

RUNNING SPRINGS WATER DISTRICT

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2023

Running Springs Water District
Annual Financial Report
Year Ended June 30, 2023

TABLE OF CONTENTS

	PAGE
I. INTRODUCTORY SECTION	
Letter of Transmittal	i - vii
II. FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion & Analysis	4 - 12
Basic Financial Statements:	
Statements of Net Position	13 - 14
Statements of Revenues, Expenses and Changes in Net Position	15 - 16
Statements of Cash Flows	17 - 20
Statements of Fiduciary Net Position – Custodial Funds	21
Statements of Changes in Fiduciary Net Position – Custodial Funds	22
Notes to Financial Statements	23 - 45
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability	46
Schedule of Plan Contributions	47
Schedule of Changes in the District's Net OPEB Liability	48

INTRODUCTORY SECTION



RUNNING SPRINGS WATER DISTRICT
A MULTI-SERVICE INDEPENDENT SPECIAL DISTRICT

31242 Hilltop Boulevard • P.O. Box 2206
Running Springs, CA 92382

November 10, 2023

Board of Directors
Running Springs Water District

Subject: Letter of Transmittal for Annual Financial Report and Independent Auditor's Report for the Fiscal Years Ending June 30, 2023 and 2022

Honorable Directors:

We are pleased to provide you with this letter of transmittal for the Running Springs Water District's (District) Annual Financial Report and Independent Auditor's Report for the Fiscal Year Ending (FYE) June 30, 2023. The intended purpose of the financial report is to provide the Board of Directors, the customers of the District and other interested parties with reliable information on the finances of the District. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Van Lant & Fankhanel, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the FYE June 30, 2023, are free of material misstatement. The independent auditor concluded, based upon the audit, that in their opinion the District's financial statements for the FYE June 30, 2023 present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the District as of June 30, 2023 and the changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The District's MD&A can be found immediately following the Independent Auditor's Report in the financial section of this report.

In addition to the required components of the Financial Report, the District has elected to prepare this Letter of Transmittal. This Letter of Transmittal is intended to discuss the District's accomplishments and future direction. It is designed to complement the MD&A and should be read in conjunction with it.

DISTRICT OVERVIEW

The Running Springs Water District ("RSWD" or "District") is a local public agency charged under the laws of the United States of America and the State of California, as well as our own District policies and regulations, with the duty of supplying and maintaining water service, providing fire and emergency medical care services and operating wastewater collection, treatment and disposal facilities for the residents, users and taxpayers of this community.

The District is an independent special district that was formed in 1958 and established under Division 12 of the California Water Code. In 1962, the District established a Fire Department to provide fire protection services for its service area. In 1976, a sewage disposal system was completed to provide sewer service for the District and certain communities upstream of the District. In 1983, ambulance service was established.

The District is a multi-service organization that presently operates four departments: a water department that provides retail water distribution, a fire department that provides fire protection, an ambulance department that provides pre-hospital emergency medical aid service, and a wastewater department that collects, treats, and disposes of the area's wastewater. The District's service area is approximately five square miles.

The District's power and authority is primarily regulated and defined by Division 12, Sections 30000-33901 of the California Water Code. The District's operations are governed by a five-member Board of Directors elected by registered voters in the community.

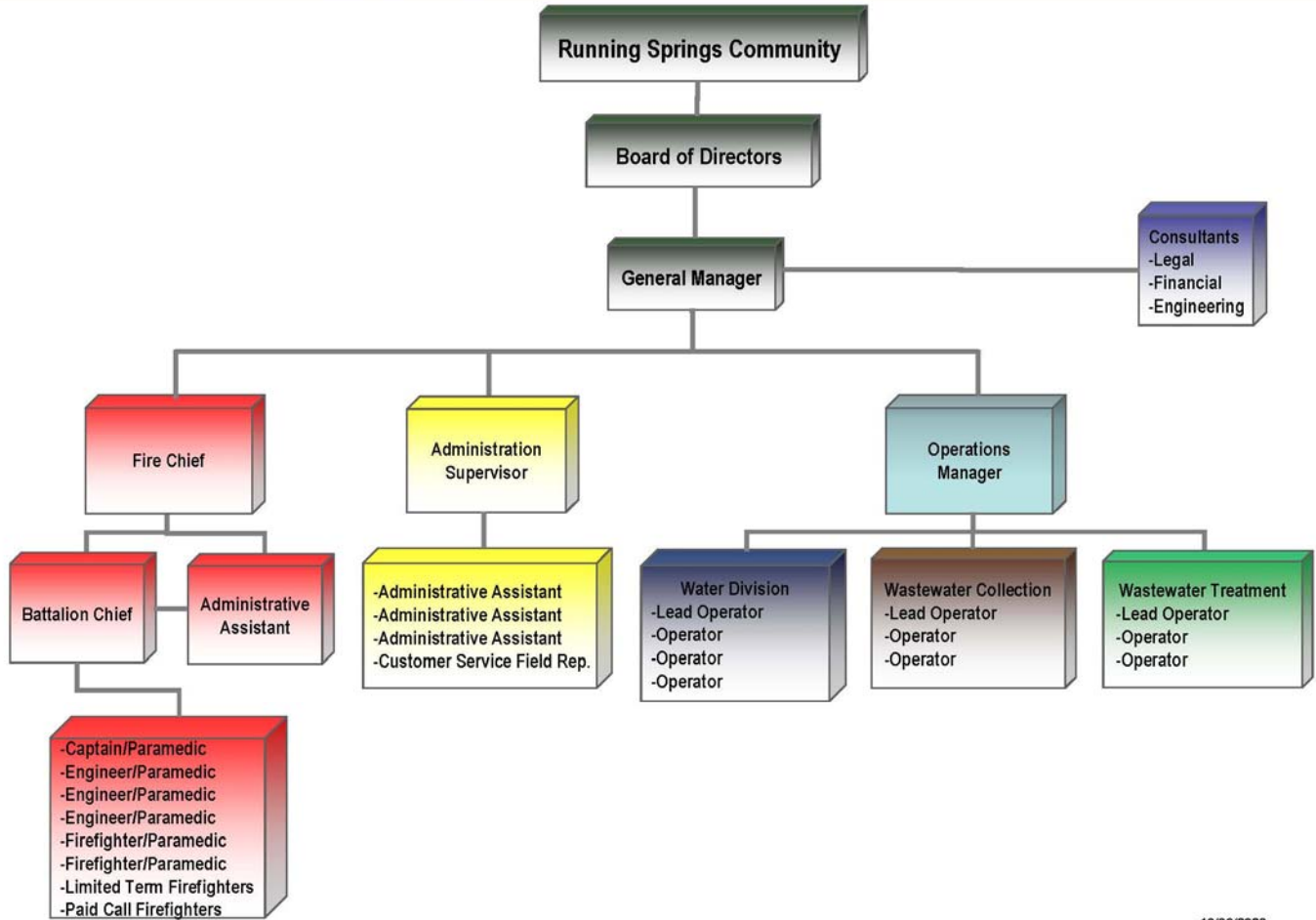
Business-Type Activities

The District's Business-Type Activities include water, wastewater collection, wastewater treatment, ambulance and fire protection services where the fees for these services typically cover all or most of the cost of operation including depreciation.

Staffing & Organizational Chart

Day-to-day management of the District is delegated to the General Manager of the District who reports directly to the locally elected Board of Directors. Reporting to the General Manager are the four department heads: Fire Chief, Administration Supervisor and Operations Manager. The following figure shows the current organization of the District.

Running Springs Water District Organizational Chart



10/30/2023

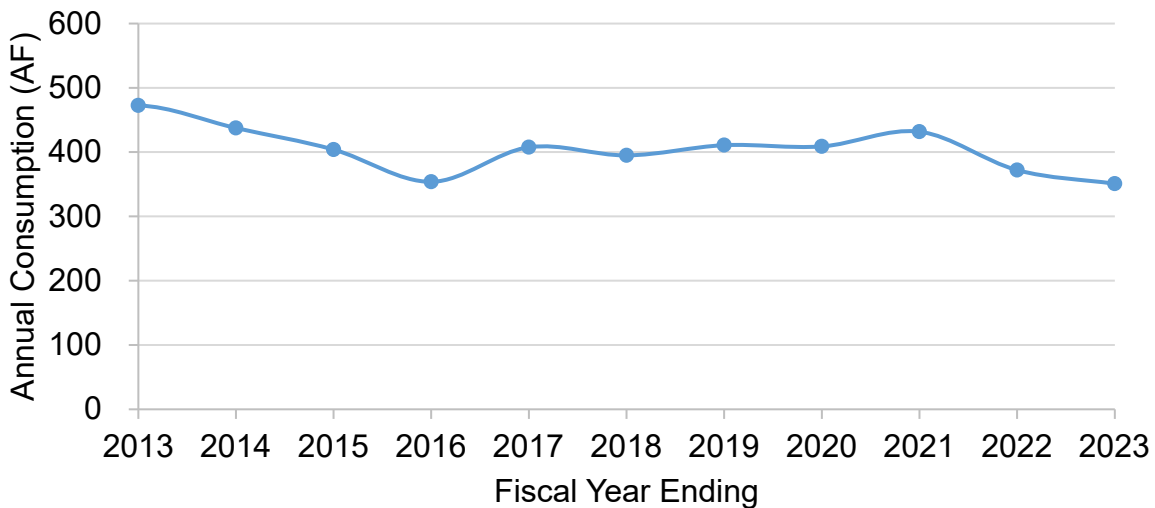
LOCAL ENVIRONMENT

Running Springs is an unincorporated area governed by the County of San Bernardino. The population of the District according to the 2020 US Census was 5,268.

WATER RESOURCES MANAGEMENT

The District typically produces more than 50% of its water supply from local District owned groundwater wells. Additional imported groundwater is purchased from Arrowbear Park County Water District and State Water Project water from the Crestline-Lake Arrowhead Water Agency (CLAWA). The District’s water consumption trend is shown on the following chart. The amount of purchased water varies with local groundwater production that is tied to precipitation and groundwater well recharge.

Water Consumption Trend



WASTEWATER MANAGEMENT

The District must comply with local, state and federal regulations governing the collection, treatment and disposal of the Community’s wastewater. The agencies regulating the District’s wastewater activities include: The State Regional Water Quality Control Board (RWQCB), California Department of Public Health (CDPH), San Bernardino County Environmental Health and the United States Forest Service (USFS). The District’s Wastewater system is operated under a set of Waste Discharge Requirements (WDR) as part of the Santa Ana Regional Board Order No. 87-8 issued February 11, 1987 by the RWQCB.

The District developed and implemented a Sewer System Management Plan (SSMP) in 2010 to improve its spill prevention and inflow and infiltration (I/I) prevention programs. The SSMP was most recently updated in 2023. The primary goal of the program is to prevent all spills from the wastewater collection system. Activities related to minimizing I/I are ongoing. In March 2023 the District took over the Green Valley Lake wastewater collection system.

FEES AND CHARGES

The District's fees and charges are collected through monthly bills, the County of San Bernardino tax roll, ambulance fees and charges and capacity/connection fees for new development. The monthly charges for water and wastewater service consist of a fixed component and a variable usage component.

For the fiscal years ending 2015-2023 water and wastewater rates were adjusted to increase revenue to cover operating expenses and fund operating and capital reserve funds. These rate increases were needed in order to fund several deferred capital replacement projects, to replace aging infrastructure and to fund cash reserves to the levels set forth in the District's Cash Reserve Policy.

FINANCIAL PLANNING

In 2019, the District prepared a Water and Wastewater Rate Study. The District continues its focus on maintaining the necessary cash fund balances for the financial stability of the District and has adopted a Cash Reserve Policy as a guideline to achieve minimum cash balances in each of its reserve funds. The District's Cash Reserve Policy is a guideline for the priorities of operational revenue sources with the Operating Funds receiving the highest priority. After operational costs and debt service are covered, any free cash flow from operations moves into the Capital Improvement Funds up to an amount equal to annual depreciation plus 10%. Any remainder goes to the Rate Stabilization Funds for a balance not to exceed 20% of annual budgeted revenue.

ACCOUNTING AND INTERNAL CONTROLS

The Administration Division is responsible for providing the financial services for the District, including financial accounting and reporting, payroll, accounts payable, budgeting, billing and collection of service charges, taxes, and other revenues. An outside consultant is used for special financial accounting, audit preparation and other analysis.

The District's management is responsible for establishing and maintaining a system of internal controls designed to safeguard the District's assets from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The system of internal controls is designed to provide reasonable assurance, not absolute, that these objectives are met. When establishing or reviewing controls, management must recognize that the cost to implement a control should not exceed the benefits likely to be derived, and that in order to assess cost versus benefit, estimates and judgment on the part of management will be required. All internal control evaluations occur within the above framework. Management believes the current system of internal controls adequately safeguards the District's assets and provides reasonable assurance that accounting transactions are properly recorded.

BUDGETARY CONTROLS

The Board of Directors adopts an annual budget each year which is used as a management control tool for each of the District's divisions. Comparison information is presented to the Board quarterly to monitor revenues and expenditures and provides information regarding any major variances from budget. In addition, monthly comparison reports are provided to all department supervisors to monitor expenditures and to plan the year as it progresses in an effort to stay within the adopted budget.

FINANCIAL CONDITION

The Management's Discussion and Analysis (MD&A), which can be found immediately following the Independent Auditor's Report in the financial section of this report, summarizes the Statements of Net Position and Statements of Activities and reviews the changes (from the beginning to the end of the period and current year to the prior year). The actual financial statements are presented on pages 13 through 20. These statements are intended to present the District in a more corporate-style basis and provide a view of the big picture.

Additionally, the fund financial statements (starting on page 13) are designed to address the individual funds by category (proprietary, as well as the fiduciary fund). An explanation of these complementary presentations can be found in the MD&A and in the notes (see Note 1).

Liquidity is the ability to cover short-term obligations. The Proprietary Fund is similar to a business so the current ratio, which is a measurement of liquidity, can be helpful in assessing the liquidity of the District. The current ratio decreased from 11.24 at June 30, 2022 to 7.91 at June 30, 2023. The current ratio from the above condensed summary is as follows:

	<u>2023</u>	<u>2022</u>
Current Ratio		
Current Assets	\$ 13,480,727	\$ 8,455,174
Current Liabilities	1,703,239	751,955
Current Ratio	7.91	11.24

However, since the current assets subtotal includes assets that are not immediately liquid, such as inventory, a more rigorous form of the ratio includes only cash, temporary investments and receivables. The following calculation shows that ratio as 10.59 at June 30, 2022 decreased to 7.53 at June 30, 2023.

Quick Ratio (more rigorous)	2023	2022
Cash	\$ 322,893	\$ 130,318
Temporary Investments	10,868,562	6,538,479
Receivables	1,636,488	1,290,684
Cash, Temporary Investments and Receivables	\$ 12,827,943	\$ 7,959,481
Cash, Temporary Investments and Receivables	\$ 12,827,943	\$ 7,959,481
Current Liabilities	1,703,239	751,955
	7.53	10.59

This decrease in ratio indicates a decrease in the ability of the District to cover short-term obligations.

Solvency is the ability to pay all debts. The debt ratio indicates the District's long-term debt paying ability. The following debt ratio calculation increased from 0.33 at June 30, 2022 to 0.41 at June 30, 2023:

Debt Ratio	2023	2022
Total Liabilities	\$ 14,482,021	\$ 9,814,221
Total Assets	34,943,325	29,468,791
Debt Ratio	0.41	0.33

The above calculation is the conservative computation of debt ratio of the Proprietary Fund because it includes all liabilities. The lower the ratio, the better the debt-paying position of the District.

We would like to thank the District staff and consultants for their hard work in the preparation of this report and for the information they provide to management, the Board of Directors and to our outside auditors. We would also like to thank the Board of Directors for their support of our efforts to position the District for long-term financial health which benefits all the citizens of the community we serve.

Respectfully submitted,


 Ryan Gross
 General Manager


 Rogers, Anderson, Malody & Scott, LLP (RAMS)
 District Financial Consultant

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Running Springs Water District
Running Springs, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Running Springs Water District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Running Springs Water District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Basis for Opinions

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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Van Lant & Fankhanel, LLP

29970 Technology Drive, Suite 105 A
Murrieta, CA 92563
909.856.6879

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 the 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2023, 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 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 the District's internal control over financial reporting and on compliance.

Van Lant & Fankhaed, LLP

November 10, 2023

Management's Discussion and Analysis

Our discussion and analysis of Running Springs Water District's financial performance provides an overview of the District's financial activities for the fiscal years ending (FYE) June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal (beginning on page i) and the District's basic financial statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

- The District's total net position increased by \$5,752,371 as of June 30, 2023 primarily due to an annexation of Green Valley Lake (GVL) sewer service and a decrease of actuarial pension expense.
- Total operating revenues increased \$475,416 (8%) for the year ended June 30, 2023 primarily due to GVL sewer service revenue and non-operating revenue increased \$328,168 (14%) primarily due to an increase of property tax and investment earnings. Capital contribution by annexation of GVL sewer service increased the net position by \$3,260,418.
- Total operating expenses decreased \$1,444,053 (18%) for the year ended June 30, 2023 primarily due to a decrease of actuarial pension expense and non-operating expense decreased \$4,751 (8%) primarily due to a decrease of interest on long-term debt.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Required statements for proprietary funds are: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Net Position, and 3) Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting.

The **Statement of Net Position** presents information on all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases and decreases in net position can serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Nonfinancial factors should also be considered to assess the overall financial position of the District.

The **Statement of Revenues, Expenses and Changes in Net Position** reports the changes that have occurred during the year to the District's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported for some items that will result in cash flows in the subsequent years.

The **Statement of Cash Flows**, as the name implies, is concerned solely with flows of cash and cash equivalents. Only transactions that affect the District's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from noncapital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

The *Fiduciary Fund* financial statements include: **Statements of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position**, which consist solely of trust and custodial funds and are used to account for resources held for the benefit of parties outside the government (i.e. Assessment Districts). Fiduciary funds are *not* reflected in the *Statement of Net Position* and *Statement of Revenue, Expenses, and Changes in Net Position* because the resources of the fund are *not* available to support the District's own programs. Fiduciary funds are custodial in nature and, therefore, the accounting used does not involve the measurement of the results of operations. The basic fiduciary fund financial statements can be found on pages 21-22 of the Basic Financial Statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 23-45 of the Basic Financial Statements.

OVERVIEW OF SUPPLEMENTARY INFORMATION

This annual financial report includes required supplementary information and other supplementary information. The required supplementary information consists of a *Schedule of the Districts Proportionate Share of the Net Pension Liability*, *Schedule of Plan Contributions* and related notes. The other schedules will eventually provide 10 years of information related to the Districts pension plan and OPEB liability.

Additional supplementary information is presented for the Fiduciary Custodial Funds which include two statements: *Combining Statement of Fiduciary Net Position* and *Combining Statement of Changes in Fiduciary Net Position*

FINANCIAL ANALYSIS

The following condensed financial information summarizes the district net position:

Condensed Statements of Net Position

	2023	2022	Change
ASSETS			
Current Assets	\$ 13,480,727	\$ 8,455,174	\$ 5,025,553
Noncurrent Assets	21,462,598	21,013,617	448,981
Total Assets	<u>34,943,325</u>	<u>29,468,791</u>	<u>5,474,534</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>4,466,113</u>	<u>2,334,699</u>	<u>2,131,414</u>
LIABILITIES			
Current Liabilities	1,703,239	751,955	951,284
Noncurrent Liabilities	12,778,782	9,062,266	3,716,516
Total Liabilities	<u>14,482,021</u>	<u>9,814,221</u>	<u>4,667,800</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,432,981</u>	<u>4,247,204</u>	<u>(2,814,223)</u>
NET POSITION			
Net Investment in Capital Assets	18,914,931	18,259,332	655,599
Restricted for:			
Debt Service	260,871	260,871	-
Wastewater Expansion	168,567	142,224	26,343
Unrestricted (deficit)	4,150,067	(920,362)	5,070,429
Total Net Position	<u>\$ 23,494,436</u>	<u>\$ 17,742,065</u>	<u>\$ 5,752,371</u>

- The assets of Running Springs Water District increased by \$5,474,534. The most significant changes are an increase in cash and temporary investments and capital asset due to primarily the annexation of GVL sewer service and the result of the increase in net position.
- The Running Springs Water District's total liabilities increased by \$4,667,800. The key factors in the increase are unearned grant revenues and net pension liabilities.
- Net position may serve over time as a useful indicator of a district's financial position. In the case of the Running Springs Water District, net position was \$23,494,436 at the close of June 30, 2023. Of this amount, \$4,150,067 (*unrestricted net position*) may be used to meet the District's ongoing obligations to customers and creditors. Although these amounts are presented in the aggregate, the District must follow certain laws related to the spending of revenues which involve Proposition 218. Water and Sewer resources can only be spent on expenses, programs or projects related to the respective revenue source.
- The big increase of \$5,752,371 for the year June 30, 2023, is due to the capital contribution by annexation of GVL sewer service, property tax revenue increase and decrease of actuarial pension expense. Operating revenues increased 8%, and expenses decreased 18%.

The following condensed financial information summarizes the changes in the district net position:

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

	2023	2022	Increase (Decrease)
Operating Revenues			
Water	\$ 2,233,332	\$ 2,257,702	\$ (24,370)
Sewer Collection	1,260,416	1,206,467	53,949
Sewer Treatment	1,445,465	1,692,877	(247,412)
Sewer Service - GVL	329,281	-	329,281
Ambulance & Fire	1,270,219	906,251	363,968
Total Operating Revenues	<u>6,538,713</u>	<u>6,063,297</u>	<u>475,416</u>
Operating Expenses			
Water Department	1,209,019	2,571,640	(1,362,621)
Sewer Collection	721,999	1,103,369	(381,370)
Sewer Treatment	1,169,550	1,578,369	(408,819)
Sewer Service - GVL	272,599	-	272,599
Ambulance & Fire Department	3,412,251	2,976,093	436,158
Total Operating Expenses	<u>6,785,418</u>	<u>8,229,471</u>	<u>(1,444,053)</u>
Operating Income (Loss)	(246,705)	(2,166,174)	1,919,469
Non-Operating Revenues	2,721,724	2,393,556	328,168
Non-Operating Expenses	(51,885)	(56,636)	4,751
Income (Loss) Before Property Contributions and Transfers	2,423,134	170,746	2,252,388
Transfers In			
Capital contributions	3,329,237	86,994	3,242,243
Change in Net Position	<u>5,752,371</u>	<u>257,740</u>	<u>5,494,631</u>
Net Position, Beginning of Year	17,742,065	17,484,325	257,740
Net Position, End of Year	<u>\$ 23,494,436</u>	<u>\$ 17,742,065</u>	<u>\$ 5,752,371</u>

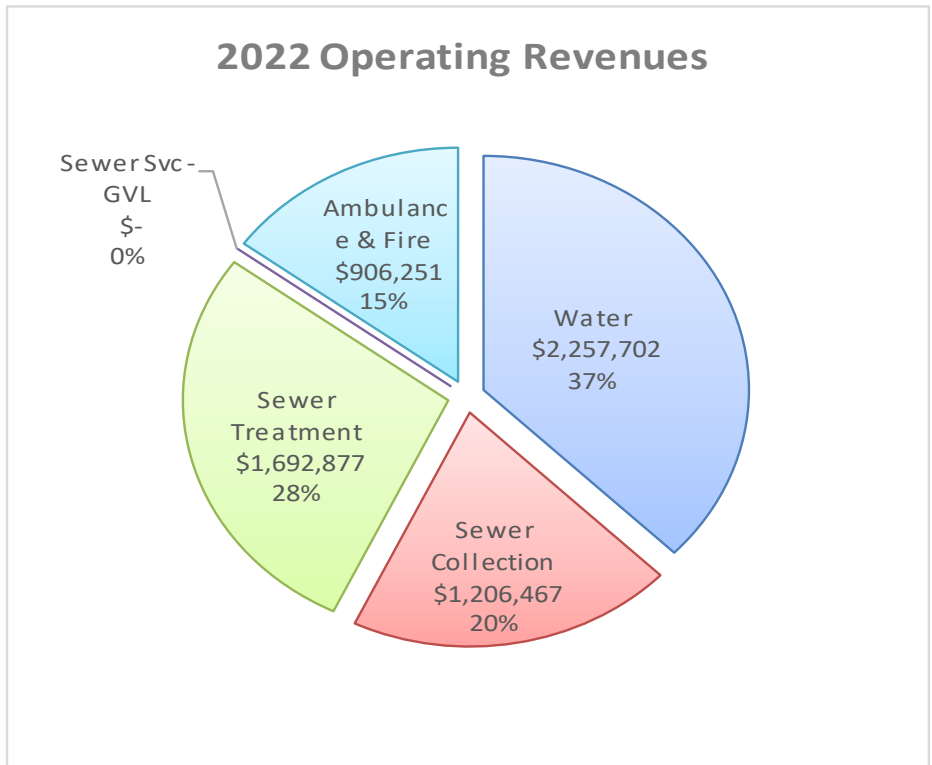
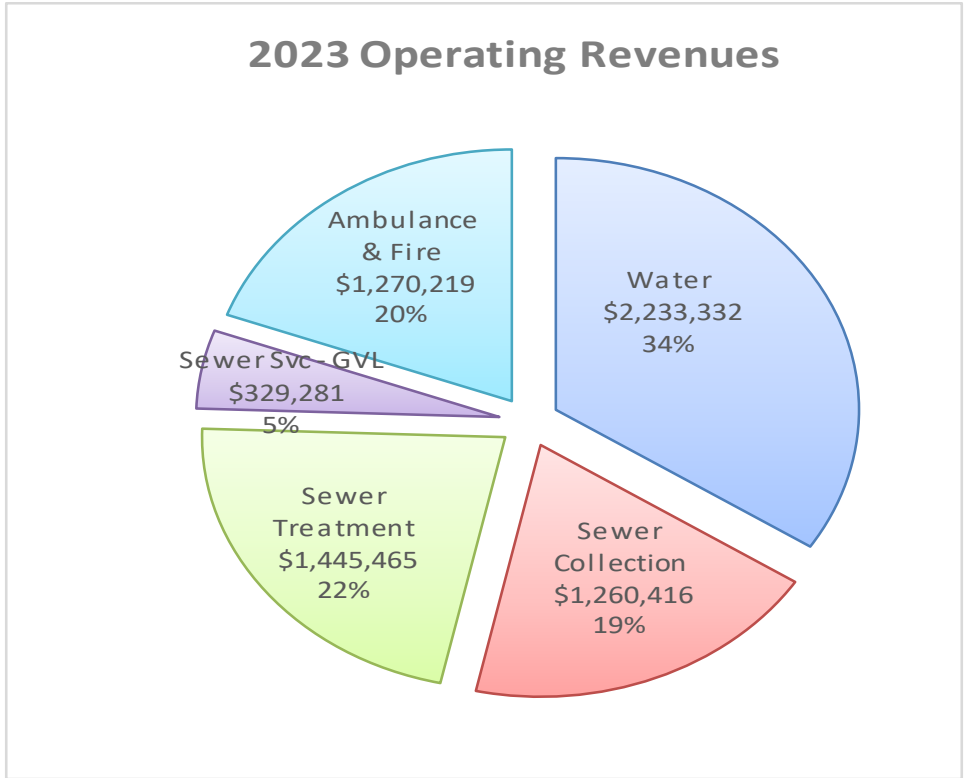
Financial Analysis by Department

Below is condensed information by department.

Condensed Summary of Schedules of Revenues, Expenses, and Changes in Net Position by Departments										
	Water Department		Sewer Collection		Sewer Treatment		Sewer Service - GVL		Ambulance & Fire Departmen	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating Revenues	\$2,233,332	\$2,257,702	\$ 1,260,416	\$1,206,467	\$1,445,465	\$1,692,877	\$ 329,281	\$ -	\$ 1,270,219	\$ 906,251
Operating Expenses	1,209,019	2,571,640	721,999	1,103,369	1,169,550	1,578,369	272,599	-	3,412,251	2,976,093
Operating Income (Loss)	<u>1,024,313</u>	<u>(313,938)</u>	<u>538,417</u>	<u>103,098</u>	<u>275,915</u>	<u>114,508</u>	<u>56,682</u>	<u>-</u>	<u>(2,142,032)</u>	<u>(2,069,842)</u>
Nonoperating Revenues	124,712	74,452	29,273	12,676	28,937	20,977	21,528	-	2,517,274	2,285,451
Nonoperating Expenses	(11,341)	(13,650)	(40,544)	(42,986)	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>113,371</u>	<u>60,802</u>	<u>(11,271)</u>	<u>(30,310)</u>	<u>28,937</u>	<u>20,977</u>	<u>21,528</u>	<u>-</u>	<u>2,517,274</u>	<u>2,285,451</u>
Income (Loss) before Capital Contributions	1,137,684	(253,136)	527,146	72,788	304,852	135,485	78,210	-	375,242	215,609
Capital Contributions	28,062	19,434	33,454	5,815	-	-	3,260,418	-	7,303	61,745
Transfers In/(Out)	-	-	-	(156,135)	-	156,135	-	-	-	-
Change in Net Position	<u>\$1,165,746</u>	<u>\$ (233,702)</u>	<u>\$ 560,600</u>	<u>\$ (77,532)</u>	<u>\$ 304,852</u>	<u>\$ 291,620</u>	<u>\$3,338,628</u>	<u>\$ -</u>	<u>\$ 382,545</u>	<u>\$ 277,354</u>

The condensed summary above shows that all departments reported an increase of change in net position for the year ended June 30, 2023. For the year ended June 30, 2022, the summary shows that Water and WW Collection departments reported a decrease and WW Treatment and Ambulance and Fire departments reported an increase of change in net position.

The following graph shows the breakdown of operating revenues:



CAPITAL ASSETS

The Running Springs Water District's investment in capital assets as of June 30, 2023 and 2022 amounts to \$21,462,373 and \$21,013,617 (net of accumulated depreciation) respectively. The investment at June 30, 2023 represents a net increase (including additions and deductions) of \$448,981 (2%). \$676,998 of additions was due to the annexation of the GVL service area. The investment in capital assets includes land, buildings, improvements, water systems, sewer collection and treatment systems, fire trucks, ambulances, trucks, automobiles, machinery, equipment, and office furniture and equipment.

Capital Assets at Year-end (Net of Depreciation)

	2023	2022	Increase (Decrease)
Land and Land Rights	\$ 1,429,332	\$ 1,429,332	\$ -
Construction in Progress	293,913	472,344	(178,431)
Water Plant and Facilities	6,660,161	6,439,984	220,177
Sewer Plant and Facilities	11,577,135	11,225,806	351,329
Furniture and Equipment	409,513	339,865	69,648
Trucks and Automobiles	572,066	557,900	14,166
Structures and Improvements	159,981	173,685	(13,704)
Fire Trucks and Mounted Equipment	137,828	181,038	(43,210)
Special Purpose Equipment	182,546	136,259	46,287
Office Equipment	2,438	4,958	(2,520)
Shop and Station Equipment	3,989	10,915	(6,926)
Communication Equipment	33,696	41,531	(7,835)
	<u>\$21,462,598</u>	<u>\$21,013,617</u>	<u>\$ 448,981</u>

The most significant construction-in-progress jobs open at June 30, 2023 include the followings:

- SCADA System Improvements
- GIS Water & Sewer Atlas Mapping
- Nordic Hydro Zone Improvements
- ROWCO Water System Improvements
- Valley View 4-in Steel Main Replacement
- Harris Property Building

Additional information on the Running Springs Water District's capital assets can be found in Note 5 on pages 33-34 of the Basic Financial Statements.

NONCURRENT LIABILITIES

The District's noncurrent liabilities at June 30, 2023 and 2022 are \$12,778,783 and \$9,062,266 respectively. Other than the net pension liability and total OPEB liability, both 2023 and 2022 liabilities included compensated absences and bonds payable (net of all amounts due within one year).

Noncurrent Liabilities

	2023	2022	Increase (Decrease)
Bonds and Notes Payable:			
Sewer Treatment, SWRCB 2014 Installment Payable	\$ 2,091,360	\$ 2,220,703	\$ (129,343)
Water Supply, 2015 Installment Payable, Ayers	125,310	184,867	(59,557)
Water, SWRCB AMR Installment Payable	330,997	348,714	(17,717)
Total Bonds and Notes Payable	<u>2,547,667</u>	<u>2,754,284</u>	<u>(206,617)</u>
Compensated Absences	464,977	414,027	50,950
Total OPEB Liability	832,899	1,022,329	(189,430)
Net Pension Liability	9,237,669	5,161,048	4,076,621
Less: Current Portion	(304,430)	(289,422)	(15,008)
Noncurrent Portion	<u>\$ 12,778,782</u>	<u>\$ 9,062,266</u>	<u>\$ 3,716,516</u>

The District paid principal payments on the bonds and notes payable of \$206,617 during the year ended June 30, 2023.

Additional information on the Running Springs Water District's noncurrent liabilities can be found in Note 7 on pages 34-36 of the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Running Springs Water District is located where there is not much opportunity for growth in the form of new development. The District provides mutual fire service aid to Arrowbear with no financial compensation and incurs shared wastewater transportation, treatment and disposal costs for upstream users who are billed for reimbursement. The Green Valley Lake wastewater collection service area was annexed into the District's service area in 2023. This added approximately 1,200 sewer customers.

For the fiscal years ending 2020-2024 water and wastewater rates will be adjusted to increase revenue to cover operating expenses and fund operating and capital reserve funds. The rate increases are needed in order to fund several deferred capital replacement projects, to replace aging infrastructure and to fund cash reserves to the levels set forth in the District's Cash Reserve Policy.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Running Springs Water District's finances for all those with an interest in the District's finances. Questions concerning this report or requests for additional financial information should be addressed to the General Manager, Running Springs Water District, PO Box 2206, Running Springs, California, 92382.

BASIC FINANCIAL STATEMENTS

Running Springs Water District
Statements of Net Position
June 30, 2023 (2022 for Comparative Purposes Only)

	Water		Sewer Collection	
	2023	2022	2023	2022
ASSETS				
Current Assets:				
Cash	\$ 950	\$ 950	\$ 50	\$ 50
Temporary Investments	2,649,782	2,570,898	1,285,277	932,271
Receivables:				
Customers - Net of Allowances	208,611	224,952	213,997	199,379
Other	37,218	36,055	12,579	11,960
Taxes	1,201	1,518	9,271	4,441
Interest	26,119	5,084	13,132	1,963
Material and Supplies Inventory	72,987	68,905	20,796	19,142
Prepaid Expenses	38,616	3,650	15,458	273
Restricted:				
Cash	229,992	231,558	199,446	171,537
Total Current Assets	<u>3,265,476</u>	<u>3,143,570</u>	<u>1,770,006</u>	<u>1,341,016</u>
Noncurrent Assets:				
Capital Assets Not Being Depreciated:				
Land	688,492	688,492	326,164	326,164
Construction in Progress	243,822	428,351	49,036	43,993
Capital Assets, Net of Accumulated Depreciation	6,980,396	6,630,635	5,630,044	5,805,610
Total Noncurrent Assets	<u>7,912,710</u>	<u>7,747,478</u>	<u>6,005,244</u>	<u>6,175,767</u>
Total Assets	<u>11,178,186</u>	<u>10,891,048</u>	<u>7,775,250</u>	<u>7,516,783</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Items	1,578,835	828,138	364,346	191,109
Deferred OPEB Related Items	69,065	87,148	24,561	30,991
Total Deferred Outflows of Resources	<u>1,647,900</u>	<u>915,286</u>	<u>388,907</u>	<u>222,100</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	34,702	62,945	11,438	16,112
Interest Payable	4,135	4,855	26,672	28,322
Other Payables	16,900	56,970	-	-
Unearned Revenue	35,262	37,250	6,944	13,419
Current Portion of Long-term Liabilities	108,326	104,617	138,756	135,246
Total Current Liabilities	<u>199,325</u>	<u>266,637</u>	<u>183,810</u>	<u>193,099</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Liabilities	4,240,700	3,026,717	2,891,485	2,730,638
Total Noncurrent Liabilities	<u>4,240,700</u>	<u>3,026,717</u>	<u>2,891,485</u>	<u>2,730,638</u>
Total Liabilities	<u>4,440,025</u>	<u>3,293,354</u>	<u>3,075,295</u>	<u>2,923,737</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Items	580,798	1,964,968	134,030	453,454
Deferred OPEB Related Items	91,505	-	32,540	-
Total Deferred Inflows of Resources	<u>672,303</u>	<u>1,964,968</u>	<u>166,570</u>	<u>453,454</u>
NET POSITION				
Net Investment in Capital Assets	7,456,403	7,213,897	3,913,884	3,955,064
Restricted for Debt Service	89,334	89,334	171,537	171,537
Restricted for Wastewater Expansion	140,658	142,224	27,909	-
Unrestricted (deficit)	27,363	(897,443)	808,962	235,091
Total Net Position	<u>\$ 7,713,758</u>	<u>\$ 6,548,012</u>	<u>\$ 4,922,292</u>	<u>\$ 4,361,692</u>

Sewer Treatment		Sewer Service - GVL		Ambulance and Fire		Total	
2023	2022	2023	2022	2023	2022	2023	2022
\$ -	\$ -	\$ -	\$ -	\$ 321,893	\$ 129,318	\$ 322,893	\$ 130,318
1,747,069	1,537,287	2,490,418	-	2,696,016	1,498,023	10,868,562	6,538,479
15,050	15,742	199,488	-	696,012	617,437	1,333,158	1,057,510
74,831	92,224	-	-	9,778	10,209	134,406	150,448
-	-	104	-	65,293	64,117	75,869	70,076
14,057	2,436	20,101	-	19,646	3,167	93,055	12,650
-	-	-	-	-	-	93,783	88,047
15,456	16	-	-	60,033	612	129,563	4,551
-	-	-	-	-	-	429,438	403,095
1,866,463	1,647,705	2,710,111	-	3,868,671	2,322,883	13,480,727	8,455,174
-	-	-	-	414,676	414,676	1,429,332	1,429,332
350	-	350	-	355	-	293,913	472,344
5,581,973	5,682,736	631,159	-	915,781	992,960	19,739,353	19,111,941
5,582,323	5,682,736	631,509	-	1,330,812	1,407,636	21,462,598	21,013,617
7,448,786	7,330,441	3,341,620	-	5,199,483	3,730,519	34,943,325	29,468,791
485,796	254,812	-	-	1,852,470	827,624	4,281,447	2,101,683
24,561	30,991	-	-	66,479	83,886	184,666	233,016
510,357	285,803	-	-	1,918,949	911,510	4,466,113	2,334,699
21,745	51,712	2,792	-	27,427	61,192	98,104	191,961
-	-	-	-	-	-	30,807	33,177
183,417	129,756	200	-	-	-	200,517	186,726
5,978	-	-	-	1,021,197	-	1,069,381	50,669
16,403	14,653	-	-	40,945	34,906	304,430	289,422
227,543	196,121	2,992	-	1,089,569	96,098	1,703,239	751,955
1,234,163	834,179	-	-	4,412,434	2,470,732	12,778,782	9,062,266
1,234,163	834,179	-	-	4,412,434	2,470,732	12,778,782	9,062,266
1,461,706	1,030,300	2,992	-	5,502,003	2,566,830	14,482,021	9,814,221
178,706	604,605	-	-	294,783	1,224,177	1,188,317	4,247,204
32,540	-	-	-	88,079	-	244,664	-
211,246	604,605	-	-	382,862	1,224,177	1,432,981	4,247,204
5,582,323	5,682,736	631,509	-	1,330,812	1,407,636	18,914,931	18,259,333
-	-	-	-	-	-	260,871	260,871
-	-	-	-	-	-	168,567	142,224
703,868	298,603	2,707,119	-	(97,245)	(556,614)	4,150,067	(920,363)
\$ 6,286,191	\$ 5,981,339	\$ 3,338,628	\$ -	\$ 1,233,567	\$ 851,022	\$ 23,494,436	\$ 17,742,065

Running Springs Water District
Statements of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023 (2022 for Comparative Purposes Only)

	Water		Sewer Collection	
	2023	2022	2023	2022
OPERATING REVENUES				
Monthly Service Charges	\$ 1,404,718	\$ 1,360,801	\$ 1,237,183	\$ 1,178,160
Usage Charges	780,711	851,401	-	-
Delinquent Charges	23,078	30,389	21,858	27,232
Other Revenues	4,744	1,719	1,375	1,075
Turn-on and Shut-off Charges	20,081	13,392	-	-
Operating Grants and Contributions	-	-	-	-
Charges to Upstream Users	-	-	-	-
Total Operating Revenues	2,233,332	2,257,702	1,260,416	1,206,467
OPERATING EXPENSES				
Source of Supply	256,679	317,986	-	-
Pumping	94,093	78,199	-	-
Water Treatment	12,734	39,946	-	-
Sewage Collections	-	-	69,807	69,060
Sewage Treatment	-	-	-	-
Salaries and Benefits	234,470	1,578,687	327,875	720,302
Administrative Expenses	165,094	154,715	38,347	50,945
Others	123,222	102,292	74,759	61,898
Depreciation	322,727	299,815	211,211	201,164
Total Operating Expenses	1,209,019	2,571,640	721,999	1,103,369
Operating Income (Loss)	1,024,313	(313,938)	538,417	103,098
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	-	-	-	-
Assessments - Availability Charges	39,363	39,863	7,880	8,229
Investment Earnings	43,580	10,131	20,733	3,666
Leasing Revenue	22,894	21,836	-	-
Miscellaneous	-	2,622	660	781
Gain/(Loss) on Disposal of Capital Assets	18,875	-	-	-
Interest on Long-term Debt	(11,341)	(13,650)	(40,544)	(42,986)
Total Nonoperating Revenue (Expenses)	113,371	60,802	(11,271)	(30,310)
Income (Loss) Before Transfers and Capital Contributions	1,137,684	(253,136)	527,146	72,788
Capital Contributions	28,062	19,434	33,454	5,815
Transfers In	-	-	-	-
Transfers Out	-	-	-	(156,135)
Change in Net Position	1,165,746	(233,702)	560,600	(77,532)
Net Position, Beginning of Year	6,548,012	6,781,714	4,361,692	4,439,224
Net Position, End of Year	\$ 7,713,758	\$ 6,548,012	\$ 4,922,292	\$ 4,361,692

Sewer Treatment		Sewer Service - GVL		Ambulance and Fire		Total	
2023	2022	2023	2022	2023	2022	2023	2022
\$ 793,739	\$ 793,739	\$ 328,738	\$ -	\$ 756,624	\$ 643,638	\$ 4,521,002	\$ 3,976,338
135,630	142,919	-	-	-	-	916,341	994,320
5,383	5,383	-	-	-	-	50,319	63,004
-	-	543	-	16,726	181,780	23,388	184,574
-	-	-	-	-	-	20,081	13,392
-	-	-	-	496,869	80,833	496,869	80,833
510,713	750,836	-	-	-	-	510,713	750,836
<u>1,445,465</u>	<u>1,692,877</u>	<u>329,281</u>	<u>-</u>	<u>1,270,219</u>	<u>906,251</u>	<u>6,538,713</u>	<u>6,063,297</u>
-	-	-	-	-	-	256,679	317,986
-	-	-	-	-	-	94,093	78,199
-	-	-	-	-	-	12,734	39,946
-	-	-	-	-	-	69,807	69,060
357,347	303,163	40,251	-	-	-	397,598	303,163
430,606	855,022	63,313	-	2,634,651	2,271,287	3,690,915	5,425,298
-	48,291	116,182	-	66,487	74,680	386,110	328,631
70,110	90,628	7,013	-	573,980	489,768	849,084	744,586
311,487	281,265	45,840	-	137,133	140,358	1,028,398	922,602
<u>1,169,550</u>	<u>1,578,369</u>	<u>272,599</u>	<u>-</u>	<u>3,412,251</u>	<u>2,976,093</u>	<u>6,785,418</u>	<u>8,229,471</u>
<u>275,915</u>	<u>114,508</u>	<u>56,682</u>	<u>-</u>	<u>(2,142,032)</u>	<u>(2,069,842)</u>	<u>(246,705)</u>	<u>(2,166,174)</u>
-	-	-	-	2,251,641	2,036,001	2,251,641	2,036,001
5,987	5,987	-	-	204,328	203,938	257,558	258,017
22,950	4,553	21,528	-	19,305	5,182	128,096	23,532
-	-	-	-	-	-	22,894	21,836
-	-	-	-	42,000	40,330	42,660	43,733
-	10,437	-	-	-	-	18,875	10,437
-	-	-	-	-	-	(51,885)	(56,636)
<u>28,937</u>	<u>20,977</u>	<u>21,528</u>	<u>-</u>	<u>2,517,274</u>	<u>2,285,451</u>	<u>2,669,839</u>	<u>2,336,920</u>
304,852	135,485	78,210	-	375,242	215,609	2,423,134	170,746
-	-	3,260,418	-	7,303	61,745	3,329,237	86,994
-	156,135	-	-	-	-	-	156,135
-	-	-	-	-	-	-	(156,135)
304,852	291,620	3,338,628	-	382,545	277,354	5,752,371	257,740
<u>5,981,339</u>	<u>5,689,719</u>	<u>-</u>	<u>-</u>	<u>851,022</u>	<u>573,668</u>	<u>17,742,065</u>	<u>17,484,325</u>
<u>\$ 6,286,191</u>	<u>\$ 5,981,339</u>	<u>\$ 3,338,628</u>	<u>\$ -</u>	<u>\$ 1,233,567</u>	<u>\$ 851,022</u>	<u>\$ 23,494,436</u>	<u>\$ 17,742,065</u>

Running Springs Water District
Statements of Cash Flows
Year Ended June 30, 2023 (2022 for Comparative Purposes Only)

	Water		Sewer Collection	
	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 2,249,990	\$ 2,283,463	\$ 1,240,968	\$ 1,228,278
Cash Payments for Employee Services	(612,968)	(977,901)	(369,378)	(571,243)
Cash Paid to Suppliers	(1,110,998)	(832,880)	(322,914)	(176,094)
Other Operating Cash Receipts	22,894	24,458	660	781
Net Cash Provided (Used) by Operating Activities	<u>548,918</u>	<u>497,140</u>	<u>549,336</u>	<u>481,722</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Availability Charges	36,212	37,879	786	7,688
Receipts from Property Taxes	-	-	-	-
Cash Received (Paid to) Other Funds	-	-	-	(156,135)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>36,212</u>	<u>37,879</u>	<u>786</u>	<u>(148,447)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(487,959)	(423,773)	(40,688)	(64,320)
Proceeds from Sale of Capital Assets	18,875	-	-	-
Capital Contributions	28,062	19,434	33,454	5,815
Principal Payments on Debt	(77,274)	(74,986)	(129,343)	(126,932)
Interest Paid	(12,061)	(14,348)	(42,194)	(44,604)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(530,357)</u>	<u>(493,673)</u>	<u>(178,771)</u>	<u>(230,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	22,545	7,069	9,564	2,606
Net Cash Provided (Used) by Investing Activities	<u>22,545</u>	<u>7,069</u>	<u>9,564</u>	<u>2,606</u>
Net Increase (Decrease) in Cash and Cash Equivalents	77,318	48,415	380,915	105,840
Cash and Cash Equivalents, Beginning of Year	<u>2,803,406</u>	<u>2,754,991</u>	<u>1,103,858</u>	<u>998,018</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,880,724</u>	<u>\$ 2,803,406</u>	<u>\$ 1,484,773</u>	<u>\$ 1,103,858</u>
RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION				
Current Assets:				
Cash	\$ 950	\$ 950	\$ 50	\$ 50
Temporary Investments	2,649,782	2,570,898	1,285,277	932,271
Restricted Cash	229,992	231,558	199,446	171,537
Totals	<u>\$ 2,880,724</u>	<u>\$ 2,803,406</u>	<u>\$ 1,484,773</u>	<u>\$ 1,103,858</u>

Sewer Treatment		Sewer Service - GVL		Ambulance and Fire		Total	
2023	2022	2023	2022	2023	2022	2023	2022
\$ 1,446,157	\$ 1,785,422	\$ 129,688	\$ -	\$ 1,191,644	\$ 846,186	\$ 6,258,447	\$ 6,143,349
(528,298)	(669,051)	(63,313)	-	(2,535,664)	(2,342,528)	(4,109,621)	(4,560,723)
(537,692)	(520,477)	(160,454)	-	(733,653)	(707,267)	(2,865,711)	(2,236,718)
-	-	-	-	42,000	40,330	65,554	65,569
380,167	595,894	(94,079)	-	(2,035,673)	(2,163,279)	(651,331)	(588,523)
29,361	5,987	-	-	204,759	205,224	271,118	256,778
-	-	-	-	2,250,465	2,013,322	2,250,465	2,013,322
-	156,135	-	-	-	-	-	-
29,361	162,122	-	-	2,455,224	2,218,546	2,521,583	2,270,100
(211,075)	(618,154)	(350)	-	(60,309)	(145,930)	(800,381)	(1,252,177)
-	10,437	-	-	-	-	18,875	10,437
-	-	2,583,420	-	1,028,500	61,745	3,673,436	86,994
-	-	-	-	-	-	(206,617)	(201,918)
-	-	-	-	-	-	(54,255)	(58,952)
(211,075)	(607,717)	2,583,070	-	968,191	(84,185)	2,631,058	(1,415,616)
11,329	2,945	1,427	-	2,826	3,105	47,691	15,725
11,329	2,945	1,427	-	2,826	3,105	47,691	15,725
209,782	153,244	2,490,418	-	1,390,568	(25,813)	4,549,001	281,686
1,537,287	1,384,043	-	-	1,627,341	1,653,154	7,071,892	6,790,206
<u>\$ 1,747,069</u>	<u>\$ 1,537,287</u>	<u>\$ 2,490,418</u>	<u>\$ -</u>	<u>\$ 3,017,909</u>	<u>\$ 1,627,341</u>	<u>\$ 11,620,893</u>	<u>\$ 7,071,892</u>
\$ -	\$ -	\$ -	\$ -	\$ 321,893	\$ 129,318	\$ 322,893	\$ 130,318
1,747,069	1,537,287	2,490,418	-	2,696,016	1,498,023	10,868,562	6,538,479
-	-	-	-	-	-	429,438	403,095
<u>\$ 1,747,069</u>	<u>\$ 1,537,287</u>	<u>\$ 2,490,418</u>	<u>\$ -</u>	<u>\$ 3,017,909</u>	<u>\$ 1,627,341</u>	<u>\$ 11,620,893</u>	<u>\$ 7,071,892</u>

Continued

Running Springs Water District
Statements of Cash Flows - Continued
Year Ended June 30, 2023 (2022 for Comparative Purposes Only)

	Water		Sewer Collection	
	2023	2022	2023	2022
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 1,024,313	\$ (313,938)	\$ 538,417	\$ 103,098
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation	322,727	299,815	211,211	201,164
Other Income	22,894	24,458	660	781
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	16,658	25,761	(19,448)	21,811
(Increase) Decrease in Prepaid Expenses	(34,966)	(3,650)	(15,185)	(273)
(Increase) Decrease in Inventory	(4,082)	(11,823)	(1,654)	1,294
(Increase) Decrease in Deferred Outflows	(732,614)	(149,234)	(166,807)	(43,295)
Increase (Decrease) in Accounts Payable	(28,243)	(66,300)	(4,674)	(2,181)
Increase (Decrease) in Other Payables	(40,070)	(70,956)	-	-
Increase (Decrease) in Compensated Absences	6,740	27,832	5,262	2,707
Increase (Decrease) in Net Pension Liability	1,359,072	(1,172,894)	313,632	(270,668)
Increase (Decrease) in Total OPEB Liability	(70,846)	24,901	(25,194)	32,707
Increase (Decrease) in Deferred Inflows	(1,292,665)	1,883,168	(286,884)	434,577
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 548,918	\$ 497,140	\$ 549,336	\$ 481,722
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of Capital Assets	\$ -	\$ -	\$ -	\$ -

Sewer Treatment		Sewer Service - GVL		Ambulance and Fire		Total	
2023	2022	2023	2022	2023	2022	2023	2022
\$ 275,915	\$ 114,508	\$ 56,682	\$ -	\$ (2,142,032)	\$ (2,069,842)	\$ (246,705)	\$ (2,166,174)
311,487	281,265	45,840	-	137,133	140,358	1,028,398	922,602
-	-	-	-	42,000	40,330	65,554	65,569
692	92,545	(199,593)	-	(78,575)	(60,065)	(280,266)	80,052
(15,440)	(16)	-	-	(59,421)	(612)	(125,012)	(4,551)
-	-	-	-	-	-	(5,736)	(10,529)
(224,554)	(49,976)	-	-	(1,007,439)	156,794	(2,131,414)	(85,711)
(29,967)	(90,968)	2,792	-	(33,765)	(14,432)	(93,857)	(173,881)
53,661	7,071	200	-	-	-	13,791	(63,885)
8,749	(1,844)	-	-	30,197	(11,567)	50,948	17,128
418,177	(360,891)	-	-	1,985,739	(1,651,381)	4,076,620	(3,455,834)
(25,194)	24,763	-	-	(68,195)	145,625	(189,429)	227,996
(393,359)	579,437	-	-	(841,315)	1,161,513	(2,814,223)	4,058,695
<u>\$ 380,167</u>	<u>\$ 595,894</u>	<u>\$ (94,079)</u>	<u>\$ -</u>	<u>\$ (2,035,673)</u>	<u>\$ (2,163,279)</u>	<u>\$ (651,331)</u>	<u>\$ (588,523)</u>
\$ -	\$ -	\$ 676,998	\$ -	\$ -	\$ -	\$ -	\$ -

Running Springs Water District
Statements of Fiduciary Net Position
Custodial Fund (Assessment Districts)
June 30, 2023 (2022 for Comparative Purposes Only)

	2023	2022
ASSETS		
Cash with Fiscal Agent	\$ -	\$ -
Temporary Investments	68,938	68,137
Total Assets	68,938	68,137
LIABILITIES		
Accounts Payable	-	738
Total Liabilities	-	738
NET POSITION		
Restricted:		
Held for the benefit of others	68,938	67,399
Total Net Position	\$ 68,938	\$ 67,399

Running Springs Water District
Statements of Changes in Fiduciary Net Position
Custodial Fund (Assessment Districts)
Year Ended June 30, 2023 (2022 for Comparative Purposes Only)

	2023	2022
ADDITIONS		
Contributions:		
Taxes and assessments collected for others	\$ 177	\$ 5,322
Investment Earnings:		
Interest	1,534	2
Total Additions	1,711	5,324
DEDUCTIONS		
General and Administrative	172	17,670
Interest and Fiscal Charges	-	231,750
Total Deductions	172	249,420
Net Increase (decrease) in fiduciary net position	1,539	(244,096)
Net Position, beginning of the year	67,399	311,495
Net Position, end of the year	\$ 68,938	\$ 67,399

Running Springs Water District
Notes to Financial Statements
June 30, 2023

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Summary of Significant Accounting Policies	24-29
2	Cash and Temporary Investments	29-32
3	Accounts Receivable - Customers	32
4	Other Receivables	32
5	Capital Assets	33-34
6	Other Payables	34
7	Long-Term Liabilities	34-36
8	Pension Plan	37-41
9	Other Postemployment Benefits	41-44
10	Risk Management	44
11	Loss Contingency	45
12	Commitments	45

Running Springs Water District
Notes to Financial Statements
June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Business and Reporting Entity

The Running Springs Water District (the "District") was organized on March 17, 1958 under authority of the California Water Code. The District has been engaged in financing, constructing, operating, maintaining and furnishing water service to its customers since inception. In 1962, the District established a fire department to provide fire protection for the area included in the Water District. In 1976, the sewage disposal system was completed to provide sewer service for the District. An ambulance service has been provided by the District since 1983. In 2005, the Board adopted Ordinance No. 26 which provides authorization for the removal of dead or dying trees. The District is governed by a five-member Board of Directors whose members are elected by the registered voters in the District to staggered four-year terms.

The Board of Directors and officers of the District at June 30, 2023 are as follows:

<u>NAME</u>	<u>OFFICER</u>	<u>TERM EXPIRES</u>
Tony Grabow	President	December 2024
Bill Conrad	Vice-President	December 2026
Mike Terry	Director	December 2024
Laura Dyberg	Director	December 2026
Mark Acciani	Director	December 2026
Ryan Gross	General Manager	
Amie Crowder	Secretary/Treasurer	

The Board of Directors meets on the third Wednesday of each month.

Reporting Entity

In determining the agencies or entities which comprise the governmental entity for financial reporting purposes, the criteria of oversight responsibility over such entities, special financing relationships and scope of public service provided by the entities are used. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, the District has no component units at this time.

B. Basis of Accounting and Financial Statement Presentation

As a governmental agency, the District is subject to accounting and reporting standards established by the Governmental Accounting Standards Board (GASB). As the majority of revenues consist of water, sewer treatment/collection, ambulance and related services, the District reports its activities in enterprise funds. The District uses the accrual basis of accounting. The financial activities of the District are accounted for using the economic resources measurement focus. Under this method, all assets and liabilities associated with its operations are included on the statement of net position; revenues are recorded when earned and become measurable; and expenses are recorded when liabilities are incurred.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting and Financial Statement Presentation - Continued

The accounts of the District are reported in four enterprise funds:

The *Water Fund* - used to account for all activities relating to the District's water service operations.

The *Sewer Collection Fund* - used to account for all activities relating to the District's sewer collection operations.

The *Sewer Treatment Fund* - used to account for all activities relating to the District's sewer treatment operations.

The *Sewer Service - GVL Fund* - used to account for all activities relating to the District's sewer service operations in Green Valley Lake service area. This service area was annexed by the District in the fiscal year ended June 30, 2023.

The *Ambulance and Fire Fund* - used to account for all activities relating to the District's ambulance and fire protection services.

Additionally, the District reports a *Custodial Fund* which is used to account for assets held by the District as a custodian for property owners.

Revenues and expenses distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Donated plant and cash received for capital improvement without the requirement that the District give resources in exchange are recorded as contributions.

C. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District currently reports deferred outflows resulting from the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Deferred Outflows/Inflows of Resources - Continued

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows resulting from the District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which qualify for reporting in this category.

D. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position.

E. Cash and Investments

Investments for the District are reported at fair value.

For purposes of reporting changes in cash flows, the District considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

F. Customer Billings and Allowance for Uncollectible Accounts

Customers are billed on a monthly basis and the related revenues are recorded when customers are billed. Unbilled services are accrued at year-end.

Ambulance customers are billed after service has been provided. The District provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of the ambulance receivables. The allowance for uncollectible ambulance fees was \$822,481 and \$764,574 at June 30, 2023 and 2022, respectively.

G. Inventories

Inventories of materials and supplies, consisting of parts used for utility plant construction and repair, are carried at cost using the first-in, first-out method.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Restricted Assets

The District holds certain funds which are restricted for specific purposes. These restricted funds consist principally of construction receivable - upstream users (for debt service payments and repayment of funds advanced by the District for the water treatment expansion), debt service reserve requirements, and wastewater expansion charges collected. These funds are not available for general operations.

I. Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year except for movable assets (assets that are freestanding and movable - vehicles, furniture, software and equipment) which are capitalized with initial cost of \$1,000 or more. As the District acquires or constructs capital assets they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received.

Capital contributions represent cash or capital asset additions contributed to the District by property owners or developers desiring service that require capital expenses or capacity commitment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Plant and Facilities	20 - 75
Furniture and Equipment	3 - 10
Trucks and Automobiles	5

J. Compensated Absences Liability

Employees are entitled to accumulate vacation leave. The total accumulated vacation time shall not exceed the total hours accrued in the preceding year in addition to the current year's accrual. Once the maximum limit is reached, all further accruals will cease until after an employee has taken vacation and his or her accrued vacation has dropped below the maximum limit. Upon termination of employment for any reason, the District shall compensate the employee for his/her accumulated vacation time at his/her straight time rate of pay at the time of termination. If an employee has reached the maximum accrual limit and is unable to take vacation because of the Department's workload, the following alternatives may be made available: (1) the General Manager may approve a waiver on the limit of maximum hours that may be accrued; or (2) the employee may request that the District buy back the unused vacation time, in accordance with the District's personnel policy manual. Any determinations in this regard are at the sole discretion of the General Manager.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Compensated Absences Liability - Continued

Regular full-time 40-hour week employees accrue 8 hours of sick time per month while 24-hour shift regular full-time employees accrue 12 hours of sick time per month. Upon termination of employment accrued sick time is only paid out based on an approved District formula to eligible employees who have 10 or more years of continuous service with the District and voluntarily terminate their employment with the District.

K. Net Position

The difference between assets and liabilities is reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding principal of related debt. Restricted net position reflects the carrying value of assets less related liabilities that have external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position represents the remaining fund equity balance.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

M. Property Tax

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	March 1	
Levy Year	July 1 to June 30	
Due Dates	November 1	1st Installment
	February 1	2nd Installment
Delinquent Dates	December 10	1st Installment
	April 10	2nd Installment

Under California law, property taxes and other charges (such as assessments) are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to agencies based on complex formulas prescribed by state statutes.

N. Reclassifications/Comparative Data

Comparative total data for the prior year have been presented in order to provide an understanding of changes in the financial position and operations of the funds. However, the summarized prior year data does not represent a complete presentation in accordance with generally accepted accounting principles.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. Reclassifications/Comparative Data - Continued

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current years' presentation.

O. Pensions

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

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within curtailed defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

2) CASH AND TEMPORARY INVESTMENTS

Cash and investments at June 30, 2023 and 2022 are presented as follows:

	Statement of Net Position	Statement of Fiduciary Net Position	2023 Total	2022 Total
Cash	\$ 322,893	\$ -	\$ 322,893	\$ 130,318
Temporary Investments	10,868,562	63,938	10,932,500	6,606,616
Restricted Cash	429,438	-	429,438	403,095
Cash with Fiscal Agent	-	-	-	-
Total	\$ 11,620,893	\$ 63,938	\$ 11,684,831	\$ 7,140,029

Running Springs Water District
Notes to Financial Statements
June 30, 2023

2) CASH AND TEMPORARY INVESTMENTS - Continued

Cash and investments consist of the following at June 30, 2023 and 2022:

	2023	2022
Deposits with Financial Institutions	\$ 591,747	\$ 134,312
Petty Cash	1,000	1,000
Investments	11,092,084	7,004,717
Total Cash and Investments	\$ 11,684,831	\$ 7,140,029

Restricted Cash

At June 30, 2023 and 2022, the District had the following cash balances restricted for specific purposes:

	Restricted Cash	
Restricted for:	2023	2022
Workers' Compensation Insurance Claims	\$ -	\$ -
SRF Loan Debt Service Reserve	260,871	260,871
Water and Wastewater Capacity Expansion	168,567	142,224
Total	\$ 429,438	\$ 403,095

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

The District's investment policy is governed by the California Government Code. The District's investment policy authorizes investment in the LAIF, US Treasury Securities and Negotiable CD's. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rates risk by limiting its investments to the State's investment pool. At June 30, 2023, the District had the following investments:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
U.S. Treasuries	\$ 3,997,951	\$ 3,997,951	\$ -	\$ -
LAIF	4,944,387	4,944,387	-	-
Negotiable CD's	2,149,746	489,621	719,415	940,710
Total	\$ 11,092,084	\$ 9,431,959	\$ 719,415	\$ 940,710

Running Springs Water District
Notes to Financial Statements
June 30, 2023

2) CASH AND TEMPORARY INVESTMENTS – Continued

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Aaa	Not Rated	2021 Amount
U.S. Treasury Securities	\$ 3,997,951	N/A	\$ 3,997,951	-	\$ 6,363,193
LAIF	4,944,387	N/A	-	4,944,387	116,474
Negotiable CD's	2,149,746	N/A	-	2,149,746	116,474
Total	<u>\$ 11,092,084</u>		<u>\$ 3,997,951</u>	<u>\$ 7,094,133</u>	<u>\$ 6,596,141</u>

Concentration of Credit Risk

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2023 and 2022, the District had no investments in any one issuer (other than external pools and US Treasury Securities) that represent 5% or more of total District investments.

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

As of June 30, 2023 and 2022, the District did not have any deposits with financial institutions in excess of federal depository insurance limits that were held in uncollateralized accounts.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

2) CASH AND TEMPORARY INVESTMENTS - Continued

Fair Value of Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following represents the investments subject to the fair value hierarchy as of June 30, 2023:

Investment Type	Total	Level		
		1	2	3
U.S. Treasuries	\$ 3,997,951	\$ 3,997,951	\$ -	\$ -
Negotiable CD's	2,149,746	-	2,149,746	-
Total	\$ 6,147,697	\$ 3,997,951	\$ 2,149,746	\$ -

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at cost which approximates fair value at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3) ACCOUNTS RECEIVABLE - CUSTOMERS

Accounts receivable from customers consists of the following at June 30, 2023 and 2022:

	June 30, 2023	June 30, 2022
Customers - Water and Sewer	\$ 637,146	\$ 440,073
Ambulance Receivable	1,518,493	1,382,191
Allowance for Uncollectible Ambulance Charges	(822,481)	(764,754)
	\$ 1,333,158	\$ 1,057,510

Management considers the receivables from water and sewer customers to be fully collectible; accordingly, no allowance for doubtful accounts for water and sewer customers has been established.

4) OTHER RECEIVABLES

	June 30, 2023	June 30, 2022
Availability Charges	\$ 59,415	\$ 58,064
Brookings Mutual Water	160	160
Upstream Users	74,831	92,224
Total	\$ 134,406	\$ 150,448

Running Springs Water District
Notes to Financial Statements
June 30, 2023

5) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital Assets, Not Depreciated:					
Land and Land Rights	\$ 1,429,332	\$ -	\$ -	\$ -	\$ 1,429,332
Construction in Progress	472,344	279,350	457,781	-	293,913
Total Capital Assets Not Depreciated	<u>1,901,676</u>	<u>279,350</u>	<u>457,781</u>	<u>-</u>	<u>1,723,245</u>
Capital Assets, Being Depreciated:					
Water Plant and Facilities	11,902,676	492,299	-	-	12,394,975
Sewer Plant and Facilities	22,177,860	214,180	-	5,530,698	27,922,738
Furniture and Equipment	1,216,822	138,226	-	99,066	1,454,114
Trucks and Automobiles	1,422,178	74,153	85,762	-	1,410,569
Structures and Improvements	542,146	-	-	-	542,146
Fire Trucks and Mounted Equipment	1,184,396	-	-	-	1,184,396
Special Purpose Equipment	433,183	59,954	-	-	493,137
Office Equipment	39,256	-	-	-	39,256
Shop and Station Equipment	45,450	-	-	-	45,450
Communication Equipment	65,954	-	-	-	65,954
Total Capital Assets Being Depreciated	<u>39,029,921</u>	<u>978,812</u>	<u>85,762</u>	<u>5,629,764</u>	<u>45,552,735</u>
Less Accumulated Depreciation:					
Water Plant and Facilities	(5,462,692)	(272,122)	-	-	(5,734,814)
Sewer Plant and Facilities	(10,952,054)	(535,913)	-	(4,857,636)	(16,345,603)
Furniture and Equipment	(876,957)	(72,514)	-	(95,130)	(1,044,601)
Trucks and Automobiles	(864,278)	(59,987)	85,762	-	(838,503)
Structures and Improvements	(368,461)	(13,704)	-	-	(382,165)
Fire Trucks and Mounted Equipment	(1,003,358)	(43,210)	-	-	(1,046,568)
Special Purpose Equipment	(296,924)	(13,667)	-	-	(310,591)
Office Equipment	(34,298)	(2,520)	-	-	(36,818)
Shop and Station Equipment	(34,535)	(6,926)	-	-	(41,461)
Communication Equipment	(24,423)	(7,835)	-	-	(32,258)
Total Accumulated Depreciation	<u>(19,917,980)</u>	<u>(1,028,398)</u>	<u>85,762</u>	<u>(4,952,766)</u>	<u>(25,813,382)</u>
Total Capital Assets Being Depreciated, Net	<u>19,111,941</u>	<u>(49,586)</u>	<u>-</u>	<u>676,998</u>	<u>19,739,353</u>
Capital Assets, Net	<u>\$21,013,617</u>	<u>\$ 229,764</u>	<u>\$ 457,781</u>	<u>\$ 676,998</u>	<u>\$21,462,598</u>

The adjustments to capital assets in the above schedule represent the capital assets acquired through the annexation of the Green Valley Lake service area.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

5) CAPITAL ASSETS - Continued

For the fiscal year ended June 30, 2023, depreciation expense was charged to functions/programs of the primary government as follows:

Water	\$ 322,727
Sewer Collection	211,211
Sewer Treatment	311,487
Sewer Treatment - GVL	45,840
Ambulance and Fire	<u>137,133</u>
Total Depreciation	<u><u>\$ 1,028,398</u></u>

6) OTHER PAYABLES

Other payables consist of the following at June 30, 2023 and 2022:

	June 30, 2023	June 30, 2022
Customer Deposits	\$ 196,417	\$ 186,678
Miscellaneous	<u>4,100</u>	<u>48</u>
Total	<u><u>\$ 200,517</u></u>	<u><u>\$ 186,726</u></u>

7) LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended June 30, 2023:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Loans from direct borrowings and direct placements:					
Sewer Treatment, SWRCB Installment Payable, 2014	\$ 2,220,703	\$ -	\$ 129,343	\$ 2,091,360	\$ 131,801
Water Supply, 2015 Installment Payable, Ayers	184,867	-	59,557	125,310	61,599
Water, SWRCB AMR Installment Payable	348,714	-	17,717	330,997	18,036
Total direct	<u>2,754,284</u>	<u>-</u>	<u>206,617</u>	<u>2,547,667</u>	<u>211,436</u>
Compensated Absences	414,027	374,083	323,133	464,977	92,994
Total OPEB Liability	1,022,329	-	189,430	832,899	-
Net Pension Liability	5,161,048	4,076,621	-	9,237,669	-
Total	<u><u>\$ 9,351,688</u></u>	<u><u>\$ 4,450,704</u></u>	<u><u>\$ 719,180</u></u>	<u><u>\$13,083,212</u></u>	<u><u>\$ 304,430</u></u>

Running Springs Water District
Notes to Financial Statements
June 30, 2023

7) LONG-TERM LIABILITIES - Continued

2014 SWRCB Installment Payable

The District entered into an installment sale agreement as of May 15, 2015, with the California State Water Resources Control Board (SWRCB), to finance improvements to certain sewer lift stations (project). The SWRCB agreed to provide project funds of up to \$2,800,000 plus accrued interest of \$33,544, for a total amount loaned of \$2,833,544. The project was completed in fiscal year 2018-19 and the District began making payments on the loan. The District's obligation to pay the installment payments is limited solely to the net revenues of the sewer collection enterprise. Installment payments will include principal and interest at 1.9% per annum. The installment is a direct borrowing. The term of the agreement is from September 8, 2014 to July 31, 2036.

The following represents the future debt service requirements to maturity:

Year Ending June 30,	Principal	Interest
2024	\$ 131,801	\$ 39,736
2025	134,305	37,232
2026	136,857	34,680
2027	139,457	32,080
2028	142,107	29,430
2029	144,807	26,730
2030	147,559	23,978
2031	150,362	21,175
2032	153,219	18,318
2033	156,130	15,407
2034	159,097	12,440
2035	162,119	9,417
2036	165,200	6,337
2037	168,340	3,198
Total	<u>\$ 2,091,360</u>	<u>\$ 310,158</u>

2015 Installment Payable

The District entered into an installment sale agreement on March 1, 2015, with the Municipal Finance Corporation, to finance the District's share of the costs of constructing certain improvements to the water supply facilities. The District received \$550,000 under the agreement, which is to be repaid over a 10-year period, including interest at 3.4%. The District's obligation to pay the installment payments is limited solely to the net revenues of the water enterprise. The net revenues, as defined by the installment agreement, are irrevocably pledged to the payment of the installment payments and any parity obligations. The District has covenanted to set rates and fees which are sufficient to yield net revenues which are at least equal to 115% of the aggregate amount of installment payments each year. The installment payable is a direct borrowing. Debt service requirements to maturity are as follows:

Running Springs Water District
Notes to Financial Statements
June 30, 2023

7) LONG-TERM LIABILITIES - Continued

Year Ending June 30,	Principal	Interest
2024	\$ 61,599	\$ 3,741
2025	63,711	1,629
Total	<u>\$ 125,310</u>	<u>\$ 5,370</u>

SWRCB AMR Water Installment Payable

On May 1, 2018, the District entered into an agreement with the State Water Resources Control Board (SWRCB) for the purchase and installation of automatic meter reading (AMR) technology for water meters in the District. The agreement provided \$800,000 in funding for the project with principal forgiveness upon completion of the project of \$400,000. The \$400,000 principal remaining is payable over 20 years with principal and interest payments beginning on December 31, 2019 with an interest rate of 1.8%. The District's obligation to pay the installment payments is limited solely to the net revenues of the water enterprise. The net revenues, as defined by the installment agreement, are irrevocably pledged to the payment of the installment payments and any parity obligations. The District has covenanted to set rates and fees which are sufficient to yield net revenues which are at least equal to 115% of the aggregate amount of installment payments each year. The installment is a direct borrowing. Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 18,036	\$ 5,958
2025	18,360	5,633
2026	18,691	5,303
2027	19,027	4,966
2028	19,370	4,624
2029	19,718	4,275
2030	20,073	3,920
2031	20,434	3,559
2032	20,802	3,191
2033	21,177	2,817
2034	21,946	2,436
2035	22,341	2,048
2036	22,743	1,652
2037	23,152	1,250
2038	23,569	841
2039	21,558	424
Total	<u>\$ 330,997</u>	<u>\$ 52,897</u>

Running Springs Water District
Notes to Financial Statements
June 30, 2023

8) PENSION PLAN

General Information about the Defined Benefit Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous and Safety Employee Pension Plans, a 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 plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2021 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2021 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

The Plan provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	Highest single year	3-year average
Required employee contribution rates	8%	6.25%
Required employer contribution rates	14.03% + \$473,162	7.470% + \$1,336
	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of eligible compensation	Highest single year	3-year average
Required employee contribution rates	9%	11.5%
Required employer contribution rates	23.75% + \$277,479	12.78% + \$4,734

Running Springs Water District
Notes to Financial Statements
June 30, 2023

8) PENSION PLAN - Continued

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District pays the required employee contribution on behalf of the employees for Miscellaneous and Safety employees hired prior to April 1, 2014. Employees hired after April 1, 2014 pay the required employee contributions. Also, effective July 1, 2015, the District's Board adopted resolutions to phase out, over a 4-year period, the contributions paid by the District on behalf of the employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was \$756,711 in fiscal year 2023.

For the year ended June 30, 2023, the District's contributions to the Plan was as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 643,970	\$ 507,090

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 5,288,860
Safety	3,948,809
Total Net Pension Liability	\$ 9,237,669

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, 2022, 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, 2021 rolled forward to June 30, 2022 using standard update procedures.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

8) PENSION PLAN - Continued

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2022 and 2023 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2022	0.16842%	0.05594%
Proportion - June 30, 2023	0.11303%	0.05747%
Change - Increase (Decrease)	-0.05539%	0.00153%

For the year ended June 30, 2023, the District recognized a pension credit of \$10,972. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 1,151,060	\$ -
Differences between actual and expected experience	269,638	114,016
Changes in assumptions	940,114	-
Change in employer's proportion	142,427	839,891
Differences between the employer's contributions and the employer's proportionate share of contributions	185,858	234,410
Net differences between projected and actual earnings on plan investments	1,592,350	-
Total	\$ 4,281,447	\$ 1,188,317

\$1,151,060 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2024	\$ 463,003
2025	339,060
2026	167,081
2027	972,926
2028	-
Thereafter	-

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Running Springs Water District
Notes to Financial Statements
June 30, 2023

8) PENSION PLAN - Continued

	All Plans
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Payroll Growth	2.75%
Projected salary increase	(1)
Investment rate of return	6.90%
Mortality	(2)

(1) Depending on age, service and type of employment

(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

Asset Class	New Strategic Allocation	Real Return (1,2)
Global Equity - Cap Weighted	30%	4.54%
Global Equity - Non-Cap Weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

8) PENSION PLAN - Continued

Discount Rate - The discount rate used to measure the total pension liability for PERF C 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous		Safety
Discount Rate - 1%	5.90%		5.90%
Net Pension Liability	\$ 7,741,809	\$	6,057,264
Current Discount Rate	6.90%		6.90%
Net Pension Liability	\$ 5,288,860	\$	3,948,809
Discount Rate + 1%	7.90%		7.90%
Net Pension Liability	\$ 3,270,690	\$	2,225,623

Pension Plan Fiduciary Net Position - Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan - At June 30, 2023, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

9) OTHER POSTEMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description - The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (“PEMHCA”), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. The plan is a single-employer defined benefit post-employment healthcare benefits plan.

Benefits Provided - Employees are may retire directly from the District under CalPERS and receive a District contribution. The District contributes the PEMHCA minimum under the unequal method.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

9) OTHER POSTEMPLOYMENT BENEFITS - Continued

The contribution is \$52.15 per month for retirees in 2022 and \$60.40 per month for retirees in 2023. Survivor benefits are available. The District also pays the CalPERS administrative fee of 0.32% of premium for 2022/23. The District's health plan does not issue a publicly available financial report.

Employees Covered by Benefit Terms - As of the July 1, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees	
currently receiving benefits	3
Active employees	23
	26

Contributions - The contribution requirements of Plan members and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. For the fiscal year ended June 30, 2023, the District's pay-as-you-go costs were \$32,175.

Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation dated July 1, 2023 (June 30, 2023). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumption - The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.:

Valuation Date	July 1, 2023
Actuarial Cost Method	Entry Age Actuarial Cost
Mortality	CalPERS Public Agency Miscellaneous and Schools Pre-Retirement Mortality and CalPERS Public Agency Post-Retirement Mortality
Recognition of deferred Inflows and outflows of resources	Closed period equal to the average of the expected remaining Service lives of all employees provided with OPEB
Health Care Trend Rate	5.20% initial, 4.0% ultimate
Inflation Rate	2.50%
Salary Changes	3.00%
Discount Rate	3.69% - Bond Buyer 20-Bond GO index for 2023
Medical CPI	3.50% - used to project PERS statutory minimum benefit

Discount Rate - The discount rate used to measure the total OPEB liability was 1.92 percent and 3.69 percent as of June 30, 2022 and June 30, 2023 (measurement period), and is based on the Bond Buyer 20-Bond GO index.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

9) OTHER POSTEMPLOYMENT BENEFITS - Continued

Changes in the Total OPEB Liability

	Total OPEB Liability (TOL)
Balance at June 30, 2022	\$ 1,022,329
Changes in the year:	
Service cost	56,039
Interest on the total OPEB liability	20,397
Changes of assumptions	(233,691)
Difference between actual and expected experience	-
Benefit payments, including implicit subsidy	(32,175)
Net changes	(189,430)
Balance at June 30, 2023	\$ 832,899

Sensitivity of the Total OPEB Liability to changes in the Discount Rate - The following presents the total OPEB liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	\$ 950,960	\$ 832,899	\$ 734,338

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the District, as well as what the District's Net OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (4.2% decreasing to 3.2%)	Current Rates (5.2% decreasing to 4.2%)	1% Increase (6.2% decreasing to 5.2%)
Total OPEB liability	\$ 710,536	\$ 832,899	\$ 987,604

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

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

For the year ended June 30, 2023, the District recognized OPEB expense of \$81,749.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

9) OTHER POSTEMPLOYMENT BENEFITS - Continued

For the reporting year ended June 30, 2023, the District recognized deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 9,763	\$ 26,288
Changes of assumptions	174,903	218,376
Total	\$ 184,666	\$ 244,664

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

Year Ending June 30,	Amount
2024	\$ (538)
2025	(538)
2026	(538)
2027	(538)
2028	(538)
Thereafter	(57,308)

10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Special District Risk Management Authority (Authority), a joint powers agreement authority. The Authority was created under the provisions of California Government Code Section 6500 *et. seq.*

The Authority is governed by a board consisting of seven members who are elected at-large from the membership. The board controls the operations of the Authority including selection of management and approval of operating budgets. The relationship between the District and the Authority is such that the Authority is not a component unit of the District for financial reporting purposes.

The purpose of the Authority is to provide risk financing and risk management services by arranging and administering programs of insurance. The District is insured up to \$10,000,000 with a \$500 deductible per occurrence for property damage claims and \$1,000 per occurrence for property damage losses and up to \$5,000,000 for workers' compensation liability with no deductible. The District is also insured under the Authority for automobile, property, employment practices, employee dishonesty, public officials and employee liability, and various other claims with various coverage limits. Separate financial statements of Authority may be obtained at Special District Risk Management Authority, 1112 "I" Street, Suite 300, Sacramento, CA 95814.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. There were no claims liabilities reported in these financial statements as of June 30, 2023 and 2022.

Running Springs Water District
Notes to Financial Statements
June 30, 2023

11) LOSS CONTINGENCY

On January 1, 2010, Section 2 of Section 116875 of the Health and Safety Code of California became operative. The section modified the allowed content of lead in pipes and plumbing supplies in order to be considered "lead free." Management is in the process of evaluating the effects that this modified law will have on the District. The District has identified and removed obsolete inventory and there is the potential for additional inventory to be scrapped as obsolete. As of June 30, 2023, and June 30, 2022, the amount of the loss on the additional inventory cannot be reasonably estimated.

12) COMMITMENTS

At June 30, 2023, in the opinion of the District's management, there are no other outstanding matters which could have a significant effect on the financial position of the funds of the District.

REQUIRED SUPPLEMENTARY INFORMATION

**Running Springs Water District
Required Supplementary Information
June 30, 2023**

**Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 Years***

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2022	0.07997%	\$ 9,237,669	\$ 2,563,516	360.35%	72.27%
2021	0.09543%	5,161,048	2,494,245	206.92%	83.27%
2020	0.07920%	8,616,883	2,602,202	331.14%	71.61%
2019	0.08043%	8,241,313	2,660,579	309.76%	71.10%
2018	0.08058%	7,764,971	2,560,653	303.24%	71.50%
2017	0.07981%	7,915,389	2,662,089	297.34%	69.43%
2016	0.08117%	7,024,013	2,439,595	287.92%	69.63%
2015	0.08544%	5,864,364	2,299,525	255.03%	73.14%
2014	0.08361%	5,073,557	2,047,220	247.83%	69.63%

Notes to the Schedule of the District's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%. In 2022, the accounting discount rate changed from 7.15% to 6.90%.

*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

**Running Springs Water District
Required Supplementary Information
June 30, 2023**

**Schedule of Plan Contributions
Last 10 Years***

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2023	\$ 1,151,060	\$ (1,151,060)	\$ -	\$ 2,673,203	43.06%
2022	1,046,646	(1,246,646)	(200,000)	2,563,516	48.63%
2021	1,062,496	(1,262,496)	(200,000)	2,494,245	50.62%
2020	1,148,384	(1,148,384)	-	2,602,202	44.13%
2019	874,745	(874,745)	-	2,660,579	32.88%
2018	833,990	(833,990)	-	2,560,653	32.57%
2017	785,370	(785,370)	-	2,662,089	29.50%
2016	709,356	(709,356)	-	2,439,565	29.08%
2015	666,615	(666,615)	-	2,299,525	28.99%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/13, 6/30/14, 6/30/15, 6/30/16, 6/30/17, 6/30/18, 6/30/19, 6/30/20, 6/30/21

*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

**Running Springs Water District
Required Supplementary Information
June 30, 2023**

**Schedule of Changes in the District's
Net OPEB Liability and Related Ratios
Last 10 Fiscal Years***

	Measurement Period			
	2023	2022	2021	2020
Total OPEB Liability				
Service cost	\$ 56,039	\$ 31,403	\$ 32,908	\$ 31,950
Interest on total OPEB liability	20,397	20,189	21,491	19,893
Changes in assumptions	(233,691)	166,852	86,831	-
Difference between actual and expected experience	-	12,947	-	-
Changes in benefits	-	-	-	-
Benefit payments, including implicit subsidy	(32,175)	(3,394)	(1,214)	(2,220)
Net change in total OPEB liability	(189,430)	227,997	140,016	49,623
Total OPEB liability - beginning	1,022,329	794,332	654,316	604,693
Total OPEB liability - ending	<u>\$ 832,899</u>	<u>\$ 1,022,329</u>	<u>\$ 794,332</u>	<u>\$ 654,316</u>
Covered-employee payroll	\$ 2,673,203	\$ 2,563,516	\$ 2,494,245	\$ 2,602,202
Total OPEB liability as a percentage of covered-employee payroll	320.95%	250.75%	314.01%	397.70%

Notes to the Schedule of Changes in the District's Total OPEB Liability

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

Benefit Changes: None

Changes in Assumptions: The discount rate changed from 3.13% in the July 1, 2019 actuarial valuation to 1.92% in the July 1, 2021 actuarial valuation. The discount rate change from 1.92% to 3.69% in the July 1, 2023 actuarial valuation.

*Fiscal year 2020 was the first year of implementation, therefore, 10 years of information is not yet available.