VALLEY OF THE MOON WATER DISTRICT

AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021

HARSHWAL & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Valley of the Moon Water District
EL Verano, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Valley of the Moon Water District, EL Verano, California (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 - 5, and required supplementary information on pages 25 - 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control over financial reporting and compliance.

Oakland, California
August 28, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Valley of the Moon Water District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read this in conjunction with the financial statements as listed in the Table of Contents.

Using this Financial Report

This annual report consists of three required financial statements. The "Statement of Net Position" is similar to a "Balance Sheet" of a private sector (commercial) entity. Assets, Liabilities, and Net Position are reported in this statement.

The "Statement of Revenues, Expenses, and Changes in Net Position" reports revenues and expenses of the District and is similar to an "Income Statement" of a commercial enterprise.

The "Statement of Cash Flows" reports what activity occurred that caused increases and decreases in cash. This is very similar to a private sector cash flow statement. Increases or decreases in cash are segregated into natural categories such as "Operating Activities," "Capital and Related Financing Activities," "Non-Capital and Related Financing Activities," and "Investing Activities."

All statements are in comparative form to facilitate comparison to last fiscal year's financial activity.

The Comparative Statement of Net Position

Condensed comparative information is as follows:

	June 30,		Increase/(Decrease)	
	2021	2020	Amount	%
ASSETS & DEFERRED OUTFLOW				
Current assets	$ 4,901,903	$ 6,207,617	$ (1,305,714)	(21.03)%
Capital assets, net	26,399,607	25,241,907	1,157,700	4.59 %
Other non-current assets	298,289	430,179	(131,890)	(30.66)%
Deferred outflow - pension and OPEB	440,267	541,765	(101,498)	(18.73)%
Total assets & deferred outflow	32,040,066	32,421,468	(381,402)	(1.18)%
LIABILITIES & DEFERRED INFLOW				
Current liabilities	789,074	1,097,768	(308,694)	(28.12)%
Long-term liabilities	3,501,675	3,718,015	(216,340)	(5.82)%
Deferred inflow - pension and OPEB	356,977	385,353	(28,376)	(7.36)%
Total liabilities & deferred inflow	4,647,726	5,201,136	(553,410)	(10.64)%
NET POSITION				
Net investment in capital assets	25,838,825	24,841,825	997,000	4.01 %
Unrestricted	1,553,515	2,378,507	(824,992)	(34.69)%
Total net position	$ 27,392,340	$ 27,220,332	$ 172,008	0.63 %

The District's primary assets are property and equipment, investments held with the State Local Agency Investment Fund (LAIF) Account and the County of Sonoma Treasury, as well as current assets such as accounts receivable and operating cash.

At the end of the fiscal year, the District had $4,092,144 in investments included in "Current Assets" shown in the table on the previous page $974,974 in LAIF and $3,117,170 in the Sonoma County Investment Pool.

The Comparative Statement of Revenues, Expenses, and Changes in Net Position

Condensed financial information is as follows (for the fiscal year ended):

	Year ended June 30,		Increase/(Decrease)	
	2021	2020	Amount	%
OPERATING REVENUES				
Sales of water and services charges	$ 6,572,786	$ 6,637,018	$ (64,232)	(0.97)%
Total operating revenues	6,572,786	6,637,018	(64,232)	(0.97)%
OPERATING EXPENSES				
Water purchases	2,487,512	2,288,038	199,474	8.72 %
Plant operating expenses	1,322,021	1,274,999	47,022	3.69 %
General and administrative expenses	2,116,431	3,338,878	(1,222,447)	(36.61)%
Total operating expenses	5,925,964	6,901,915	(975,951)	(14.14)%
Operating income before depreciation	646,822	(264,897)	911,719	(344.18)%
Depreciation	1,173,572	954,641	218,931	22.93 %
Operating income (loss)	(526,750)	(1,219,538)	692,788	(56.81)%
NONOPERATING REVENUES (EXPENSES)				
Nonoperating revenue/(expenses)	64,409	86,459	(22,050)	(25.50)%
Capital contributions	432,443	641,626	(209,183)	(32.60)%
Change in net position	$ (29,898)	$ (491,453)	$ 461,555	(93.92)%

The District's operating revenue decreased by $64,232 or 0.97% over the previous fiscal year. The District's customer base is relatively stable. Changes in the water sales revenue are primarily attributable to decreased water consumption and decreased service charges.

Water purchases increased by $199,474 or 8.72% from last fiscal year. The District's unit cost of water purchased from the Sonoma County Water Agency went up from $1,048.80 per acre foot to $1,107.21 per acre foot. This represents a 5.57% increase. The increase in water purchase costs is primarily due to capital projects needed to be completed by the Agency. Compared to the prior fiscal year, plant-operating expenses increased by $47,022 or 3.69%, and general and administrative expenses decreased by $1,222,447 or 36.61% over the prior fiscal year's cost of living increases.

Included in the Statement of Revenues, Expenses, and Changes in Net Position under "Capital Contributions" are developer projects. The decrease of $209,183 over the last fiscal year is due to a decrease in developer activity.

Debt Administration

The District's long-term loan with the Westamercia Bank decreased this fiscal year to $205,420 due to the planned FY 2020-2021 principal payment of $197,520. The District's long-term loan with the California Infrastructure and Economic Development Bank decreased this fiscal year to $355,362 due to the planned FY 2020-2021 principal payment of $44,721. In accordance with Governmental Accounting Standards Board Statements No. 68 and 75, the District recorded net pension liability related to the District's CalPERS pension plan and other post-employment benefits. As of June 30, 2021, the net pension liability was $2,860,408, and the OPEB liability was $332,044, respectively. See Notes 6, 7, and 9 for more information on these liabilities.

Capital Assets

As reflected in the Note 5 to the financial statements, the District's total planned capital improvements over the next five fiscal years amount to $18,832,401. Amounts for each fiscal year are given below:

Year	Amount
2021-22	$ 3,954,869
2022-23	4,480,296
2023-24	3,760,131
2024-25	3,181,080
2025-26	3,456,025
Total	$ 18,832,401

Scheduled projects may be extended or shortened depending on available capital funding and project needs.

Economic Outlook and Next Years' Budget and Rates

Valley of the Moon Water District's Board of Directors adopted the fiscal year 2021-2022 budget on June 01, 2021. The budget includes the following highlights:

- Operating revenues are estimated to be $6,630,493, reflecting a decrease of $109,250 over the previous fiscal year's budget.
- The operating expenses are estimated at $5,120,477, not including a transfer of $1,708,600 to the capital improvement program.
- Rate Stabilization and Capital Improvement reserves have been included and are projected to be fully funded by the end of FY 2020/21.
- The District's customer base is expected to remain stable.

Request for additional information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. If you have any questions concerning any information provided in this report or need additional information, please contact the District office at (707) 996-1037.

BASIC FINANCIAL STATEMENTS

VALLEY OF THE MOON WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Cash and investments	$ 4,578,280
Accounts receivable	231,079
Inventory	70,587
Prepaid expenses	21,957
Capital assets, net	26,399,607
Prepaid post-employment benefits	298,289
Total assets	31,599,799
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	384,298
OPEB related	55,969
Total deferred outflows of resources	440,267
Total assets and deferred outflows of resources	32,040,066
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Accounts payable	464,661
Payroll liabilities	18,551
Accrued interest	11,541
Other payables	10,923
Customer deposits	31,839
Long-term debts, due within one year	251,559
Long-term debts, due in more than one year	309,223
Net pension liability	2,860,408
Net OPEB liability	332,044
Total liabilities	4,290,749
DEFERRED INFLOWS OF RESOURCES	
Pension related	266,723
OPEB related	90,254
Total deferred inflows of resources	356,977
Total liabilities and deferred inflows of resources	4,647,726
NET POSITION	
Net investment in capital assets	25,838,825
Unrestricted	1,553,515
Total net position	27,392,340
Total liabilities, deferred inflows of resources, and net position	$ 32,040,066

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

VALLEY OF THE MOON WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES	
Water sales	$ 6,572,786
Total operating revenues	6,572,786
OPERATING EXPENSES	
Water purchases	2,487,512
Plant operating expenses	1,322,021
General and administrative expenses	2,116,431
Depreciation	1,173,572
Total operating expenses	7,099,536
Operating income (loss)	(526,750)
NONOPERATING REVENUES (EXPENSES)	
Other income	35,370
Interest earned	51,074
Interest expense	(22,035)
Total nonoperating revenue (expenses)	64,409
Net income before capital contributions	(462,341)
CAPITAL CONTRIBUTIONS	
Capital contributions	432,443
Total capital contributions	432,443
Change in net position	(29,898)
Net position, at beginning of year	27,220,332
Net position, *restatement*	201,906
Net position, at beginning of year, *restated*	27,422,238
Net position, end of year	$ 27,392,340

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

VALLEY OF THE MOON WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 6,854,404
Payments to suppliers for goods and services	(2,544,288)
Payments to employees and expenses	(3,233,324)
Net cash provided by operating activities	1,076,792
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(2,331,272)
Principal payment on long-term debt	(242,241)
Interest payments	(29,210)
Capital contributions	432,443
Net cash used by capital and related financing activities	(2,170,280)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Other income	35,370
Net cash provided by noncapital and related financing activities	35,370
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	51,074
Net cash provided by investing activities	51,074
Net decrease in cash and cash equivalents	(1,007,044)
Cash and cash equivalents, beginning of the year	5,585,324
Cash and cash equivalents, end of the year	$ 4,578,280

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

VALLEY OF THE MOON WATER DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	$ (526,750)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,173,572
Changes in assets and liabilities:	
(Increase) Decrease in accounts receivable	310,886
(Increase) Decrease in inventory	(29,268)
(Increase) Decrease in prepaid expenses	17,052
(Increase) Decrease in prepaid post-employment benefits	131,890
(Increase) Decrease in deferred outflows of resources - pension and OPEB	101,498
Increase (Decrease) in accounts payable	(74,429)
Increase (Decrease) in payroll liabilities	(35,103)
Increase (Decrease) in other payables	5,285
Increase (Decrease) in customer deposits	(4,684)
Increase (Decrease) in net pension liability	85,673
Increase (Decrease) in net OPEB liability	(50,454)
Increase (Decrease) in deferred inflows of resources - pension and OPEB	(28,376)
Net cash provided by operating activities	$ 1,076,792

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

Valley of the Moon Water District (the "District") was formed in 1960 through an election under Division 12, Section 30000 of the California State Water Code for the primary purpose of providing adequate quantities of potable water to all properties located within the District.

The District accounting policies conform to accounting principles generally accepted in the United States of America as applicable to governments, in accordance with the uniform system of accounts for water utility special enterprise Districts as prescribed by the State Controller in compliance with the government code of the State of California.

B. *Method of Accounting*

The District follows the accrual basis of accounting. The District's policy is to record all assets, liabilities, revenues, and expenses on the accrual basis of accounting and the flow of economic resources measurement focus. Under this method, revenue is recognized when earned and expenses are recognized when the related liability is incurred. Receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

C. *Budgetary Reporting*

The Board of Directors adopts the budget by passage of a resolution prior to July 1st for the new fiscal year. The general manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total appropriations must be approved by the Board of Directors.

D. *Inventories*

Materials, supplies, and gasoline are valued at cost using the first-in-first-out method.

E. *Capital Assets*

Land, structures, and improvements are recorded at cost at the time of purchase, or if constructed, at the completion of the construction. Contributed assets are recorded at their acquisition value at the time of transfer to the District. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Specifically, transmission and distribution mains are depreciated over 67 years; wells, springs, and tunnels over 30 years; reservoirs and tanks over 50 years; equipment over 5-25 years; meters over 20 years; and structures and improvements over 25 years.

F. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

G. Proprietary Fund Accounting

The District has one fund which is considered a proprietary fund. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Operating revenues in the proprietary fund are revenues generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operation of the fund. All other expenses are reported as nonoperating expenses.

H. Flexible Benefits Plan

The District has established a benefits plan including a Dependent Care Expense Reimbursement Plan and a Medical Care Expense Reimbursement Plan. Pre-tax premium elections under the plan are intended to qualify for the exclusion from income provided by Section 125 of the Internal Revenue Code. At present, this plan is only used for medical premiums.

NOTE 2 - CASH AND INVESTMENTS

Classification

The cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of the District debt instruments or District agreements.

Statement of Net Position:		
Cash and Investments	$	4,578,280

Cash and Investments as of June 30, 2021 consists of the following:

Cash on Hand	$	500
Cash in Banks		485,636
Investments		4,092,144
Total Cash and Investments	$	4,578,280

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

The table below identifies the investment types that are authorized for Valley of the Moon Water District (District) by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of risk. This table does not address investments of debt proceeds held by the bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

NOTE 2 - CASH AND INVESTMENTS - CONT'D

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Entities	5 years	None	None
Municipal Obligations	5 years	15%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Time Deposits	2 years	15%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	90 days	20% of base value	None
Medium-Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	None
Supranational Obligations	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	65% of surplus funds	None
San Diego County Pooled Investment Fund	N/A	$1 million	None
Mortgage and Asset-backed Securities	5 years	20%	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming closer to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

		Remaining Maturity (in Months)					
Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-36 Month	37-48 Months	49-60 Months	More than 60 Months
State Investment Pool (LAIF)	$ 974,974	$ 974,974	$ -	$ -	$ -	$ -	$ -
Sonoma County Investment Pool	3,117,170	3,117,170	-	-	-	-	-
Total	$ 4,092,144	$ 4,092,144	$ -	$ -	$ -	$ -	$ -

Disclosures Relating to Credit Risk

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

NOTE 2 - CASH AND INVESTMENTS - CONT'D

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End: AAA	AA	Not Rated
State Investment Pool (LAIF)	$ 974,974	NA	$ -	$ -	$ -	$ 974,974
Sonoma County Investment Pool	3,117,170	NA	-	-	-	3,117,170
Total	$ 4,092,144		$ -	$ -	$ -	$ 4,092,144

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments (other than LAIF and Sonoma County Investment Pool).

Custodial Credit Risk

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

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Sonoma County Investment Pool).

Investment in State and County Investment Pools

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

NOTE 2 - CASH AND INVESTMENTS - CONT'D

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy for the District's investment as of June 30, 2021 was as follows:

Financial assets:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State Investment Pool (LAIF)	$ 974,974	$ -	$ 974,974	$ -
Sonoma County Investment Pool	3,117,170	-	3,117,170	-
Total financial assets	$ 4,092,144	$ -	$ 4,092,144	$ -

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and,
- Level 3: Investments reflect prices based upon unobservable sources

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning balance	Additions	Transfers	Ending balance
Capital assets, not being depreciated:				
Land	$ 510,680	$ -	$ -	$ 510,680
Construction in progress	2,345,919	2,331,272	(3,459,698)	1,217,493
Total capital assets not being depreciated	2,856,599	2,331,272	(3,459,698)	1,728,173
Capital assets, being depreciated:				
Source of supply	9,442,391	1,536,066	-	10,978,457
Transmission and distribution	28,571,917	1,668,740	-	30,240,657
General plant	2,960,193	254,892	-	3,215,085
Total capital assets being depreciated	40,974,501	3,459,698	-	44,434,199
Less: accumulated depreciation for:	18,589,193)	(1,173,572)	-	(19,762,765)
Total capital assets, being depreciated, net	22,385,308	2,286,126	-	24,671,434
Capital assets, net	$25,241,907	$ 4,617,398	$ (3,459,698)	$ 26,399,607

NOTE 4 - OPERATING LEASES AND COMMITMENTS

A. *Larbre Well Lease*

A new Water Well Agreement is made and entered into effective August 07, 2018, by and between the District and Suzanne Larbre, trustee of the Raymond J. Larbre and Suzanne Larbre Revocable Trust ("LARBRE"). Larbre also grants the District an easement for the right of entry and egress to and from the well site for the purpose of operating and extracting water from the well and performing normal routine maintenance and repairs and right to install at the well site, any additional equipment necessary for proper and satisfactory operation of said well, including, but not limited to, electrical power and appurtenant controls, chlorination or other treatment equipment, and supervisory control equipment permitting remote operation of the well.

The District shall pay Larbre a minimum of twenty-four thousand dollars ($24,000) per year commencing from the date of this agreement, or the actual purchase water rate times the number of acre-feet of water passing through the meter in the pipeline connecting the well pump to the District's water main in Arnold Drive, whichever is greater. For the current fiscal year, $28,979 was used for purchases under this agreement and $11,034 was used for water purchases in the prior fiscal year.

NOTE 5 - CAPITAL IMPROVEMENT PROGRAM

The District has developed a capital improvement program for water projects, including water mains, wells, storage tanks, and pump stations. The list of improvements has been developed by the District staff and consulting engineers. Projects have been identified from a series of annual capital improvement program updates developed by the District staff from the Strategic Water Supply Plan prepared by JONWRM, from a Water Master Plan and a Water Storage Plan prepared by Brelje & Race, and from a Master Plan for Ground Water Development and Management by Luhdorff and Scalmanini. Projects are phased in over a five-year period, although this is not a rigid schedule and may be extended or shortened somewhat depending on available capital funding and project needs. Projected capital improvements over the next five years are as follows:

Fiscal Year	Per Updated Budget 19/20
2021-22	$ 3,954,869
2022-23	$ 4,480,296
2023-24	$ 3,760,131
2024-25	$ 3,181,080
2025-26	$ 3,456,025

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the District for the fiscal year ended June 30, 2021:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Certificates of participation	$ 402,940	$ -	$ (197,520)	$ 205,420	$ 205,420
CIEDB loan payable	400,083	-	(44,721)	355,362	46,139
Net pension liability	2,774,735	85,673	-	2,860,408	-
Net OPEB liability	382,498	-	(50,454)	332,044	-
Total long-term liabilities	$ 3,960,256	$ 85,673	$ (292,695)	$ 3,753,234	$ 251,559

The details of the long-term debt are as follows:

A. Certificates of Participation/1999 Installment Purchase Contract

In September 1999, the District sold a $2,833,992 Certificates of Participation Note to Sonoma Valley Bank (now Westamerica Bank) in order to finance the initial two years of the Capital Improvement Program. Total annual payments (principal and interest) are $213,637 with interest accruing at 4%. The Note matures on September 1, 2021. During the 2010/11 fiscal year, the District renegotiated the terms of the Note to lower the interest rate from 5.25% to 4%.

The remaining debt service payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 205,420	$ 8,217	$ 213,637
Total	$ 205,420	$ 8,217	$ 213,637

B. CIEDB Loan Payable/Enterprise Fund Installment Sale Agreement

On June 15, 2008, the District entered into an installment sale agreement with California Infrastructure and Economic Development Bank for $810,000. Proceeds of this agreement were used for the construction portion of the Well No. 5 Replacement Project, which includes replacement of an abandoned production well, construction of a well house and security fence, and acquisition and installation of a pump, appurtenances, a filtration system, and a disinfection system. Interest accrues on the agreement at 3.17% and repayments began on February 1, 2009. The agreement matures on August 1, 2027.
The remaining debt service payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$ 46,139	$ 10,533	$ 56,672
2023	47,601	9,048	56,649
2024	49,110	7,515	56,625
2025	50,667	5,934	56,601
2026	52,273	4,302	56,575
2027-2028	109,572	3,500	113,072
Total	$ 355,362	$ 40,832	$ 396,194

NOTE 7 - EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

A. General Information about the Pension Plan

All qualified employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District 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.

B. 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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.00% to 2.50%
Required employee contribution	7.00%	6.25%
Required employer contribution	14.628/%	28.20%

C. Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The District's contributions to the Plan for the fiscal year ended was $108,762.

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the net position liability of the Plan of $2,860,408. The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

NOTE 7 - EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) - CONT'D

C. Contributions - Cont'd

The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

Proportion - June 30, 2020	0.06781 %
Proportion - June 30, 2019	0.06929 %
Change - Increase (Decrease)	(0.00148)%

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

Reporting Date	June 30, 2021
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
Valuation Date	June 30, 2019

D. Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

	Increase(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/19 (VD)	$ 8,908,658	$ 6,133,923	$ 2,774,735
Changes Recognized for the Measurement Period			
• Difference in proportion (TPL and FNP)	150,637	209,789	(59,152)
• Service Cost	293,218	-	293,218
• Interest on the Total Pension Liability	865,597	-	865,597
• Changes in benefit terms	610	-	610
• Change in assumptions	-	-	-
• Difference between Expected and Actual Experience	52,471	-	52,471
• Plan to Plan Resource Movement	-	27,295	(27,295)
• Contributions from the Employers	-	445,441	(445,441)
• Contributions from Employees	-	134,075	(134,075)
• Net Investment Income	-	473,595	(473,595)
• Benefit Payments, including Refunds of Employee Contributions	(577,026)	(577,026)	-
• Administrative Expenses	-	(13,335)	13,335
• Proportion Credit	-	-	-
• Other miscellaneous expense	-	-	-
Net Changes during 2019-20	785,507	699,834	85,673
Balance at: 6/30/20 (MD)	$ 9,694,165	$ 6,833,757	$ 2,860,408

NOTE 7 - EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) - CONT'D

E. Discount Rate

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

F. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Discount rate -1% 6.15%	Current Discount rate 7.15%	Discount rate +1 8.15%
Plan's net pension liability/(asset)	$ 4,567,839	$ 2,860,408	$ 1,449,611

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

For the fiscal year ended June 30, 2021, the District recognized pension expense of $203,444. As of June 30, 2021, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 108,762	$ -
Changes in assumptions	-	(15,750)
Difference between expected and actual experience	111,575	-
Difference in actual contribution and proportionate share of contribution	19,139	(167,703)
Net differences between projected and actual earnings on pension plan investments	144,822	(83,270)
Total	$ 384,298	$ (266,723)

$108,762 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

Fiscal Year Ended June 30	Amount
2022	$ (27,097)
2023	3,672
2024	1,447
2025	30,791
Total	$ 8,813

NOTE 7 - EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) - CONT'D

G. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions - Cont'd

Pension Plan Fiduciary Net Position

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

NOTE 8 - NET POSITION

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

- *Net investment in capital assets* consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- *Restricted net position* is considered restricted, if its use is constrained to a particular purpose. Restrictions are imposed by creditors, grantors, contributors, laws, or regulations.
- *Unrestricted net position* consists of all other net positions that do not meet the definition of "net investment in capital assets" or "restricted net position" and is available for general use by the District.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The District provides certain health insurance benefits, in accordance with memoranda of understanding, to retired employees as detailed below:

All employees who retire after age 50 with at least 5 years of CalPERS service will receive the minimum health premium established under the Public Employees' Medical and Hospital Care Act (the PEMHCA Contribution). The minimum premium is $122 per month in 2015, and is expected to increase in future years.

Employees hired before July 1, 2010, retiring at the age of 50 or later with at least 5 years of District service, 10 years of CalPERS service, and retiring while in District service will receive the Additional Benefit Amount described below. Employees hired on or after July 1, 2010, are not eligible for the Additional Benefit Amount. However, they will be eligible for the PEMHCA Contribution, as described above.

Retirees under the age of 65

Single – $452.68 plus 90% of the rate increase in Kaiser Rate, with 2010 rate as the base, effective January 1, 2011, and annually thereafter, less PEMHCA Contribution.

2 Party (both under 65) – $822.20 plus 50% of the rate increase in Kaiser Rate, with 2010 rate as the base, effective January 1, 2011, and annually thereafter, less PEMHCA Contribution.

Family (all under 65) – $1,058.23 plus 50% of the rate increase in Kaiser Rate with 2010 rate as the base, effective January 1, 2011, and annually thereafter, less PEMHCA Contribution.

NOTE 9 -OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONT'D

Retirees over the age of 65

Single – $253.61 plus 90% of the rate increase in Kaiser Supplement / Managed Medicare Monthly Rate with 2010 rate as the base, effective January 1, 2011, and annually thereafter, less PEMHCA Contribution.

2 Party (both over 65) – $507.21 plus 50% of the rate increase in Kaiser Supplement / Managed Medicare Monthly Rate with 2010 rate as the base, effective January 1, 2011, and annually thereafter, less PEMHCA Contribution.

2 Party (one over 65) – $706.82 plus 50% of the rate increase in respective Kaiser rates with 2010 rate as the base, effective January 1, 2011, and annually thereafter, less PEMHCA Contribution.

Family (two over 65) – $760.82 plus 50% of the rate increase in Kaiser Supplement / Managed Medicare Monthly Rate with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

Family (one over 65) – $959.89 plus 50% of the rate increase in respective Kaiser rates with 2010 rate as the base, effective January 1, 2011 and annually thereafter, less PEMHCA Contribution.

The monthly amounts shown are pro-rated if the employee retirees with less than 20 years of service, including non-District but PERS-eligible service outside the District. After 10 years of service, the amount payable is 50%, 55% after 11 years, 60% after 12 years, etc.

Each retiree shall contribute the difference between his/her CalPERS Health Premium and the District paid PEMHCA Contribution and Additional Benefit Amount. In order to be eligible to receive health benefits through CalPERS upon retirement, District employees must meet the following definition of "annuitant" under CalPERS law:

1) Employees must be a member of CalPERS
2) Employees must be enrolled in the CalPERS Health Program; and
3) Employees must retire within 120 days of separation from employment with the District and receive a monthly retirement allowance from CalPERS.

Dental and vision benefits: If the retires with at least 20 years of District service, 100% of lifetime dental and vision premiums are paid for the retiree, spouse, and dependents.

Actuarial assumption

The District has determined that 6.5% is a reasonable estimate for the long-term expected rate of return on the plan's assets. A cash flow projection shows that if the assets in the irrevocable trust earn 6.5% per year, then the assets will always be sufficient to pay benefits to retired employees. Therefore, under the requirements of GASB Statement No. 75, 6.5% is an appropriate discount rate for these benefits.

The following assumptions as of June 30, 2019 were selected by the District in accordance with the requirements of GASB 75.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONT'D

Long-Term Expected Rate of Return on Investments:

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense, and inflation) are developed for each major asset class. The asset class percentage is taken from the current composition of the CERBT trust. The expected yields are taken from a recent CalPERS publication for the Pension Fund:

	% of Fund	Real return, next 10 years
Global equity	57%	5.25%
Fixed income	27%	0.99%
Treasury securities	5%	0.45%
Real estate trusts	8%	4.50%
Commodities	3%	3.90%
	100%	

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability(Assets)
Balance at June 30, 2019	$ 1,638,359	$ 1,255,861	$ 382,498
Changes In the Fiscal Year			
Service Cost	41,625	-	41,625
Interest	101,620	-	101,620
Differences between actual and expected experience	-	-	-
Assumption changes	-	-	-
Contribution from the Employer	-	149,951	(149,951)
Net Investment Income	-	44,361	(44,361)
Benefit Payments	(149,951)	(149,951)	-
Administrative Expenses	-	(613)	613
Net Changes	(6,706)	43,748	(50,454)
Balance at June 30, 2020	$ 1,631,653	$ 1,299,609	$ 332,044

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rates that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate 5.50%	Discount Rate 6.50%	Discount Rate 7.50%
Net OPEB Liability (Assets)	$ 536,857	$ 332,044	$ 164,196

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - CONT'D

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Decrease 1% 4.0%	Trend Rate 5.0%	Increase 1% 6.0%
Net OPEB liability (Assets)	$ 169,246	$ 332,044	$ 532,317

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, The District's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflow Of Resources	Deferred Inflow Of Resources
Differences between expected and actual experience	$ -	$ 76,365
Changes of assumptions	23,831	-
Net differences between projected and actual earnings on plan investments	32,138	13,889
Total	$ 55,969	$ 90,254

Amounts reported as deferred outflows/inflow of resources related to OPEB will be recognized as OPEB expenses as follows:

Fiscal Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2022	$ (7,397)
2023	668
2024	3,581
2025	2,801
2026	(4,649)
Thereafter	(29,289)
Total	$ (34,285)

NOTE 10 - DEFERRED COMPENSATION PLANS

The District offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are available to all employees. The District matches the employees' contribution up to a maximum of $100 per month. Part-time employees are eligible for the District's match on a pro-rata basis. The Omnibus Budget Reconciliation Act of 1990 mandates social security coverage for state and local government employees who are not covered by a retirement plan. The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 10 - DEFERRED COMPENSATION PLANS - CONT'D

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by a third-party administrator (AIG Valic and ING) for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

NOTE 11 - SUBSEQUENT EVENTS

The District has evaluated all subsequent events through August 28, 2024, the date through which the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure in the financial statements.

NOTE 12 - PRIOR PERIOD ADJUSTMENTS

A prior period adjustment has been made to correct the compensated absence liability, which was overbooked due to the inclusion of expenses already paid through payroll. This adjustment aligns the net positions with the current accounting treatment. The table below summarizes the cumulative restatements to the net position:

Beginning net position as previously reported at June 30, 2020.	$ 27,220,332
Prior period adjustments:	
Compensated absences	201,906
Total prior period adjustments	201,906
Net position as restated, July 1, 2020	$ 27,422,238

REQUIRED SUPPLEMENTARY INFORMATION

VALLEY OF THE MOON WATER DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021 (LAST 10 YEARS*)

Employer Fiscal Year End	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Proportion of the Net Pension Liability	0.06781%	0.06929%	0.06700%	0.06490%
Proportion share of NPL	$ 2,860,408	$ 2,774,735	$ 2,525,039	$ 2,558,062
Covered Employee Payroll	$ 1,395,253	$ 1,054,044	$ 1,385,647	$ 872,211
Proportionate share of NPL as a % of Covered employee payroll	205.01 %	263.25 %	182.23 %	293.28 %
Plan fiduciary net position as a % of total pension liability	70.49 %	77.73 %	71.45 %	70.00 %

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

VALLEY OF THE MOON WATER DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2021 (LAST 10 YEARS*)

Employer Fiscal Year End	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the Net Pension Liability	0.06430%	0.06540%	0.02119%
Proportion share of NPL	$ 2,232,821	$ 1,792,997	$ 1,318,413
Covered Employee Payroll	$ 748,727	$ 709,417	$ 665,327
Proportionate share of NPL as a % of Covered employee payroll	298.22 %	252.74 %	198.16 %
Plan fiduciary net position as a % of total pension liability	71.19 %	76.71 %	79.82 %

VALLEY OF THE MOON WATER DISTRICT
SCHEDULE OF PLAN CONTRIBUTIONS - PENSION
FOR THE YEAR ENDED JUNE 30, 2021 (LAST 10 YEARS*)

Employer Fiscal Year End	June 30, 2021	June 30, 2020	June 30, 2019
Contractual required contribution (actuarially Determined)	$ 108,762	$ 94,618	$ 245,295
Contributions in relation to the actuarially Determined Contributions	(108,762)	(94,618)	(245,295)
Contribution Deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 1,395,253	$ 1,054,044	$ 1,385,647
Contributions as a Percentage of covered employee payroll	7.80 %	8.98 %	17.70 %

Notes to Schedule of Plan Contributions

The actuarial methods and assumptions used to set the actuarially determined contributions for the Fiscal Year 2020-21 were from the June 30, 2019 public agency valuation report.

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.15%, net of investment expense, including inflation
Mortality	The mortality assumptions are based on mortality rates resulting from the CalPERS Experience Study adopted by the CalPERS Board, first used the CalPERS Experience Study adopted by the CalPERS Board, first used mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale BB.

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

VALLEY OF THE MOON WATER DISTRICT
SCHEDULE OF PLAN CONTRIBUTIONS - PENSION
FOR THE YEAR ENDED JUNE 30, 2021 (LAST 10 YEARS*)

Employer Fiscal Year End	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractual required contribution (actuarially Determined)	$ 173,332	$ 69,788	$ 132,577	$ 82,498
Contributions in relation to the actuarially Determined Contributions	(173,332)	(69,788)	(132,577)	(82,498)
Contribution Deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 872,211	$ 748,727	$ 709,417	$ 665,327
Contributions as a Percentage of covered employee payroll	19.87 %	9.32 %	18.69 %	12.40 %

VALLEY OF THE MOON WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

Reporting Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability				
Service cost	$ 41,625	$ 39,656	$ 38,501	$ 37,380
Interest on the total	101,620	105,203	105,008	103,787
Employer contributions	-	-	-	(90,109)
Net investment income	-	-	-	(104,895)
Benefit payments	(149,951)	(126,341)	(154,677)	-
Differences between actual and expected experience	-	(89,881)	-	-
Changes of assumptions	-	28,049	-	-
Administrative Expense	-	-	-	532
Net change in total OPEB liability	(6,706)	(43,314)	(11,168)	(53,305)
Total OPEB liability - beginning	1,638,359	1,681,673	1,692,841	648,339
Total OPEB liability - ending	1,631,653	1,638,359	1,681,673	595,034
Plan's fiduciary net position				
Contributions - employer	149,951	126,341	154,677	-
Net investment income	44,361	72,998	85,894	-
Benefit payments, including implicit subsidies net of retiree contributions	(149,951)	(126,341)	(154,677)	-
Administrative expense	(613)	(253)	(585)	-
Net change in plan's fiduciary net position	43,748	72,745	85,309	-
Plan's Fiduciary Net Position - beginning	1,255,861	1,183,116	1,097,807	-
Plan's Fiduciary Net Position - ending	1,299,609	1,255,861	1,183,116	-
Net OPEB Liability - ending	$ 332,044	$ 382,498	$ 498,557	$ -
Plan's fiduciary net position as a percentage of the Total OPEB Liability	79.65%	76.65%	70.35%	64.85%
Covered employee payroll	$ 1,312,798	$ 1,037,810	$ 951,934	$ 949,129
Plan net OPEB liability as percentage of covered employee payroll	25.29%	36.86%	52.37%	62.69%

*Fiscal year 2018 was the first year of implementation, therefore only four years are shown.

VALLEY OF THE MOON WATER DISTRICT
SCHEDULE OF PLAN CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2021

Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019
Actuarially determined contribution (ADC)	$ 149,951	$ 126,341	$ 154,677
Contributions in relation to the ADC	149,951	126,341	154,677
Contribution deficiency (excess)	-	-	-
Covered - employee payroll	$ 1,312,798	$ 1,037,810	$ 951,934
Contributions as a % of covered-employee payroll	11.42 %	12.17 %	16.25 %

COMPLIANCE SECTION

HARSHWAL®
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Valley of the Moon Water District
EL Verano, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Valley of the Moon Water District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 28, 2024.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Oakland, California
August 28, 2024

VALLEY OF THE MOON WATER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULT

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No

SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENT

2021-001 – Internal Control Over Financial Close and Reporting (Material Weakness)

Condition:

The District lacks an effective internal control structure over financial close and reporting to allow accurate financial reporting. During our audit, the following issues were noted related to the District's financial close and reporting process:

- There were unsupported accounts receivable and accounts payable balances of the District at year end. The District lacks controls to ensure all accounts receivable and accounts payable are reconciled during the year or at year-end.
- During our audit, we noted unreconciled differences between the general ledger and bank reconciliations at year-end for the bank account. The District lacks procedures to ensure that monthly bank reconciliations are completed in a timely manner, reviewed, and discrepancies between the bank and accounting records are resolved.

Criteria:

Concepts Statement of the Governmental Accounting Standards Board (GASBCS 1, paragraphs 62 and 64) states: Financial reporting is the means of communicating financial information to users. For this communication to be effective, information in financial reports must have these basic characteristics: understandability, reliability, relevance, timeliness, consistency, and comparability. Financial reporting should be reliable; that is, the information presented should be verifiable and free from bias and should faithfully represent what it purports to represent. To be reliable, financial reporting needs to be comprehensive.

Cause:

Lack of established internal controls and processes over financial reporting to ensure accurate financial reporting and operation.

Effect:

The District's financial statements contained material misstatements, which required adjustments. Without established and effective internal controls and year-end reconciliation procedures, the District's balances lack certainty as to the accuracy of the balances.

Recommendation:

We recommend that management evaluate all aspects of the financial close and reporting processes and establish effective internal controls and procedures to ensure accurate financial statements and supporting schedules.

Management Response:

SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENT - CONT"D

2021-002 – Internal Control Over Financial Close and Reporting (Material Weakness) - Capital Asset Listing

Condition:

Adequate internal controls were not in place to ensure the capital asset listing was complete and included all capital assets.

Criteria:

Management is responsible for establishing internal controls over capital assets to allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. Controls should include presenting complete and accurate capital asset listing.

Cause:

The internal controls were not adequately designed and implemented to ensure that the cumulative capital asset was completed.

Effect:

Internal control weakness as an opportunity exists for misstatements to go undetected and uncorrected.

Recommendation:

We recommend that the District review its current internal controls over capital assets. These controls should include a thorough review of the cumulative capital assets listing to ensure the completeness and proper classification of assets.

Management Response:

VALLEY OF THE MOON WATER DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Prior Year Audit Recommendations		Status
2020-001	Internal Control Over Financial Close and Reporting (Material Weakness)	Repeated and Modified