

San Bernardino, CA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**OF THE CITY OF SAN BERNARDINO
WATER DEPARTMENT
A COMPONENT UNIT OF THE CITY
OF SAN BERNARDINO**



FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

CITY OF SAN BERNARDINO
MUNICIPAL WATER DEPARTMENT

A COMPONENT UNIT OF THE CITY OF SAN BERNARDINO

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2023

PREPARED BY:

THE FINANCE AND ACCOUNTING DIVISION

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CITY OF SAN BERNARDINO
MUNICIPAL WATER DEPARTMENT

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2023

Table of Contents

Page(s)

INTRODUCTORY SECTION

Letter of Transmittal	i
GFOA Certificate of Achievement	vii
Organizational Chart.....	viii
List of Elected and Appointed Officials	ix

FINANCIAL SECTION

Independent Auditors' Report.....	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Net Position	16
Statement of Cash Flows	17
Notes to the Basic Financial Statements	19

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability	52
Schedule of Pension Plan Contributions	54
Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios	56
Schedule of OPEB Plan Contributions	58
Schedule of OPEB Plan Investment Returns	60

STATISTICAL SECTION

Changes in Net Position – Combined Funds	64
Changes in Net Position – Water Fund	65
Changes in Net Position – Sewer Fund	66
Changes in Net Position – Sewer Collection Fund.....	67
Net Position by Component – Combined	68
Net Position by Component – Water Fund	69
Net Position by Component – Sewer Fund	70
Net Position by Component – Sewer Collection Fund	71
Water Fund Revenue by Type.....	72
Sewer Fund Revenue by Type	73
Sewer Collection Fund Revenue by Type	74
Water Fund Expenses by Type	75
Sewer Fund Expenses by Type.....	76
Sewer Collection Fund Expense by Type	77
Water Fund Debt Service Coverage.....	80
Sewer Fund Debt Service Coverage	81
Ratios of Outstanding Debt by Type.....	82
Demographic Statistics	84
Major Employers.....	85

CITY OF SAN BERNARDINO
MUNICIPAL WATER DEPARTMENT

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2023

Table of Contents

Page(s)

STATISTICAL SECTION (CONTINUED)

Authorized Positions History.....	86
Water Rates: Minimum Monthly Charge.....	88
Water Connections and Revenues by User Types	90
Water Rates – Elevation Charges per HCF.....	91
Top Ten Water Consumers	92
Sewer Treatment Rate History	93
Sewer Treatment Connections and Revenue by User Type	95
Top Ten Sewage Treatment Customers	96
Sewer Collection Rate History	97
Sewer Collection Connections and Revenue by User Type	98
Top Ten Sewer Collection Customers.....	99
Water Rates: Commodity Charges.....	100

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

CITY OF SAN BERNARDINO
WATER BOARD

TONI CALLICOTT
President

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



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
JENNIFER L. SHEPARDSON
Director of Environmental &
Regulatory Compliance
CYNTHIA J. MOUSER
Director of Finance

“Trusted, Quality Service since 1905”

February 21, 2024

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, 2023.

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, 2023. 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.

1350 South “E” Street, San Bernardino, California 92408 P.O. Box 710, 92402 Phone: (909) 384-5141
FACSIMILE NUMBERS: Administration: (909) 453-6399 Customer Service: (909) 453-6396 Finance: (909) 453-6383 Engineering: (909) 453-6385
Corporate Yards: (909) 453-6389 Water Reclamation Plant: (909) 453-6395 Environmental & Regulatory Compliance: (909) 453-6391
Environmental Control: (909) 453-6394

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 the 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. Reliability of imported supplies is also impacted by drought conditions and environmental impacts.

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/connections, 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 Sewer Collection section is responsible for maintaining more than 450 miles of sewer mains, several thousand maintenance holes, and lift stations. The system encompasses approximately 38,000 connections and conveys over 8 billion gallons of sewage annually to the Department's Water Reclamation Plant for treatment.

Fiscal Management:

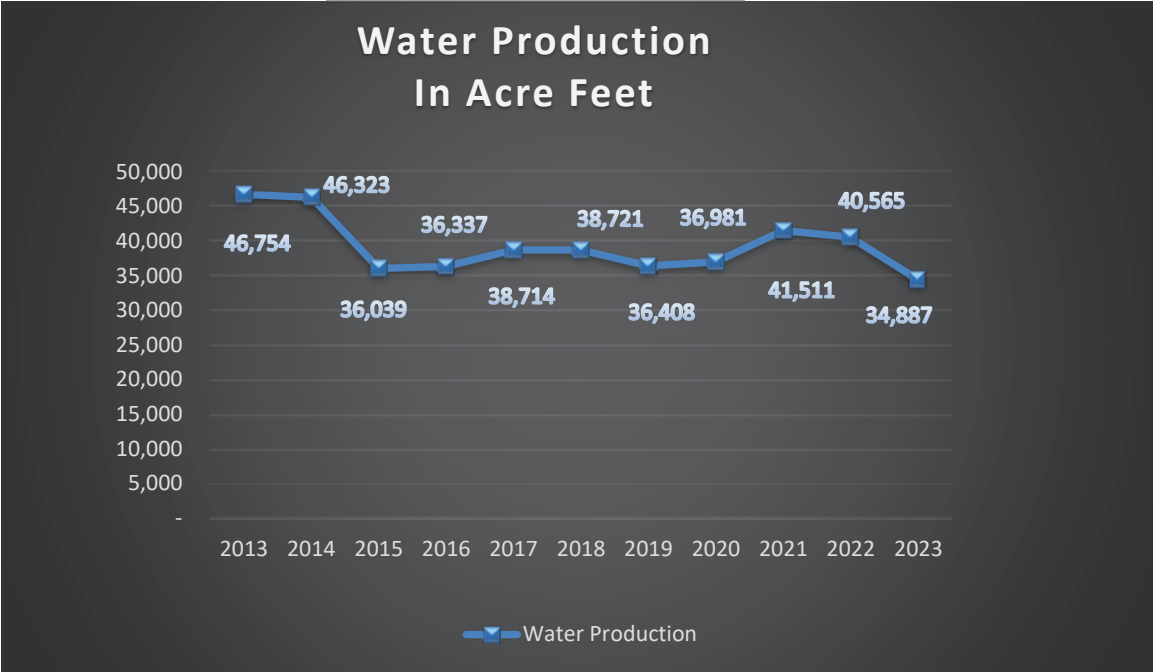
The Board annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Department's functions, including the Water Utility and Sewer Funds. The budget and reporting 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 ("the City") in San Bernardino County. According to the California Department of Finance, San Bernardino's population as of June 30, 2023, was 223,230. The Water Department ("Department") has been able to maintain a positive economic outlook despite rising inflationary costs, a reduction in sewer revenue and drought regulations through the long-term financial planning. The Department is currently in the third year of a 4-year rate increase that was approved by the Water Board in March 2022. These adopted rate increases have allowed the Department to maintain revenue stability while experiencing increased inflationary costs for goods and services. The City has received funds from the American Rescue Plan Act (ARPA) that will help stimulate economic growth in the area. The City has given the Department approximately \$5.0 million from the ARPA funds to fund the Department's Lead Service Lateral capital project. The Department has also received over \$7 million in grant funding from Federal Emergency Management Act (FEMA) and the Department of Water Resources for the Department's Steel Reservoir Seismic Retrofits capital project and installation of AMI meters throughout the Department's service area. Development within the City continues, which encourages economic growth within the city and creates new capital projects for the Department.

The Winter 2023 Inland Empire Regional Intelligence Report published by the University of California Riverside’s Center for Economic Forecasting and Development indicates the Inland Empire has added more jobs (316,000) than were lost (228,700 jobs) during the Pandemic. The City’s unemployment rate is 6.31%¹ as of October 2023, which has increased from a rate of 4.8% at the same time in 2022. The unemployment rate for the Inland Empire is 5.1% as of October 2023, which is higher than the reported 4.0% for the same time last year. Total nonfarm employment added 23,100 jobs over the last year in the Inland Empire according to the State of California’s Employment Development Department. Private education, health services, government and construction sectors experienced the most significant job growth over the last year, adding over 31,000 jobs. This growth was offset by a decline in jobs (approximately 9,500) in the trade, transportation, warehousing, utilities and manufacturing sectors. According to the September 2023 Employment Report by Manfred Keil, who is the Chief Economist at the Inland Empire Economic Partnership, the sharp decline in logistics is due to consumers reverting to their pre-pandemic spending habits.

Strategic planning and collaboration are essential to the long-term reliability of water supplies in the San Bernardino region. The San Bernardino Municipal Water Department has invested in efforts to secure and produce new water supply, encourage water use efficiency, and minimize water system losses. In addition to this long-standing commitment to water efficiency, SBMWD works collaboratively with water agencies in the San Bernardino Valley to preserve local water resources, ensuring adequate supply for the future. SBMWD and partnering agencies are building a more resilient portfolio of local water resources through regional groundwater management, as well as the execution of projects such as recycled water recharge, critical infrastructure and water storage, direct installation or efficient irrigation and fixtures, and water conservation education programs. For the Department, the goal of water use efficiency remains paramount. Efficient water use is the most cost-effective 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.



¹ State of California, Employment Development Department, Labor Market Information, <http://www.labormarketinfo.edd.ca.gov/>

Major Initiatives:

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. In addition to this grant, the Department was also awarded a \$2 million grant by the CA Department of Water Resources Urban and Multibenefit Drought Relief Grant Program. 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.

Regional Recycled Water

The Department continues to develop its recycled water project. Construction of the Tertiary Treatment System commenced in 2023 and completion is expected in late 2024. This initial phase will produce up to 2 million gallons per day (MGD) for treatment plant use and irrigation. 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 deliver produce recycled water where it is most needed in the San Bernardino Basin. The Department has formed a recycled water coalition with San Bernardino Valley, East Valley Water District, and City of Redlands. The coalition will work collaboratively to mitigate water quality impacts that may arise from recycled water activity.

Long Term Financial Planning:

As part of the Department's 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 a cost of service study for all three enterprises. A cost of service/rate study conducted in FY 21-22 recommended an increase to the Department's water and sewer rates. As a result of the study, the water Board adopted a 4-year rate increase for the water and sewer funds with the first adjustment effective April 1, 2022. The remaining increases are effective annually on July 1 starting July 1, 2022 through July 1, 2025. These newly adopted rate structures and increases will allow for better revenue stability for the Department as costs increase and drought is a major concern for the State.

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 day-to-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, 2023 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
2016 California Municipal Finance Authority Revenue Bond	Funding for facility construction, seismic retrofit of reservoirs and other capital improvement projects.

Sewer Fund Long-Term Debt Activity	
Year of Issuance/Description	Use of Proceeds
2016 California Municipal Finance Authority Revenue Bond	Funding for primary influent flow equalization project, facility construction, and recycled water 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, 2022. 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 requirements 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 Andrea Parker, Senior Accountant, and Garrett Van Leuven, Accountant I, 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
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for Excellence
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Reporting

Presented to

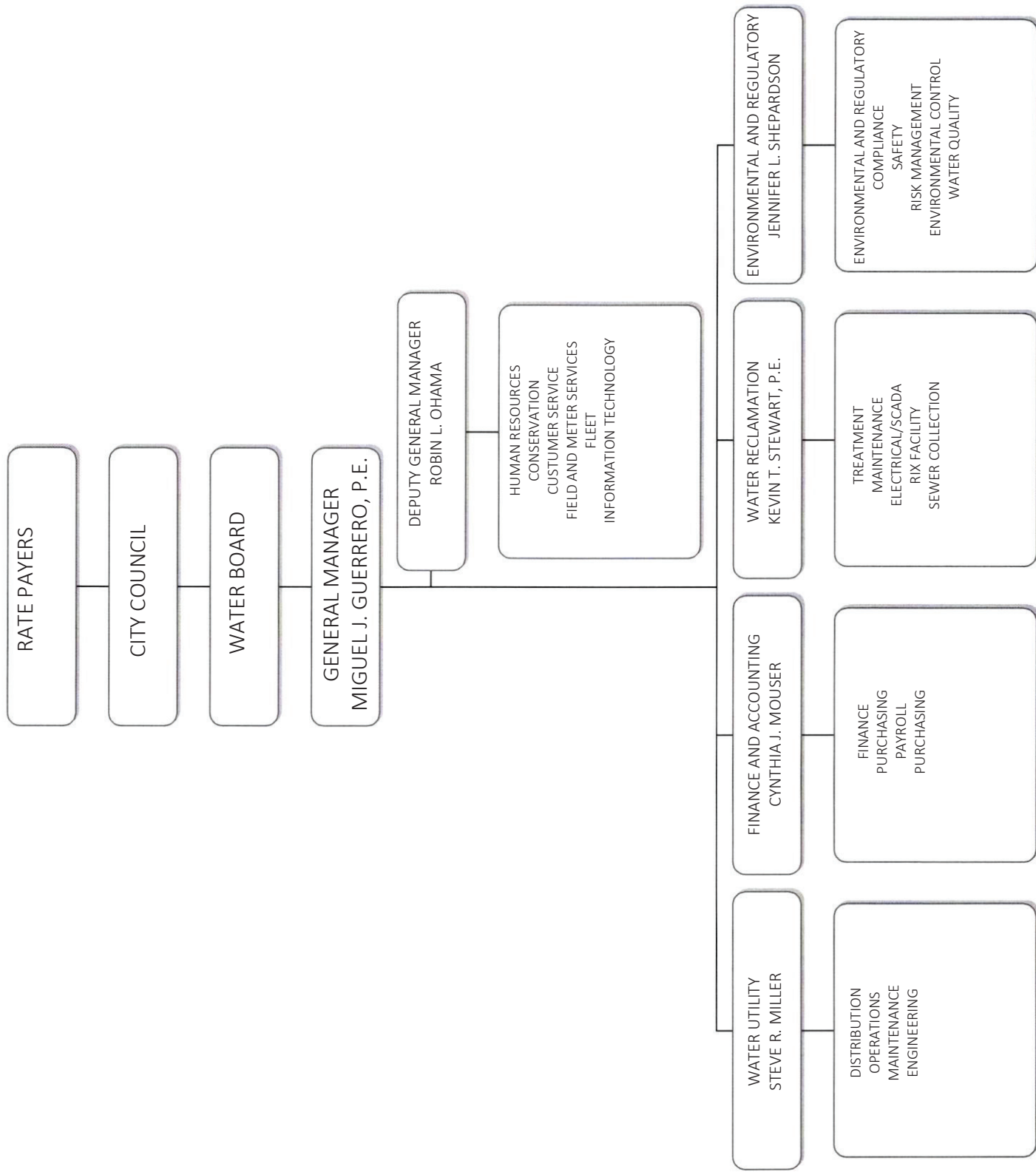
**City of San Bernardino Municipal Water Department
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



City of San Bernardino Municipal Water Department

Mayor the City of San Bernardino

Helen Tran

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 two enterprise funds: the Water Utility Enterprise Fund and the Sewer 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.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, 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, 2023, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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



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

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 opinions. 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 generally accepted auditing standards 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 there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required pension and other postemployment benefits schedules as listed on the table of contents, 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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024, 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.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
February 21, 2024

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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, 2023. 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 \$11.3 million or 3.4%.
- Operating revenues increased \$5.6 million or 6.7% from the prior fiscal year. Water consumption was down approximately 14% in FY23 from FY22 which lead to only a modest increase in Water revenues, despite a rate increase on July 1, 2022. Sewer revenues increased due to a rate increase effective July 1, 2022.
- Operating expenses increased \$15.7 million, 21.7% increase from the prior fiscal year. The most significant increases were noted in the categories of pension expense, insurance and depreciation; pension expense increased to fluctuations in experience and actuarial assumptions for pension and other post-employment benefits; insurance costs and claims as well as depreciation increased over the prior fiscal years.
- Net income/loss before capital contributions decreased by \$6.4 million.
- The Department's current ratio (the ability to pay short-term obligations) was 7.0.
- Cash available (the ability to cover current expenses with cash) was 648 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 Annual Comprehensive 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 (page 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 16) 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 (page 17). 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?"

Financial Analysis of the Department

Our analysis of the Department begins on page 6 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)

	2023	2022	\$ Change	% Change
Current and noncurrent assets	\$ 118,112	\$ 117,400	\$ 712	0.6%
Capital assets	207,158	203,760	3,398	1.7%
Total assets	325,270	321,160	4,110	1.3%
Deferred outflows of resources	11,981	4,505	7,476	165.9%
Current liabilities	14,898	12,733	2,165	17.0%
Noncurrent liabilities	126,673	112,856	13,817	12.2%
Total liabilities	141,571	125,589	15,982	12.7%
Deferred inflows of resources	9,220	18,353	(9,133)	-49.8%
Net investment in capital assets	172,417	168,065	4,352	2.6%
Restricted	1,152	-	1,152	100.0%
Unrestricted	12,891	13,657	(766)	5.6%
Total net position	<u>\$ 186,460</u>	<u>\$ 181,722</u>	<u>\$ 4,738</u>	<u>2.6%</u>

The table highlights, the Water Utility total net position increased 2.6% or \$4.7 million in fiscal year 2023. The favorable increase in net position is primarily related to the increase in total assets (\$4.1 million). The change includes increases in cash and investments (\$3.9 million).

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

	2023	2022	\$ Change	% Change
Operating revenue	\$ 44,092	\$ 43,150	\$ 942	2.2%
Capital contributions	5,976	4,719	1,257	26.6%
Other nonoperating revenue	3,222	2,817	405	14.4%
Total revenues	53,290	50,686	2,604	5.1%
Operating expenses	\$ 46,711	\$ 37,626	9,085	24.1%
Nonoperating expenses	1,842	2,333	(491)	-21.1%
Total expenses	48,553	39,959	8,594	21.5%
Change in net position	4,737	10,727	(5,990)	55.8%
Net position at the Beginning of the Year	181,723	170,996	10,727	6.3%
Total net position	\$ 186,460	\$ 181,723	\$ 4,737	2.6%

Total revenues increased by 5.1% or \$2.6 million. Capital contributions increased as development in the City continues to grow due to funding from the American Rescue Plan Act (ARPA), other grants and San Bernardino being affordable. Water operating revenues also reflect a modest increase due to a decrease in water consumption in fiscal year 2023 from fiscal year 2022 and a rate increase effective July 1, 2022. Total expenses increased 21.5% or \$8.6 million. Significant variances were due to an increase insurance claims and costs (\$1.7million); unfavorable increases in changes in experience and actuarial assumptions for pension and other post-employment benefits (\$6.7 million), and an increase in depreciation expense of (\$1.6 million).

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

	2023	2022	\$ Change	% Change
Land and easements	\$ 5,989	\$ 5,611	\$ 378	6.7%
Construction in progress	14,799	10,813	3,986	36.9%
Wells and pumping	102,740	101,989	751	0.7%
Distribution	166,022	161,668	4,354	2.7%
Right -of-use assets	402	155	247	100.0%
Plant and facilities	8,627	8,368	259	3.1%
Other capital assets	43,996	43,397	599	1.4%
Total capital assets	342,575	332,001	10,574	3.2%
Less: accumulated depreciatio	(135,417)	(128,241)	(7,176)	5.6%
Total capital assets, net	\$ 207,158	\$ 203,760	\$ 3,398	1.7%

Total capital assets, net increased by 1.7% or \$3.4 million in fiscal year 2023. The Water fund capitalized \$8.0 million in vehicles, equipment, and various capital projects completed and placed in service during FY2023. The increase is also attributed to an increase in Construction in progress (CIP) expenditures related to Reservoir Seismic upgrades (\$2.4 million) and the Mountain Pressure Zone Main Replacement project (\$1.6 million). The department 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)

	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds Payable	\$ 43,120	\$ 44,070	\$ (950)	-2.2%
Bond Premium	4,612	4,809	(197)	-4.1%
Leases and subscriptions	183	256	(73)	100.0%
Compensated Absences	1,338	1,415	(77)	-5.4%
Total long-term debt	<u>\$ 49,253</u>	<u>\$ 50,550</u>	<u>\$ (1,297)</u>	<u>-2.6%</u>

Total long-term debt decreased by 2.6% or \$1.3 million due to annual debt service payments. Additional information on long-term debt is presented in Note 4-6 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)

	2023	2022	\$ Change	% Change
Current and noncurrent assets	\$ 118,392	\$ 114,232	\$ 4,160	3.6%
Capital assets	103,118	104,874	(1,756)	-1.7%
Total assets	221,510	219,106	2,404	1.1%
Deferred outflow of resources	11,468	4,451	7,017	157.6%
Current liabilities	6,374	7,945	(1,571)	-19.8%
Noncurrent liabilities	64,433	51,072	13,361	26.2%
Total liabilities	70,807	59,017	11,790	20.0%
Deferred inflow of resources	5,272	14,240	(8,968)	-63.0%
Net investment in capital assets	79,192	82,151	(2,959)	-3.6%
Restricted	1,069	-	1,069	100.0%
Unrestricted	76,638	68,146	8,492	12.5%
Total net position	<u>\$ 156,899</u>	<u>\$ 150,297</u>	<u>\$ 6,602</u>	<u>4.4%</u>

The table above highlights, the Sewer Utility net position increased 4.4% or \$6.6 million in fiscal year 2023. The total net position increased as a result of current year operations. There was an increase to deferred outflow of resources and an offsetting decrease to deferred inflow of resources due to unfavorable investment earnings for both pension and other post-employment benefits (OPEB).

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

	2023	2022	\$ Change	% Change
Operating revenue	\$ 45,544	\$ 40,566	\$ 4,978	12.3%
Capital contributions	2,637	3,354	(717)	-21.4%
Other nonoperating revenue	1,251	(1,549)	2,800	180.8%
Total revenues	49,432	42,371	7,061	16.7%
Operating expenses	41,597	34,682	6,915	19.9%
Nonoperating expenses	1,234	1,250	(16)	-1.3%
Total expenses	42,831	35,932	6,899	19.2%
Change in net position	6,601	6,439	162	2.5%
Net position at the Beginning of the Year	150,298	143,861	6,437	4.5%
Total net position	\$ 156,899	\$ 150,300	\$ 6,599	4.4%

During fiscal year 2023, total revenues for the Sewer Utility increased 16.7% or \$7.1 million, from the prior year, primarily due to a sewer rate increase that combined rates for the Sewer Utility and Sewer Collection funds as approved by the Board effective July 1, 2022. There was also an increase in gain/loss on investment of \$2.8 million, compared to the significant loss from the prior year. Total expenses increased 19.2% or \$6.9 million. The most significant increases were due to increased changes in experience and actuarial assumptions for pension and other post-employment benefits (\$2.9 million) and an increase in administrative personnel expenses allocated to the sewer fund due to a full year of the sewer treatment and sewer collection funds being combined.

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

	2023	2022	\$ Change	% Change
Land and easements	\$ 17,603	\$ 17,603	\$ -	0.0%
Construction in progress	34,558	33,244	1,314	4.0%
Pumping	4,065	3,950	115	2.9%
Buildings, plants and stores	160,649	160,649	-	0.0%
Field and office equipment	17,799	17,389	410	2.4%
Pipelines	22,921	21,154	1,767	8.4%
Total capital assets	257,595	253,989	3,606	1.4%
Less: accumulated depreciatio	(154,477)	(149,115)	(5,362)	3.6%
Total net assets	\$ 103,118	\$ 104,874	\$ (1,756)	-1.7%

Total capital assets increased by 1.4% or \$3.6 million in fiscal year 2023, primarily due to the capitalization of the Redlands Passenger Rail project (\$1.6 million) and expenditures for various sewer capital projects. 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)

	2023	2022	\$ Change	% Change
Bonds Payable	30,510	31,245	(735)	-2.4%
Bond Premium	150	156	(6)	-3.8%
Compensated absences	586	546	40	7.3%
Total long-term debt	\$ 31,246	\$ 31,947	\$ (701)	-2.2%

During the year, the Sewer Utility's long-term debt decreased 2.2% or \$0.7 million which can be attributed to the annual debt service payments. Additional information on long-term debt is presented in Note 5-7 of the Notes to Basic Financial Statements.

Sewer Collections Utility

The Sewer Collections fund was combined with the Sewer Treatment fund in April of 2022. All sewer collection fund information pertaining to fiscal year 2022 was combined with the sewer treatment fund information from fiscal year 2022.

Economic Factors and Next Year's Budgets and Rates

The Service Area (Service Area) economy served by the Department continues to grow and develop. Development in the City has increased as San Bernardino is one of the remaining affordable areas in the Inland Empire. The City has also received funds from the American Recovery Act that will help stimulate economic growth in the area. The City has encumbered for the Department, approximately \$5 million from the American Recovery Act funds, to fund the Department's Lead Service Lateral capital project. Additionally, the Department was approved for a State Revolving Funds loan from the State Water Resource Control Board in May of 2022 and a federal grant from the Bureau of Reclamation for designated capital projects. Development within the City continues, which has resulted in several new projects for the Department.

The Department adopted a balanced budget for Fiscal Year 2023-2024. The Fiscal Year 2023-2024 budget takes into consideration rising operational expenses, inflation, 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 completed a rate study and a cost-of-service study for the water, sewer treatment, and sewer collection utilities. As a result of the study the water Board adopted a 4-year rate increase for the water and sewer funds effective April 1, 2022. The remaining increases are effective annually starting July 1, 2022, through July 1, 2025. These newly adopted rate structures and increases will allow for better revenue stability for the Department as costs increase and drought is a major concern for the State.

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

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CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Statement of Net Position
June 30, 2023

	Water Utility	Sewer Utility	Total
ASSETS			
Current:			
Cash and investments	\$ 50,441,661	\$ 82,943,540	\$ 133,385,201
Receivables:			
Accounts, net	6,794,648	5,467,366	12,262,014
Accrued interest	197,960	290,795	488,755
Lease	216,671	-	216,671
Due from other entities	-	138,691	138,691
Inventories	1,446,423	-	1,446,423
Prepaid expenses	320,024	539,808	859,832
Total current assets	<u>59,417,387</u>	<u>89,380,200</u>	<u>148,797,587</u>
Noncurrent:			
Lease receivables	3,463,692	-	3,463,692
Investment in joint venture - RIX	-	21,208,582	21,208,582
Restricted assets:			
Net OPEB asset	1,152,463	1,069,283	2,221,746
Cash and cash equivalents:			
Restricted for capital	13,173,577	6,734,572	19,908,149
Investments:			
Restricted for consent decree	23,565,710	-	23,565,710
Accrued interest - consent decree	83,555	-	83,555
Prepaid Insurance - consent decree	17,255,919	-	17,255,919
Capital assets:			
Land and easements	5,989,563	17,603,413	23,592,976
Construction in progress	14,799,410	34,557,818	49,357,228
Capital assets - being depreciated/amortized, net	186,369,184	50,956,570	237,325,754
Total noncurrent assets	<u>265,853,073</u>	<u>132,130,238</u>	<u>397,983,311</u>
Total assets	<u>325,270,460</u>	<u>221,510,438</u>	<u>546,780,898</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related	9,669,705	9,324,020	18,993,725
OPEB-related	2,311,185	2,144,371	4,455,556
Total deferred outflows of resources	<u>11,980,890</u>	<u>11,468,391</u>	<u>23,449,281</u>
LIABILITIES			
Current:			
Accounts payable	2,470,685	1,547,130	4,017,815
Related parties payable	1,123,260	1,203,518	2,326,778
Accrued compensation	625,391	569,039	1,194,430
Claims payable	7,051,451	1,304,226	8,355,677
Consumer deposits	325,747	-	325,747
Due to other governments	23,996	-	23,996
Current portion of compensated absences	1,070,590	468,522	1,539,112
Current portion of bonds, leases, and subscriptions	1,363,500	776,403	2,139,903
Accrued interest	843,244	505,638	1,348,882
Total current liabilities	<u>14,897,864</u>	<u>6,374,476</u>	<u>21,272,340</u>
Noncurrent:			
Consumer deposits	3,239,794	-	3,239,794
Compensated absences	267,648	117,130	384,778
Unearned revenue - consent decree	40,905,184	-	40,905,184
Bonds, leases, and subscriptions payable	46,550,913	29,883,538	76,434,451
Net pension liability	35,709,206	34,432,625	70,141,831
Total noncurrent liabilities	<u>126,672,745</u>	<u>64,433,293</u>	<u>191,106,038</u>
Total liabilities	<u>141,570,609</u>	<u>70,807,769</u>	<u>212,378,378</u>
DEFERRED INFLOWS OF RESOURCES			
Pension-related	444,954	429,047	874,001
OPEB-related	5,219,673	4,842,970	10,062,643
Lease-related	3,555,374	-	3,555,374
Total deferred inflows of resources	<u>9,220,001</u>	<u>5,272,017</u>	<u>14,492,018</u>
NET POSITION			
Net investment in capital assets	172,417,321	79,192,432	251,609,753
Restricted:			
Restricted for postemployment benefits	1,152,463	1,069,283	2,221,746
Unrestricted	12,890,956	76,637,328	89,528,284
Total net position	<u>\$ 186,460,740</u>	<u>\$ 156,899,043</u>	<u>\$ 343,359,783</u>

See accompanying notes to financial statements.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Water Utility	Sewer Utility	Interfund Eliminations	Total
OPERATING REVENUES				
Sales and service charges	\$ 43,545,629	\$ 44,519,998	\$ (522,717)	\$ 87,542,910
Other operating revenues	546,204	1,024,262	-	1,570,466
Total operating revenues	44,091,833	45,544,260	(522,717)	89,113,376
OPERATING EXPENSES				
Administration and customer service	7,538,744	6,490,936	(180,012)	13,849,668
Utility administration	1,447,526	608,386	(1,734)	2,054,178
Sewer collection and lift stations	-	1,676,351	-	1,676,351
Plant operations	9,926,415	13,489,293	(196,633)	23,219,075
Maintenance	3,138,031	4,434,120	(132,776)	7,439,375
Environmental control	-	826,161	-	826,161
Distribution	5,448,156	-	-	5,448,156
Engineering and water quality control	2,976,680	1,657,022	(11,562)	4,622,140
General, administration and overhead	8,937,245	5,297,009	-	14,234,254
Share of joint venture payments	-	1,757,244	-	1,757,244
Depreciation and amortization	7,298,095	5,360,819	-	12,658,914
Total operating expenses	46,710,892	41,597,341	(522,717)	87,785,516
Operating income (loss)	(2,619,059)	3,946,919	-	1,327,860
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	1,126,039	1,251,526	-	2,377,565
Rental income	267,668	-	-	267,668
Noncapital grant funds	1,684,006	-	-	1,684,006
Interest expense and fiscal charges	(1,841,859)	(1,219,167)	-	(3,061,026)
Gain (loss) on disposal of capital assets	4,859	-	-	4,859
Other	140,266	(15,420)	-	124,846
Total nonoperating revenues (expenses)	1,380,979	16,939	-	1,397,918
Net income (loss) before capital contributions	(1,238,080)	3,963,858	-	2,725,778
CAPITAL CONTRIBUTIONS				
Acquisition fees	1,701,909	-	-	1,701,909
Capacity fees	2,262,695	2,356,198	-	4,618,893
EPA grants	95,994	-	-	95,994
Capital contributions	1,915,588	280,701	-	2,196,289
Total capital contributions	5,976,186	2,636,899	-	8,613,085
Changes in net position	4,738,106	6,600,757	-	11,338,863
Net Position - Beginning, Restated	181,722,634	150,298,286	-	332,020,920
Net Position - Ending	\$ 186,460,740	\$ 156,899,043	\$ -	\$ 343,359,783

See accompanying notes to financial statements.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Statement of Cash Flows
For the Year Ended June 30, 2023

	Water Utility	Sewer Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 46,147,758	\$ 46,584,509	\$ 92,732,267
Cash paid to employees for services	(19,052,305)	(14,207,594)	(33,259,899)
Cash paid to suppliers for goods and services	(18,855,176)	(23,437,257)	(42,292,433)
Cash paid to RIX joint venture operations	-	(905,421)	(905,421)
Net cash provided by (used for) operating activities	8,240,277	8,034,237	16,274,514
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Consent decree insurance drawdowns	1,709,241	-	1,709,241
Net cash provided by (used for) noncapital financing activities	1,709,241	-	1,709,241
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital fees received	3,964,604	2,356,198	6,320,802
Proceeds from sales of capital assets	30,855	-	30,855
Cash paid to acquire capital assets	(8,560,339)	(3,323,858)	(11,884,197)
Principal paid on capital-related debt	(1,121,464)	(735,000)	(1,856,464)
Interest paid on capital-related debt	(1,998,019)	(1,240,880)	(3,238,899)
Capital grant proceeds	95,994	-	95,994
Net cash provided by (used for) capital and related financing activities	(7,588,369)	(2,943,540)	(10,531,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from rental income	275,263	-	275,263
Cash received from investment income	960,511	1,125,668	2,086,179
Net cash provided by (used for) investing activities	1,235,774	1,125,668	2,361,442
Net change in cash and cash equivalents	3,596,923	6,216,365	9,813,288
Cash and cash equivalents, July 1	56,381,161	70,105,146	126,486,307
Cash and cash equivalents, June 30	\$ 59,978,084	\$ 76,321,511	\$ 136,299,595
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON THE STATEMENT OF NET POSITION			
Cash and investments	\$ 50,441,661	\$ 82,943,540	\$ 133,385,201
Restricted cash and investments	13,173,577	6,734,572	19,908,149
Less those not meeting the definition of a cash equivalent	(3,637,154)	(13,356,601)	(16,993,755)
Cash and cash equivalents, June 30	\$ 59,978,084	\$ 76,321,511	\$ 136,299,595
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (2,619,059)	\$ 3,946,919	\$ 1,327,860
Depreciation and amortization	7,298,095	5,360,819	12,658,914
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in RIX joint venture	-	851,823	851,823
(Increase) decrease in accounts receivable	1,328,684	596,623	1,925,307
(Increase) decrease in due from other entities	-	443,626	443,626
(Increase) decrease in inventory	311,334	-	311,334
(Increase) decrease in prepaid expense	(74,741)	89,777	15,036
Increase (decrease) in accounts payable	(68,690)	(1,465,928)	(1,534,618)
Increase (decrease) in related parties payable	(669,494)	(196,482)	(865,976)
Increase (decrease) in accrued compensation	(171,034)	(179,041)	(350,075)
Increase (decrease) in compensated absences	(76,296)	40,036	(36,260)
Increase (decrease) in claims payable	3,135,697	218,323	3,354,020
Increase (decrease) in consumer deposits	727,241	-	727,241
Increase (decrease) in OPEB obligation	(1,753,203)	(1,770,774)	(3,523,977)
Increase (decrease) in pension obligation	871,743	98,516	970,259
Total adjustments	3,561,241	(1,273,501)	2,287,740
Net cash provided by (used for) operating activities	\$ 8,240,277	\$ 8,034,237	\$ 16,274,514
SCHEDULE OF NON-CASH ACTIVITIES			
Capital contributions	\$ 1,915,588	\$ 280,701	\$ 2,196,289
Capital assets acquired through leases/subscriptions	98,074	-	98,074
Amortization of bond premiums	197,638	6,403	204,041

See accompanying notes to financial statements.

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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 an 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 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 collection system and related revenues.

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

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.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3. 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 (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.

4. 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.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Inventory

Materials and supplies inventory consist primarily of water meters, pipes 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.

6. 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.

7. Capital Assets and Intangible Right-to-Use 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. Intangible right-to-use assets are defined by the Department as assets with an estimated useful life in excess of 3 years and with an initial, individual value of \$5,000 or more. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Source of supply plant	8 to 50 years
Disposal plant and interceptor lines	35 to 50 years
Other facilities (shops, leasehold & yards)	5 to 25 years
Tools, office equipment & communications	4 to 20 years
Computer equipment	3 to 5 years
Automotive and fleet equipment	3 to 15 years
Intangible right-to-use assets	Shorter of the useful life of the underlying asset or the term of the arrangement

8. 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.

9. 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.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. 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 time limits. For this report, the following periods are used:

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

11. 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 time limits. For this report, the following timeframes are used:

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

12. 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 assets 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 assets that applies to future periods and will not be recognized as inflow of resources (revenue) until that time. The Department has three items that qualify for reporting in this category, of which two relate to deferred inflows related to pensions and OPEB. Lastly, leases related items for the amount of the lease receivable plus any lease payments related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

13. 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.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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 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.

15. 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.

16. 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.

17. Leases

Lessee: The Department is a lessee for a noncancellable lease of a building. The Department recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. The Department recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Department initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Department determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Department uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Department uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Department is reasonably certain to exercise.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Department monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The Department is a lessor for various noncancellable leases of land. The Department recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

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

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

- The Department uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

18. Subscription-Based Information Technology Arrangements

The Department is a subscriber for a noncancellable subscription of information technology services. The Department recognizes subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The Department recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, the Department initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the Department determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Department uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Department uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the Department is reasonably certain to exercise.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Department monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

19. Implementation of New Accounting Standards

The following Government Accounting Standards Board (GASB) pronouncements were effective for and/or early implemented for the fiscal year ended June 30, 2023:

GASB Statement No. 91, Conduit Debt Obligations

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitment's issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose essential information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 100, Accounting Changes and Error Corrections

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, dependable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

NOTE 2: CASH AND INVESTMENTS

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

	Water Utility	Sewer Utility	Total
Cash and investments	\$ 50,441,661	\$ 82,943,540	\$ 133,385,201
Restricted investments:			
Restricted for Consent Decree	23,565,710	-	23,565,710
Proceed from Bond Issuance	13,173,577	6,734,572	19,908,149
Total Cash and Investments	<u>\$ 87,180,948</u>	<u>\$ 89,678,112</u>	<u>\$ 176,859,060</u>

Cash and investments at June 30, 2023, consisted of the following:

	Water Utility	Sewer Utility	Total
Cash on Hand	\$ 7,000	\$ -	\$ 7,000
Deposits with Financial Institutions	26,453,321	32,867,125	59,320,446
Investments	23,981,340	50,076,415	74,057,755
Restricted investments	36,739,287	6,734,572	43,473,859
Total Cash and Investments	<u>\$ 87,180,948</u>	<u>\$ 89,678,112</u>	<u>\$ 176,859,060</u>

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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 address 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.

Investment Type*	Maximum Maturity		Maximum % of Portfolio	Maximum % of Portfolio
	Department	Consent Decree		
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 trustees 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.

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 deposit 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the 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.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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. 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.

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	Maturities				Total
	Less than 12 months	13-24 months	25-60 months	More than 60 months	
U.S. Agency Securities	\$ 2,628,207	\$ 7,682,747	\$ 706,745	\$ -	\$ 11,017,699
U.S. Treasuries	1,559,567	8,277,796	9,399,473	-	19,236,836
Medium Term Corporate Notes	492,439	192,654	3,153,333	-	3,838,426
Non - U.S. Government and Supranational Bonds	-	2,749,076	-	-	2,749,076
Asset Backed Securities	-	1,046,052	1,856,285	-	2,902,337
Money Market Funds	94,844	-	-	-	94,844
Local Agency Investment Fund	34,218,537	-	-	-	34,218,537
Consent Decree:					
U.S. Treasuries	-	1,043,805	11,661,862	-	12,705,667
U.S. Agency Asset Backed Securities	-	144,998	1,009,077	180,533	1,334,608
U.S. Agency Collateralized Mortgage Obligations	-	-	-	57,118	57,118
U.S. Agency Securities	1,509,900	691,437	1,067,718	-	3,269,055
Corporate Notes	299,105	1,396,914	1,850,893	-	3,546,912
Certificates of Deposit	-	-	696,716	-	696,716
Asset Backed Securities	-	29,672	1,895,459	-	1,925,131
Money Market Funds	30,503	-	-	-	30,503
Investments with Fiscal Agent:					
Money Market Funds	19,908,149	-	-	-	19,908,149
Total Investments	\$ 60,741,251	\$ 23,255,151	\$ 33,297,561	\$ 237,651	\$ 117,531,614

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

A. Credit Risk

Credit risk is the possibility that the 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.

Investment Type	Minimum Rating	Rating	Total
U.S. Agency Securities	None	AA+	\$ 11,017,699
U.S. Treasuries	Exempt	Exempt	19,236,836
Medium Term Corporate Notes	AA-	AAA	3,838,426
Non - U.S. Government and Supranational Bonds	AA	AAA	2,749,076
Asset Backed Securities	AA-	AAA	2,902,337
Money Market Funds	AA+	AAA	94,844
Local Agency Investment Fund	Not Rated	Not Rated	34,218,537
Consent Decree:			
U.S. Treasuries	No Limit	Exempt	12,705,667
U.S. Agency Asset Backed Securities	No Limit	AA+	1,334,608
U.S. Agency Collateralized Mortgage Obligations	AA	AA+	57,118
U.S. Agency Securities	No Limit	AA+	3,269,055
Corporate Notes	A	AA-	3,546,912
Certificates of Deposit	A	A+	696,716
Asset Backed Securities	AA	AAA	1,925,131
Money Market Funds	AA+	AA+	30,503
Investments with Fiscal Agent:			
Money Market Funds	AA+	AA+	19,908,149
Total Investments			<u>\$ 117,531,614</u>

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. 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, 2023:

Investment Type	Fair Value Hierarchy		Total
	Level 1	Level 2	
U.S. Agency Securities	\$ -	\$ 11,017,699	\$ 11,017,699
U.S. Treasuries	-	19,236,836	19,236,836
Medium Term Corporate Notes	-	3,838,426	3,838,426
Non - U.S. Government and Supranational Bonds	-	2,749,076	2,749,076
Asset Backed Securities	-	2,902,337	2,902,337
Consent Decree:			
U.S. Treasuries	12,705,667	-	12,705,667
U.S. Agency Asset Backed Securities	-	1,334,608	1,334,608
U.S. Agency Collateralized Mortgage Obligations	-	57,118	57,118
U.S. Agency Securities	-	3,269,055	3,269,055
Corporate Notes	-	3,546,912	3,546,912
Asset Backed Securities	-	1,925,131	1,925,131
Subtotal - Investments Subject to Fair Value	<u>\$ 12,705,667</u>	<u>\$ 49,877,198</u>	62,582,865
Investments Not Subject to Fair Value			<u>54,948,749</u>
Total Investments			<u>\$ 117,531,614</u>

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CAPITAL ASSETS

A. Water Utility Fund

Capital asset activity for the water utility for the fiscal year ended June 30, 2023:

	Balance July 1, 2022 Restated	Additions	Deletions	Transfers	Balance June 30, 2023
Water Utility					
Capital assets, not being depreciated/amortized					
Land and easements	\$ 5,610,559	\$ 405,000	\$ (25,996)	\$ -	\$ 5,989,563
Construction-in-progress	10,812,583	3,986,827	-	-	14,799,410
Total capital assets, not being depreciated/amortized	16,423,142	4,391,827	(25,996)	-	20,788,973
Capital assets, being depreciated/amortized					
Water rights, wells, and pumping	101,989,289	750,338	-	-	102,739,627
Distribution system	161,668,300	4,353,996	-	-	166,022,296
Buildings, plants, and stores	8,368,324	258,615	-	-	8,626,939
Field and office equipment	43,396,739	721,151	(122,177)	-	43,995,713
Lease assets	155,243	-	-	-	155,243
Subscription assets	148,632	98,074	-	-	246,706
Total capital assets, being depreciated/amortized	315,726,527	6,182,174	(122,177)	-	321,786,524
Less accumulated depreciation/amortization					
Water rights, wells, and pumping	(48,353,639)	(2,551,354)	-	-	(50,904,993)
Distribution system	(58,764,951)	(3,609,311)	-	-	(62,374,262)
Buildings, plants, and stores	(2,995,056)	(144,982)	-	-	(3,140,038)
Field and office equipment	(18,080,009)	(858,879)	122,177	-	(18,816,711)
Lease assets	(47,767)	(47,767)	-	-	(95,534)
Subscription assets	-	(85,802)	-	-	(85,802)
Total accumulated depreciation/amortization	(128,241,422)	(7,298,095)	122,177	-	(135,417,340)
Total capital assets, being depreciated/amortized, net	187,485,105	(1,115,921)	-	-	186,369,184
Total Water Utility capital assets	\$ 203,908,247	\$ 3,275,906	\$ (25,996)	\$ -	\$ 207,158,157

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 3: CAPITAL ASSETS (CONTINUED)

B. Sewer Utility Fund

Capital asset activity for the sewer utility for the fiscal year ended June 30, 2023:

	Balance July 1, 2022 Restated	Additions	Deletions	Transfers	Balance June 30, 2022
Sewer Utility					
Capital assets, not being depreciated					
Land and easements	\$ 17,603,413	\$ -	\$ -	\$ -	\$ 17,603,413
Construction-in-progress	33,244,554	2,914,435	-	(1,601,171)	34,557,818
Total capital assets, not being depreciated	50,847,967	2,914,435	-	(1,601,171)	52,161,231
Capital assets, being depreciated					
Pumping	4,065,094	-	-	-	4,065,094
Buildings, plants, and stores	160,649,219	-	-	-	160,649,219
Field and office equipment	17,389,085	409,423	-	1,601,171	19,399,679
Pipelines	21,038,635	280,701	-	-	21,319,336
Total capital assets, being depreciated	203,142,033	690,124	-	1,601,171	205,433,328
Less accumulated depreciation					
Pumping	(4,065,094)	-	-	-	(4,402,604)
Buildings, plants, and stores	(125,546,903)	(3,409,265)	-	-	(128,956,168)
Field and office equipment	(9,960,830)	(1,137,020)	-	-	(11,097,850)
Pipelines	(9,543,112)	(814,534)	-	-	(10,020,136)
Total accumulated depreciation	(149,115,939)	(5,360,819)	-	-	(154,476,758)
Total capital assets, being depreciated, net	54,026,094	(4,670,695)	-	1,601,171	50,956,570
Total Sewer Utility capital assets	\$104,874,061	\$ (1,756,260)	\$ -	\$ -	\$103,117,801

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022 Restated	Additions	Deletions	Balance June 30, 2023	Current Portion	Long-term Portion
Water Utility						
Bonds payable						
2016 Water Revenue Bond	\$ 44,070,000	\$ -	\$ 950,000	\$ 43,120,000	\$ 995,000	\$ 42,125,000
Premium	4,809,195	-	197,638	4,611,557	197,638	4,413,919
Total bonds payable	48,879,195	-	1,147,638	47,731,557	1,192,638	46,538,919
Leases	107,614	-	47,736	59,878	47,884	11,994
Subscriptions	148,632	98,074	123,728	122,978	122,978	-
Total Water Utility	\$ 49,135,441	\$ 98,074	\$ 1,319,102	\$ 47,914,413	\$ 1,363,500	\$ 46,550,913
Sewer Utility						
Bonds payable						
2016 Sewer Revenue Bond	\$ 31,245,000	\$ -	\$ 735,000	\$ 30,510,000	\$ 770,000	\$ 29,740,000
Premium	156,344	-	6,403	149,941	6,403	143,538
Total Sewer Utility	\$ 31,401,344	\$ -	\$ 741,403	\$ 30,659,941	\$ 776,403	\$ 29,883,538

A. 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 2046. 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 Water Revenue Bond are as follows:

Year Ending June 30	Principal	Interest	Total
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	1,160,000	1,834,138	2,994,138
2028	1,215,000	1,774,763	2,989,763
2029-33	7,000,000	7,960,688	14,960,688
2034-38	8,640,000	6,314,694	14,954,694
2039-43	11,035,000	3,918,188	14,953,188
2044-47	10,925,000	1,040,275	11,965,275
Total	\$ 43,120,000	\$ 28,673,285	\$ 71,793,285

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

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, 2023, was as follows:

Gross revenue	\$ 44,091,833
Operating expenses	46,710,892
Less: depreciation expense	(7,298,095)
Net operating expenses	39,412,797
Non-operating income, less gain on disposal	3,217,979
Net revenues	\$ 7,897,015
Annual debt service	\$ 2,994,138
Actual coverage ratio	2.64

B. 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 2046. 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
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	895,000	1,069,400	1,964,400
2028	935,000	1,033,000	1,968,000
2029-33	5,160,000	4,673,575	9,833,575
2034-38	6,220,000	3,612,963	9,832,963
2039-43	7,595,000	2,238,100	9,833,100
2044-47	7,270,000	596,200	7,866,200
Total	\$ 30,510,000	\$ 16,685,438	\$ 47,195,438

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

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, 2023, was as follows:

Gross revenue	<u>\$ 45,544,260</u>
Operating expenses	41,597,341
Less: depreciation expense	<u>(5,360,818)</u>
Net operating expenses	<u>36,236,523</u>
Non-operating income(loss), less gain on disposal	<u>1,251,526</u>
Net revenues	<u>\$ 10,559,263</u>
Annual debt service	<u>\$ 1,966,900</u>
Actual coverage ratio	<u>5.37</u>

NOTE 5: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. Leases Receivable and Deferred Inflows of Resources

The Department leases land to various companies for installation of cellular towers and fiberoptic communications. The terms range from 27 months to 268 months as of the contract commencement date. The Department also leases land to Little League International to operate a sports complex. The term is 231 months as of the contract commencement date. Some leases have extension options ranging from 6 months to 20 years. As of June 30, 2023, the value of the lease receivable is \$3,680,363. The value of the deferred inflow of resources as of June 30, 2023, was \$3,555,374, and the Department recognized lease revenue of \$316,024 during the fiscal year. The amount of revenues recognized during the fiscal year for variable and other payments not previously included in the measurement of the lease receivable was \$267,668.

The principal and interest payments that are expected to maturity are as follows:

June 30	Principal	Interest
2024	\$ 216,671	\$ 55,978
2025	211,681	52,942
2026	220,658	49,755
2027	231,942	46,412
2028	243,636	42,896
2029-2033	1,382,241	155,727
2034-2038	750,406	64,000
2039-2043	415,398	16,258
2044	7,730	97
Totals	<u>\$ 3,680,363</u>	<u>\$ 484,065</u>

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 5: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(CONTINUED)

B. Leases Payable and Lease Assets

On July 1, 2021, the Department entered into a 39-month lease as lessee for the use of a 397 Modular office. An initial lease liability was recorded in the amount of \$155,243. As of June 30, 2023, the value of the lease liability is \$59,878. The Department is required to make monthly fixed payments of \$4,000. The lease has an interest rate of 0.3080%. The value of the lease asset as of June 30, 2023 of \$155,243 with accumulated amortization of \$95,534 is included with buildings on the lease class activities table found below. The Department has three (3) extension options, each for 12 months.

Asset Class	Lease Asset Value	Accumulated Amortization
Buildings	\$ 155,243	\$ 95,534

Future principal and interest requirements to maturity for each lease liability are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2024	\$ 47,884	\$ 116
2025	11,994	6
Totals	\$ 59,878	\$ 122

C. Subscription-Based Information Technology Arrangements

The Department implemented GASB Statement No. 96 in the fiscal year ended June 30, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription based-information technology arrangement (SBITA) activities. This statement establishes a single model for SBITA accounting based on the principle that SBITAs are financings of the right to use an underlying asset. Under this Statement, a subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The Department has entered into various SBITAs as the subscriber for the use of software as a service. An initial subscription liability was recorded in the amount of \$240,706 during the current fiscal year. The terms of these subscriptions range from 21 to 33 months. As of June 30, 2023, the total value of the subscription liability was \$122,978. The Department is required to make annual fixed payments ranging from \$49,844 to \$76,508. The subscriptions have interest rates ranging from 2.3543% to 3.3467%. Information on the subscription assets as of June 30, 2023 are as follows:

Asset Class	Subscription Asset Value	Accumulated Amortization
Software as a service	\$ 246,706	\$ 85,802

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 5: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(CONTINUED)

The future principal and interest subscription payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest
2024	\$ 122,978	\$ 3,374

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 July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion	Long-term Portion
Water Utility Fund	\$ 1,414,534	\$ 1,298,887	\$ (1,375,183)	\$ 1,338,238	\$ 1,070,590	\$ 267,648
Sewer Utility Fund	545,616	1,270,898	(1,230,862)	585,652	468,522	117,130
Total	\$ 1,960,150	\$ 2,569,785	\$ (2,606,045)	\$ 1,923,890	\$ 1,539,112	\$ 384,778

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.

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 October 3, 2011	On or after October 4, 2011	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 55	2% @ 60
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	10%	10%	10%
Required employer contribution rates	35%	35%	35%

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 7: PENSION PLAN (CONTINUED)

B. Employees Covered

As of the June 30, 2021 valuation date, the following employees were covered by the benefit terms of the Plan:

	City-wide	Department
Inactive employees or beneficiaries currently receiving benefits	1,569	212
Inactive employees entitled to but not yet receiving benefits	1,062	48
Active employees	610	223
Total	3,241	483

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 contribution requirements are classified as plan member contributions.

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

The total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and services
Mortality rate table	Derived using CalPERS' membership data for all funds
Post-retirement benefit increase	The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

E. Long-Term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 7: PENSION PLAN (CONTINUED)

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

Asset Class	Assumed Asset Allocation	Real Return ^{1, 2}
Global equity-cap-weighted	30.00%	4.54%
Global equity-non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Changes in Assumptions Subsequent to the Actuarial Valuation Date

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

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

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 7: PENSION PLAN (CONTINUED)

H. 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 Annual Comprehensive Financial Report closing and final reconciled reserves.

I. 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)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2021 (VD)	\$ 224,939,597	\$ 184,195,967	\$ 40,743,630
Balance at: 6/30/2022 (MD)	234,951,657	164,809,826	70,141,831
Net Changes during 2021-22	10,012,060	(19,386,141)	29,398,201

The net pension liability of the plan is measured as of June 30, 2022, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation of June 30, 2021 rolled forward to June 30, 2022, using standard update procedures. The proportion of the net pension liability 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 liability for the plan as of June 30, 2023 and 2022 was as follows:

	Miscellaneous Plan
Proportion – June 30, 2022	36%
Proportion – June 30, 2023	36%
Change – Increase (Decrease)	-

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 7: PENSION PLAN (CONTINUED)

J. 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 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability -Department Allocation (36%)	\$100,358,146	\$70,141,831	\$45,250,417

K. 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 expenses.

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	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).

The EARSL for the Plan for the measurement period ending June 30, 2022 is 2.1 years, which was obtained by dividing the total service years of 6,694 (the sum of remaining service lifetimes of the active employees) by 3,241 (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.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 7: PENSION PLAN (CONTINUED)

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

For the fiscal year ended June 30, 2023, the Department recognized a pension expense of \$8,319,817 for the Plan.

As of June 30, 2023, 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	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,304,613	\$ -
Differences between Expected and Actual Experience	-	874,001
Changes of Assumptions	3,513,453	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	8,175,659	-
Total	<u>\$ 18,993,725</u>	<u>\$ 874,001</u>

The \$7,304,613 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, 2024. 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:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ 3,672,987
2025	1,367,652
2026	502,102
2027	5,272,370

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.

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.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

As of the June 30, 2022 valuation date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	256
Inactive employees or beneficiaries currently receiving benefits	157
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>413</u>

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, 2023, the Department's cash contributions were \$1,757,024, and the amount of contributions in the form of an implied subsidy was \$570,719.

D. Net OPEB Liability/(Asset)

The Department's net OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated June 30, 2021 that was rolled forward to determine the June 30, 2022, total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal
Discount Rate	6.25%
Inflation	2.50%
Mortality	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020.
Healthcare Trend Rate	6.8% for not Medicare eligible and 5.4% for Medicare eligible for FY 2023, gradually decreasing over several decades to an ultimate rate of 3.6% in FY 2076 and later years.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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:

Asset Class	Target Allocation	Expected Real Rate 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	<u>100%</u>	

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 the 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/(Asset)

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at 6/30/22 (6/30/21 measurement date)	\$ 37,262,554	\$ 39,808,772	\$ (2,546,218)
Changes for the year			
Service cost	984,915	-	984,915
Interest	2,336,141	-	2,336,141
Actual vs. expected experience	(3,119,394)	-	(3,119,394)
Assumption changes	(2,619,432)	-	(2,619,432)
Contributions - employer	-	1,738,412	(1,738,412)
Net investment income	-	(4,469,586)	4,469,586
Benefit payments	(1,738,412)	(1,738,412)	-
Administrative expenses	-	(11,068)	11,068
Net Changes	<u>(4,156,182)</u>	<u>(4,480,654)</u>	<u>324,472</u>
Balance at 6/30/23 (6/30/2022 measurement date)	<u>\$ 33,106,372</u>	<u>\$ 35,328,118</u>	<u>\$ (2,221,746)</u>

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

G. Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following presents the net OPEB liability/(asset) 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, 2022:

	1% Decrease (5.25%)	Current Discount Rate	1% Increase (7.25%)
Net OPEB Liability/(Asset)	\$ 2,374,446	\$ (2,221,746)	\$ (5,997,903)

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, 2022:

	1% Decrease	Current Rate	1% Increase
Net OPEB Liability/(Asset)	\$ (6,279,190)	\$ (2,221,746)	\$ 2,820,360

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 expenses.

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.

J. OPEB Income and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the Department recognized OPEB income of \$1,196,234. As of fiscal year-ended June 30, 2023, the Department reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,327,743	\$ -
Differences between expected and actual experience	114,589	6,561,381
Changes in assumptions	-	3,501,262
Net difference between projected and actual earnings on OPEB plan investments	2,013,224	-
Total	<u>\$ 4,455,556</u>	<u>\$ 10,062,643</u>

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The \$2,327,743 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the subsequent fiscal year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ (1,956,857)
2025	(1,820,943)
2026	(1,833,952)
2027	(646,888)
2028	(956,742)
Thereafter	(719,448)
Total	<u>\$ (7,934,830)</u>

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 completed during 1996. Administration and operation were 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, 2023. 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	\$ 28,199,918
Liabilities	1,669,288
Net Position	<u>\$ 26,530,630</u>
Revenues	\$ 5,621,288
Expenses	6,676,115
Change in Net Position	(1,054,827)
Net Position - Beginning of Year	27,585,457
Net Position - End of Year	<u>\$ 26,530,630</u>

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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 years ended June 30, 2022 and June 30, 2023. 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 2023.

Claims Liabilities	Water Utility	Sewer Utility	Total
Balance, June 30, 2021	\$ 1,780,876	\$ 810,903	\$ 2,591,779
Claims and changes in estimates	2,075,000	275,000	2,350,000
Balance, June 30, 2022	3,855,876	1,085,903	4,941,779
Claims and changes in estimates	3,195,575	218,323	3,413,898
Balance, June 30, 2023	<u>\$ 7,051,451</u>	<u>\$ 1,304,226</u>	<u>\$ 8,355,677</u>

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.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 10: COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Construction Commitments

The following schedule summarizes the major contractual commitments as of June 30, 2023:

Project Name	Contract Amount	Expenses to date as of June 30, 2023	Remaining Commitments
Emergency Drying Beds Lining Project	\$ 6,716,300	\$ -	\$ 6,716,300
Tertiary Treatment System Project	13,844,000	1,023,150	12,820,850
Lead Service Replacement Project	1,352,400	-	1,352,400
Reservoir Seismic Upgrades Phase III Project	11,232,000	-	11,232,000
Verdemont 2300 PZ East Water Facilities Project	10,115,361	-	10,115,361
Water Quality Sample Stands Project	170,700	-	170,700

NOTE 11: FEDERAL AND STATE GRANTS

Grant funds received by the Department are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grant. The 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 13 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 and functional 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.

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 12: CONSENT DECREE (COTNINUED)

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 the 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 are presented in more detail in Note 3.

NOTE 13: PRIOR PERIOD ADJUSTMENTS

A. Changes to or within the Reporting Entity

During the fiscal year ended June 30, 2023, the Sewer Collection Utility was combined with the Sewer Utility to be reported as one fund going forward. The effects of that change to the financial reporting entity are shown on the table below.

B. Change in Accounting Principle

For fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, which updated the recognition and measurement guidance for SBITAs, to align recognition and measurement under a single unified model to better meet the needs of financial statement users; refer to note 1. The Department reported a restatement to beginning net position in the amount of \$148,632 to record the beginning balance of the subscription liability. This restatement was offset by an equal restatement to record the beginning balance of the subscription asset. The net effect of these two restatements was \$0.

C. Adjustments to and Restatements of Beginning Balances

During fiscal year 2023, changes to or within the financial reporting entity, an error correction, and the change in accounting principle resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	June 30, 2022 As Previously Reported	Changes to or within the Reporting Entity	Changes in Accounting Principle	June 30, 2022 As Restated
Water Utility	\$ 181,722,634	\$ -	\$ -	\$ 181,722,634
Sewer Utility	120,104,792	30,193,494	-	150,298,286
Sewer Collection Utility	30,193,494	(30,193,494)	-	-
Total	<u>\$ 332,020,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,020,920</u>

NOTE 14: SUBSEQUENT EVENTS

The Department evaluated subsequent events for recognition and disclosure through February 21, 2024, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

	2023	2022	2021
Measurement Date	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Proportion of the Net Pension Liability	36%	36%	36%
Proportionate Share of the Net Pension Liability	\$ 70,141,831	\$ 40,743,630	\$ 64,101,577
Covered Payroll	\$ 20,821,422	\$ 20,103,974	\$ 18,770,894
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	337%	203%	341%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70%	82%	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, 2020 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective for 2023, the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2018 through 2022, 7.65% for measurement dates 2016 through 2017, and 7.50% for measurement date 2015.

⁽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 nine years are shown.

2020	2019	2018	2017	2016	2015
<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
36%	36%	36%	36%	36%	36%
\$ 60,531,689	\$ 56,856,346	\$ 58,595,075	\$ 53,652,216	\$ 44,917,863	\$ 40,932,398
\$ 17,169,126	\$ 15,357,635	\$ 14,876,739	\$ 14,177,779	\$ 14,087,004	\$ 14,017,065
353%	370%	394%	378%	319%	292%
72%	72%	71%	72%	76%	78%

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Schedule of Pension Plan Contributions
As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 7,304,613	\$ 6,656,656	\$ 6,492,199	\$ 5,814,288
Contribution in Relation to the Actuarially Determined Contribution	(7,304,613)	(6,656,656)	(6,492,199)	(5,814,288)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 22,022,839	\$ 20,821,422	\$ 20,103,974	\$ 18,770,894
Contributions as a Percentage of Covered Payroll	33%	32%	32%	31%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were derived from the June 30, 2020 funding valuation report.

Actuarial Cost Method:	Entry Age Normal
Amortization Method/Period:	For details, see June 30, 2020 Funding Valuation Report
Asset Valuation Method:	Fair Value of Assets. For details, see June 30, 2020 Funding Valuation Report.
Inflation:	2.500%
Salary Increases:	Varies by Entry Age and Service
Payroll Growth:	2.750%
Investment Rate of Return:	7.0% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age:	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period of 1997 to 2015.
Mortality:	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 nine years are shown.

2019	2018	2017	2016	2015
\$ 5,251,737	\$ 4,467,847	\$ 3,886,888	\$ 3,607,950	\$ 2,979,160
(5,251,737)	(4,467,847)	(3,886,888)	(3,607,950)	(2,979,160)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,169,126	\$ 15,357,635	\$ 14,876,739	\$ 14,177,779	\$ 14,087,004
31%	29%	26%	25%	21%

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios
As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

	2023	2022	2021
Measurement Date	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB Liability:			
Service cost	\$ 984,915	\$ 956,228	\$ 1,352,161
Interest	2,336,141	2,240,570	2,651,878
Changes of benefit terms	-	-	-
Actual vs. expected experience	(3,119,394)	-	(6,747,960)
Assumption changes	(2,619,432)	-	(1,784,735)
Benefit payments	<u>(1,738,412)</u>	<u>(1,654,270)</u>	<u>(1,658,421)</u>
Net changes	(4,156,182)	1,542,528	(6,187,077)
Total OPEB Liability (beginning of year)	<u>37,262,554</u>	<u>35,720,026</u>	<u>41,907,103</u>
Total OPEB Liability (end of year) (a)	<u>33,106,372</u>	<u>37,262,554</u>	<u>35,720,026</u>
Plan Fiduciary Net Position:			
Contributions - employer	1,738,412	2,737,270	2,602,421
Net investment income	(4,469,586)	7,886,756	1,564,423
Benefit payments	(1,738,412)	(1,654,270)	(1,658,421)
Administrative expenses	<u>(11,068)</u>	<u>(10,052)</u>	<u>(8,657)</u>
Net changes	(4,480,654)	8,959,704	2,499,766
Plan Fiduciary Net Position - beginning	<u>39,808,772</u>	<u>30,849,068</u>	<u>28,349,302</u>
Plan Fiduciary Net Position - ending (b)	<u>35,328,118</u>	<u>39,808,772</u>	<u>30,849,068</u>
Net OPEB Liability/(Assets) - ending (a) - (b)	<u>\$ (2,221,746)</u>	<u>\$ (2,546,218)</u>	<u>\$ 4,870,958</u>
Plan fiduciary net position as a percentage of the total OPEB liability	107%	107%	86%
Covered-employee payroll ⁽²⁾	\$ 25,597,944	\$ 21,203,035	\$ 19,691,462
Net OPEB liability/(asset) as a percentage of covered-employee payroll	-9%	-12%	25%

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.

Changes of Assumptions: Demographic assumptions were updated to CalPERS 2021 Experience Study

⁽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.

2020	2019	2018
6/30/2019	6/30/2018	6/30/2017
\$ 1,312,778	\$ 1,067,080	\$ 1,036,000
2,512,269	2,449,681	2,322,000
-	(640,849)	-
-	523,834	-
-	(1,065,369)	-
(1,602,932)	(1,554,389)	(1,118,000)
2,222,115	779,988	2,240,000
39,684,988	38,905,000	36,665,000
41,907,103	39,684,988	38,905,000
2,615,932	2,673,389	2,602,000
2,036,956	1,848,262	2,204,000
(1,602,932)	(1,554,389)	(1,118,000)
(8,061)	(7,855)	(7,000)
3,041,895	2,959,407	3,681,000
25,307,407	22,348,000	18,667,000
28,349,302	25,307,407	22,348,000
\$ 13,557,801	\$ 14,377,581	\$ 16,557,000
68%	64%	57%
\$ 17,981,957	\$ 16,768,495	\$ 19,132,000
75%	86%	87%

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
Schedule of OPEB Plan Contributions
As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

	2023	2022	2021
Actuarially Determined Contribution	\$ 1,559,000	\$ 1,572,000	\$ 1,652,000
Contribution in Relation to the Actuarially Determined Contribution	(2,327,743)	(1,738,412)	(2,737,270)
Contribution Deficiency (Excess)	<u>\$ (768,743)</u>	<u>\$ (166,412)</u>	<u>\$ (1,085,270)</u>
Covered-employee payroll	\$ 28,172,331	\$ 25,597,944	\$ 21,203,035
Contributions as a percentage of covered-employee payroll	8%	7%	13%

Notes to Schedule of Employer Contribution:

Methods and Assumptions for 2020/21 Actuarially Determined Contribution

Valuation Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal, level percentage of payroll
Amortization Method:	Level % of pay
Amortization Period:	Investment gains and losses spread over 5-year rolling period.
Asset Valuation Method:	Fair value
Discount Rate:	6.25%
General Inflation:	2.50%
Medical Trend:	Non-Medicare - 6.8% for 2023, decreasing to an ultimate rate of 3.9% in 2076. Medicare - 5.4% for 2023, decreasing to an ultimate rate of 3.9% in 2076
Mortality:	CalPERS 2021 Experience Study
Mortality Improvement:	80% of 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.

2020	2019	2018
\$ 2,728,000	\$ 2,760,000	\$ 2,592,000
(2,602,421)	(2,615,932)	(2,673,000)
<u>\$ 125,579</u>	<u>\$ 144,068</u>	<u>\$ (81,000)</u>
\$ 19,691,462	\$ 17,981,957	\$ 16,768,495
13%	15%	16%

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT
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
2023	-11.23%
2022	29.08%
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

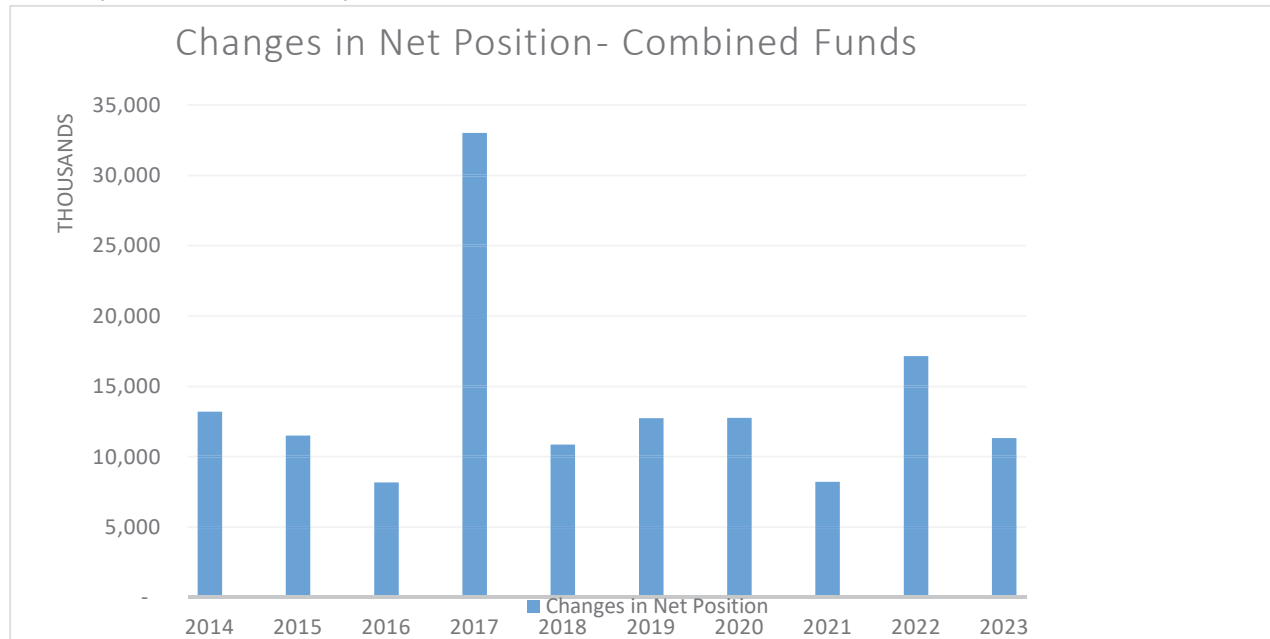
These schedules contain trend informaton to help the reader understand how the Department's financial performance and well-being have changed over time.

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
6/30/2014	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	(1,980,043)	6,605,556	8,209,552
6/30/2022	83,517,341	72,109,935	11,407,406	(2,315,279)	8,071,944	17,164,071
6/30/2023	89,113,376	87,785,516	1,327,860	1,397,918	8,613,085	11,338,863

*Fiscal Years 2014-2016 contain only the Sewer Treatment and Water Utility Funds. The Sewer Collections Fund was transferred to the Department on May 1, 2017.

Source: Department's annual reports



City of San Bernardino Municipal Water Department

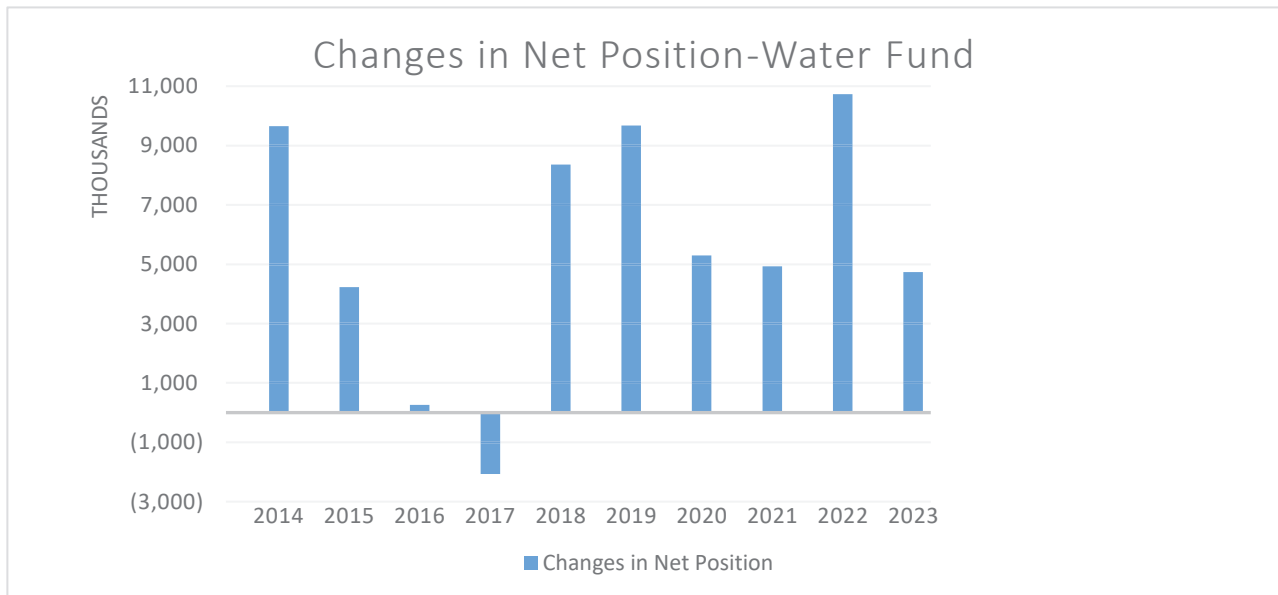
Water Fund

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
6/30/2014	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
6/30/2022	43,150,124	37,626,046	5,524,078	483,961	4,718,864	10,726,903
6/30/2023	44,091,833	46,710,892	(2,619,059)	1,380,979	5,976,186	4,738,106

Source: Department's annual reports



City of San Bernardino Municipal Water Department

Sewer Fund

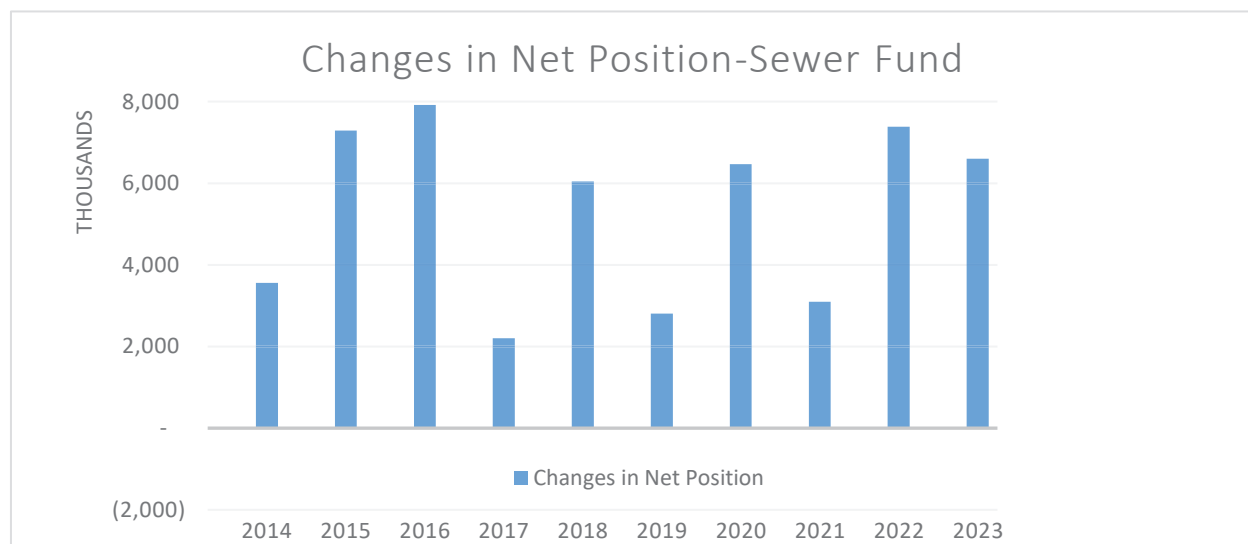
Changes in Net Position

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
6/30/2014	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	(2,782,481)	2,502,263	3,094,513
6/30/2022	34,171,160	26,794,390	7,376,770	(2,288,006)	2,294,541	7,383,305
6/30/2023 *	45,544,260	41,597,341	3,946,919	16,939	2,636,899	6,600,757

Source: Department's annual reports

* The FY 2023 budget has combined the Sewer Treatment Fund and the Sewer Collection Fund into one fund. Now called the Sewer Fund.



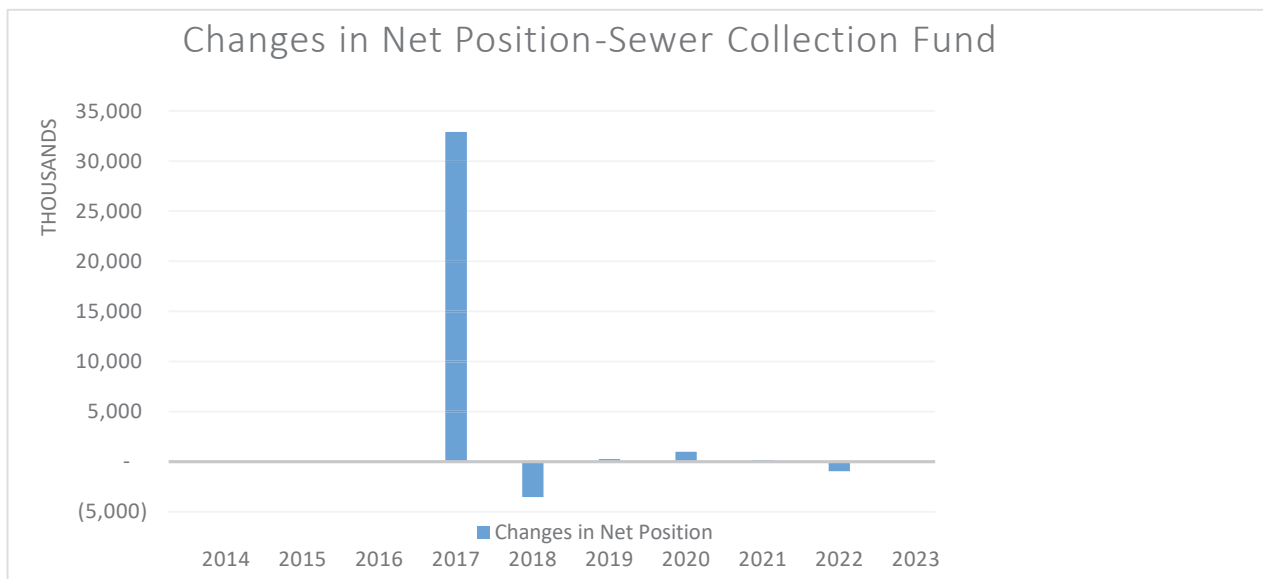
City of San Bernardino Municipal Water Department
Sewer Collection Fund
Changes in Net Position
Last Ten Fiscal Years

Fiscal Year Ended	Total Operating Revenue	Total Operating Expense	Operating Income	Total Non-Operating Income (Expense)	Total Contributed Capital	Changes in Net Position
6/30/2014	n/a	n/a	n/a	n/a	n/a	n/a
6/3/2015	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
6/30/2022	6,394,623	7,888,065	(1,493,442)	(511,234)	1,058,539	(946,137)
6/30/2023 **	-	-	-	-	-	-

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

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Source: Department's annual reports

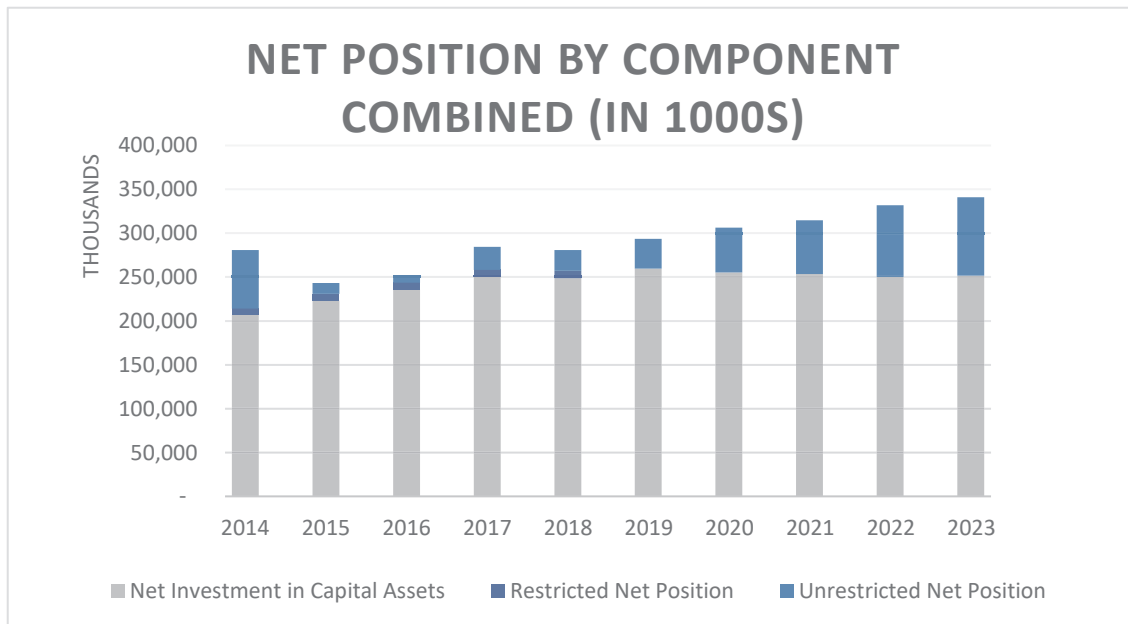


City of San Bernardino Municipal Water Department
Net Position by Component
Last Ten Fiscal Years

Fiscal Year Ended	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
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	-	61,350,525	314,639,257
6/30/2022	250,324,366	-	81,696,554	332,020,920
6/30/2023	251,609,753	2,221,746	89,528,284	343,359,783

* Fiscal Years 2014-2016 contain only Sewer Treatment and Water Utility Funds. The Sewer Collections Fund was transferred to the Department on May 1, 2017.

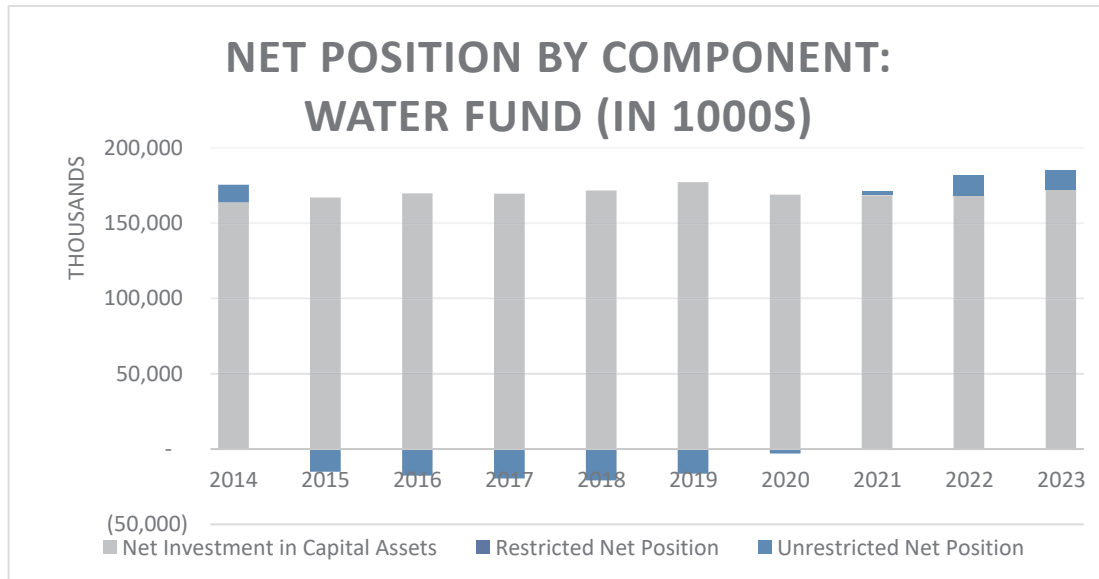
Source: Department's annual reports



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	Restricted Net Position	Unrestricted Net Position	Total Net Position
6/30/2014	163,797,283	n/a	11,728,071	175,525,354
6/30/2015	166,963,238	n/a	(15,152,937)	151,810,301
6/30/2016	169,730,998	n/a	(17,657,766)	152,073,232
6/30/2017	169,569,746	n/a	(19,564,464)	150,005,282
6/30/2018	171,794,031	n/a	(20,699,066)	151,094,965
6/30/2019	177,158,535	n/a	(16,391,858)	160,766,677
6/30/2020	168,992,121	n/a	(2,926,264)	166,065,857
6/30/2021	168,553,917	n/a	2,441,814	170,995,731
6/30/2022	168,172,810	n/a	13,549,824	181,722,634
6/30/2023	172,417,321	1,152,463	12,890,956	186,460,740

Source: Department's annual reports

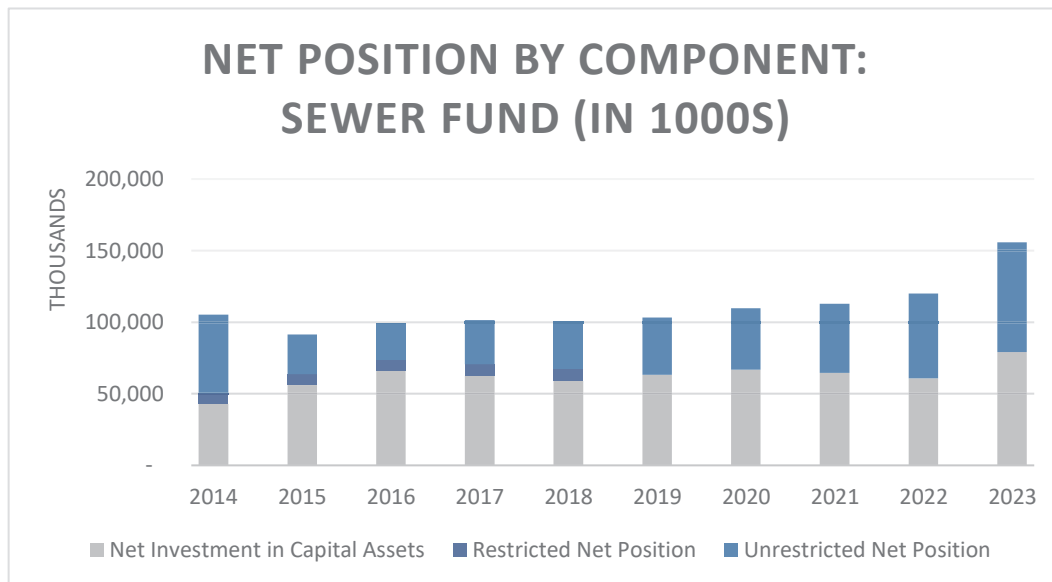


City of San Bernardino Municipal Water Department
Net Position by Component - Sewer Fund
Last Ten Fiscal Years

Fiscal Year Ended	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
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	n/a	40,040,285	103,283,318
6/30/2020	66,906,874	n/a	42,845,276	109,752,150
6/30/2021	64,650,540	n/a	48,196,123	112,846,663
6/30/2022	60,853,472	n/a	59,251,320	120,104,792
6/30/2023 *	79,192,432	1,069,283	76,637,328	156,899,043

Source: Department's annual reports

* The FY 2023 budget has combined the Sewer Treatment Fund and the Sewer Collection Fund into one fund. Now called the Sewer Fund.



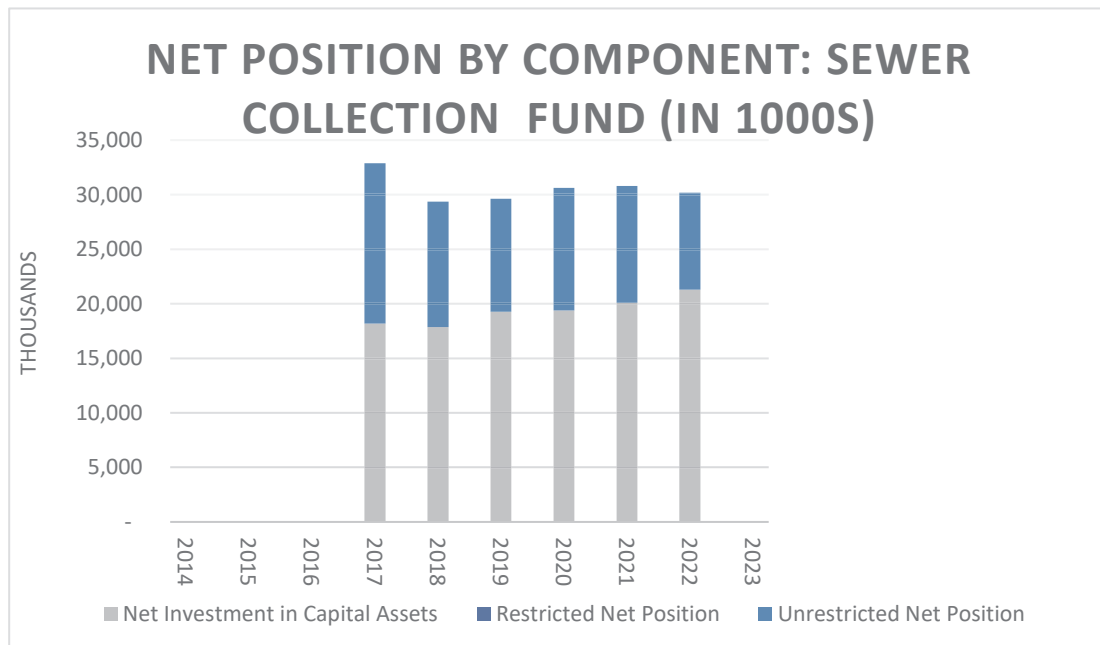
City of San Bernardino Municipal Water Department
Net Position by Component - Sewer Collection Fund
Last Ten Fiscal Years

Fiscal Year Ended	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total Net Position
6/30/2014	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
6/30/2022	21,298,084	n/a	8,895,410	30,193,494
6/30/2023 **	-	-	-	-

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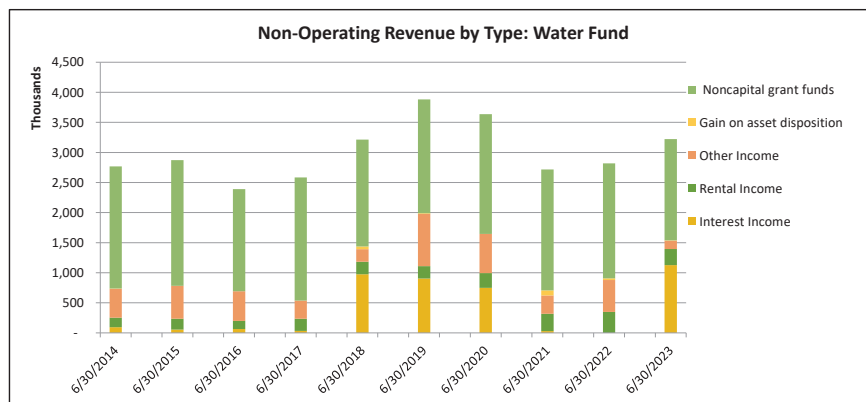
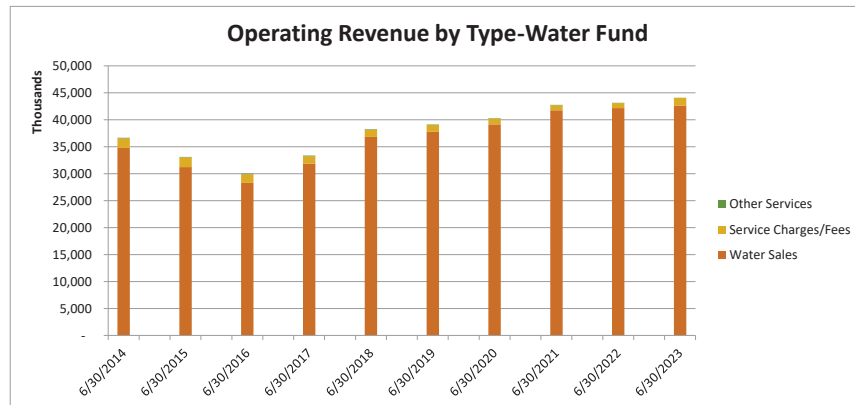
Source: Department's annual reports



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

Fiscal Year Ended	Water Sales	Service Charges/Fees	Other Services	Total Operating Revenue	Interest Income	Rental Income	Other Income	Gain on asset disposition	Noncapital grant funds	Total Non Operating Income
6/30/2014	34,777,112	1,754,614	140,176	36,671,903	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
6/30/2022	42,175,623	905,674	68,828	43,150,124	-	347,849	530,326	28,846	1,910,435	2,817,456
6/30/2023	42,635,542	1,427,234	29,057	44,091,833	1,126,039	267,668	140,266	4,859	1,684,006	3,222,838

Source: Department's annual reports

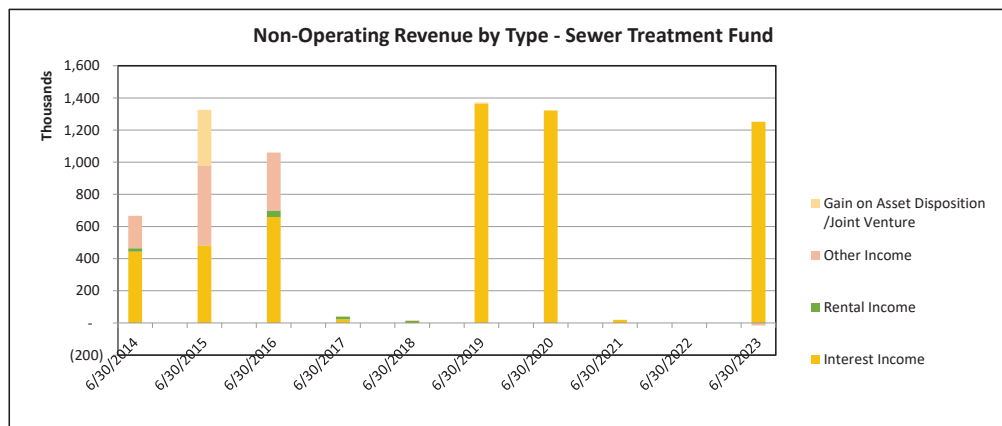
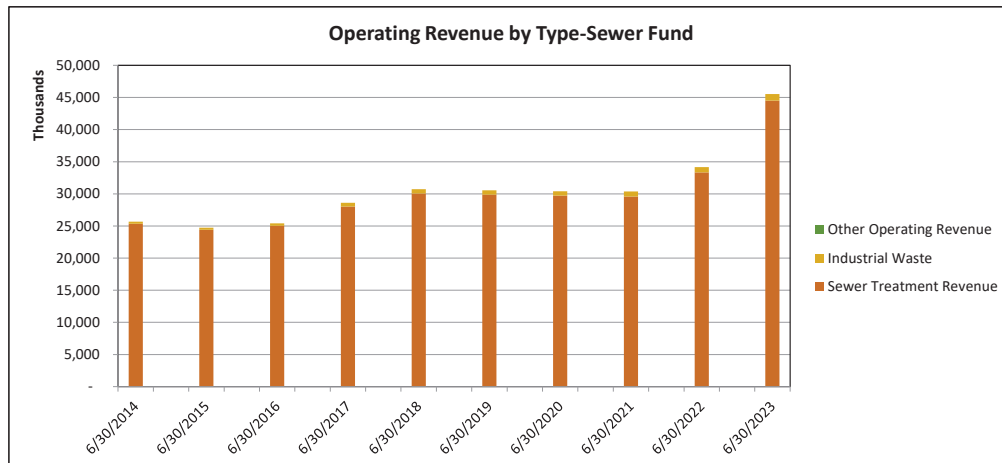


City of San Bernardino Municipal Water Department
Sewer Fund Revenue by Type
Last Ten Fiscal Years

Fiscal Year Ended	Sewer Treatment Revenue	Industrial Waste	Other Operating Revenue	Total Operating Revenue	Interest Income	Rental Income	Other Income	Gain on Asset Disposition /Joint Venture	Total Non Operating Income
6/30/2014	25,350,988	319,786	-	25,670,774	443,836	20,669	202,078	-	666,583
6/30/2015	24,399,415	335,010	-	24,734,425	481,211	700	498,247	345,884	1,326,042
6/30/2016	25,030,569	380,171	-	25,410,740	658,456	41,498	359,800	-	1,059,754
6/30/2017	28,022,259	589,760	-	28,612,019	23,391	15,908	-	-	39,299
6/30/2018	30,039,110	694,342	-	30,733,452	-	12,481	-	6,063	18,544
6/30/2019	29,861,192	684,989	-	30,546,181	1,361,936	-	-	9,417	1,371,353
6/30/2020	29,712,734	684,358	-	30,397,092	1,322,367	-	-	-	1,322,367
6/30/2021	29,587,597	773,519	-	30,361,116	19,472	-	-	-	19,472
6/30/2022	33,347,882	823,278	-	34,171,160	-	-	-	-	-
6/30/2023 *	44,519,998	1,024,262	-	45,544,260	1,251,526	-	(15,420)	-	1,236,106

Source: Department's annual reports

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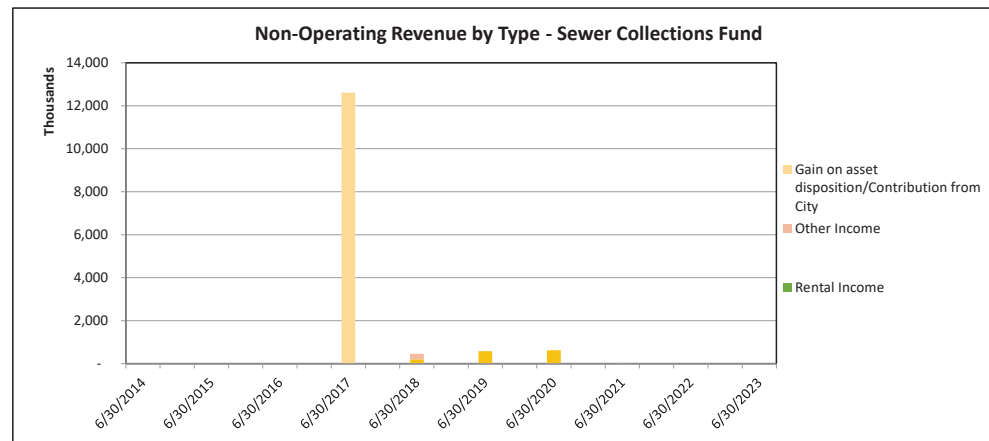
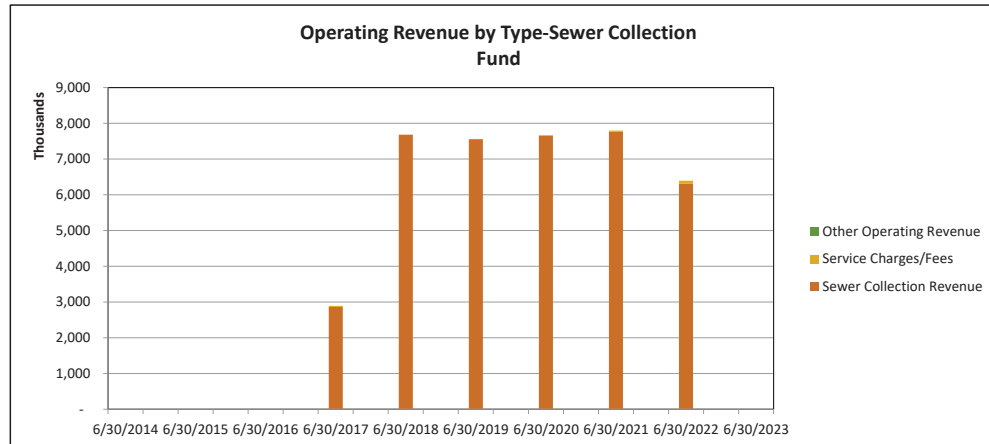
City of San Bernardino Municipal Water Department
Sewer Collection Fund Revenue by Type
Last Ten Fiscal Years

Fiscal Year Ended	Sewer Collection Revenue	Service Charges/Fees	Other Operating Revenue	Total Operating Revenue	Interest Income	Rental Income	Other Income	Gain on asset disposition/Contribution from City	Total Non Operating Income
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
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
6/30/2022	6,306,843	87,780	-	6,394,623	-	-	-	-	-
6/30/2023 **	-	-	-	-	-	-	-	-	-

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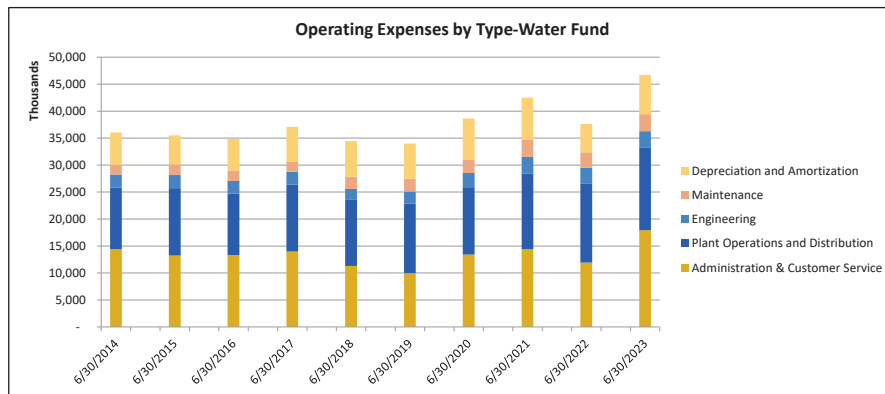
Source: Department's annual reports



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

Fiscal Year Ended	Administration & Customer Service	Plant Operations and Distribution	Engineering	Maintenance	Depreciation and Amortization	Total Operating Expense	Interest Expense	Loss on asset disposition	Other Non-operating expense	Total Non-Operating Expense
6/30/2014	14,410,400	11,395,305	2,426,717	1,837,556	5,971,638	36,041,616	261,836	-	-	261,836
6/30/2015	13,244,552	12,467,017	2,439,170	1,988,719	5,365,124	35,504,582	169,119	-	-	169,119
6/30/2016	13,313,085	11,406,861	2,326,551	1,978,534	5,809,331	34,834,362	106,698	-	-	106,698
6/30/2017	13,971,106	12,436,501	2,329,142	1,859,871	6,478,050	37,074,670	3,130,749	-	-	3,130,749
6/30/2018	11,300,091	12,337,763	1,943,659	2,292,625	6,571,957	34,446,095	2,015,792	-	-	2,015,792
6/30/2019	9,987,198	12,853,400	2,253,333	2,387,889	6,512,907	33,994,727	1,993,624	-	-	1,993,624
6/30/2020	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
6/30/2021	14,405,557	14,045,232	3,064,623	3,126,556	7,838,887	42,480,855	1,926,133	-	-	1,926,133
6/30/2022	11,921,394	14,603,130	3,001,100	2,846,997	5,253,425	37,626,046	1,877,325	-	456,170	2,333,495
6/30/2023	17,923,515	15,374,571	2,976,680	3,138,031	7,298,095	46,710,892	1,841,859	-	-	1,841,859

Source: Department's annual reports



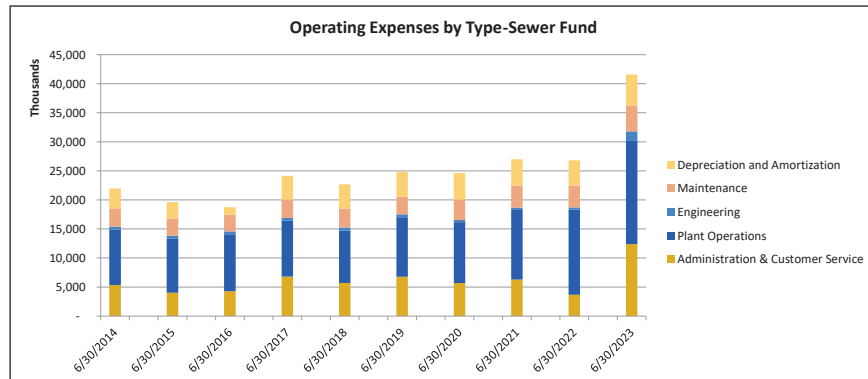
City of San Bernardino Municipal Water Department
Sewer Fund Expenses by Type
Last Ten Fiscal Years

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
6/30/2014	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	24,866,681	1,367,375	1,553,261	-	2,920,635
6/30/2020	5,702,973	10,470,501	369,422	3,508,534	4,596,980	24,648,411	1,313,151	1,546,396	-	2,859,546
6/30/2021	6,292,313	11,986,858	387,932	3,811,413	4,507,869	26,986,385	1,283,861	1,479,729	38,363	2,801,953
6/30/2022 *	3,666,547	14,648,530	385,517	3,764,618	4,329,178	26,794,390	1,249,715	-	* 1,038,291	2,288,006
6/30/2023 **	12,396,331	17,749,049	1,657,022	4,434,120	5,360,819	41,597,341	1,219,167	-	*	1,219,167

Source: Department's annual reports

* Joint Venture expense relating to RIX operations are now classified as Operations beginning in 2022.

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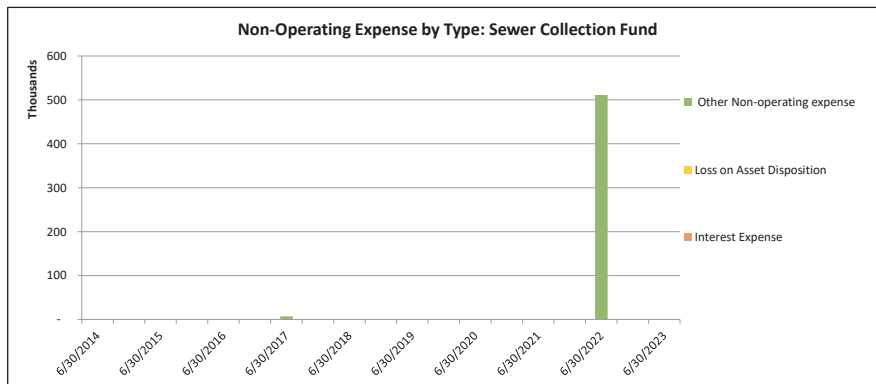
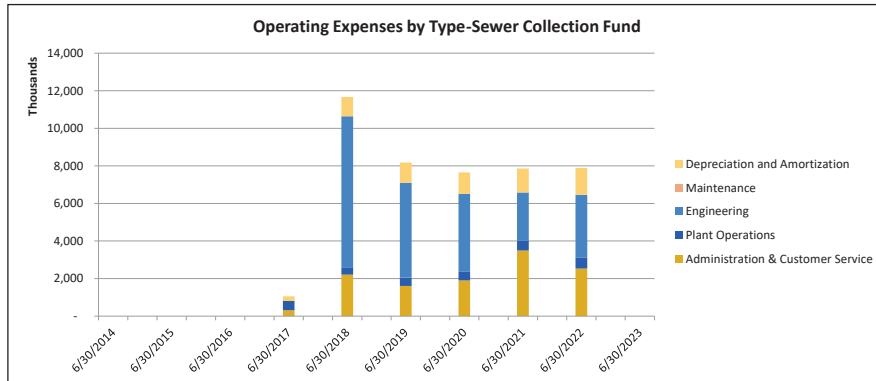
City of San Bernardino Municipal Water Department
Sewer Collection Fund Expenses by Type
Last Ten Fiscal Years

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
6/30/2014 *						-				-
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	-	-	-	-
6/30/2022	2,535,314	590,600	3,333,804	-	1,428,347	7,888,065	-	-	511,234	511,234
6/30/2023 **	-	-	-	-	-	-	-	-	-	-

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Source: Department's annual reports



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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
6/30/2014	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
6/30/2022	43,150,124	32,372,621	10,777,503	2,332,440	13,109,943	900,000	2,090,388	2,990,388	4.38
6/30/2023	44,091,833	39,412,797	4,679,036	3,217,979	7,897,015	950,000	2,044,138	2,994,138	2.64

Source: Department's annual reports

City of San Bernardino Municipal Water Department
Sewer 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
6/30/2014	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	132,659	432,659	19.91
6/30/2018	30,733,453	18,539,941	12,193,512	(721,103)	11,472,409	890,000	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	1,356,125	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	1,331,225	2,266,225	5.15
6/30/2021	30,361,116	22,478,516	7,882,600	19,472	7,902,072	665,000	1,301,900	1,966,900	4.02
6/30/2022	34,171,160	22,465,212	11,705,948	(1,021,981)	10,683,967	700,000	1,267,775	1,967,775	5.43
6/30/2023	45,544,260	36,236,522	9,307,738	1,251,526	10,559,264	735,000	1,231,900	1,966,900	5.37

Source: Department's annual reports

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	Notes/Loans Payable	Certificates of Participation	Leases and Subscriptions	Total	Percentage of Personal Income	Debt Per Capita
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	1.1%	0.38
6/30/2022	80,221	-	-	-	80,221	1.7%	0.36
6/30/2023	78,391	-	-	183	78,574	1.7%	0.35

Source: Department's annual reports

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.

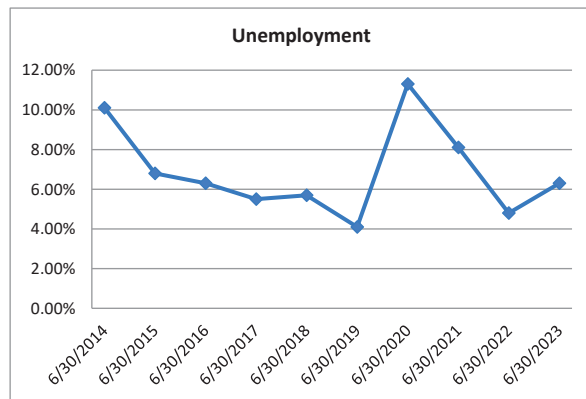
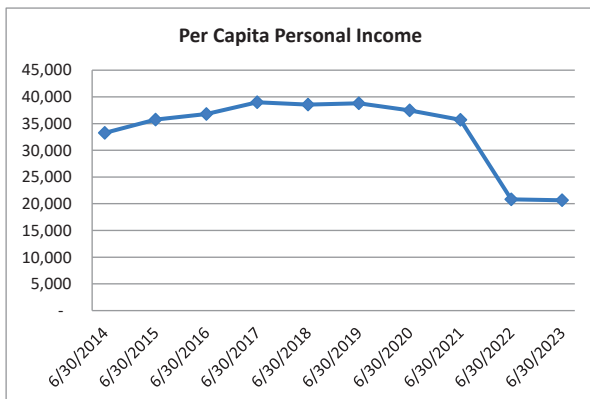
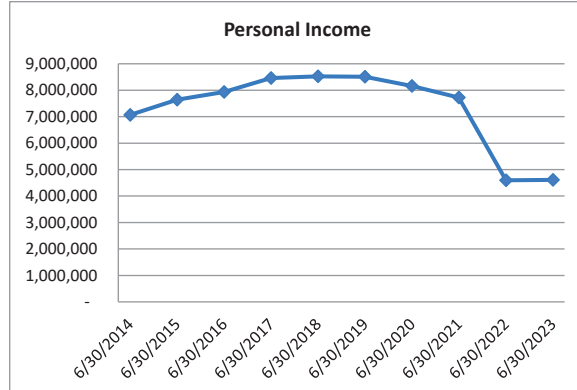
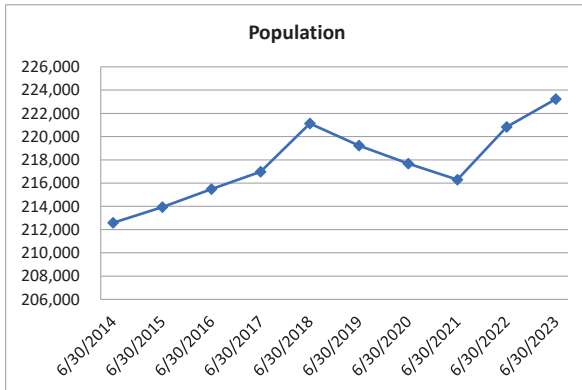
City of San Bernardino Municipal Water Department
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year Ended	Estimated Population (1)	Personal Income (In Thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
6/30/2014	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%
6/30/2022	220,840	4,596,122	20,812	4.80%
6/30/2023	223,230	4,608,807	20,646	6.30%

(1) California Department of Finance

(2) U.S. Department of Commerce, Bureau of Economic Analysis for 2018-2022; City of San Bernardino Economic Development Dept

(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 Nine Years Ago

Employer	Ranking	Fiscal Year 2023 Number of Employees	Ranking	Fiscal Year 2014 Number of Employees*
County of San Bernardino	1	25,897	1	1,000+
Stater Brothers	2	18,000	2	1,000+
San Bernardino City Unified School District	3	5,024	3	1,000+
San Bernardino County Human Services	4	4,825	4	1,000+
San Bernardino County Sheriff	5	4,208	5	1,000+
San Bernardino County Superintendent of Schools	6	2,500	6	1,000+
California State University- San Bernardino	7	2,255	7	1,000+
Saint Bernadines Medical Center	8	2,202	8	1,000+
San Bernardino Community Hospital	9	1,800	9	1,000+
Amazon	10	1,000+ *	10	0

* Actual employment figures not available

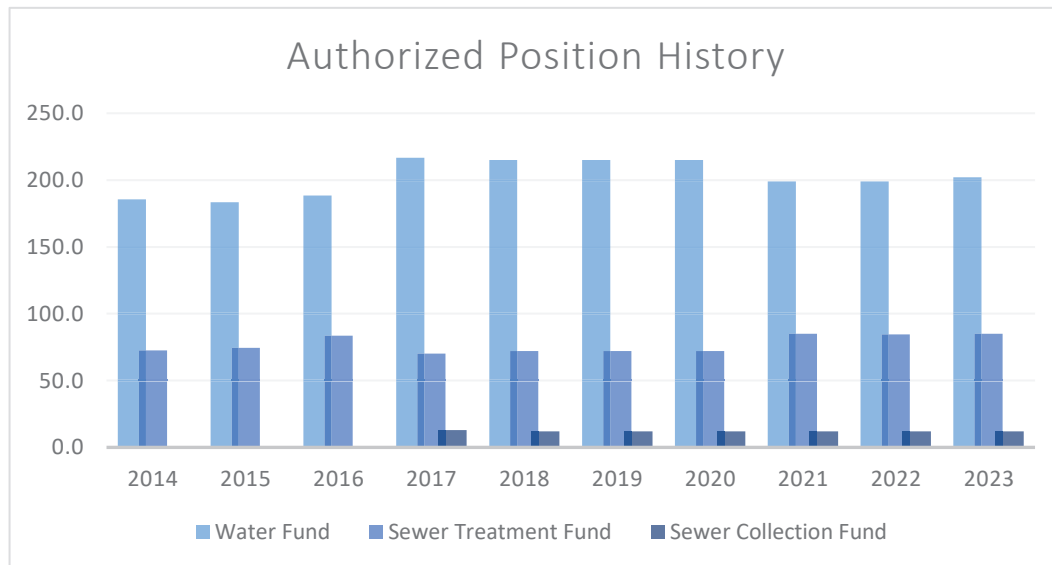
Source: Economic Development Department Labor Market Information, Agency Websites and City's Annual Financial Report.

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

Year End	Water Fund	Sewer Treatment		Sewer Collection		Total
		Fund	Fund	Fund	Fund	
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
2022	199.0	84.5		12.0		295.5
2023	202.0	85.0		12.0		299.0

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)											
Effective Date	1/2"	5/8"	3/4"	1"	1-1/2"	2"	3"	4"	6"	8"	10"	12"
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	*
4/1/2022	20.49	20.49	28.17	43.51	81.87	127.91	388.77	772.38	1,232.72	2,153.40	4,224.92	4,224.92
7/1/2022	21.72	21.72	29.87	46.13	86.79	135.59	412.10	818.73	1,306.69	2,282.61	4,478.42	4,478.42

* Information not reported.

Source: Department's Records

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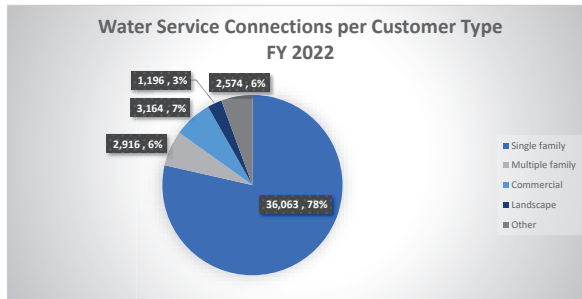
City of San Bernardino Municipal Water Department
Water Connections and Revenues by User Type
Last Ten Fiscal Years

User Type	2023		2022		2021		2020	
	Connections	Revenue	Connections	Revenue	Connections	Revenue	Connections	Revenue
Single family	36,063	\$ 21,652,852	35,744	\$ 23,761,145	35,995	\$ 23,875,761	36,042	\$ 22,909,054
Multiple family	2,916	5,835,444	2,905	5,562,012	2,908	5,569,436	2,907	5,222,345
Commercial	3,164	8,454,199	3,151	6,976,893	3,154	6,579,373	3,117	6,482,560
Landscape	1,196	6,742,399	1,184	5,515,046	1,192	5,277,114	1,181	4,542,108
Other	2,574	860,736	2,296	811,219	2,241	811,833	2,174	781,428
Total all users	45,913	\$ 43,545,629	45,280	\$ 42,626,315	45,490	\$ 42,113,517	45,421	\$ 39,937,495

User Type	2019		2018		2017		2016	
	Connections	Revenue	Connections	Revenue	Connections	Revenue	Connections	Revenue
Single family	36,006	\$ 21,579,693	35,824	\$ 20,476,866	35,825	\$ 17,346,414	35,729	\$ 15,688,749
Multiple family	2,903	5,157,997	2,904	4,944,978	2,899	4,449,204	2,873	4,225,832
Commercial	3,104	6,320,900	3,111	6,117,493	3,131	5,750,672	3,092	4,913,942
Landscape	1,150	4,256,390	1,159	4,694,704	1,121	3,789,527	1,129	3,203,907
Other	2,056	808,227	2,018	748,141	1,956	557,392	1,905	677,180
Total all users	45,220	\$ 38,123,207	45,016	\$ 36,982,182	44,932	\$ 31,893,209	44,728	\$ 28,709,610

User Type	2015		2014	
	Connections	Revenue	Connections	Revenue
Single family	35,695	\$ 16,775,834	35,012	\$ 18,583,708
Multiple family	2,869	4,349,601	2,824	4,591,290
Commercial	3,097	6,332,882	3,085	6,566,344
Landscape	1,130	3,079,610	1,140	3,616,135
Other	1,791	679,606	1,703	913,810
Total all users	44,582	\$ 31,217,533	43,764	\$ 34,271,287

Source: Department's records



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
07/01/14	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
4/1/2022*	N/A	N/A	N/A	N/A	N/A	N/A
7/1/2022*	N/A	N/A	N/A	N/A	N/A	N/A

* Elevation charge was eliminated with the rate adoption on 04/01/22.

Source: Department's records

City of San Bernardino Municipal Water Department
Top Ten Water Customers
Fiscal Year 2023

2023 Top 10 Customers

City of San Bernardino	\$	1,579,052
San Bernardino City Unified School District		1,419,699
California State University		580,180
County of San Bernardino		355,809
Housing Authority of the County of San Bernardino		235,197
Cott Beverages		223,457
W. Dean Weidner		195,108
Rialto School District		193,582
Lido Condominiums		162,311
San Bernardino Community College District		162,070
Top Ten Customers Total	\$	<u>5,106,465</u>
Total Water Revenue	\$	<u><u>43,545,629</u></u>
Top Ten Customers Percent of Total		<u>11.73%</u>

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

	1/1/2014	10/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	4/1/2022*	7/1/2022*
<u>Residential (monthly per EDU)</u>										
Residential	18.50	20.65	22.38	23.10	23.10	23.10	23.10	23.10	37.83	41.99
Multi-Family (2 units)	37.00	41.31	44.76	46.20		66.05	66.05	66.05	75.66	83.98
Multi-family (3 units)	55.50	61.96	67.14	69.29	99.04	99.04	99.04	99.04	113.49	125.98
All Non-Residential (including multi-family (4 or more units) and mobile home parks)	2.40	3.18	3.42	3.52	6.62	6.62	6.62	6.62	16.56	18.38
Industrial	1.00	1.67	1.78	1.83	4.93	4.93	4.93	4.93	16.56	18.38

* The Sewer Collection rate was combined with the Sewer Treatment rate to become the sewer rate that was effective 04/01/22.

Source: Department's records

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

	1/1/2014	10/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021	4/1/2022*	7/1/2022*
Commodity Charge (per HCF):										
<u>Low Strength Non-Residential</u>										
Laundromats	1.50	1.63	1.77	1.83	1.83	1.83	1.83	1.83	2.15	2.39
Schools, churches, nursery schools	1.10	1.19	1.29	1.33	1.33	1.33	1.33	1.33	2.15	2.39
<u>Medium Strength Non-Residential</u>										
Multi-family, mobile home parks	1.25	1.36	1.48	1.53	1.53	1.53	1.53	1.53	2.71	3.01
Retail, commercial, light industrial	2.10	2.28	2.47	2.55	2.55	2.55	2.55	2.55	2.71	3.01
Auto repair, car wash	1.30	1.41	1.53	1.58	1.58	1.58	1.58	1.58	2.71	3.01
Offices, motels (w/o restaurants)	1.50	1.63	1.77	1.83	1.83	1.83	1.83	1.83	2.71	3.01
Hospitals, convalescent homes	1.35	1.46	1.58	1.63	1.63	1.63	1.63	1.63	2.71	3.01
<u>High Strength Non-Residential</u>										
Restaurants, hotels	2.70	2.93	3.18	3.28	3.28	3.28	3.28	3.28	6.42	7.13
<u>Domestic Liquid Waste (per gallon)</u>	0.0400	0.0430	0.0470	0.0490	0.0490	0.0490	0.0490	0.0490	0.0714	0.0793
<u>Industrial:</u>										
Discharge Flow (per million gallons)	900.00	977.00	1,060.00	1,094.00	1,094.00	1,094.00	1,094.00	1,094.00	1,420.83	1,577.12
Biological Oxygen demand (per 1,000 lbs)	360.00	391.00	424.00	438.00	438.00	438.00	438.00	438.00	648.28	719.59
Suspended Solids (per 1,000 lbs)	640.00	694.00	753.00	778.00	778.00	778.00	778.00	778.00	648.50	719.84

* The Sewer Collection rate was combined with the Sewer Treatment rate to become the sewer rate that was effective 04/01/22.

Source: Department's records

City of San Bernardino Municipal Water Department
Top Ten Sewer Treatment Customers
Fiscal Year 2023

2023 Top 10 Customers

County of San Bernardino	\$ 654,640
San Bernardino City Unified School District	362,545
Housing Authority	215,500
PAMA Management Company	213,316
Saint Bernardine Hospital	195,040
City of San Bernardino	156,209
Lido Condominiums	149,099
W. Dean Weidner	146,611
State of California - AOC	140,633
Broadstone Investors LLC	138,749

Top Ten Customers Total	<u>\$ 2,372,342</u>
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Total Sewer Revenue	<u><u>\$ 44,519,998</u></u>
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Top Ten Customers Percent of Total	<u>5.33%</u>
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Source: Department's records

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	4/1/2022*	7/1/2022*
<u>Residential (monthly per EDU)</u>	9.00	9.45	9.90	9.90	9.90	9.90	9.90	N/A	N/A
<u>Multi-Family</u>									
Multi-family, 2 units	18.00	18.90	19.85	19.85	19.85	19.85	19.85	N/A	N/A
Multi-family, 3 units	27.00	28.35	29.75	29.75	29.75	29.75	29.75	N/A	N/A
Multi-family, 4 or more units, Non-res.									
Monthly Charge	2.80	2.95	3.10	3.10	3.10	3.10	3.10	N/A	N/A
Usage Charge (per HCF)	0.79	0.83	0.87	0.87	0.87	0.87	0.87	N/A	N/A

* The Sewer Collection rate was combined with the Sewer Treatment rate to become the sewer rate that was effective 04/01/22.

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

Source: Department's records

City of San Bernardino Municipal Water Department
Sewer Collection
Connections and Revenue by User Type
Last Ten Fiscal Years

User Type	2023			2022			2021			2020		
	Connections	Consumption	Revenue	Connections	Consumption	Revenue	Connections	Consumption	Revenue	Connections	Consumption	Revenue
Residential-Single Family	42	0	\$0	27,748	0	\$3,061,513	32,418	0	\$3,997,513	31,889		\$4,054,020
Residential-Multi Family				1,345	0	356,051	1,576	0	418,545	1,555		412,095
Residential- Multi Family 4 Units +				18	78,494	68,975	19	80,400	70,647	18	63,529	55,921
Comm/Land/Lt. Industrial/Non-Res.	37	0	0	2,670	2,594,640	2,310,986	3,138	3,051,177	2,726,198	3,069	2,893,018	2,588,912
Education-Public	2	0	0	43	127,279	110,588	49	124,047	109,205	37	54,207	48,082
Education-Private				124	58,932	55,859	149	72,141	68,086	150	63,715	60,941
Hospital/Convalescent Homes				29	164,836	144,462	35	197,360	172,771	35	197,787	173,367
Office/Motel-No Restaurant	10	0	0	85	76,768	57,800	93	78,338	59,307	92	79,321	61,027
Restaurant/ Hotel w/ Restaurant	1	0	0	51	43,587	39,632	51	36,181	33,232	52	38,762	35,480
Auto Repair/Car Wash				197	78,293	75,390	226	81,945	78,971	221	75,027	73,487
Laundromat				4	29,232	25,587	5	28,349	24,843	5	24,821	21,771
CS Irrigation				0	0	0	0	0	0	21	255,400	71,571
		0	0	49	62,340	0	48	65,559	0	48	56,072	0
Total all users	92	0	\$ -	32,363	3,314,401	\$ 6,306,843	37,806	3,815,497	\$ 7,759,318	37,192	3,801,659	\$ 7,656,675

User Type	2019			2018			2017			2016		
	Connections	Consumption	Revenue	Connections	Consumption	Revenue	Connections	Consumption	Revenue	Connections	Consumption	Revenue
Residential-Single Family	33,127		\$3,927,784	32,939		\$3,916,946	32,8					

City of San Bernardino Municipal Water Department
Top Ten Sewer Collection Customers
Fiscal Year 2022

2023 Top 10 Customers

San Bernardino County Unified School District
County of San Bernardino
Saint Bernardine Hospital
PAMA Management Company
Housing Authority of the County of San Bernardino
City of San Bernardino
Lido Condominiums
Broadstone Investors LLC
San Bernardino Community Hospital
W. Dean Weidner

Top Ten Customers Total	\$	-
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Total Sewer Collections Revenue*	\$	-
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Top Ten Customers Percent of Total	#DIV/0!
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Source: Department's records

Municipal Water Department
Water Rates: Commodity Charges
Last Ten Fiscal Years

	1/1/2014	10/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019	7/1/2020
Customer Class							
Single Family Residential							
Tier 1 (0-13 HCF)	1.35	1.35	1.37	1.40	1.43	1.43	1.43
Tier 2 (14-23 HCF)	1.35	1.35	1.37	1.40	1.43	1.43	1.43
Tier 3 (24+ HCF)	1.70	1.70	1.86	1.89	1.92	1.92	1.92
Multi-Family Residential	1.35	1.35	1.37	1.40	1.43	1.43	1.43
Commercial	1.35	1.35	1.37	1.40	1.43	1.43	1.43
Irrigation	1.35	1.35	1.37	1.40	1.43	1.43	1.43
Institutional	1.35	1.35	1.37	1.40	1.43	1.43	1.43
Other	1.35	1.35	1.37	1.40	1.43	1.43	1.43

* Prior years (07/01/14 - 07/01/21) commodity charges reflect rates including conservation, replenishment and which were consolidated with the rates adopted on 04/01/22.

Municipal Water Department
Water Rates: Commodity Charges
Last Ten Fiscal Years

<u>7/1/2021</u>	<u>4/1/2022</u>	<u>7/1/2022</u>
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1.43	1.35	1.44
1.43	1.83	1.94
1.92	2.33	2.47
1.43	1.51	1.61
1.43	1.65	1.75
1.43	2.32	2.46
1.43	2.06	2.19
1.43	3.82	4.05

elevation zone charges

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