds. The budget and reporting treatment applied to a fund is consistent with the accrual basis of accounting and the financial statement basis. Each year the Department adopts a balanced budget.

Local Economy:

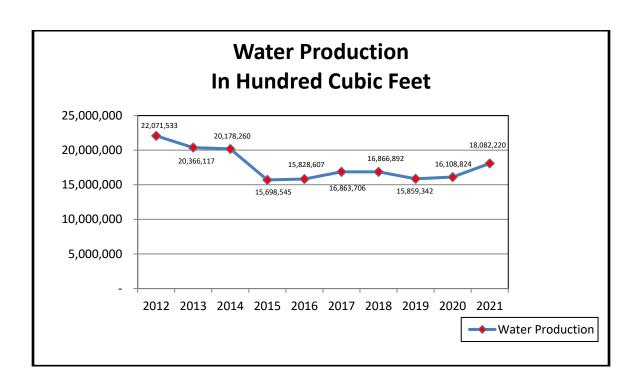
The Department's offices are located in the City of San Bernardino in San Bernardino County. According to the California Department of Finance, San Bernardino's population as of June 30, 2021, was 216,291. San Bernardino County offers affordable housing and available space as compared to the surrounding counties, which makes the area attractive for new homeowners and commercial development. Growth remains strong in the Inland Empire and neighboring regions. The economic outlook for the City of San Bernardino is forward moving considering the ongoing Coronavirus Pandemic ("Pandemic"). The region's labor force is experiencing growth but not to pre-pandemic levels. The County of San Bernardino, along with the City of San Bernardino has experienced job growth according to the State of California Employment Development Department. The current unemployment rate for the City of San Bernardino is 8.0% while the County of San Bernardino is at 8.1% compared to the average national unemployment rate of 6.1%. The City of San Bernardino unemployment rate decreased by 5.5% from 13.5% since the end of fiscal year 2020. Leisure and Hospitality sectors are still below in job recoveries; however, the retail trade, transportation, utilities, warehousing, and service sectors have accounted for job gains since June 2020. This is a positive indicator that the economic recovery is underway. The Department continues to monitor the effects of the Pandemic on economic conditions and adjust the FY 2021-2022 budget and spending as needed. The Pandemic's most adverse effect on the Department has been an increase in delinquent accounts over the last sixteen months. Furthermore, the Department has been staying well-informed of several Federal and State programs aimed at curbing financial impact to municipalities to ensure

proactive participation for potential award. Earlier this year, the Department applied for and recently received award approval from the California Water and Wastewater Arrears Payment Program to help customers pay overdue water bills incurred during the pandemic. Our executive leadership efforts have also secured \$5.16 million from the City's allocation of Federal American Rescue Plan Act (ARPA) Act to replace lead service lines in the water system.

California's water supply continues to be a concern due to projected population increases and dwindling, unreliable supplies from traditional sources. The Department has expanded and will continue to expand its conservation efforts in order to respond to the state-wide water use efficiency regulations. Department staff members continue to seek various methods to decrease its dependence on imported water and to increase water supply reliability, including increasing production of recycled water. The Department's latest conservation standard as imposed by the State was 0%, however, the Department maintains a self-imposed conservation standard of 15% as compared to 2013. This self-imposed standard will assist in supporting recovery of the local basin. Currently, the Department's cumulative conservation standard is at 11% for the past year (September 2020 - September 2021).

In May of 2018 California's governor signed two bills - SB 606 and AB 1668 - to establish long-term conservation goals. This legislation supports the State's initiative to "Make Water Conservation a California Way of Life" by emphasizing water use efficiency and stretching existing water supplies in California cities and farms. It lays out a timeline for local agencies to adopt standards, calculate objectives, and meet calculated objectives. It will allow the State Water Board to adopt standardized efficiencies for residential indoor and outdoor use and water losses, with appropriate variances for unique local conditions. The State will make local water agencies responsible for enforcement of the mandates and regulations, not individual customers.

For the Department, the goal of water use efficiency remains paramount. Efficient water use is the most costeffective and immediate way to achieve long-term conservation goals. As such, the Department is committed to sharing information, programs, and incentives to encourage and support water use efficiency for our customers.



Major Initiatives:

Fuel Cell

In July 2021, the Department commenced operation of a fuel cell facility at the San Bernardino Water Reclamation Plant (WRP) site. The fuel cell allows the Department to continue beneficially use of methane produced from wastewater treatment digesters ("digester gas") to produce electricity for the WRP.

Historically, the Department used digester gas beneficially to fuel engines that operated generators, aeration blowers, and pumps that were part of the wastewater treatment process. The Department must meet several stringent regulations to ensure the health and safety of the community it serves and to protect the environment. This includes new and revised air quality standards for operation of wastewater plants such as the WRP.

The facility was conceived as part of the Department's ongoing response to the new and revised regulations and supports the Department's plans to improve operations and continue to beneficially utilize biogas generated from the WRP digesters. The fuel cell facility was developed in a public/private partnership between SBMWD and FuelCell Energy, Inc. (FCEL), a leading US manufacturer of fuel cell power plants with several facilities at wastewater treatment plants in California. FCEL was responsible for construction, installation, commissioning of the entire facility and will also provide long-term operation, maintenance, and service.

Advanced Metering Infrastructure

The Department has been selected to receive a \$500,000 grant from the U.S. Bureau of Reclamation to start phase one of the Department's Advanced Metering Infrastructure (AMI) project. The first phase of the AMI project will install and connect approximately one quarter of the Department's water meters to an advanced communications network to gather water consumption data in real time. This water use data will reduce water waste by enabling the Department to identify and notify customers of leaks and abnormally high-water use more quickly.

Water Resource Management

The Department recently completed a joint planning effort to develop the Integrated Regional Urban Water Management Plan with several agencies within the Upper Santa Ana River Watershed. This effort developed a comprehensive guide for water resource management including actions to ensure adequate supplies to meet future demands within a range of water supply conditions including water shortages.

Regional Recycled Water

Lastly, the Department continues to develop its recycled water project. While the design for the initial phase of the project is complete, certain environmental and permitting prerequisites remain. The Department anticipates resolving outstanding prerequisites and commencing construction in 2022. At the same, the Department is working with its regional partners to develop a regional recycled water system that involves connecting recycled water systems in the region and will provide flexibility to apply produce recycled water were it is most needed in the San Bernardino Basin.

Long Term Financial Planning:

In August of 2019, the Department adopted a Strategic Plan that created a roadmap for the Department's long-term financial goals and objectives. As part of the Strategic Plan, long-term financial plans were developed for all three of the Department's enterprises: Water, Sewer Treatment and Sewer Collection. These financial plans assisted the Department with determining the need to conduct a cost of service study for all three enterprises. The cost-of-service study will take place in FY 2022. The cost of service study will assist the Department in developing alternative water sources, replacing aging infrastructure and addressing increasing costs.

The Department's financial plan includes the revision of the existing Reserve Policy. The Department's current Reserve policy was revised and adopted by the Board in September 2021.

- Operating Reserve: This reserve is established to ensure adequate cash flow is available to meet dayto-day expenses. The target balance is 45 days of the operating expenses budgeted for each respective fund.
- ➤ Rate Stabilization Reserve: This reserve is established to offset revenue risk associated with low service demands years. The minimum target balance for each fund is twenty percent (20%) of their respective budgeted sales.
- ➤ Emergency Replacement Reserve: The purpose of this reserve is to minimize the impact of unforeseen capital asset and operating expenses. The target balance for each fund shall be two percent (2%) of the total recorded value of capital assets as of the previous fiscal year.
- Capital Replacement Reserve: The Capital Replacement Reserve was set up in order to provide funding support of the Department's capital program. The basis for calculating the target balance for this reserve is a rolling five-year average of the Department's Capital Improvement Program projects, excluding those with external funding. The target balance will be assessed on an annual basis as part of the budgeting process.

Debt Administration:

The Department's outstanding debt as of June 30, 2021 consists of one Revenue Bond in the Water Utility Fund, and one Revenue Bond in the Sewer Utility Fund, as shown in the table below:

Water Fund Long-Term Debt Activity								
Year of Issuance/Description	Use of Proceeds							
	Funding for facility construction, seismic retrofit							
2016 California Municipal Finance Authority	of reservoirs and other capital improvement							
Revenue Bond	projects.							

Sewer Fund Long-Term Debt Activity								
Year of Issuance/Description	Use of Proceeds							
	Funding for primary influent flow equalization							
2016 California Municipal Finance Authority	project, facility construction, and recycled water							
Revenue Bond	project.							

Relevant Financial Policies:

Internal Control Structure

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

Major Initiatives and Key Values:

The activities of the Board and Department staff are driven by our key value statements as outlined below:

- 1. Provide the highest level of customer service to our community.
- 2. Responsibly establish necessary rates in the most cost-effective manner.
- 3. Provide the highest quality water and wastewater services.
- 4. Provide responsible stewardship of our resources and our environment.
- 5. Require ethical business practices.
- 6. Foster a strong, positive organizational culture and promote staff development.

Awards and Acknowledgements:

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its annual comprehensive financial report for the fiscal year ended June 30, 2020. To be awarded a Certificate of Achievement, the Department must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement program requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of Department staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the Department's customers. The contributions made by Veronica Bustillos, Finance Manager, and Rochelle Johnson and Andrea Parker, Senior Accountants, deserve special recognition. We would also like to thank and recognize the members of the Board for their continued support in planning and implementation of the Department's fiscal policies.

Respectfully submitted,

Miguel J. Guerrero, P.E., General Manager

Cynthia J. Mouser, Director of Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

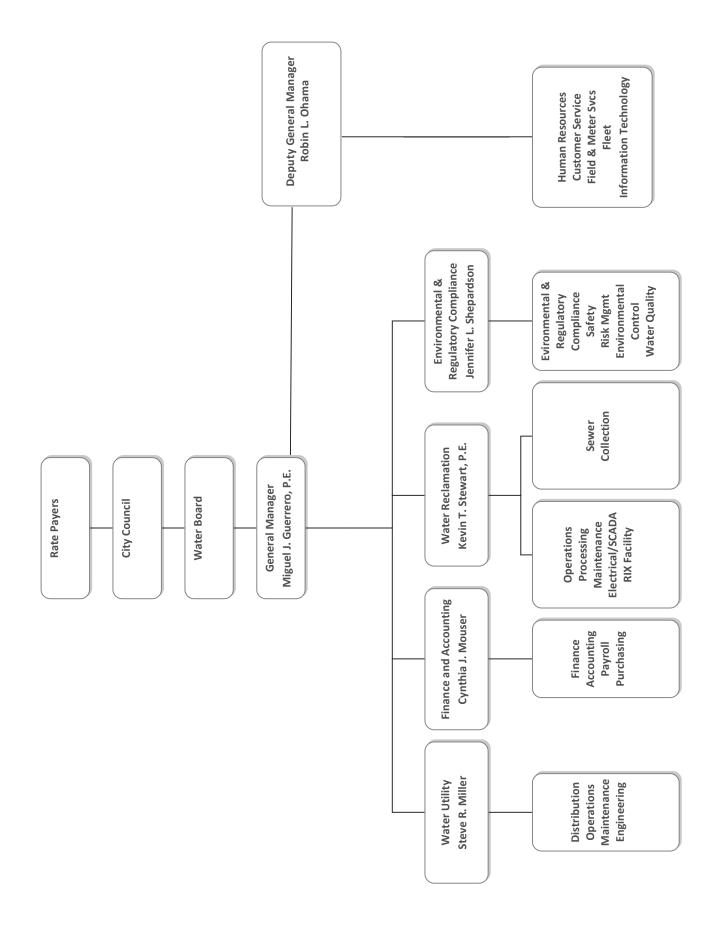
City of San Bernardino Municipal Water Department California

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO



City of San Bernardino Municipal Water Department

Mayor the City of San Bernardino

John Valdivia

Water Board

Toni Callicott, President
Wayne Hendrix, P.E., Vice President
David E. Mlynarski, Commissioner
Rikke V. Johnson, Commissioner
Thomas Brickley, Commissioner

Administration

Miguel J. Guerrero, P.E., General Manager
Robin L. Ohama, Deputy General Manager
Steve R. Miller, Director of Water Utility
Kevin T. Stewart, P.E., Director of Water Reclamation
Cynthia J. Mouser, Director of Finance
Jennifer L. Shepardson, Director of Environmental & Regulatory Compliance

Mission Statement

To meet the needs of the community by providing sustainable, high quality water supply and wastewater services in the most professional, environmentally responsible, and cost-effective manner possible.

Organization

The City of San Bernardino Municipal Water Department was formed in 1905 under the Charter of the City of San Bernardino and is governed by the Water Board who are appointed by the Mayor of the City of San Bernardino. The most recent Charter, approved by voters in November 2016, gave the Water Board "Responsibility to oversee and manage the City's water supply, recycled water, wastewater collection and treatment functions in accordance with State Law." The Department operated three enterprise funds: the Water Utility Enterprise Fund, the Sewer Utility Enterprise Fund and the Sewer Collection Utility Enterprise Fund. Water service encompasses the City, with the exception of the east end, which is served by East Valley Water District. Sewer treatment service encompasses all of the City of San Bernardino, the City of Loma Linda, the former Norton Air Force Base, Patton State Hospital, and portions of the City of Highland serviced by East Valley Water District. Sewer collection service is provided within the City of San Bernardino boundaries.



INDEPENDENT AUDITORS' REPORT

To the Water Board City of San Bernardino Municipal Water Department San Bernardino, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund of the City of San Bernardino Municipal Water Department (the "Department"), a component unit of the City of San Bernardino, California (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Department and do not purport to, and do not, present fairly the financial position of the City as a whole, as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for twelve months beyond the date of the financial statements. **Prime**Global

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and 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 responsible 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 to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department'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 Department's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Responsibilities

Required Supplementary Information

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



To the Water Board City of San Bernardino Municipal Water Department San Bernardino, California

Lance, Soll & Lunghard, LLP

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 on our consideration of the Department'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 the Department's 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 Department's internal control over financial reporting and compliance.

Brea, California December 1, 2021 THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of San Bernardino Municipal Water Department (Department) is a water, sewer collection and treatment utility responsible for delivering high quality, economically priced water, sewer treatment and sewer collections services to a quarter of a million customers in and around the City of San Bernardino, California. This section of the Department's annual financial report presents management's analysis of the Department's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the basic financial statements, which follow this section.

All amounts in the Management's Discussion and Analysis within text areas are in thousands unless otherwise noted.

Financial Highlights:

- The Department's overall net position increased by \$8.1 million or 2.0%.
- Operating revenues increased \$2.6 million, 3.4% from the prior fiscal year. Revenues had a
 modest increase. The last rate increases were implemented July 1, 2018 and the Department is
 currently undergoing a rate study.
- Operating expenses increased \$6.4 million, 9.1% from the prior fiscal year. The most significant variances were noted in the categories of electricity, chemicals, contracted services, and the R.O.W maintenance agreement between the City and the Department.
- Net income/loss before capital contributions decreased by \$6.7 million.
- The Department's current ratio (the ability to pay short-term obligations) was 8.0.
- Cash available (the ability to cover current expenses with cash) was 615 days.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Department's basic financial statements. The Department's basic financial statements are comprised of two components: the Financial Statements and the Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Information providing citywide financial results is available in the City's Comprehensive Annual Financial Report.

Required Financial Statements

The financial statements of the Department report information about the Department using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position (pages 14-15) includes all of the Department's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Department and assessing the liquidity and financial flexibility of the Department. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. (page 17) This statement measures the success of the Department's operations over the past year and can be used to determine whether the Department has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows (pages 18-19). The primary purpose of this statement is to provide information about the Department's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to questions such as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

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Financial Analysis of the Department

Our analysis of the Department begins on page 14 of the financial statements. One of the most important questions to ask about the Department's finances is "Whether the Department, as a whole, is better off or worse off as a result of the year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position report information about the Department's activities in a way that will help answer this question. These two statements report the net position of the Department and changes in them. Measuring the change in the Department's net position - the difference between assets and liabilities - is one way to measure financial health or financial position. Over time, increases or decreases in the Department's net assets are indications of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and zoning and new or changed government legislation.

Water Utility Fund

To begin our analysis, a summary of the Water Utility Fund's Statement of Net Position is presented in Table A-1.

TABLE A-1
Condensed Statement of Net Position - Water Utility
(amounts expressed in thousands of dollars)

	 2021		2020		Change	% Change	
Current and noncurrent assets	\$ 104,853	\$	105,586	\$	(733)	-0.7%	
Capital assets	204,921		203,799		1,122	0.6%	
Total assets	 309,774		309,385		389	0.1%	
Deferred outflows of resources	5,407		5,029		378	7.5%	
Current liabilities	7,950		9,260		(1,310)	-14.1%	
Noncurrent liabilities	132,008		137,704		(5,696)	-4.1%	
Total liabilities	 139,958	-	146,964		(7,006)	-4.8%	
Deferred inflows of resources	 4,227		1,384		2,843	205.4%	
Net investment in capital assets	168,554		168,992		(438)	-0.3%	
Unrestricted	2,442		(2,926)		5,368	183.5%	
Total net position	\$ 170,996	\$	166,066	\$	4,930	3.0%	

As can be seen from the table above, the Water Utility total net position increased 3.0% or \$4.9 million in fiscal year 2021. The favorable increase in net position is related to the decrease in total liabilities of 4.8% or \$7.0 million. The decrease is largely due to expenses associated with the City's right-of-way maintenance agreement (\$1.2 million) paid before the end of the fiscal year reflected in the decrease in current liabilities. The decrease in noncurrent liabilities relates to the decrease of the net OPEB liability (\$4.4 million) due to advantageous investment earnings in the OPEB trust and the steady health insurance premiums.

TABLE A-2
Condensed Statement of Revenues, Expenses and Changes in Net Position - Water Utility
(amounts expressed in thousands of dollars)

	2021		2021			2020		Change	% Change
Operating revenue	\$	42,758	\$	40,267	\$	2,491	6.2%		
Capital contributions		3,861		2,003		1,858	92.8%		
Other nonoperating revenue		2,718		3,636		(918)	-25.2%		
Total revenues		49,337		45,906		3,431	7.5%		
Operating expenses		42,481		38,626		3,855	10.0%		
Nonoperating expenses		1,926		1,980		(54)	-2.7%		
Total expenses		44,407		40,606		3,801	9.4%		
Change in net position		4,930		5,300		(370)	7.0%		
Net position, beginning balance		166,066		160,766		5,300	3.3%		
Total net position	\$	170,996	\$	166,066	\$	4,930	3.0%		

Total revenues increased by 7.5% or \$3.4 million. Water operating revenues increased due to higher demand as customers stayed at home due to the Pandemic. Capital contributions also increased as development in the City increased due to COVID restrictions lifting during FY 21. Total expenses increased 9.4% or \$3.8 million. Significant variances were noted in electricity (\$1.2 million), activated carbon chemicals (\$0.4 million), contracted services (\$0.5 million), and expenses associated with the Right of Way Maintenance (R.O.W.) agreement with the City. Expenses increased overall in the water fund, and depreciation expense increased (\$0.3 million) over the prior year.

TABLE A-3
Capital Assets - Water Utility
(amounts expressed in thousands of dollars)

	 2021	 2020	\$(Change	% Change
Land and easements	\$ 5,611	\$ 5,611	\$	-	0.0%
Construction in progress	9,808	10,928		(1,120)	-10.2%
Wells and pumping	101,989	101,989		-	0.0%
Distribution	159,997	159,892		105	0.1%
Plant and facilities	7,543	6,716		827	12.3%
Other capital assets	 43,030	 34,141		8,889	26.0%
Total capital assets	327,978	319,277		8,701	2.7%
Less: accumulated depreciation	 (123,057)	 (115,478)		(7,579)	6.6%
Total capital assets, net	\$ 204,921	\$ 203,799	\$	1,122	0.6%

Total capital assets increased by 2.7% or \$8.7 million in fiscal year 2021. The Water fund capitalized \$8.9 million in various annual repairs and maintenance capital projects completed and placed in service during the fiscal year. Projects included the Systemwide Pipeline Replacement (\$4.8 million) and the Enhancement of San Bernardino Basin Area Groundwater Flow Model (\$1.3 million). Additional information on capital assets is presented in Note 4 of the Notes to the Basic Financial Statements.

TABLE A-4
Long-term Debt - Water Utility
(amounts expressed in thousands of dollars)

	 2021		2020		hange	% Change	
Bonds Payable	\$ 44,970	\$	45,830	\$	(860)	-1.9%	
Bond Premium	5,007		5,204		(197)	-3.8%	
Compensated absences	 1,413		1,187		226	19.0%	
Total long-term debt	\$ 51,390	\$	52,221	\$	(831)	-1.6%	

Total long-term debt decreased by 1.6% or \$0.8 million due to annual debt service payments. Additional information on long-term debt is presented in Note 5 of the Notes to Basic Financial Statements.

Sewer Utility Fund

TABLE B-1
Condensed Statement of Net Position - Sewer Utility
(amounts expressed in thousands of dollars)

	2021			2020		Change	% Change	
Current and noncurrent assets	\$	91,573	\$	106,406	\$	(14,833)	-13.9%	
Capital assets		83,932		68,817		15,115	22.0%	
Total assets		175,505		175,223		282	0.2%	
Deferred outflow of resources		3,973		3,685		288	7.8%	
Current liabilities		6,577		8,536		(1,959)	-22.9%	
Noncurrent liabilities		57,095		59,611		(2,516)	-4.2%	
Total liabilities		63,672		68,147		(4,475)	-6.6%	
Deferred inflow of resources		3,085		1,009		2,076	205.7%	
Net investment in capital assets		64,651		66,907		(2,256)	-3.4%	
Unrestricted		48,070		42,845		5,225	12.2%	
Total net position	\$	112,721	\$	109,752	\$	2,969	2.7%	

As can be seen from the table above, the Sewer Utility net position increased 2.7% or \$3.0 million to \$112.7 million in fiscal year 2021. The favorable increase in net position is related to the decrease in total liabilities of 6.6% or \$4.4 million. The decrease in noncurrent liabilities relates to the decrease of the net OPEB liability (\$3.2 million) due to advantageous investment earnings in the OPEB trust and the steady health insurance premiums.

TABLE B-2

Condensed Statement of Revenues, Expenses and Changes in Net Position - Sewer Utility

(amounts expressed in thousands of dollars)

	2021		2020		Change	% Change	
Operating revenue	\$ 30,361	\$	30,397	\$	(36)	-0.1%	
Capital contributions	2,502		2,257		245	10.9%	
Other nonoperating revenue	19		1,322		(1,303)	-98.6%	
Total revenues	 32,882		33,976		(1,094)	-3.2%	
Operating expenses	26,986		24,648		2,338	9.5%	
Nonoperating expenses	2,927		2,859		68	2.4%	
Total expenses	 29,913		27,507		2,406	8.7%	
Change in net position	2,969		6,469		(3,500)	-54.1%	
Net position, beginning balance	109,752		103,283		6,469	6.3%	
Total net position	\$ 112,721	\$	109,752	\$	2,969	2.7%	

During fiscal year 2021, total revenues for the Sewer Utility decreased 3.2% or \$1.1 million, from the prior year, primarily due to unfavorable investment income earnings (\$19 thousand) when compared (\$1.3 million) to prior year. Total expenses increased 8.7% or \$2.4 million in fiscal year 2021 largely due to increased operating expenses. Significant variances were noted in electricity (\$0.3 million), chemicals (\$0.3 million), professional services (\$0.3 million), and expenses associated with sludge removal and brine line maintenance (\$0.4 million).

TABLE B-3
Capital Assets - Sewer Utility
(amounts expressed in thousands of dollars)

	 2021	 2020	\$ (Change	% Change
Land and easements	\$ 17,603	\$ 17,603	\$	-	0.0%
Construction in progress	26,024	8,068		17,956	222.6%
Pumping	4,750	4,750		-	0.0%
Buildings, plants and stores	143,371	143,371		-	0.0%
Field and office equipment	 10,543	 8,876		1,667	18.8%
Total capital assets	202,291	182,668		19,623	10.7%
Less: accumulated depreciation	(118,359)	(113,851)		(4,508)	4.0%
Total net assets	\$ 83,932	\$ 68,817	\$	15,115	22.0%

Total capital assets increased by 10.7% or \$19.6 million in fiscal year 2021, primarily due to construction in progress expenditures related to the Blower Decentralization Project (\$12.0 million) and the Digester Gas Storage Project (\$2.5 million). More information relating to capital assets can be found in Note 4 of the Notes to the Basic Financial Statements.

TABLE B-4
Long-term Debt - Sewer Utility
(amounts expressed in thousands of dollars)

	 2021		2020		hange	% Change	
Bonds Payable	\$ 31,945	\$	32,610	\$	(665)	-2.0%	
Bond Premium	163		169		(6)	-3.6%	
Compensated absences	 539		483		56	11.6%	
Total long-term debt	\$ 32,647	\$	33,262	\$	(615)	-1.8%	

During the year, the Sewer Utility's long-term debt decreased 1.8% or \$0.6 million which can be attributed to the annual debt service payments. Additional information on long-term debt is presented in Note 5 of the Notes to Basic Financial Statements.

Sewer Collections Utility

TABLE C-1
Condensed Statement of Net Position - Sewer Collections Utility
(amounts expressed in thousands of dollars)

	2021	 2020	\$ Change		% Change
Current and noncurrent assets Capital assets	\$ 19,839 20,084	\$ 21,569 19,372	\$	(1,730) 712	-8.0% 3.7%
Total assets	39,923	 40,941		(1,018)	-2.5%
Deferred outflow of resources	1,335	1,248		87	7.0%
Current liabilities Noncurrent liabilities	792 8,651	 1,891 9,351		(1,099) (700)	-58.1% -7.5%
Total liabilities	9,443	11,242		(1,799)	-16.0%
Deferred inflow of resources	 1,018	335		683	203.9%
Net investment in capital assets Unrestricted	 20,084 10,713	 19,372 11,240		712 (527)	3.7% -4.7%
Total net position	\$ 30,797	\$ 30,612	\$	185	0.6%

As can be seen from the table above, the Sewer Collections Utility net position increased slightly, approximately 0.6% or \$0.1 million, to \$30,797 million in fiscal year 2021. Total liabilities decreased 16% or \$1.8 million. The decrease is largely due to expenses associated with the City's right-of-way maintenance agreement (\$1.1 million) paid before the end of the fiscal year reflected in the decrease in current liabilities.

TABLE C-2
Condensed Statement of Revenues, Expenses and Changes in Net Position - Sewer Collections Utility
(amounts expressed in thousands of dollars)

	 2021	2020		\$ Change		% Change
Operating revenue	\$ 7,794	\$	7,666	\$	128	1.7%
Capital contributions	242		345		(103)	-29.9%
Other nonoperating revenue	 11		630		(619)	-98.3%
Total revenues	8,047		8,641		(594)	-6.9%
Operating expenses	 7,862		7,650		212	2.8%
Total expenses	7,862		7,650		212	2.8%
Change in net position	185		991		(806)	-81.3%
Net position, beginning balance	 30,612		29,621		991	
Total net position	\$ 30,797	\$	30,612	\$	185	0.6%

During fiscal year 2021, total revenues for the Sewer Collection Utility decreased 6.9% or \$0.6 million from the prior year, primarily due unfavorable investment income earnings (\$1.6 thousand) when compared (\$.6 million) to prior year. Total expenses increased 2.8% or \$0.2 million in fiscal year 2021.

TABLE C-3
Capital Assets - Sewer Collections Utility
(amounts expressed in thousands of dollars)

	 2021	2020		\$ Change		% Change
Construction in progress	\$ 1,683	\$	1,676	\$	7	100.0%
Buildings, plants and stores	17,252		17,252		-	0.0%
Field and office equipment	7,379		5,393		1,986	36.8%
Sewer Pipelines	 19,112		19,112			0.0%
Total capital assets	45,426		43,433		1,993	4.6%
Less: accumulated depreciation	 (25,342)		(24,061)		(1,281)	5.3%
Total net assets	\$ 20,084	\$	19,372	\$	712	3.7%

Total capital assets increased by 4.6% or \$0.2 million in fiscal year 2021, due to extensive repairs and rehabilitation of sewer collection mains and manhole repairs during the fiscal year. More information relating to capital assets can be found in Note 4 of the Notes to the Basic Financial Statements. The Sewer Collections Utility does not have any outstanding debt.

Economic Factors and Next Year's Budgets and Rates

The Service Area (Service Area) economy served by the Department is steadily recovering from the impact of the Coronavirus pandemic during the entire fiscal year 2021. The Department was granted minor pass-through funds from the County of San Bernardino to offset equipment and coronavirus related expenses. The Department is currently participating in the Federal Covid-19 payroll tax relief and coordinating with the City to allocate part of the Federal American Rescue Plan Act (ARPA) Act funds for lead service lines in the water system. Most recently, the department received award approval from the California Water and Wastewater Arrears Payment Program to offset the impact the Pandemic has had on the Department's delinquent accounts.

The Department adopted a balanced budget for Fiscal Year 2021-2022. The Fiscal Year 2021-2022 budget takes into consideration the effects of the Pandemic, rising operational expenses and funding our capital program to address aging infrastructure. Additional details regarding the Department's budget can be found on the Department's website. Questions or requests for information regarding the Adopted Budget should be directed to the Finance Department.

The Department is currently undergoing a rate study and a cost-of-service study for the water, sewer treatment, and sewer collection utilities. The department plans to present the results of the rate study and rate structure proposal during fiscal year 2021-2022. As part of the Department's strategic plan, a long-term financial plan was completed for each enterprise fund.

Contacting the Department's Director of Finance

This financial report is designed to provide our customers and creditors with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department's finance department at (909) 453-6009.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION JUNE 30, 2021

	Water Utility	Sewer Utility	Sewer Collection Utility	Total
Assets:				
Current:				
Cash and investments	\$ 37,101,334	\$ 51,290,605	\$ 18,730,192	\$ 107,122,131
Receivables:				
Accounts, net	6,902,075	3,594,312	1,012,343	11,508,730
Accrued interest	48,946	108,647	46,466	204,059
Due from other entities	-	511,838	-	511,838
Inventories	1,588,030	-	-	1,588,030
Prepaid expenses	286,949	577,422	49,807	914,178
Total Current Assets	45,927,334	56,082,824	19,838,808	121,848,966
Noncurrent:				
Investment in joint venture - RIX	-	22,663,748	-	22,663,748
Restricted assets:				
Cash and cash equivalents:				
Restricted for capital	13,609,131	12,825,440	-	26,434,571
Investments:				
Restricted for consent decree	24,690,738	-	-	24,690,738
Accrued interest - consent decree	42,824	-	-	42,824
Prepaid Insurance - consent decree	20,582,128	-	-	20,582,128
Capital assets:	5.040.550	47.000.440		00 040 070
Land and easements	5,610,559	17,603,413	4 000 770	23,213,972
Construction in progress	9,808,392	26,024,300	1,683,773	37,516,465
Depreciable capital assets Less: accumulated depreciation and amortization	312,560,167	158,663,831	43,742,987	514,966,985
·	(123,057,499)	(118,358,697)	(25,342,485)	(266,758,681)
Total Capital Assets, Net	204,921,619	83,932,847	20,084,275	308,938,741
Total Noncurrent Assets	263,846,440	119,422,035	20,084,275	403,352,750
Total Assets	309,773,774	175,504,859	39,923,083	525,201,716
Deferred Outflows of Resources:				
Deferred outflows of Resources. Deferred outflows - pension related	3,877,620	2,857,193	966,517	7,701,330
Deferred outflows - OPEB related	1,530,089	1,116,664	368,803	3,015,556
Total Deferred Outflows of Resources	5,407,709	3,973,857	1,335,320	10,716,886
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STATEMENT OF NET POSITION JUNE 30, 2021

			Sewer Collection	
	Water Utility	Sewer Utility	Utility	Total
Liabilities:				
Current:	4 747 470	0.700.054	440.540	F 070 070
Accounts payable	1,747,478 23.612	3,703,951	419,543	5,870,972 23,612
Related parties payable Accrued compensation	723,600	549,558	171,520	1,444,678
Claims payable	1,780,876	649,934	160,969	2,591,779
Consumer deposits	565,870	049,934	100,909	565,870
Current portion of compensated absences	1,130,655	431,963	40,080	1,602,698
Current portion of bonds payable	1,097,638	706,404		1,804,042
Accrued interest	880,370	535,531		1,415,901
Total Current Liabilities	7,950,099	6,577,341	792,112	15,319,552
Noncurrent:				
Consumer deposits	2,784,072	-	-	2,784,072
Accrued compensated absences	282,664	107,991	10,020	400,675
Unearned revenue - consent decree	45,315,690	-	-	45,315,690
Bonds payable	48,879,195	31,401,343	-	80,280,538
Net OPEB Liability	2,471,525	1,803,715	595,718	4,870,958
Net pension liability	32,275,144	23,781,685	8,044,748	64,101,577
Total Noncurrent Liabilities	132,008,290	57,094,734	8,650,486	197,753,510
Total Liabilities	139,958,389	63,672,075	9,442,598	213,073,062
Deferred Inflows of Resources:				
Deferred inflows - OPEB related	4,227,363	3,085,154	1,018,942	8,331,459
Total Deferred Inflows of Resources	4,227,363	3,085,154	1,018,942	8,331,459
Net Position:				
Net investment in capital assets	168,553,917	64,650,540	20,084,275	253,288,732
Unrestricted	2,441,814	48,070,947	10,712,588	61,225,349
Total Net Position	\$ 170,995,731	\$ 112,721,487	\$ 30,796,863	\$ 314,514,081

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE YEAR ENDED JUNE 30, 2021

	Water Utility	Sewer Utility	Sewer Collection Utility	Interfund Eliminations	Total
Operating Revenues:					
Sales and service charges	\$ 42,113,517	\$ 29,587,597	\$ 7,759,318	\$ (82,259)	\$ 79,378,173
Other operating revenues	644,675	773,519	35,100		1,453,294
Total Operating Revenues	42,758,192	30,361,116	7,794,418	(82,259)	80,831,467
Operating Expenses:					
Administration and customer service	6,702,762	3,970,170	1,654,388	264,599	12,591,919
Utility administration	2,410,770	366,666	202,983	(501,547)	2,478,872
Plant operations	9,037,367	11,242,168	533,619	97,484	20,910,638
Maintenance	3,126,556	3,811,413	-	(55,205)	6,882,764
Environmental control		744,690	-	112,410	857,100
Distribution	5,007,865	-	-	-	5,007,865
Engineering and water quality control	3,064,623	387,932	2,549,257	-	6,001,812
General, administration and overhead	5,292,025	1,955,477	1,640,598	-	8,888,100
Depreciation and amortization Total Operating Expenses	7,838,887 42,480,855	<u>4,507,869</u> 26,986,385	1,281,602 7,862,447	(82,259)	13,628,358 77,247,428
Operating Income (Loss)	277,337	3,374,731	(68,029)	(02,200)	3,584,039
Nonoperating Revenues (Expenses): Investment income Rental income Noncapital grant funds Share of joint venture income (loss) Interest expense and fiscal charges Gain (loss) on disposal of capital assets Other	29,541 286,553 2,011,099 - (1,926,133) 83,682 306,785	19,472 - (1,604,905) (1,283,861) - (38,363)	1,605 - - - - - 9,306	- - - - - -	50,618 286,553 2,011,099 (1,604,905) (3,209,994) 83,682 277,728
Total Nonoperating Revenues (Expenses)	791,527	(2,907,657)	10,911		(2,105,219)
Net Income (Loss) Before Capital Contributions	1,068,864	467,074	(57,118)		1,478,820
Capital Contributions: Acquisition fees Capacity fees EPA grants Capital contributions Total Capital Contributions Changes in Net Position	1,117,555 1,563,864 197,756 981,835 3,861,010 4,929,874	1,238,590 - 1,263,673 2,502,263 2,969,337	242,283 - - 242,283 185,165	- - - - -	1,117,555 3,044,737 197,756 2,245,508 6,605,556 8,084,376
Net Position at the Beginning of the Year	166,065,857	109,752,150	30,611,698		306,429,705
Net Position at the End of the Year	\$ 170,995,731	\$ 112,721,487	\$ 30,796,863	\$ -	\$ 314,514,081

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Water Utility	Sewer Utility	Sewer Collection Utility	Total
Cash Flows from Operating Activities: Cash received from customers	\$ 41,513,916	\$ 30,970,468	\$ 7,653,016	\$ 80,137,400
Cash paid to employees for services	\$ 41,513,916 (14,524,115)	(6,188,758)	(3,573,423)	\$ 80,137,400 (24,286,296)
Cash paid to employees for goods and services	(21,450,829)	(18,331,434)	(4,226,489)	(44,008,752)
Net Cash Provided by (Used for) Operating Activities	5,538,972	6,450,276	(146,896)	11,842,352
. •				
Cash Flows from Noncapital Financing Activities: Consent decree insurance drawdowns	2,039,491			2,039,491
Net Cash Provided by Noncapital Financing Activities	2,039,491			2,039,491
Cash Flows from Capital and Related Financing Activities:				
Capital fees received	2,681,419	1,238,590	242,283	4,162,292
Proceeds from sales of capital assets	105,693	-	-	105,693
Cash paid to acquire capital assets	(8,002,027)	(18,360,235)	(1,994,152)	(28, 356, 414)
Principal paid on capital-related debt	(860,000)	(665,000)	-	(1,525,000)
Interest paid on capital-related debt	(2,138,105)	(1,304,119)	-	(3,442,224)
Capital grant proceeds	197,756			197,756
Net Cash (Used for) Capital and	(0.045.004)	(40,000,704)	(4.754.000)	(00.057.007)
Related Financing Activities	(8,015,264)	(19,090,764)	(1,751,869)	(28,857,897)
Cash Flows from Investing Activities:				
Cash received from rental income	286,553	-	-	286,553
Cash received from investment income	47,870	29,219	3,053	80,142
Cash paid to RIX joint venture operations		(146,439)		(146,439)
Net Cash Provided by Investing Activities	334,423	(117,220)	3,053	220,256
Net Increase in Cash and Cash Equivalents	(102,378)	(12,757,708)	(1,895,712)	(14,755,798)
Cash and Cash Equivalents, July 1	45,118,758	57,655,191	9,852,525	112,626,474
Cash and Cash Equivalents, June 30	\$ 45,016,380	\$ 44,897,483	\$ 7,956,813	\$ 97,870,676
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Statement of Net Position:				
Cash and investments	\$ 37,101,334	\$ 51,290,605	\$ 18,730,192	\$ 107,122,131
Restricted cash and investments	13,609,131	12,825,440	-	26,434,571
Less those not meeting the definition of a cash equivalent	(5,694,085)	(19,218,562)	(10,773,379)	(35,686,026)
Cash and Cash Equivalents, June 30	\$ 45,016,380	\$ 44,897,483	\$ 7,956,813	\$ 97,870,676

	Water Utility Sewer Utili			ewer Utility	Sewer Collection Utility			Total
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:								
Operating income (loss) Depreciation and amortization	\$	277,337 7,838,887	\$	3,374,731 4,507,869	\$	(68,029) 1,281,602	\$	3,584,039 13,628,358
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
(Increase) decrease in accounts receivable Decrease in due from other entities Decrease in inventory		(985,151) 20,044 226,948		591,484 17,868		(141,402) - -		(535,069) 37,912 226,948
(Increase) in prepaid expense (Decrease) in accounts payable (Decrease) in related parties payable		(199,926) (755,468) (1,113,820)		(39,227) (2,215,012)		(17,167) (198,553) (1,004,425)		(256,320) (3,169,033) (2,118,245)
Increase (decrease) in accrued compensation Increase in compensated absences Increase in claims payable		(218,584) 226,626 627,848		80,620 57,245 109,008		11,253 20,880 76,532		(126,711) 304,751 813,388
(Decrease) in consumer deposits (Decrease) in OPEB obligation Increase in net pension liability		(279,169) (1,112,823) 986,223		(784,825) 750,515		(232,096) 124,509		(279,169) (2,129,744) 1,861,247
Total Adjustments		(2,577,252)		(1,432,324)		(1,360,469)		(5,370,045)
Net Cash Provided by (Used for) Operating Activities	\$	5,538,972	\$	6,450,276	\$	(146,896)	\$	11,842,352
Non-Cash Investing, Capital, and Financing Activities:								
Capital contributions Unrealized gain in fair value of investments Amortization of bond premiums	\$	981,835 (169,410) 197,638	\$	1,263,673 (427,585) 6,403	\$	(230,183) -	\$	2,245,508 (827,178) 204,041

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NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Note 1: Reporting Entity and Summary of Significant Accounting Policies

a. Organization and Operations of the Reporting Entity

The San Bernardino Municipal Water Department (Department) is governed under the Charter of the City of San Bernardino (City). A Water Board appointed by the Mayor and approved by City Council, has Charter defined powers, with full authority for administration of the water utility and delegated authority for the sewer treatment utility. The Department has served the community since 1905.

b. Basis of Accounting and Measurement Focus

The Department reports its activities as enterprise funds, which are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Department is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flow takes place.

Operating revenues, such as charges for services (water sales, sewer services and water services) result from exchange transactions associated with the principal activity of the Department. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes and investment income, result from nonexchange transactions or ancillary activities in which the Department gives (receives) value without directly receiving (giving) equal value in exchange.

When both restricted and unrestricted resources are available for use, the Department uses restricted resources and then unrestricted resources.

The major funds of the Department are described below:

Water Utility Fund – The Water Utility Enterprise Fund (Water Utility) is used to account for the operations of the Department's water system and related revenues.

Sewer Utility Fund – The Sewer Utility Enterprise Fund (Sewer Utility) is used to account for the operations of the City's wastewater treatment system and related revenues. The Sewer conveyance system is under the direction of the City's Public Works Department.

Sewer Collection Utility Fund – The Sewer Collection Enterprise Fund (Sewer Collection) is used to account for the operations of the City's sewer collection system and related revenues.

Administrative and engineering services are provided by the Water Utility to the Sewer and Sewer Collection Utilities.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

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

c. Financial Reporting

The Department's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB Statement No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net position replaces the balance sheet and reports assets, liabilities, and the difference between them as net position, not equity. A statement of revenues, expenses and changes in net position replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB Statement No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

d. Assets, Liabilities and Net Position

1. Use of Estimates

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

2. Cash and Investments

For the purpose of the statement of cash flows, cash and cash equivalents include highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost as they are not transferable and have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value and any gains or losses realized upon the liquidation of investments.

Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

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

(Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the Department's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the Department's own data.

3. Accounts Receivable

Customer or trade receivables are shown net of an allowance for uncollectible accounts based on historical and management estimates. Transactions between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables / payables" or "advances to/from" other funds. All interfund transactions are eliminated for financial reporting.

4. Inventory

Materials and supplies inventory consist primarily of water meters, pipe and pipefittings for construction and repair to the Department's water transmission and distribution system and items necessary for maintenance at the sewer treatment facilities. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

Water inventory is stated at its purchase cost using the first in, first out method. Inventory is recorded when purchased and expensed at the time the inventory is consumed.

5. Prepaid Expense and Deposit

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

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

6. Capital Assets

Capital assets acquired or constructed are capitalized at historic cost. Department policy has set the capitalization threshold for reporting capital assets at \$5,000 and a life expectancy of at least 3 years. Overhead is capitalized at the rate of 28.9% of labor and benefits, 10% of material and supplies and 2% of significant contracts. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Source of supply plant

Disposal plant and interceptor lines

Other facilities (shops, leasehold & yards)

Tools, office equipment & communications

Computer equipment

Automotive and fleet equipment

8 to 50 years

5 to 25 years

4 to 20 years

3 to 5 years

3 to 15 years

7. Compensated Absences

Department policy is to permit employees to accumulate a limited amount of earned vacation and sick leave. Various negotiation groups have different sell-back and cash out options. Additionally, cash out options upon retirement or death of the employee vary based on the negotiation group. Employees' vacation and sick leave benefits are recognized as a liability of the Department.

8. Restricted Assets and Amounts Payable from Restricted Assets

Amounts shown as restricted assets have been restricted by bond indentures or are to be used for specified purposes based on contract provisions, such as bonded debt service. Certain liabilities which are currently payable have been classified as current liabilities payable from restricted assets since assets have been restricted for their payment.

9. Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD) June 30, 2019 Measurement Date (MD) June 30, 2020

Measurement Period (MP) June 30, 2019 to June 30, 2020

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

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

10. Other Post-Employment 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 Department's plan (OPEB Plan), the assets of which are held by US Bank in an irrevocable trust, and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. 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 fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date June 30, 2020 Measurement Date June 30, 2020

Measurement Period July 1, 2019 to June 30, 2020

11. Deferred Outflows/Inflows

In addition to assets, the Statement of Net Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Department has two items that qualify for reporting in this category: the deferred outflows related to pensions and OPEB.

In addition to liabilities, the statement of financial position will sometimes report 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 will not be recognized as inflow of resources (revenue) until that time. The Department has two items that qualify for reporting in this category, deferred inflows related to pensions and OPEB.

12. Interfund Eliminations

The interfund eliminations column represents entries made to eliminate interfund income and expenditure transactions between the water utility fund and the sewer utility fund for the purposes of consolidated financial statements.

13. Net Position

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

- Net Investment in Capital Assets This component of net position consists
 of capital assets, net of accumulated depreciation and reduced by any debt
 outstanding against the acquisition, construction or improvement of those
 assets
- Restricted Net Position This component of net position consists of constraints placed on net position use through external constraints imposed

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

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

by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

14. Capital Contributions

Contributions in aid of construction represent cash and utility plant additions contributed to the Department by property owners or developers desiring services that require capital expenditures or capacity commitment. In accordance with Governmental Accounting Standards Board Statement No. 33, the capital contributions are recorded on the Statement of Revenues, Expenses and Changes in Net position.

15. Budgetary Policies

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

Note 2: City of San Bernardino Bankruptcy

Without reserves and facing a \$45.8 million budget deficit, in July of 2012, the City determined that it was no longer able to meet its contractual obligations and declared a fiscal emergency. On August 1, 2012, the City filed a petition under Chapter 9 of the United States Bankruptcy Code in Riverside seeking to adjust its debts. The City has since proposed a Chapter 9 plan of adjustment, and that plan of adjustment was confirmed on February 7, 2017. The City's plan of adjustment became effective on June 15, 2017. No revenues of the Department were used to pay general claims during the pendency of the City's bankruptcy case or pursuant to its confirmed plan. In addition, no general claims of the City were successfully asserted against the Department or its revenues during the pendency of the City's bankruptcy case. The plan of adjustment does not impair or affect the revenues of the Department. The Department continues to hold its revenues in segregated accounts and uses them only for the purposes provided for under state law and the City Charter.

Note 3: Cash and Investments

Cash and investments are reported in the accompanying statement of net position as follows:

			Sewer	
			Collection	
	Water Utility	Sewer Utility	Utility	Total
Cash and investments	\$ 37,101,334	\$ 51,290,605	\$ 18,730,192	\$ 107,122,131
Restricted investments:				
Restricted for Consent Decree	24,690,738	-	-	24,690,738
Proceed from Bond Issuance	13,609,131	12,825,440	-	26,434,571
Total Cash and Investments	\$ 75,401,203	\$ 64,116,045	\$ 18,730,192	\$ 158,247,440

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 3: Cash and Investments (Continued)

Cash and investments at June 30, 2021, consisted of the following:

			Sewer Collection					
	Wate	er Utility	Sewe	r Utility	Util	lity		Total
Cash on Hand	\$	7,000	\$	200	\$	-	\$	7,200
Deposits with Financial Institutions	12	,814,561	16,288,433		2,308,253			31,411,247
Investments	24	,279,773	35,001,972		4,593,676		63,875,421	
Restricted investments	38,299,869		12,825,440		11,828,263			62,953,572
Total Cash and Investments	\$ 75,401,203		\$ 64,116,045		\$ 18,7	30,192	\$	158,247,440

a. Investments Authorized by the California Government Code and the Department's Investment Policy

The table below identifies the investment types that are authorized by the Department and Consent Decree (see note 12) in accordance with the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that addresses interest rate risk, credit risk, and concentration of credit risk. Due to its long-term nature, the Consent Decree has been explicitly exempted from maximum maturity requirements of the California Government Code, which limits maturity of most investments to five years. All other aspects of the Consent Decree investment policy are consistent with the City's investment policy.

	Maximum	Maturity		
		Consent	Maximum %	Maximum %
Investment Type*	Department	Decree	of Portfolio	of Portfolio
US treasury	5 years	5 years	None	None
US agency	5 years	5 years	None	None
Bankers acceptances	180 days	180 days	40%	40%
Commercial paper	270 days	270 days	25%	25%
Negotiable CDs	5 years	5 years	30%	30%
Medium-term notes	5 years	5 years	30%	30%
Money market mutual funds	N/A	N/A	20%	20%
Mortgage pass through	5 years	5 years	20%	20%
Local Agency Investment Fund	N/A	N/A	\$40,000,000	\$40,000,000
Guaranteed investment	N/A	N/A	None	None

b. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustee include, U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, the California Local Agency Investment Fund, Guaranteed Investment Contracts, Commercial Paper, Local Agency Bonds, Banker's Acceptance and Money Market Mutual Funds. There are no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Banker's Acceptance which are limited to one year.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 3: Cash and Investments (Continued)

c. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by a state or local governmental unit by pledging securities in an undivided collateral pool held by a depository regulated under state law.

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Department's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investment identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

d. Investment in State Investment Pool

The Department is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Department's investment in this pool is reported in the accompanying financial statements at amounts based upon the Department's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated by a nationally recognized statistical rating organization, but as stated previously, it is regulated by the California Government Code, and is therefore exempt from rating requirements.

e. Interest Rate Risk

Interest rate risk is the possibility that fluctuations in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value will be to changes in market interest rates. One method that the Department uses to manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 3: Cash and Investments (Continued)

Information about the sensitivity of the fair values of the Department's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Department's investments by maturity date:

Investment Type	Less than 12 13-24 months months				25-60 months									 Total
U.S. Agency Securities	\$:	2,228,174	\$	9,012,881	\$	6,917,559	\$	-	\$ 18,158,614					
U.S. Treasuries	:	2,145,707		6,668,216		8,110,776		-	16,924,699					
Medium Term Corporate Notes		760,449		1,837,348		-		-	2,597,797					
Non - U.S. Government and Supranational Bonds		-		-		1,906,506		-	1,906,506					
Asset Backed Securities		8,267		150,707		1,575,668		-	1,734,642					
Money Market Funds		321,834		-		-		-	321,834					
Local Agency Investment Fund	34	4,059,592		-		-		-	34,059,592					
Consent Decree:														
U.S. Treasuries		-		2,412,055		7,775,305		956,414	11,143,774					
U.S. Agency Asset Backed Securities		6,063		-		-		491,847	497,910					
U.S. Agency Collateralized Mortgage Obligations		-		-		170,232		303,128	473,360					
U.S. Agency Securities		-		-		3,880,327		1,159,308	5,039,635					
Commercial Paper		499,949		-		-		-	499,949					
Corporate Notes		-		204,185		1,086,887		946,193	2,237,265					
Certificates of Deposit		456,057		887,024		-		-	1,343,081					
Asset Backed Securities		-		54,175		1,715,918		1,391,384	3,161,477					
Money Market Funds		294,287		-		-		-	294,287					
Investments with Fiscal Agent:														
Money Market Funds	2	6,434,571		-		-		_	26,434,571					
Total Investments	\$ 6	7,214,950	\$	21,226,591	\$	33,139,178	\$	5,248,274	\$ 126,828,993					

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 3: Cash and Investments (Continued)

f. Credit Risk

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

	Minimum		
Investment Type	Rating	Rating	Total
U.S. Agency Securities	None	AA+	\$ 18,158,614
U.S. Treasuries	Exempt	Exempt	16,924,699
Medium Term Corporate Notes	AA-	AAA	2,597,797
Non - U.S. Government and Supranational Bonds	AA	AAA	1,906,506
Asset Backed Securities	AA-	AAA	1,734,642
Money Market Funds	AA+	AAA	321,834
Local Agency Investment Fund	Not Rated	Not Rated	34,059,592
Consent Decree:			
U.S. Treasuries	No Limit	Exempt	11,143,774
U.S. Agency Asset Backed Securities	No Limit	AA+	497,910
U.S. Agency Collateralized Mortgage Obligations	AA	AA+	473,360
U.S. Agency Securities	No Limit	AA+	5,039,635
Commercial Paper	A-1	A-1	499,949
Corporate Notes	Α	AA-	2,237,265
Certificates of Deposit	Α	A+	1,343,081
Asset Backed Securities	AA	AAA	3,161,477
Money Market Funds	AA+	AA+	294,287
Investments with Fiscal Agent:			
Money Market Funds	AA+	AA+	26,434,571
Total Investments			\$ 126,828,993

g. Fair Value Measurement

The Department categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The Department has the following recurring fair value measurements as of June 30, 2021:

	Fair Value	_	
Investment Type	Level 1	Level 2	Total
U.S. Agency Securities	\$ -	\$ 18,158,614	\$ 18,158,614
U.S. Treasuries	-	16,924,699	16,924,699
Medium Term Corporate Notes	-	2,597,797	2,597,797
Non - U.S. Government and Supranational Bonds	-	1,906,506	1,906,506
Asset Backed Securities	-	1,734,642	1,734,642
Consent Decree:			
U.S. Treasuries	11,143,774	-	11,143,774
U.S. Agency Asset Backed Securities	-	497,910	497,910
U.S. Agency Collateralized Mortgage Obligations	-	473,360	473,360
U.S. Agency Securities	-	5,039,635	5,039,635
Commercial Paper	-	499,949	499,949
Corporate Notes	-	2,237,265	2,237,265
Asset Backed Securities		3,161,477	3,161,477
Subtotal - Investments Subject to Fair Value	\$ 11,143,774	\$ 53,231,854	64,375,628
Investments Not Subject to Fair Value			62,453,365
Total Investments			\$ 126,828,993

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 4: Capital Assets

a. Water Utility Fund

Capital asset activity for the water utility for the fiscal year ended June 30, 2021:

	Balance		Deletions/	Balance
	July 1, 2020	Additions	Transfers	June 30, 2021
Non-depreciable assets:				
Land and easements	\$ 5,610,559	\$ -	\$ -	\$ 5,610,559
Construction in progress	10,927,775	8,496,203	(9,615,586)	9,808,392
Total non-depreciable assets	16,538,334	8,496,203	(9,615,586)	15,418,951
Depreciable assets:				
Water rights, wells and pumping	101,989,289	-	-	101,989,289
Distribution system	159,891,784	105,446	-	159,997,230
Buildings, plants, and stores	6,716,160	827,055	-	7,543,215
Field and office equipment	34,141,096	9,170,744	(281,407)	43,030,433
Total depreciable assets	302,738,329	10,103,245	(281,407)	312,560,167
Less: accumulated depreciation	(44.000.00=)	(0.100.010)		(40.004.070)
Water rights, wells and pumping	(44,636,037)	(2,168,842)	-	(46,804,879)
Distribution system	(53,112,373)	(3,229,760)	-	(56,342,133)
Buildings, plants, and stores	(2,644,292)	(186,008)	-	(2,830,300)
Field and office equipment	(15,085,306)	(2,254,277)	259,396	(17,080,187)
Total accumulated depreciation	(115,478,008)	(7,838,887)	259,396	(123,057,499)
Total depreciable assets, net	187,260,321	2,264,358	(22,011)	189,502,668
Total capital assets, net	\$ 203,798,655	\$ 10,760,561	\$ (9,637,597)	\$204,921,619

b. Sewer Utility Fund

Capital asset activity for the sewer utility for the fiscal year ended June 30, 2021:

	Balance	A 1 120	Deletions/	Balance
	July 1, 2020	Additions	Transfers	June 30, 2021
Non-depreciable assets:				
Land and easements	\$ 17,603,413	\$ -	\$ -	\$ 17,603,413
Construction in progress	8,067,423	19,557,035	(1,600,158)	26,024,300
Total non-depreciable assets	25,670,836	19,557,035	(1,600,158)	43,627,713
Depreciable assets:				
Pumping	4,750,002	_	_	4,750,002
Buildings, plants, and stores	143,371,367	_	_	143,371,367
Field and office equipment	8,875,431	1,667,031	-	10,542,462
Total depreciable assets	156,996,800	1,667,031		158,663,831
I accompanie de la companie de la co				
Less: accumulated depreciation	(0.000.544)	(070, 400)		(0.774.000)
Pumping	(3,398,514)	(376,468)	-	(3,774,982)
Buildings, plants, and stores	(104,998,844)	(3,374,076)	-	(108,372,920)
Field and office equipment	(5,453,470)	(757,325)	-	(6,210,795)
Total accumulated depreciation	(113,850,828)	(4,507,869)		(118,358,697)
Total depreciable assets, net	43,145,972	(2,840,838)	_	40,305,134
Total doproclasio doodto, not	10,140,072	(2,040,000)		10,000,104
Total capital assets, net	\$ 68,816,808	\$ 16,716,197	\$ (1,600,158)	\$ 83,932,847

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 4: Capital Assets (Continued)

c. Sewer Collection Utility Fund

Capital asset activity for the sewer collection utility for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Construction in progress	\$ 1,675,564	\$ 1,442,446	\$ (1,434,237)	\$ 1,683,773
Total non-depreciable assets	1,675,564	1,442,446	(1,434,237)	1,683,773
Depreciable assets:				
Buildings, plants, store yards	17,251,604	-	-	17,251,604
Field and office equipment	5,393,053	1,985,943	-	7,378,996
Sewer Pipelines	19,112,387	-	-	19,112,387
Total depreciable assets	41,757,044	1,985,943		43,742,987
Less: accumulated depreciation				
Buildings, plants, store yards	(12,847,549)	(492,098)	-	(13,339,647)
Field and office equipment	(2,363,708)	(419,675)	-	(2,783,383)
Sewer Pipelines	(8,849,626)	(369,829)	-	(9,219,455)
Total accumulated depreciation	(24,060,883)	(1,281,602)		(25,342,485)
Total depreciable assets, net	17,696,161	704,341		18,400,502
Total capital assets, net	\$ 19,371,725	\$ 2,146,787	\$ (1,434,237)	\$ 20,084,275

Note 5: Long-term Liabilities

a. Water Utility Fund

Changes in long-term liabilities in the water utility fund for the year ended June 30, 2021, are as follows:

	Balance	Balance										Long-term
	July 1, 2020	Additions	F	Reductions	Jı	une 30, 2021	Cu	rrent Portion	Portion			
Bonds Payable:				<u>.</u>								
2016 Water Revenue Bond	\$ 45,830,000	\$ -	\$	(860,000)	\$	44,970,000	\$	900,000	\$ 44,070,000			
Bond Premium	5,204,471			(197,638)		5,006,833		197,638	4,809,195			
Total	\$ 51,034,471	\$ -	\$	(1,057,638)	\$	49,976,833	\$	1,097,638	\$ 48,879,195			

1. 2016 Water Revenue Bonds

On November 3, 2016, the water utility issued \$48,225,000 Water Revenue Bonds to finance the acquisition and construction of certain water system capital improvements and to refund outstanding obligations. The Water Revenue Bonds have interest rates ranging from 3% to 5% with maturities through August 2036. The bonds are secured by revenues pledged for the payment of debt service. In addition, a provision that in the event of default, the bond trustee may take whatever action, at law or in equity, as may appear necessary or desirable to collect the payments of the debt.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 5: Long-term Liabilities (Continued)

Debt service requirements on the 2016 Water Revenue Bond are as follows:

Year Ending				
June 30	Principal		Interest	Total
2022	\$ 900,000	\$	2,090,388	\$ 2,990,388
2023	950,000		2,044,138	2,994,138
2024	995,000		1,995,513	2,990,513
2025	1,050,000		1,944,388	2,994,388
2026	1,100,000		1,890,638	2,990,638
2027-31	6,400,000		8,560,187	14,960,187
2032-36	7,915,000		7,041,494	14,956,494
2037-41	9,990,000		4,964,124	14,954,124
2042-46	12,745,000		2,209,249	14,954,249
2047	2,925,000		67,687	2,992,687
Total	\$ 44,970,000	\$	32,807,806	\$ 77,777,806

2. Debt Service Coverage

The Water Utility Fund is required to maintain net revenues adequate to cover 110% of annual debt service. Net Revenues means the Revenues for the Fiscal Year less Operation and Maintenance Costs for such Fiscal Year. Debt service coverage for the Water Utility Fund for the year ended June 30, 2021, was as follows:

Gross revenue	\$ 42,758,192
Operating expenses Less: depreciation expense	42,480,855 (7,838,887)
Net operating expenses	34,641,968
Non-operating income, less gain on disposal	2,633,978
Net revenues	\$ 10,750,202
Annual debt service	\$ 2,990,088
Actual coverage ratio	3.60

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 5: Long-term Liabilities (Continued)

b. Sewer Utility Fund

Changes in long-term liabilities in the sewer utility fund for the year ended June 30, 2020, are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion	Long-term Portion
Bonds Payable:						
2016 Sewer Revenue Bond	\$ 32,610,000	\$ -	\$ (665,000)	\$ 31,945,000	\$ 700,000	\$ 31,245,000
Bond Premium	169,150		(6,403)	162,747	6,404	156,343
Total	\$ 32,779,150	\$ -	\$ (671,403)	\$ 32,107,747	\$ 706,404	\$ 31,401,343

1. 2016 Sewer Revenue Bonds

On December 8, 2016, the sewer utility issued \$34,445,000 of Sewer Treatment Revenue Bonds to finance the acquisition and construction of additional capital improvements to the sewer utility. The Sewer Treatment Revenue Bonds have interest rates ranging from 3% to 5% with maturities through August 2033. The bonds are secured by revenues pledged for the payment of debt service. In addition, a provision that in the event of default, the bond trustee may take whatever action, at law or in equity, as may appear necessary or desirable to collect the payments of the debt.

Debt service requirements on the 2016 Sewer Revenue Bond are as follows:

Year Ending					
June 30	Principal	Interest	Total		
2022	\$ 700,000	\$ 1,267,775	\$ 1,967,775		
2023	735,000	1,231,900	1,966,900		
2024	770,000	1,194,275	1,964,275		
2025	810,000	1,154,775	1,964,775		
2026	855,000	1,113,150	1,968,150		
2027-31	4,820,000	5,015,538	9,835,538		
2032-36	5,755,000	4,077,700	9,832,700		
2037-41	7,005,000	2,821,900	9,826,900		
2042-46	8,565,000	1,269,500	9,834,500		
2047	1,930,000	38,600	1,968,600		
Total	\$ 31,945,000	\$ 19,185,113	\$ 51,130,113		

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 5: Long-term Liabilities (Continued)

2. Debt Service Coverage

The Sewer Utility Fund is required to maintain net revenues adequate to cover 110% of annual debt service. Gross revenue is defined as Operating Revenue combined with non-operating revenue. Debt service coverage for the Sewer Utility Fund for the year ended June 30, 2021, was as follows:

Gross revenue	\$ 30,361,116
Operating expenses	26,986,385
Less: depreciation expense	(4,507,869)
Net operating expenses	22,478,516
Non-operating income,	
less gain on disposal	19,472
Net revenues	\$ 7,902,072
Annual debt service	\$ 1,966,900
Actual coverage ratio	4.02

Note 6: Compensated Absences

Compensated absences represent the amount of the accumulated vacation, which is expected to be liquidated with future resources. The water utility fund, sewer utility fund and sewer collection fund liquidate 100 percent of the compensated absences for business-type activities. There is no fixed payment schedule for unpaid compensated absences; see Note 1 for additional information.

		Balance					Balance			L	ong-term
	Ju	ıly 1, 2020	 Additions	F	Reductions	Jui	ne 30, 2021	Cui	rrent Portion		Portion
Water Utility Fund	\$	1,186,693	\$ 1,525,397	\$	(1,298,771)	\$	1,413,319	\$	1,130,655	\$	282,664
Sewer Utility Fund		482,709	768,417		(711,172)		539,954		431,963		107,991
Sewer Collection Fund		29,220	236,853		(215,973)		50,100		40,080		10,020
Total	\$	1,698,622	\$ 2,530,667	\$	(2,225,916)	\$	2,003,373	\$	1,602,698	\$	400,675

Note 7: Pension Plan

The Department is considered to be part of the City of San Bernardino PERS pension plan, therefore all related information included in this note refers to the City as a whole unless specifically indicating otherwise. All qualified permanent and probationary employees are eligible to participate in the Department's Miscellaneous Plan, an agent multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Additional disclosures and required supplementary information regarding the City's plan can be found in the City's audited financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 7: Pension Plan (Continued)

a. Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The Plans' provisions and benefits in effect at the measurement date, are summarized as follows:

	Miscellaneous		
	Prior to	On or after	
Hire date	January 1, 2013	January 1, 2013	
Benefit formula	2.7% @ 55	2% @ 60	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50-55	52-67	
Monthly benefits, as a % of eligible			
compensation	2.0% to 2.7%	1.0% to 2.5%	
Required employee contribution rates	10%	10%	
Required employer contribution rates	35%	35%	

b. Employees Covered

As of the June 30, 2020 measurement date, the following employees were covered by the benefit terms of the Plan:

	City-wide	Department
Inactive employees or beneficiaries currently receiving benefits	1,728	197
Inactive employees entitled to but not yet receiving benefits	555	49
Active employees	394	240
Total	2,677	486

c. Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 7: Pension Plan (Continued)

d. Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability determined in the June 30, 2019 valuation. The June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method: Entry Age Normal in accordance with the requirements of GASB 68

Actuarial Assumptions:

Discount Rate: 7.15% Inflation: 2.50%

Salary Increases: Varies by Entry Age and Service

Mortality Rate Table¹: Derived using CalPERS' Membership Data for all Funds

Post Retirement Benefit Increase: The lesser of contract COLA or 2.5% until Purchasing Power Protection

Allowance Floor on purchasing power applies, 2.5% thereafter

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

e. Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 7: Pension Plan (Continued)

Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

	Current Target	Real Return	Real Return
Asset Class	Allocation	Years 1 - 10 ¹	Years 11+ ²
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹An expected inflation of 2.0% used for this period.

f. Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

g. Changes in Net Pension Liability

The following table shows the Department's proportionate share of the net pension liability of the City's plan over the measurement period:

		Increase (Decrease)				
						Net Pension
	Т	otal Pension	Р	lan Fiduciary		Liability
		Liability (a)	Ne	et Position (b)		(c) = (a) - (b)
Balance at: 6/30/2019 (VD)	\$	213,742,290	\$	153,210,601	\$	60,531,689
Balance at: 6/30/2020 (MD)		219,048,159		154,946,582		64,101,577
Net Changes during 2019-20		5,305,869		1,735,981		3,569,888

²An expected inflation of 2.92% used for this period.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 7: Pension Plan (Continued)

The net pension liability of the plan is measured as of June 30, 2020, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation of June 30, 2019 rolled forward to June 30, 2020, using standard update procedures. The proportion of the net pension lability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Department's proportionate share of the net pension lability for the plan as of June 30, 2020 and 2021 was as follows:

	Miscellaneous Plan
Proportion – June 30, 2020	36%
Proportion – June 30, 2021	36%
Change – Increase (Decrease)	-

h. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Discount Rate -	Current Discount	Discount Rate +
	1% (6.15%)	Rate (7.15%)	1% (8.15%)
Plan's Net Pension Liability			
-Department Allocation	\$91,749,183	\$64,101,577	\$41,243,772
(36%)			

i. Recognition of Gains and Losses

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

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

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

Difference between projected and actual earnings

5 year straight-line amortization

All other amounts

All other amounts Straight-line amortization over the expected remaining

service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning

of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 7: Pension Plan (Continued)

The EARSL for the Plan for the measurement period ending June 30, 2020 is 2.1 years, which was obtained by dividing the total service years of 6,618 (the sum of remaining service lifetimes of the active employees) by 3,163 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

For the fiscal year ended June 30, 2021, the Department recognized a pension expense of \$8,353,445 for the Plan.

As of June 30, 2021, the Department reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources		 d Inflows of ources
Pension contributions subsequent to			
measurement date	\$	6,492,199	\$ -
Differences between Expected and Actual			
Experience		204,085	-
Changes of Assumptions		-	-
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments		1,005,046	-
Total	\$	7,701,330	\$
			 _

The \$6,492,199 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. That and other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

		Deferred
Fiscal Year Ended	Outflo	ws/(Inflows) of
June 30:	F	Resources
2022	\$	(552,170)
2023		364,320
2024		771,381
2025		625,600

Note 8: Other Post-Employment Benefits (OPEB)

a. Plan Description

The Department provides health benefits to all qualifying retirees and their spouses in accordance with Memorandums of Understanding under various labor agreements. The other post-employment benefits plan is a single-employer plan administered by the Department.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 8: Other Post-Employment Benefits (OPEB) (Continued)

b. Employees Covered

Employees are eligible for retiree health benefits if they retire from the Department on or after age 50 with at least 10, 12, or 15 years of service, depending on bargaining unit, and are eligible for a PERS pension.

As of the June 30, 2020 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	241
Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to, but not yet receiving benefits	-
Total	400

c. Contributions

The contribution requirements of plan members and the Department are established and may be amended by the Board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as may be determined annually by the Board. The Department has established an irrevocable trust to which pre-funding contributions are made. For the fiscal year ended June 30, 2021, the Department's cash contributions were \$2,234,270, and the amount of contributions in the form of an implied subsidy were \$503,000.

d. Net OPEB Liability

The Department's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020, total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Mortality Rate ⁽¹⁾	CalPERS 1997-2015 Experience Study
Healthcare Trend Rate	Non-Medicare - 7.0% for 2022, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 8: Other Post-Employment Benefits (OPEB) (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target	Expected Real Rate
Asset Class	Allocation	of Return
Fixed income	40%	1.47%
Global Equity	60%	4.82%
Assumed long-term rate of inflation	-	2.75%
Expected long-term net rate of return		6.25%
Total	100%	

e. Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that Department's contributions will be made at rates equal to the actuarially determined contribution rates.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

f. Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows (in thousands):

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/20 (6/30/19 measurement date)	\$ 41,907,103	\$ 28,349,302	\$ 13,557,801
Changes for the year			
Service cost	1,352,161	-	1,352,161
Interest	2,651,878	-	2,651,878
Changes of benefit terms	-	-	-
Actual vs. expected experience	(6,747,960)	-	(6,747,960)
Assumption changes	(1,784,735)	-	(1,784,735)
Contributions - employer	-	2,602,421	(2,602,421)
Contributions - employee	-	-	-
Net investment income	-	1,564,423	(1,564,423)
Benefit payments	(1,658,421)	(1,658,421)	-
Administrative expenses		(8,657)	8,657
Net Changes	(6,187,077)	2,499,766	(8,686,843)
Balance at 6/30/21	\$ 35,720,026	\$ 30,849,068	\$ 4,870,958
(6/30/2020 measurement date)			

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 8: Other Post-Employment Benefits (OPEB) (Continued)

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

The following presents the net OPEB liability of the Department if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	19	1% Decrease Current		1%	6 Increase	
		(5.25%)		Discount Rate		(7.25%)
Net OPEB Liability	\$	9,941,973	\$	4,870,958	\$	719,431

h. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Department if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

		Current Healthcare Cost	
	1% Decrease 6.0% Pre-	Trend Rates 7.0% Pre-	1% Increase 8.0%
	Medicare 5.1%	Medicare	Pre-Medicare 7.1%
	Medicare	6.1% Medicare	Medicare
Net OPEB Liability	\$ 476,632	\$ 4,870,958	\$ 10,296,610

i. Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments are amortized over 5 years, while all other deferred outflows and inflows are amortized over the average expected remaining service life of plan participants. For the June 30, 2020 measurement date, the average expected remaining service life is 7.0 years.

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

For the fiscal year ended June 30, 2021, the Department recognized OPEB expense of \$607,321. As of fiscal year-ended June 30, 2021, the Department reported deferred outflows of resources related to OPEB from the following sources:

	rred Outflows Resources	 erred Inflows Resources
OPEB contributions subsequent to measurement date	\$ 2,737,270	\$ -
Differences between expected and actual experience	278,286	5,797,543
Changes in assumptions	-	2,099,341
Net difference between projected and actual earnings on OPEB		
plan investments	-	434,575
Total	\$ 3,015,556	\$ 8,331,459

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 8: Other Post-Employment Benefits (OPEB) (Continued)

The \$2,737,270 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020, measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

	Deferred
Fiscal Year Ended	Outflows/(Inflows) of
June 30:	Resources
2022	\$ (1,607,472)
2023	(1,408,473)
2024	(1,324,693)
2025	(1,188,779)
2026	(1,201,788)
Thereafter	(1,321,968)

Note 9: Joint Ventures

a. Colton/San Bernardino Regional Tertiary Treatment and Water Reclamation Authority

On August 2, 1994, the City of San Bernardino, through the Department formed a joint powers authority with the City of Colton to construct, operate, use and maintain tertiary wastewater treatment, disposal and water reclamations systems, including the Regional Rapid Infiltration and Extraction Facility (RIX). This authority is governed by a separate board consisting of four members; two appointed by the City of San Bernardino through the Department's BOWC and two appointed by the City Council of the City of Colton. Construction of RIX was administered by the Santa Ana Watershed Project Authority and was substantially completed during 1996. Administration and operation was turned over at that time. The cities of San Bernardino and Colton each have a measurable equity interest in the net position of RIX in proportion to its contributions, which are based on an 80% / 20% split, respectively. Substantially all of the assets of RIX are in the form of capital assets. Annual revenues (in the form of contributions from the two member cities) are equal to annual expenses. The Department's equity interest in this joint venture has been reported as an investment in joint venture in the accompanying statement of net position. Below are the most currently available condensed audited financial statements of RIX as of June 30, 2021. The RIX complete financial statements may be obtained at City of San Bernardino Municipal Water Department at 1350 South E. Street, San Bernardino, California 92418.

	Total			
Assets	\$	29,237,574		
Liabilities		907,889		
Net Position	\$	28,329,685		
Revenues	\$	3,956,739		
Expenses		5,776,588		
Change in Net Position		(1,819,849)		
Net Position - Beginning of Year		30,149,534		
Net Position - End of Year	\$	28,329,685		

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 9: Joint Ventures (Continued)

b. West End Water Development, Treatment and Conservation Joint Powers Authority

On August 15, 1990, the City of San Bernardino joined the West End Water Development, Treatment and Conservation Joint Powers Authority (WEJPA) as a financing vehicle for construction of water facilities. A three-member board consisting of one representative from each agency's governing body governs the WEJPA. This joint venture was formed to provide a financing vehicle for the three member agencies. This joint venture is currently inactive.

Note 10: Commitments and Contingencies

a. Risk Management

Risk management activities are recorded in all utility funds. Significant losses are covered by insurance for all major events except workers' compensation, for which the Department retains risk of loss in conjunction with the City of San Bernardino's risk management program for workers compensation. Settlement amounts have not exceeded insurance coverage for the current year or the prior three years. Insurance coverage has been increased over the past several years.

The Department records an estimated liability for workers' compensation. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based upon historical experience. Workers' compensation claims liability is not discounted.

The following are the changes in approximate aggregate liabilities for the year ended June 30, 2020 and June 30, 2021. During the past three fiscal (claims) years, the Department had no settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in fiscal year 2021.

			Sewer					
Claims Liabilities	W	ater Utility	Se	wer Utility	C	ollection		Total
Balance, June 30, 2019	\$	1,883,552	\$	666,160	\$	140,220	\$	2,689,932
Claims and changes in estimates		(730,524)		(125, 234)		(55,783)		(911,541)
Balance, June 30, 2020		1,153,028		540,926		84,437		1,778,391
Claims and changes in estimates		627,848		109,008		76,532		813,388
	-		-					
Balance, June 30, 2021	\$	1,780,876	\$	649,934	\$	160,969	\$	2,591,779

b. Litigation

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

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2021

Note 10: Commitments and Contingencies (Continued)

c. Construction Commitments

The following schedule summarizes the major contractual commitments as of June 30, 2021:

		Expenses to date				
Project Name				as of ne 30. 2021	Remainin 21 Commitme	
SBMWD Water Facilities Relocation	\$	1,133,614	\$	888,570	\$	245,044
Resultant Projects Construction Project		14,930,000		13,228,152		1,701,848
Digester B Project		2,441,242		387,688		2,053,554
WRP Electrical Infrastructure Improvement Project		3,049,450		1,422,472		1,626,978

Note 11: Federal and State Grants

Grant funds received by the Department are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Department believes that such disallowances, if any, would not be significant. The Department produces a Single Audit that details the use of grant and Consent Decree funds (see note 12 for information on the Consent Decree).

Note 12: Consent Decree

In 1996, the City of San Bernardino filed a complaint against the United States of America, Department of the Army to recover damages, response costs and other available remedies relating to contamination alleged to have originated at a World War II army installation known as Camp Ono. In March 2005, the United States District Court, Central Division entered judgment, in the form of a consent decree, in the matter of City of San Bernardino v. United States of America. The Consent Decree settles the City's and the State's claims arising from the groundwater contamination allegedly caused by the Army. The Consent Decree contains a number of provisions obligating the City (through the Department) to operate and maintain the Newmark Groundwater Superfund Site (Site). The Site consists of two operable units, the Newmark Operable Unit and the Muscoy Operable Unit. The Newmark Operable Unit was declared operational and functional in 1998. The Muscoy Operable unit was declared operational in 2007.

The Consent Decree provided for a payment of \$69 million from the Army to the City for performance of the work outlined in the Consent Decree. Upon acceptance of the Consent Decree, the Department received title to all facilities constructed by the United States Environmental Protection Agency (EPA) of the Site and agreed to operate and maintain the groundwater extraction and treatment system for a period of 50 years. The \$69 million payment consisted of \$59 million for operations and maintenance and \$10 million for the construction of certain capital facilities that would be required in the future; the funds are subject to strict limitations, contained in the Consent Decree, as to how the money may be spent.

Pursuant to the Consent Decree, \$10 million, including interest earned, has been set aside to be used only for (i) funding construction of treatment and directly related transmission systems that expand the Department's capacity to deliver potable water and (ii) funding work performed by the Department to complete construction of the Muscoy Operable Unit extraction system. These capital facility funds may not be used for costs incurred to operate, maintain, repair or retrofit components of the site extraction of treatment systems constructed by EPA.

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Note 12: Consent Decree (Continued)

In March 2006, the Department entered into a Guaranteed Investment Contract with AIG Match Funding Corporation. The Department invested \$16,482,039 of excess Consent Decree funds into an interest-bearing Escrow Fund investment with an interest rate of 4.95% per annum. These funds were invested to pay costs associated with the water facilities defined in the Consent Decree for years 2035-2056. An additional \$50 million was used to purchase a blended insurance policy to provide a financial vehicle that provides cost gap coverage for the first 30 years of expenses.

The terms of the Guaranteed Investment Contract only provided the Department with the position of a secured creditor with respect to an AIG bankruptcy. As concerns arose regarding AIG's financial credibility, in October 2009, the Department negotiated and accepted a "payout" in the amount of \$18,661,876 which represented the principal and accrued interest as of that date. These funds are currently invested in a diversified portfolio managed by PFM Asset Management and present in more detail in Note 3.

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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾

Measurement Date	2021 6/30/2020	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Proportion of the Net Pension Liability	36%	36%	36%	36%
Proportionate Share of the Net Pension Liability	\$ 64,101,577	\$ 60,531,689	\$ 56,856,346	\$ 58,595,075
Covered Payroll	\$ 18,770,894	\$ 17,169,126	\$ 15,357,635	\$ 14,876,739
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	341%	353%	370%	394%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71%	72%	72%	71%

Notes to Schedule of Proportionate Share of the Net Pension Liability

Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

<u>Changes of Assumptions</u>: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

2017	2016	2015
6/30/2016	6/30/2015	6/30/2014
36%	36%	36%
\$ 53,652,216	\$ 44,917,863	\$ 40,932,398
\$ 14,177,779	\$ 14,087,004	\$ 14,017,065
378%	319%	292%
72%	76%	78%

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION PLAN CONTRIBUTIONS AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

2021	2020	2019	2018
\$ 6,492,199	\$ 5,814,288	\$ 5,251,737	\$ 4,467,847
(6,492,199)	(5,814,288)	(5,251,737)	(4,467,847)
\$ -	\$ -	\$ -	\$ -
\$ 20,103,974	\$ 18,770,894	\$ 17,169,126	\$ 15,357,635
32%	31%	31%	29%
	\$ 6,492,199 (6,492,199) \$ - \$ 20,103,974	\$ 6,492,199 \$ 5,814,288 (6,492,199) (5,814,288) \$ - \$ \$ 20,103,974 \$ 18,770,894	\$ 6,492,199 \$ 5,814,288 \$ 5,251,737 (6,492,199) (5,814,288) (5,251,737) \$ - \$ - \$ - \$ 20,103,974 \$ 18,770,894 \$ 17,169,126

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were derived from the June 30, 2018 funding valuation report.

Actuarial Cost Method: Amortization Method/Period: Asset Valuation Method:

Inflation:

Salary Increases: Payroll Growth:

Investment Rate of Return:

Retirement Age:

Mortality:

Entry Age Normal

For details, see June 30, 2018 Funding Valuation Report.

Market Value of Assets. For details, see June 30, 2018 Funding

Valuation Report.

2.500%

Varies by Entry Age and Service

2.750%

7.0% Net of Pension Plan Investment and Administrative

Expenses; includes Inflation.

The probabilities of Retirement are based on the 2017 CalPERS

Experience Study for the period of 1997 to 2015.

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB

published by the Society of Actuaries.

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

2017	2016	2015
\$ 3,886,888	\$ 3,607,950	\$ 2,979,160
 (3,886,888)	 (3,607,950)	 (2,979,160)
\$ 	\$ 	\$
\$ 14,876,739	\$ 14,177,779	\$ 14,087,004
26%	25%	21%

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS $^{(1)}$

Measurement Date	2021 6/30/2020		2020 6/30/2019		2019 6/30/2018			2018 6/30/2017	
Total OPEB Liability:		0/00/2020	_	0/00/2010	_	0/00/2010	_	0/00/2011	
Service cost	\$	1,352,161	\$	1.312.778	\$	1.067.080	\$	1,036,000	
Interest	*	2,651,878	Ψ.	2,512,269	Ψ.	2,449,681	Ψ	2,322,000	
Changes of benefit terms		-		-		(640,849)		-	
Actual vs. expected experience		(6,747,960)		-		523,834		-	
Assumption changes		(1,784,735)		-		(1,065,369)		-	
Benefit payments		(1,658,421)		(1,602,932)		(1,554,389)		(1,118,000)	
Net changes		(6,187,077)		2,222,115		779,988		2,240,000	
Total OPEB Liability (beginning of year)		41,907,103		39,684,988		38,905,000		36,665,000	
Total OPEB Liability (end of year) (a)		35,720,026		41,907,103		39,684,988		38,905,000	
Plan Fiduciary Net Position:									
Contributions - employer		2,602,421		2,615,932		2,673,389		2,602,000	
Net investment income		1,564,423		2,036,956		1,848,262		2,204,000	
Benefit payments		(1,658,421)		(1,602,932)		(1,554,389)		(1,118,000)	
Administrative expenses		(8,657)		(8,061)		(7,855)		(7,000)	
Net changes		2,499,766		3,041,895		2,959,407		3,681,000	
Plan Fiduciary Net Position - beginning		28,349,302		25,307,407		22,348,000		18,667,000	
Plan Fiduciary Net Position - ending (b)		30,849,068		28,349,302		25,307,407		22,348,000	
Net OPEB Liability/(Assets) - ending (a) - (b)	\$	4,870,958	\$	13,557,801	\$	14,377,581	\$	16,557,000	
Plan fiduciary net position as a percentage of the total OPEB liability		86%		68%		64%		57%	
Covered-employee payroll (2)	\$	19,691,462	\$	17,981,957	\$	16,768,495	\$	19,132,000	
Net OPEB liability as a percentage of covered-employee payroll		25%		75%		86%		87%	

Notes to the Schedule of Changes in the Net OPEB Liability and Related Ratios

Benefit Changes: New hires after 7/1/2019 receive no Department contributions.

<u>Changes of Assumptions:</u> Demographic assumptions were updated to CalPERS 1997-2015 Experience Study; assumed Medical Plan in retirement updated to: (1) Participation percent at retirement lowered; (2) Kaiser Medicare trend lowered; (3) Mortality improvement scale was updated to Scale MP-2020; (4) Current medical plan assumed at retirement; (5) ACA high premium excise tax removed.

⁽¹⁾ Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

⁽²⁾ Contributions are not based on employee compensation; therefore, covered-employee payroll is used.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF OPEB PLAN CONTRIBUTIONS AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2021	2020	2019	2018
Actuarially Determined Contribution Contribution in Relation to the Actuarially	\$ 1,652,000	\$ 2,728,000	\$ 2,760,000	\$ 2,592,000
Determined Contribution	 (2,737,270)	(2,602,421)	 (2,615,932)	 (2,673,000)
Contribution Deficiency (Excess)	\$ (1,085,270)	\$ 125,579	\$ 144,068	\$ (81,000)
Covered-employee payroll	\$ 21,203,035	\$ 19,691,462	\$ 17,981,957	\$ 16,768,495
Contributions as a percentage of covered-employee payroll	13%	13%	15%	16%

Notes to Schedule of Employer Contribution:

Methods and Assumptions for 2019/20 Actuarially Determined Contribution

Valuation Date: June 30, 2020

Actuarial Cost Method: Entry Age Normal, level percentage of payroll

Amortization Method: Level % of pay

Amortization Period: 11.4-year average remaining fixed period for 2020/21.

Asset Valuation Method: Investment gains and losses spread over 5-year rolling period.

Discount Rate: 6.25% General Inflation: 2.75%

Medical Trend: Non-Medicare - 7.5% for 2022, decreasing to an ultimate rate of 4.0%

in 2076.

Medicare (Non-Kaiser) - 6.1% for 2022, decreasing to an ultimate rate

of 4.0% in 2076

Medicare (Kaiser) - 5.0% for 2022, decreasing to an ultimate rate of

4.0% in 2076.

Mortality: CalPERS 1997-2015 experience study.

Mortality Improvement: Post-retirement mortality projected fully generational with Scale

MP-2020.

⁽¹⁾ Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF OPEB PLAN INVESTMENT RETURNS AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2021	8.83%
2020	7.92%
2019	8.11%
2018	11.81%

Notes to Schedule:

⁽¹⁾ GASB Statement No. 75, which requires ten years of history for this schedule, was implemented during Fiscal Year 2017-18. Additional years will be added as they become available in the future.

STATISTICAL SECTION

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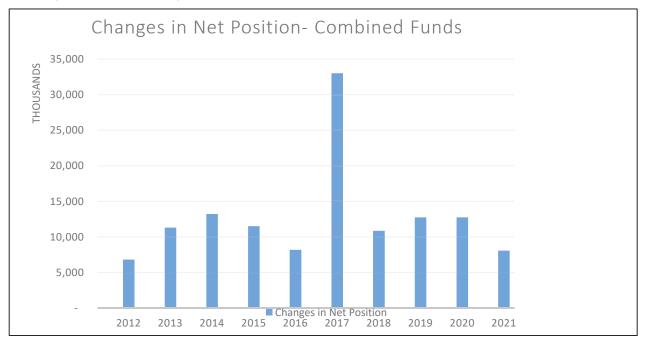
FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the Department's financial performance and well-being have changed over time.

City of San Bernardino Municipal Water Department Changes in Net Position Last Ten Fiscal Years

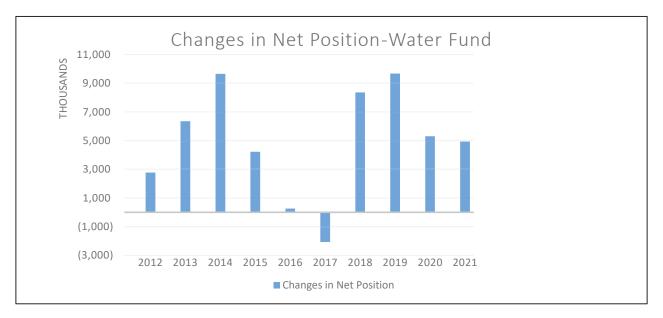
Fiscal Year Ended	Total Operating Revenue	Total Operating Expense	Operating Income	Total Non- Operating Income (Expense)	Total Contributed Capital	Changes in Net Position	
6/30/2012	\$ 60,756,697	\$ 58,971,535	\$ 1,785,162	\$ 1,974,266	\$ 3,055,921	\$ 6,815,349	
6/30/2013	61,883,615	57,327,537	4,556,078	1,861,758	4,896,921	11,314,757	
6/30/2014	62,292,428	57,965,395	4,327,033	1,375,536	7,510,777	13,213,346	
6/30/2015	57,805,304	55,074,661	2,730,643	3,801,830	4,977,945	11,510,418	
6/30/2016	55,376,650	53,529,824	1,846,826	2,059,111	4,271,325	8,177,262	
6/30/2017 *	64,488,587	61,895,872	2,592,715	8,431,207	21,995,016	33,018,938	
6/30/2018	76,620,620	68,734,958	7,885,662	(1,872,712)	4,854,784	10,867,734	
6/30/2019	77,094,723	66,921,125	10,173,598	(7,553,171)	10,121,344	12,741,771	
6/30/2020	78,184,698	70,778,987	7,405,711	748,213	4,604,699	12,758,623	
6/30/2021	80,831,467	77,247,428	3,584,039	(2,105,219)	6,605,556	8,084,376	

^{*}Fiscal Years 2009-2016 contain only the Sewer Treatment and Water Utility Funds. The Sewer Collections Fund was transferred to the Department on May 1, 2017.



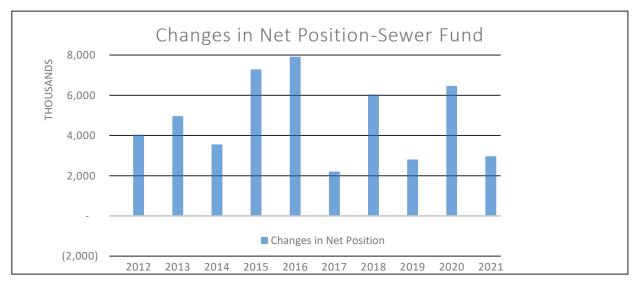
City of San Bernardino Municipal Water Department
Water Fund
Changes in Net Position
Last Ten Fiscal Years

Fiscal Year Ended	Total Operating Revenue	Total Operating Expense	Operating Income	Total Non- Operating Income (Expense)	Total Contributed Capital	Changes in Net Position
6/30/2012	\$ 37,106,217	\$ 39,155,830	\$ (2,049,613)	\$ 2,436,449	\$ 2,384,710	\$ 2,771,546
6/30/2013	37,868,846	37,430,224	438,622	2,492,448	3,421,521	6,352,591
6/30/2014	36,671,903	36,041,616	630,287	2,504,705	6,521,601	9,656,593
6/30/2015	33,121,128	35,504,582	(2,383,454)	2,702,953	3,905,104	4,224,603
6/30/2016	30,001,871	34,834,362	(4,832,491)	2,283,230	2,812,192	262,931
6/30/2017	33,358,907	37,074,670	(3,715,763)	(546,280)	2,194,093	(2,067,950)
6/30/2018	38,280,016	34,446,105	3,833,911	1,198,161	3,323,031	8,355,103
6/30/2019	39,099,960	33,995,037	5,104,923	1,829,448	2,737,031	9,671,402
6/30/2020	40,267,376	38,626,151	1,641,225	1,655,628	2,002,637	5,299,490
6/30/2021	42,758,192	42,480,855	277,337	791,527	3,861,010	4,929,874



City of San Bernardino Municipal Water Department
Sewer Fund
Changes in Net Position
Last Ten Fiscal Years

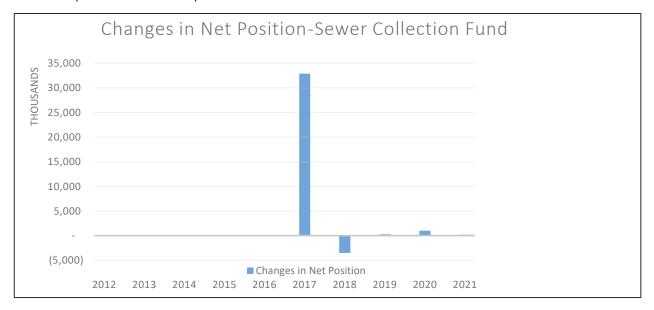
Fiscal Year Ended	Total Operating Revenue	Total Operating Expense	Operating Income	Total Non- Operating Income (Expense)	Total Contributed Capital	Changes in Net Position		
6/30/2012	\$ 25,888,729	\$ 22,053,954	\$ 3,834,775	\$ (462,183)	\$ 671,211	\$ 4,043,803		
6/30/2013	26,414,653	22,297,197	4,117,456	(630,690)	1,475,400	4,962,166		
6/30/2014	25,670,774	21,974,028	3,696,746	(1,129,169)	989,176	3,556,753		
6/30/2015	24,734,425	19,620,328	5,114,097	1,098,877	1,072,841	7,285,815		
6/30/2016	25,410,740	18,731,423	6,679,317	(224,119)	1,459,133	7,914,331		
6/30/2017	28,612,019	24,139,878	4,472,141	(3,624,658)	1,355,494	2,202,977		
6/30/2018	30,733,453	22,697,491	8,035,962	(3,275,704)	1,280,280	6,040,538		
6/30/2019	30,546,181	24,866,681	5,679,500	(9,967,309)	7,092,785	2,804,976		
6/30/2020	30,397,092	24,648,411	5,748,681	(1,537,179)	2,257,330	6,468,832		
6/30/2021	30,361,116	26,986,385	3,374,731	(2,907,657)	2,502,263	2,969,337		



City of San Bernardino Municipal Water Department Sewer Collection Fund Changes in Net Position Last Ten Fiscal Years

Fiscal Year Ended	Total Operating Revenue	Total Operating Expense	Operating Income	Total Non- Operating Income (Expense)	Total Contributed Capital	Changes in Net Position
6/30/2012	n/a	n/a	n/a	n/a	n/a	n/a
6/30/2013	n/a	n/a	n/a	n/a	n/a	n/a
6/30/2014	n/a	n/a	n/a	n/a	n/a	n/a
6/30/2015	n/a	n/a	n/a	n/a	n/a	n/a
6/30/2016	n/a	n/a	n/a	n/a	n/a	n/a
6/30/2017 *	\$ 2,891,203	\$ 1,054,866	\$ 1,836,337	\$ 12,602,145	\$ 18,445,429	\$ 32,883,911
6/30/2018	7,682,946	11,667,157	(3,984,211)	204,831	251,473	(3,527,907)
6/30/2019	7,562,097	8,172,922	(610,825)	584,690	291,528	265,393
6/30/2020	7,666,309	7,650,504	15,805	629,764	344,732	990,301
6/30/2021	7,794,418	7,862,447	(68,029)	10,911	242,283	185,165

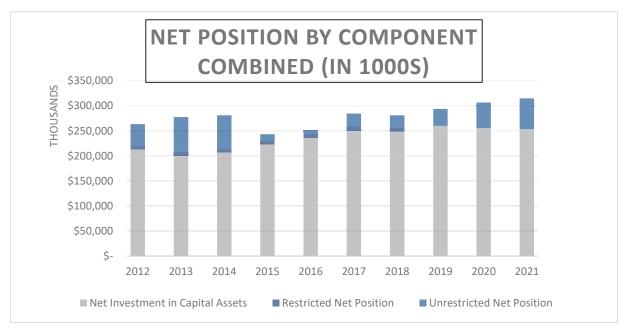
^{*} The Sewer Collection Utility was transferred to the Water Department on May 1, 2017 so prior year data is unavailable.



City of San Bernardino Municipal Water Department Net Position by Component Last Ten Fiscal Years

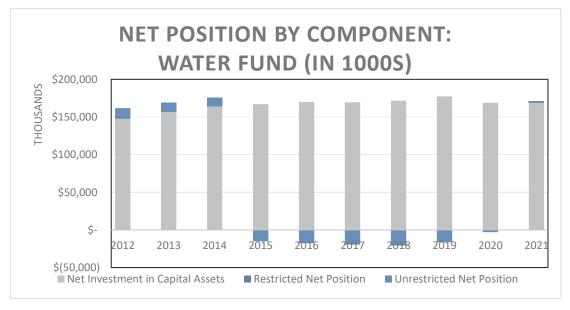
Fiscal Year Ended	Net Investment in Capital Assets		n Restricted Net Position		Uni	restricted Net Position	Tota	al Net Position
6/30/2012	\$	212,490,593	\$	7,389,246	\$	43,545,621	\$	263,425,460
6/30/2013		200,072,942		7,799,773		69,315,171		277,187,886
6/30/2014		206,663,567		7,515,658		66,524,589		280,703,814
6/30/2015		223,053,269		7,633,049		12,510,969		243,197,287
6/30/2016		235,670,073		7,814,086		7,890,390		251,374,549
6/30/2017 *	•	250,399,481		7,944,758		26,049,248		284,393,487
6/30/2018		248,653,963		8,363,037		23,912,311		280,929,311
6/30/2019		259,671,498		-		33,999,894		293,671,392
6/30/2020		255,270,720		-		51,158,985		306,429,705
6/30/2021		253,288,732		-		61,225,349		314,514,081

^{*} Fiscal Years 2009-2016 contain only Sewer Treatment and Water Utility Funds. The Sewer Collections Fund was transferred to the Department on May 1, 2017.



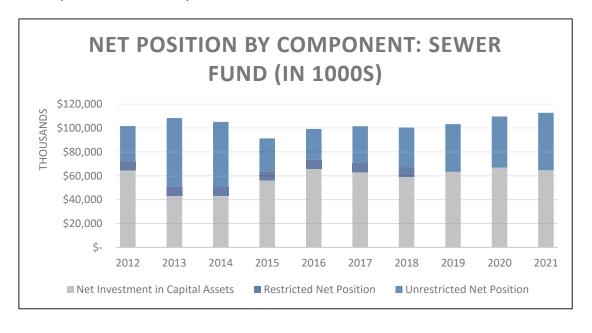
City of San Bernardino Municipal Water Department Net Position by Component - Water Fund Last Ten Fiscal Years

Fiscal Year Ended	Net Investment in Capital Assets		tricted Net Position	Un	restricted Net Position	Total Net Position
6/30/2012	\$	148,063,104	\$ 41,320	\$	13,658,195	\$ 161,762,619
6/30/2013		156,758,127	-		12,133,904	168,892,031
6/30/2014		163,797,283	-		11,728,071	175,525,354
6/30/2015		166,963,238	-		(15,152,937)	151,810,301
6/30/2016		169,730,998	-		(17,657,766)	152,073,232
6/30/2017		169,569,746	-		(19,564,464)	150,005,282
6/30/2018		171,794,031	-		(20,699,066)	151,094,965
6/30/2019		177,158,535	-		(16,391,858)	160,766,677
6/30/2020		168,992,121	-		(2,926,264)	166,065,857
6/30/2021		168,553,917	-		2,441,814	170,995,731



City of San Bernardino Municipal Water Department Net Position by Component - Sewer Fund Last Ten Fiscal Years

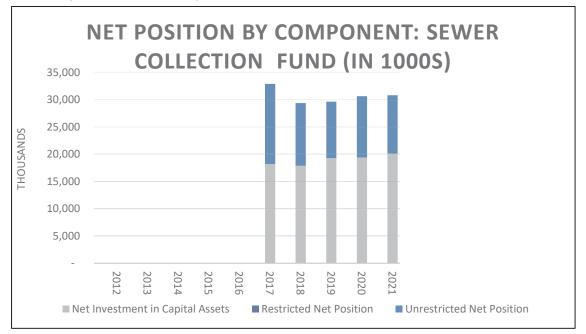
Fiscal Year Ended	 Investment in apital Assets	stricted Net Position	Un	restricted Net Position	Total Net Position
6/30/2012	\$ 64,427,489	\$ 7,347,926	\$	29,887,426	\$ 101,662,841
6/30/2013	43,314,815	7,799,733		57,181,267	108,295,815
6/30/2014	42,866,284	7,515,658		54,796,518	105,178,460
6/30/2015	56,090,031	7,633,049		27,663,906	91,386,986
6/30/2016	65,939,075	7,814,086		25,548,156	99,301,317
6/30/2017	62,633,783	7,944,758		30,925,753	101,504,294
6/30/2018	59,011,109	8,363,037		33,041,181	100,415,327
6/30/2019	63,243,033	-		40,040,285	103,283,318
6/30/2020	66,906,874	-		42,845,276	109,752,150
6/30/2021	64,650,540	-		48,070,947	112,721,487



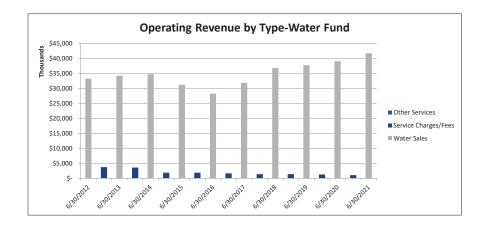
City of San Bernardino Municipal Water Department Net Position by Component - Sewer Collection Fund Last Ten Fiscal Years

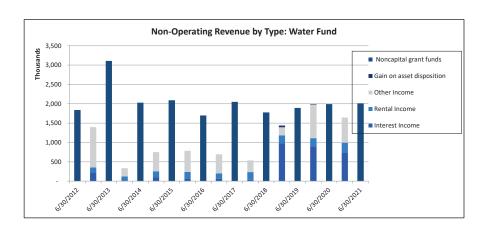
Fiscal Year Ended	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
6/30/2012	n/a	n/a	n/a	n/a
6/30/2013	n/a	n/a	n/a	n/a
6/30/2014	n/a	n/a	n/a	n/a
6/30/2015	n/a	n/a	n/a	n/a
6/30/2016	n/a	n/a	n/a	n/a
6/30/2017 *	\$ 18,195,952	n/a	\$ 14,687,959	\$ 32,883,911
6/30/2018	17,848,823	n/a	11,507,181	29,356,004
6/30/2019	19,269,930	n/a	10,351,467	29,621,397
6/30/2020	19,371,725	n/a	11,239,973	30,611,698
6/30/2021	20,084,275	n/a	10,712,588	30,796,863

^{*} The Sewer Collection Utility was transferred to the Water Department on May 1, 2017 so prior year data is unavailable.



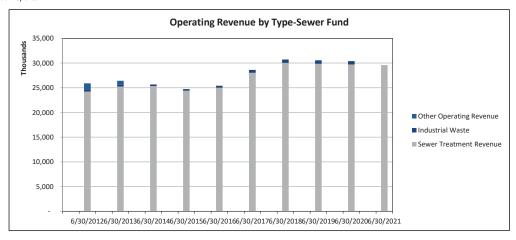
Fiscal Year Ended	١	Water Sales	les Service Charges/Fees		· ·		tal Operating Revenue	Interest Income	Rental Other Income		r Income Gain on asset disposition		Noncapital grant funds		Total Non Operating Income	
6/30/2012	\$	33,315,084	\$	3,665,354	\$ 125,779	\$	37,106,217	\$ 219,027	\$ 133,400	\$ 1,041,667	\$	-	\$	1,838,223	\$ 3,232,317	
6/30/2013	\$	34,252,357		3,476,061	140,429		37,868,847	-	122,826	211,032		-		3,110,201	3,444,059	
6/30/2014		34,777,112		1,754,614	140,176		36,671,902	93,428	160,089	478,512		4,446		2,030,066	2,766,541	
6/30/2015		31,217,534		1,789,654	113,940		33,121,128	54,786	181,809	545,840		-		2,089,637	2,872,072	
6/30/2016		28,293,790		1,604,472	103,609		30,001,871	63,566	134,845	495,298		-		1,696,219	2,389,928	
6/30/2017		31,893,209		1,347,993	117,705		33,358,907	31,504	203,186	301,833		-		2,047,946	2,584,469	
6/30/2018		36,825,634		1,350,623	103,753		38,280,010	975,144	208,925	206,645		46,356		1,776,883	3,213,953	
6/30/2019		37,775,285		1,237,903	86,772		39,099,960	903,399	206,360	867,763		12,669		1,891,729	3,881,920	
6/30/2020		39,162,485		1,020,818	84,073		40,267,376	747,477	245,784	651,031		-		1,991,747	3,636,039	
6/30/2021		41,760,745		910,628	86,819		42,758,192	29,541	286,553	306,785		83,682		2,011,099	2,717,660	

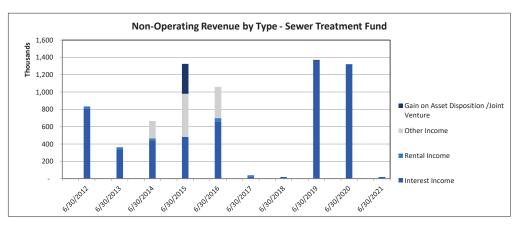




City of San Bernardino Municipal Water Department Sewer Fund Revenue by Type Last Ten Fiscal Years

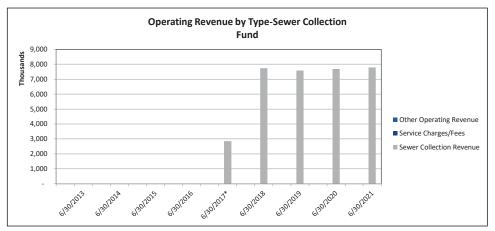
Fiscal Year Ended		Treatment venue	Indus	Industrial Waste Opera		Other Operating Revenue	Total Operating Revenue		Interest Income		Rental Income		Other Income		Gain on Asset Disposition /Joint Venture		Total Non Operating Income	
6/30/2012	\$ 2	4,250,417	\$	376,550	\$	1,261,762	\$	25,888,729	\$	812,885	\$	21,907	\$	-	\$	-	\$	834,792
6/30/2013	2	5,261,792		296,153		856,708		26,414,653		340,689		22,574		-		-		363,263
6/30/2014	2	5,350,988		319,786		-		25,670,774		443,836		20,669		202,078		-		666,583
6/30/2015	2	4,399,415		335,010		-		24,734,425		481,211		700		498,247		345,884		1,326,042
6/30/2016	2	5,030,569		380,171		-		25,410,740		658,456		41,498		359,800		-		1,059,754
6/30/2017	2	8,022,259		589,760		-		28,612,019		23,391		15,908		-		-		39,299
6/30/2018	3	0,039,110		694,342		-		30,733,452		-		12,481		-		6,063		18,544
6/30/2019	2	9,861,192		684,989		-		30,546,181		1,361,936		-		-		9,417		1,371,353
6/30/2020	2	9,712,734		684,358		-		30,397,092		1,322,367		-		-		-		1,322,367
6/30/2021	2	9,587,597		773,519		-		30,361,116		19,472		-		-		-		19,472

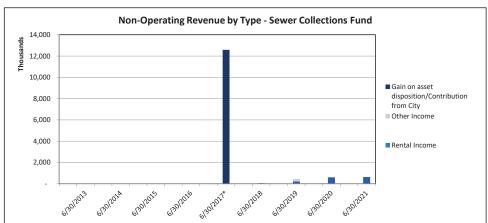




Fiscal Year Ended	er Collection Revenue	Ch	Service parges/Fees	Other Operating es Revenue			Total Operating Revenue		Interest Income		Rer	ntal Inco	ome	Other Income		Gain on asset disposition/Con tribution from City		Total Non Operating Income
6/30/2012	n/a		n/a	n/a			n/a			n/a		n/a			n/a		n/a	n/a
6/30/2013	n/a		n/a	n/a		n/a		n/a	n/a		n/a	n/a n/a		n/a	n/a		n/a	
6/30/2014	n/a		n/a		n/a			n/a		n/a		n/a			n/a	n/a		n/a
6/30/2015	n/a		n/a		n/a	n/a		n/a	n/a			n/a			n/a		n/a	n/a
6/30/2016	n/a		n/a		n/a		n/a			n/a		n/a			n/a		n/a	n/a
6/30/2017*	\$ 2,860,627	\$	30,576	\$		-	\$	2,891,203	\$	28,315	\$		-	\$	-		\$ 12,580,781	\$ 12,609,096
6/30/2018	7,679,020		3,926			-		7,682,946		201,663			-		251,473		3,168	456,304
6/30/2019	7,555,960		6,137			-		7,562,097		584,685			-		5		-	584,690
6/30/2020	7,656,675		9,634	-		-	7,666,309		626,761		-		-	-		3,003		629,764
6/30/2021	7,759,318		35,100			-		7,794,418		1,605			-		9,306		-	10,911

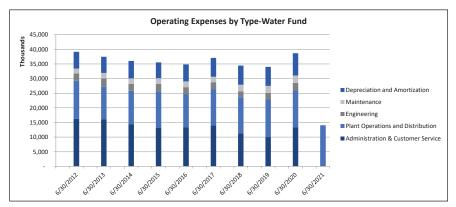
 $^{^{*}}$ The Sewer Collection Utility was transferred to the Water Department on May 1, 2017 so prior year data is unavailable.

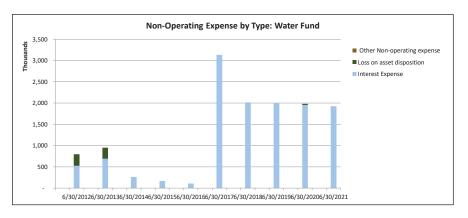




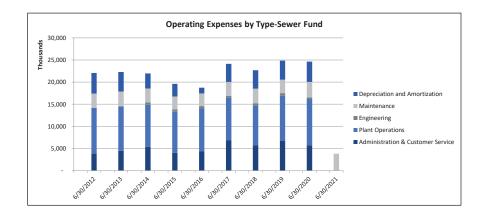
City of San Bernardino Municipal Water Department Water Fund Expenses by Type Last Ten Fiscal Years

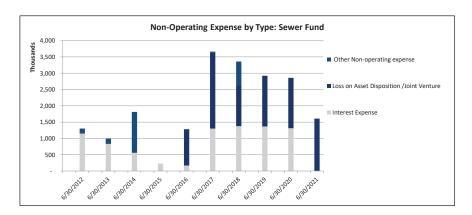
Fiscal Ye Ended		Administration & Customer Service	Plant Operations and Distribution	Engineering	neering Maintenanc		Depreciation and Amortization	Total Operating Expense	Interest Expense			Other Non- operating expense	Total Non- Operating Expense
6/30/20)12 \$	16,304,830	\$ 12,959,507	\$ 2,492,056	\$	1,628,764	\$ 5,770,673	\$ 39,155,830	\$ 526,915	\$	268,953	\$ -	\$ 795,868
6/30/20	13	16,149,788	11,073,338	2,813,459		1,888,236	5,505,403	37,430,224	689,665		261,946	-	951,611
6/30/20)14	14,410,400	11,395,305	2,426,717		1,837,556	5,971,638	36,041,616	261,836		-	-	261,836
6/30/20)15	13,244,552	12,467,017	2,439,170		1,988,719	5,365,124	35,504,582	169,119		-	-	169,119
6/30/20	016	13,313,085	11,406,861	2,326,551		1,978,534	5,809,331	34,834,362	106,698		-	-	106,698
6/30/20)17	13,971,106	12,436,501	2,329,142		1,859,871	6,478,050	37,074,670	3,130,749		-	-	3,130,749
6/30/20	18	11,300,091	12,337,763	1,943,659		2,292,625	6,571,957	34,446,095	2,015,792		-	-	2,015,792
6/30/20)19	9,987,198	12,853,400	2,253,333		2,387,889	6,512,907	33,994,727	1,993,624		-	-	1,993,624
6/30/20)20	13,418,886	12,472,633	2,641,641		2,528,441	7,564,550	38,626,151	1,955,317		25,094	-	1,980,411
6/30/20	021	14,405,557	14,045,232	3,064,623		3,126,556	7,838,887	42,480,855	1,926,133		-	-	1,926,133





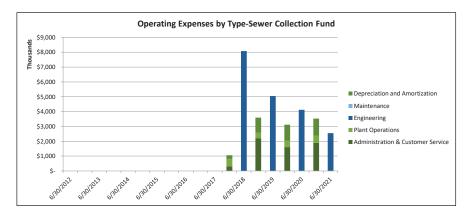
Fiscal Year Ended	Administration & Customer Service	Plant Operations	Engineering	Maintenance	Depreciation and Amortization	Total Operating Expense	Interest Expense	Loss on Asset Disposition /Joint Venture	Other Non- operating expense	Total Non- Operating Expense
6/30/2012	\$ 3,823,627	\$ 10,328,073	\$ -	\$ 3,257,127	\$ 4,645,127	\$ 22,053,954	\$ 1,147,810	\$ 34,114	\$ 118,051	\$ 1,299,975
6/30/2013	4,454,713	10,040,895	-	3,392,868	4,408,721	22,297,197	828,129	11,644	154,180	993,953
6/30/2014	5,345,726	9,528,218	527,294	3,146,275	3,426,515	21,974,028	557,049	16,244	1,238,703	1,811,996
6/30/2015	4,016,198	9,292,501	534,226	2,906,853	2,870,550	19,620,328	227,165	-	-	227,165
6/30/2016	4,299,808	9,800,283	464,554	2,874,352	1,292,426	18,731,423	167,795	1,116,078	-	1,283,873
6/30/2017	6,799,639	9,620,639	480,951	3,135,686	4,102,963	24,139,878	1,300,263	2,321,485	42,209	3,663,957
6/30/2018	5,690,507	9,056,518	500,009	3,281,446	4,157,550	22,686,030	1,376,009	1,247,670	733,583	3,357,262
6/30/2019	6,775,552	10,118,506	617,855	3,041,620	4,313,147	24,866,680	1,367,375	1,553,261	-	2,920,636
6/30/2020	5,702,973	10,470,501	369,422	3,508,534	4,596,980	24,648,410	1,313,151	1,546,396	-	2,859,547
6/30/2021	6,292,313	11,986,858	387,932	3,811,413	4,507,869	26,986,385	1,283,861	1,604,905	38,363	2,927,129

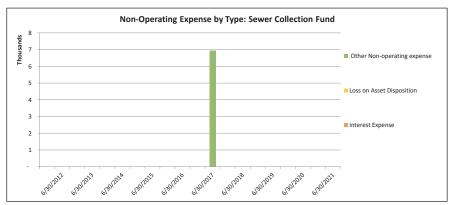




Fiscal Year Ended	Administration & Customer Service	Plant Operations	Engineering	Maintenance	Depreciation and Amortization	Total Operating Expense	Interest Expense	Loss on Asset Disposition	Other Non- operating expense	Total Non- Operating Expense
6/30/2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6/30/2013	-	-	-	-	-	-	-	-	-	-
6/30/2014	-	-	-	-	-	-	-	-	-	-
6/30/2015	-	-	-	-	-	-	-	-	-	-
6/30/2016	-	-	-	-	-	-	-	-	-	-
6/30/2017	314,265	492,675	-	-	247,926	1,054,866	-	-	6,951	6,951
6/30/2018	2,211,188	354,423	8,071,891	-	1,029,648	11,667,150	-	-	-	-
6/30/2019	1,608,074	439,660	5,051,773	-	1,073,415	8,172,922	-	-	-	-
6/30/2020	1,898,461	483,316	4,124,631	-	1,144,096	7,650,504	-	-	-	-
6/30/2021	3,497,969	533,619	2,549,257	-	1,281,602	7,862,447	-	-	-	-

 $^{^{}st}$ The Sewer Collection Utility was transferred to the Water Department on May 1, 2017 so prior year data is unavailable.





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DEBT CAPACITY INFORMATION

These schedules contain information to help the reader assess the affordability of the Department's current level of outstanding debt and ability to issue debt in the future.

City of San Bernardino Municipal Water Department Water Fund Debt Service Coverage Last Ten Fiscal Years

Fiscal Year Ended	Total Operating Revenue	Net Operating Expenses (Excluding) Depreciation	Net Operating Income (Loss)	Net Non- Operating Income/ (Expense)	Amount Available for Debt Service	Principal	Interest	Total Debt Service	Coverage Ratio
6/30/2012	\$ 37,106,217	\$ 33,385,157	\$ 3,721,060	\$ 2,436,449	\$ 6,157,509	\$ 974,027	\$ 505,819	\$ 1,479,846	4.16
6/30/2013	37,868,846	31,924,821	5,944,025	2,492,448	8,436,473	1,227,491	547,616	1,775,107	4.75
6/30/2014	36,671,903	30,069,978	6,601,925	2,504,705	9,106,630	1,658,265	660,854	2,319,119	3.93
6/30/2015	33,121,128	30,139,458	2,981,670	2,702,953	5,684,623	1,748,054	570,434	2,318,488	2.45
6/30/2016	30,001,871	29,025,031	976,840	2,283,230	3,260,070	1,813,594	523,274	2,336,868	1.40
6/30/2017	33,358,907	30,596,620	2,762,287	2,584,468	5,346,755	246,887	218,819	465,706	11.48
6/30/2018	38,280,016	27,874,148	10,405,868	3,167,597	13,573,465	770,000	2,223,838	2,993,838	4.53
6/30/2019	39,099,960	27,482,130	11,617,830	3,810,403	15,428,233	795,000	2,196,388	2,991,388	5.16
6/30/2020	40,267,376	31,061,601	9,205,775	3,636,039	12,841,814	830,000	2,163,888	2,993,888	4.29
6/30/2021	42,758,192	34,641,968	8,116,224	2,633,978	10,750,202	860,000	2,130,088	2,990,088	3.60

City of San Bernardino Municipal Water Department Sewer Fund Debt Service Coverage Last Ten Fiscal Years

Fiscal Year Ended	Total Operating Revenue	E>	Operating xpenses xcluding) preciation	t Operating ome (Loss)	(Net Non- Operating Income/ (Expense)	А١	Amount vailable for ebt Service	Principal	In	nterest		al Debt ervice	Coverage Ratio
6/30/2012	\$ 26,414,654	\$	17,888,476	\$ 8,526,178	\$	(462,183)	\$	8,063,995	\$ 4,417,731	\$ 1	.,166,496	\$ 5,	584,227	1.44
6/30/2013	25,670,774	;	18,547,513	7,123,261		(630,690)		6,492,571	4,724,227		757,010	5,	481,237	1.18
6/30/2014	24,734,425	:	16,749,778	7,984,647		(1,129,169)		6,855,478	4,424,090		747,460	5,	171,550	1.33
6/30/2015	25,410,740	:	16,749,778	8,660,962		1,098,877		9,759,839	4,629,425		568,888	5,	198,313	1.88
6/30/2016	25,410,740	:	17,438,997	7,971,743		(224,119)		7,747,624	300,000		-		300,000	25.83
6/30/2017	28,612,019	:	20,036,916	8,575,103		39,299		8,614,402	300,000		132,660		432,660	19.91
6/30/2018	30,733,453	:	18,539,941	12,193,512		(721,103)		11,472,409	890,000	1	1,382,782	2,	272,782	5.05
6/30/2019	30,546,181	:	20,841,699	9,704,482		1,361,935		11,066,417	910,000	1	1,356,125	2,	266,125	4.88
6/30/2020	30,397,092	:	20,051,431	10,345,661		1,322,367		11,668,028	935,000	1	1,331,225	2,	266,225	5.15
6/30/2021	30,361,116	:	22,478,516	7,882,600		19,472		7,902,072	665,000	1	1,301,900	1,	966,900	4.02

City of San Bernardino Municipal Water Department Ratios of Outstanding Debt by Type (In Thousands of Dollars) Last Ten Fiscal Years

Fiscal Year Ended	Revenue Bonds Bonds		Notes/Loans Payable	Certificates of Participation	Capital Leases	Total	Percentage of Personal Income	Debt Per Capita
6/30/2012	\$ -	\$ 15	\$ 31,547	\$ 14,795	\$ - \$	46,357	0.7%	0.22
6/30/2013	-	-	29,452	12,145	-	41,597	0.6%	0.20
6/30/2014	-	-	26,174	9,340	-	35,514	0.5%	0.17
6/30/2015	-	-	22,826	6,375	-	29,201	0.4%	0.14
6/30/2016	-	-	20,569	-	-	20,569	0.3%	0.10
6/30/2017	88,656	-	900	-	-	89,556	1.0%	0.39
6/30/2018	87,092	-	600	-	-	87,692	1.0%	0.37
6/30/2019	85,483	-	300	-	-	85,783	1.0%	0.39
6/30/2020	83,814	-	-	-	-	83,814	1.0%	0.39
6/30/2021	82,085	-	-	-	-	82,085	1.0%	0.38

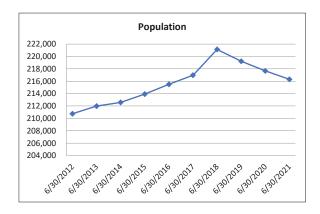
DEMOGRAPHIC AND ECONOMIC INFORMATION

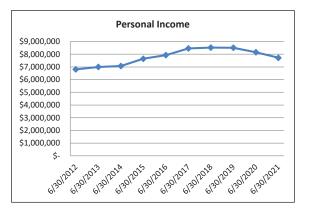
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place.

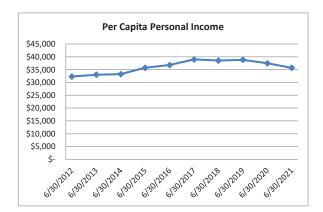
City of San Bernardino Municipal Water Department Demographic Statistics Last Ten Fiscal Years

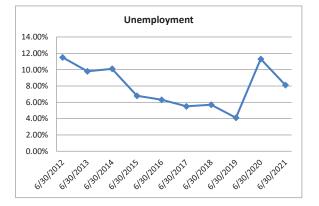
Fiscal Year Ended	Estimated Population (1)	Personal Income (In Thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
6/30/2012	210,753	\$ 6,807,533	\$ 32,301	11.50%
6/30/2013	211,994	7,001,102	33,025	9.80%
6/30/2014	212,584	7,070,119	33,258	10.10%
6/30/2015	213,933	7,645,879	35,740	6.80%
6/30/2016	215,491	7,931,577	36,807	6.30%
6/30/2017	216,972	8,459,304	38,988	5.50%
6/30/2018	221,130	8,523,677	38,546	5.70%
6/30/2019	219,233	8,509,748	38,816	4.10%
6/30/2020	217,671	8,159,289	37,485	11.30%
6/30/2021	216,291	7,723,319	35,708	8.10%

- (1) California Department of Finance
- (2) U.S. Department of Commerce, Bureau of Economic Analys for 2006-2013 (Riverside-San Bernardino MSA)
- (3) State of California, Economic Development Department; City of San Bernardino Economic Development Dept









City of San Bernardino Municipal Water Department Major Employers Current Year and Ten Years Ago

		Fiscal Year 2021		Fiscal Year 2012*
Employer	Ranking	Number of Employees	Ranking	Number of Employees
County of San Bernardino	1	22,719	9	1000+
Stater Brothers	2	18,000		
San Bernardino City Unified School Disrict	3	6,400	5	1000+
Kaiser Permanente - Fontana Med	4	1,000-4,999		
Arrowhead regional Medical Center	5	1,000-4,999	1	1000+
Environmental Systems Research	6	1,000-4,999	10	1000+
California State Unversity- San Bernardino	7	1,000-4,999	4	1000+
LEHP Health Services	8	1,000-4,999	2	1000+
San Bernardino County Sheriff	9	1,000-4,999	6	1000+
City of San Bernardino	10	750	3	1000+
San Bernardino County Superintendent of Schools			7	1000+
San Manuel Band of Mission Indians			8	1000+

^{*} Actual employment figures not available

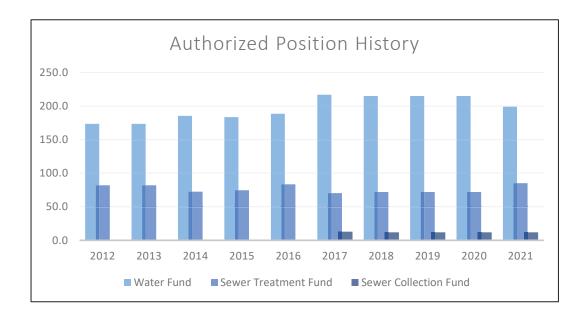
Source: Economic Development Department Labor Market Information, Agency Websites and City's Annual Financial Report.

City of San Bernardino Municipal Water Department Authorized Positions History Last Ten Fiscal Years

		Sewer Treatment	Sewer Collection	
Year End	Water Fund	Fund	Fund	Total
2012	173.5	82.0	0.0	255.5
2013	173.5	82.0	0.0	255.5
2014	185.5	72.5	0.0	258.0
2015	183.5	74.5	0.0	258.0
2016	188.5	83.5	0.0	272.0
2017	216.8	70.3	13.0	300.0
2018	215.0	72.0	12.0	299.0
2019	215.0	72.0	12.0	299.0
2020	215.0	72.0	12.0	299.0
2021	199.0	85.0	12.0	296.0

Source: Department's records

Note: The Sewer Collection Utility was transferred to the Department on May 1, 2017. Prior year data is unavailable.



REVENUE CAPACITY

These schedules contain information to help the reader assess the Department's significant revenue sources.

City of San Bernardino Municipal Water Department Water Rates: Minimum Monthly Charge Last Ten Fiscal Years

(\$/month)	
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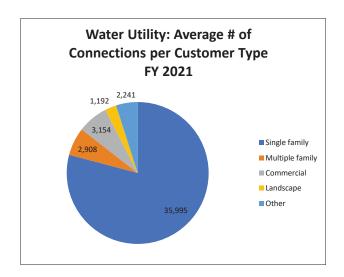
Effective												
Date	1/2"	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"	10"	12"
1/1/2012	12.90	12.90	16.15	22.60	38.80	58.20	103.50	168.20	330.00	524.15	750.65	*
7/1/2013	12.90	12.90	16.15	22.60	38.80	58.20	103.50	168.20	330.00	524.15	750.65	*
7/1/2014	12.90	12.90	16.15	22.60	38.80	58.20	103.50	168.20	330.00	524.15	750.65	*
7/1/2015	12.90	12.90	16.15	22.60	38.80	58.20	103.50	168.20	330.00	524.15	750.65	*
10/1/2016	16.09	16.09	20.15	28.19	48.40	72.60	129.12	197.36	411.68	653.88	936.44	*
7/1/2017	19.58	19.58	24.51	34.30	58.88	88.32	157.06	240.07	500.78	795.40	1,139.12	*
7/1/2018	23.39	23.39	29.28	40.98	70.35	105.52	187.66	286.63	598.33	950.34	1,361.01	*
7/1/2019	23.39	23.39	29.28	40.98	70.35	105.52	187.66	286.63	598.33	950.34	1,361.01	*
7/1/2020	23.39	23.39	29.28	40.98	70.35	105.52	187.66	286.63	598.33	950.34	1,361.01	*
7/1/2021	23.39	23.39	29.28	40.98	70.35	105.52	187.66	286.63	598.33	950.34	1,361.01	*

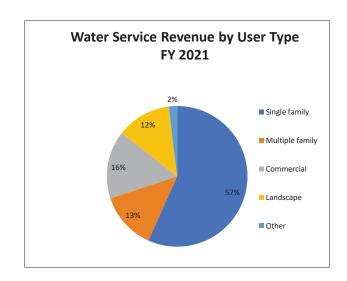
^{*} Information not reported

All water usage, except municipal, will be billed at the rate of \$0.94 and \$0.97 per 100 cubic feet effective July 1, 2007 and respectively, with no minimum allowance.

July 1, 2008,

	2021	2020	2019	2018
User Type	Connections Revenue	Connections Revenue	Connections Revenue	Connections Revenue
Single family	35,995 \$ 23,875,761	36,042 \$ 22,909,054	36,006 \$ 21,579,693	35,824 \$ 20,476,866
Multiple family	2,908 5,569,436	2,907 5,222,345	2,903 5,157,997	2,904 4,944,978
Commercial	3,154 6,579,373	3,117 6,482,560	3,104 6,320,900	3,111 6,117,493
Landscape	1,192 5,277,114	1,181 4,542,108	1,150 4,256,390	1,159 4,694,704
Other	2,241 811,833	2,174 781,428	2,056 808,227	2,018 748,141
Total all users	45,490 \$ 42,113,517	45,421 \$ 39,937,495	45,219 \$ 38,123,207	45,016 \$ 36,982,182
Total all users	43,430 \$ 42,113,317	45,421 \$ 35,537,455	43,213 3 38,123,207	45,010 \$ 50,562,182
	2017	2016	2015	2014
	Connections Revenue	Connections Revenue	Connections Revenue	Connections Revenue
Single family	35,825 \$ 17,346,414	35,729 \$ 15,688,749	35,695 \$ 16,775,834	35,012 \$ 18,583,708
Multiple family	2,899 4,449,204	2,873 4,225,832	2,869 4,349,601	2,824 4,591,290
Commercial	3,131 5,750,672	3,092 4,913,942	3,097 6,332,882	3,085 6,566,344
Landscape	1,121 3,789,527	1,129 3,203,907	1,130 3,079,610	1,140 3,616,135
Other	1,956 557,392	1,905 677,180	1,791 679,606	1,703 913,810
Total all users	44,932 \$ 31,893,209	44,728 \$ 28,709,610	44,582 \$ 31,217,533	43,764 \$ 34,271,287
	2013	2012		
	Connections Revenue	Connections Revenue		
	Connections Revenue	Connections Revenue		
Single family	34,913 \$ 18,741,773	34,716 \$ 18,094,052		
Multiple family	2,820 4,704,384	2,801 4,510,962		
Commercial	3,082 6,800,310	3,117 5,790,427		
Landscape	1,104 3,591,678	1,151 3,321,846		
Other	1,663 599,210	1,626 1,597,791		
Total all users	43,582 \$ 34,437,355	43,411 \$ 33,315,078		





City of San Bernardino Municipal Water Department Water Rates: Elevation Charges \$ per HCF Last Ten Fiscal Years

Effective Date	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6
07/01/12	0.11	0.19	0.17	0.14	0.23	0.23
07/01/13	0.11	0.19	0.17	0.14	0.23	0.23
07/01/14	0.11	0.19	0.17	0.14	0.23	0.23
07/01/15	0.11	0.19	0.17	0.14	0.23	0.23
10/01/16	0.11	0.19	0.17	0.14	0.23	0.23
07/01/17	0.11	0.19	0.17	0.14	0.23	0.23
07/01/18	0.11	0.19	0.17	0.14	0.23	0.23
07/01/19	0.11	0.19	0.17	0.14	0.23	0.23
07/01/20	0.11	0.19	0.17	0.14	0.23	0.23
07/01/21	0.11	0.19	0.17	0.14	0.23	0.23

City of San Bernardino Municipal Water Department Top Ten Water Customers Fiscal Year 2021

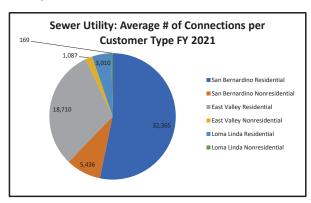
Customer-2021

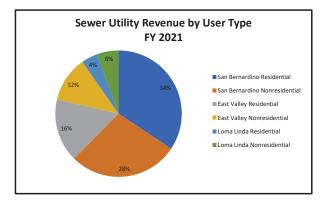
CITY OF SAN BERNARDINO	\$ 1,235,401
SBCUSD	793,861
CAL STATE UNIVERSITY	340,822
COUNTY OF SAN BERNARDINO	251,958
HOUSING AUTHORITY	242,952
COTT BEVERAGES	186,825
W DEAN WEIDNER	171,564
LIDO CONDOMINIUMS	135,509
ST. BERNARDINE HOSPITAL	130,573
ACACIA PARK APARTMENTS	127,432
Top Ten Customers Total	3,616,897
Total Water Revenue	\$ 42,113,517
Top Ten Customers Percent of Total	8.59%
W DEAN WEIDNER LIDO CONDOMINIUMS ST. BERNARDINE HOSPITAL ACACIA PARK APARTMENTS Top Ten Customers Total Total Water Revenue	\$ 171,5 135,5 130,5 127,4 3,616,8 42,113,5

City of San Bernardino Municipal Water Department Sewer Treatment Rate History Last Ten Fiscal Years

	1/1/2012	1/1/2013	1/1/2014	10/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021
Residential (monthly per EDU) Commercial:	18.50	18.50	18.50	20.65	22.38	23.10	23.10	23.10	23.10	23.10
Commodity Charge (per HCF):										
Multi-family, mobile home parks	1.25	1.25	1.25	1.36	1.48	1.53	1.53	1.53	1.53	1.53
Retail, commercial, light industrial	2.10	2.10	2.10	2.28	2.47	2.55	2.55	2.55	2.55	2.55
Auto repair, car wash	1.30	1.30	1.30	1.41	1.53	1.58	1.58	1.58	1.58	1.58
Offices, motels (w/o restaurants)	1.50	1.50	1.50	1.63	1.77	1.83	1.83	1.83	1.83	1.83
Restaurants, hotels	2.70	2.70	2.70	2.93	3.18	3.28	3.28	3.28	3.28	3.28
Laundromats	1.50	1.50	1.50	1.63	1.77	1.83	1.83	1.83	1.83	1.83
Hospitals, convalescent homes	1.35	1.35	1.35	1.46	1.58	1.63	1.63	1.63	1.63	1.63
Schools, churches, nursery schools	1.10	1.10	1.10	1.19	1.29	1.33	1.33	1.33	1.33	1.33
Industrial:										
Discharge Flow (per million gallons)	900.00	900.00	900.00	977.00	1,060.00	1,094.00	1,094.00	1,094.00	1,094.00	1,094.00
Biological Oxygen demand (per 1,000 lbs)	360.00	360.00	360.00	391.00	424.00	438.00	438.00	438.00	438.00	438.00
Suspended Solids (per 1,000 lbs)	640.00	640.00	640.00	694.00	753.00	778.00	778.00	778.00	778.00	778.00

	2021	2020	2019	2018		
User Type	Connections Revenue	Connections Revenue	Connections Revenue	Connections Revenue		
San Bernardino Residential	32,365 \$ 10,165,765	31,828 \$ 10,191,482	33,051 \$ 10,146,660	32,945 \$ 10,135,132		
San Bernardino Nonresidential	5,436 8,292,874	5,340 8,463,554	5,531 8,645,032	5,526 8,834,641		
East Valley Residential	18,710 4,797,833	18,477 4,778,152	18,477 4,778,152	18,477 4,765,218		
East Valley Nonresidential	1,087 3,456,827	1,050 3,483,724	1,050 3,550,973	1,050 3,579,348		
Loma Linda Residential	3,010 1,232,048	2,856 1,163,501	2,799 1,171,706	4,824 1,167,823		
Loma Linda Nonresidential	169 1,642,250	168 1,622,872	345 1,557,119	703 1,548,574		
Total all users	60,777 \$ 29,587,597	59,719 \$ 29,703,285	61,253 \$ 29,849,642	63,525 \$ 30,030,736		
	2017	2016	2015	2014		
San Bernardino Residential	Connections Revenue 32.960 \$ 9.756.592	Connections Revenue 32,889 \$ 8,746,617	Connections Revenue 32.874 \$ 8.056.827	Connections Revenue		
San Bernardino Residential San Bernardino Nonresidential	. ,			32,537 \$ 8,111,634 5,410 8,033,072		
	5,471 8,010,240					
East Valley Residential	18,477 4,622,944	18,477 4,008,039	18,480 4,093,625	18,404 4,149,836		
East Valley Nonresidential	1,050 3,083,475	1,060 2,825,971	1,051 2,571,813	1,115 2,725,075		
Loma Linda Residential	4,723 1,107,201	5,948 1,008,071	5,040 997,242	4,656 991,387		
Loma Linda Nonresidential	593 1,441,807	591 1,308,474	588 1,294,612	592 1,330,102		
Total all users	63,274 \$ 28,022,259	64,342 \$ 25,022,225	63,377 \$ 24,254,652	62,714 \$ 25,341,106		
	2013	2012				
	Connections Revenue	Connections Revenue				
San Bernardino Residential	32,563 \$ 7,922,936	32,571 \$ 7,650,142				
San Bernardino Nonresidential	5,447 8,332,214	5,412 7,877,416				
East Valley Residential	18,925 4,188,434	18,813 4,019,127				
East Valley Nonresidential	1,126 2,434,118	1,128 2,492,375				
Loma Linda Residential	4,663 1,063,124	4,443 933,648				
Loma Linda Nonresidential	585 1,549,643	589 1,258,747				
Total all users	63,309 \$ 25,490,469	62,956 \$ 24,231,455				





City of San Bernardino Municipal Water Department Top Ten Sewer Treatment Customers Fiscal Year 2021

Customers -2021

COUNTY OF SAN BERNARDINO	\$ 342,277
SBCUSD	167,152
HOUSING AUTHORITY	119,826
ST. BERNARDINE HOSPITAL	118,853
CITY OF SAN BERNARDINO	114,598
PAMA MANAGEMENT CO.	102,380
LIDO CONDOMINIUMS	82,363
VILLAGE GREEN CHESTNUT, LP	80,299
BROADSTONE INVESTORS LLC	78,528
W DEAN WEIDNER	69,981
Top Ten Customers Total	1,276,257
Total Sewer Revenue	\$ 29,587,597
Top Ten Customers Percent of Total	4.31%
•	

City of San Bernardino Municipal Water Department Sewer Collection Rate History Last Ten Fiscal Years

	10/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021
Residential (monthly per EDU)	9.00	9.45	9.90	9.90	9.90	9.90	9.90
Multi-Family							
Multi-family, 2 units	18.00	18.90	19.85	19.85	19.85	19.85	19.85
Multi-family, 3 units	27.00	28.35	29.75	29.75	29.75	29.75	29.75
Multi-family, 4 or more units, Non-res.							
Monthly Charge	2.80	2.95	3.10	3.10	3.10	3.10	3.10
Usage Charge (per HCF)	0.79	0.83	0.87	0.87	0.87	0.87	0.87

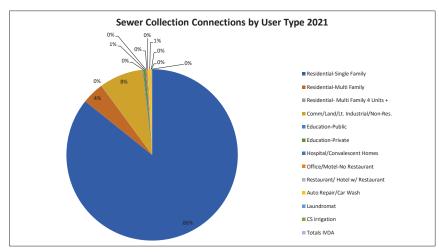
The Sewer Collection Utility was transferred to the Water Department on May 1, 2017 so details for prior years is unavailable.

		2021		2020		2019				2018		
User Type	Connections	Consumption	Revenue	Connections	Consumption	Revenue	Connections	Consumption	Revenue	Connections	Consumption	Revenue
Residential-Single Family	32,418	- 5	3,997,513	31,889	-	\$ 4,054,020	33,127	-	\$ 3,927,784	32,939	-	\$ 3,916,946
Residential-Multi Family	1,576	-	418,545	1,555	-	412,095	1,606	-	424,665	1,607	-	424,024
Residential- Multi Family 4 Units +	19	80,400	70,647	18	63,529	55,921	17	50,331	44,420	16	51,092	44,945
Comm/Land/Lt. Industrial/Non-Res.	3,138	3,051,177	2,726,198	3,069	2,893,018	2,588,912	3,180	2,904,054	2,601,804	3,198	2,997,422	2,668,497
Education-Public	49	124,047	109,205	37	54,207	48,082	27	24,293	21,700	27	29,478	26,118
Education-Private	149	72,141	68,086	150	63,715	60,941	152	64,643	61,858	150	72,936	67,985
Hospital/Convalescent Homes	35	197,360	172,771	35	197,787	173,367	35	190,191	166,768	35	194,560	170,063
Office/Motel-No Restaurant	93	78,338	59,307	92	79,321	61,027	94	88,632	69,280	94	85,397	66,015
Restaurant/ Hotel w/ Restaurant	51	36,181	33,232	52	38,762	35,480	47	41,583	37,750	41	39,909	35,963
Auto Repair/Car Wash	226	81,945	78,971	221	75,027	73,487	229	76,587	74,854	231	93,474	89,565
Laundromat	5	28,349	24,843	5	24,821	21,771	5	26,639	23,362	5	26,464	23,160
CS Irrigation	-	-	-	21	255,400	71,571	43	423,688	115,905	45	540,444	145,737
Totals IVDA	48	65,559	-	48	56,072	-	50	54,387	-	49	57,057	-
Total all users	37,807	3,815,497	7,759,318	37,192	3,801,659	\$ 7,656,674	38,612	3,945,028	\$ 7,570,150	38,437	4,188,233	\$ 7,679,018

		2017		2016		2015			2014			
	Connections	Consumption	Revenue	Connections	Consumption	Revenue	Connections	Consumption	Revenue	Connections	Consumption	Revenue
Residential-Single Family	32,899	- \$	3,719,798	-	- 9	-		-	\$ -	-	-	\$ -
Residential-Multi Family	1,609	-	405,007	-	-	-	-	-	-	-	-	-
Residential- Multi Family 4 Units +	15	45,146	41,351	-	-	-	-	-	-	-	-	-
Comm/Land/Lt. Industrial/Non-Res.	3,204	2,626,645	2,467,470	-	-	-	-	-	-	-	-	-
Education-Public	27	29,586	27,420	-	-	-	-	-	-	-	-	-
Education-Private	150	61,381	61,779	-	-	-	-	-	-	-	-	-
Hospital/Convalescent Homes	35	175,241	161,182	-	-	-	-	-	-	-	-	-
Office/Motel-No Restaurant	96	71,092	58,587	-	-	-	-	-	-	-	-	-
Restaurant/ Hotel w/ Restaurant	37	34,788	32,509	-	-	-	-	-	-	-	-	-
Auto Repair/Car Wash	229	73,436	75,421	-	-	-	-	-	-	-	-	-
Laundromat	5	24,091	21,824	-	-	-	-	-	-	-	-	-
CS Irrigation	46	503,780	158,834	-	-	-	-	-	-	-	-	-
Totals IVDA	51	54,874	-	-	-	-	-	-	-	-	-	-
Total all users	38,403	3,700,060 \$	7,231,182	-	- 9	-	-	-	\$ -		-	\$ -

		2013		2012				
	Connections	Consumption	Revenue	Connections	Consumption	Revenue		
Residential-Single Family	-	-	\$ -	-	-	\$ -		
Residential-Multi Family	-	-	-	-	-	-		
Residential- Multi Family 4 Units +	-	-	-	-	-	-		
Comm/Land/Lt. Industrial/Non-Res.	-	-	-	-	-	-		
Education-Public	-	-	-	-	-	-		
Education-Private	-	-	-	-	-	-		
Hospital/Convalescent Homes	-	-	-	-	-	-		
Office/Motel-No Restaurant	-	-	-	-	-	-		
Restaurant/ Hotel w/ Restaurant	-	-	-	-	-	-		
Auto Repair/Car Wash	-	-	-	-	-	-		
Laundromat	-	-	-	-	-	-		
CS Irrigation	-	-	-	-	-	-		
Totals IVDA	-	-	-	-	-	-		
Total all users	-	-	\$ -	-	-	\$ -		

^{*} The Sewer Collection Utility was transferred to the Water Department on May 1, 2017 so prior year data is unavailable. Data provided for 2017 represents the entire year.



City of San Bernardino Municipal Water Department Top Ten Sewer Collection Customers Fiscal Year 2021

Customers -2021

COUNTY OF SAN BERNARDINO	\$ 123,508
SBCUSD	109,716
ST. BERNARDINE HOSPITAL	63,448
PAMA MANAGEMENT CO.	56,593
HOUSING AUTHORITY	55,186
CITY OF SAN BERNARDINO	49,930
LIDO CONDOMINIUMS	46,860
VILLAGE GREEN CHESTNUT, LP	45,687
BROADSTONE INVESTORS LLC	44,666
W DEAN WEIDNER	39,909
Top Ten Customers Total	635,503
Total Sewer Collections Revenue*	\$ 7,759,318
Top Ten Customers Percent of Total	8.19%
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