Mojave Water Agency

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Apple Valley, California
www.MojaveWater.org

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Mojave Water Agency

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Mojave Water Agency
13846 Conference Center Drive
Apple Valley, California, 92307

Prepared by:
Lynne Chaimowitz, Chief Financial Officer
Karry LaClair, Accounting Manager
Beata Naval-Go, Accountant
Carolyn Snay, Accountant

Table of Contents

Introductory Section

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October 13, 2022

To the Members of the Board of Directors and the Citizens and Agencies of the Mojave Water Agency:

We are pleased to provide you with the Annual Comprehensive Financial Report for the Mojave Water Agency (MWA) for the fiscal year ended June 30, 2022. The intended purpose of the financial report is to provide the Board of Directors, the customers of the Agency, and other interested parties with reliable information regarding the finances of the Agency. Management assumes full responsibility for the completeness and reliability of all 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 Agency's financial statements have been audited by Rogers, Anderson, Malody & Scott, 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 Agency for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the Agency's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Governmental Accounting Standard's Board (GASB) requires 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 Agency's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

In addition to the required components of the Financial Report, the Agency has elected to prepare this Annual Comprehensive Financial Report which includes supplementary information in this Letter of Transmittal and the Statistical Section. The Letter of Transmittal is intended to discuss the Agency's future direction and accomplishments. It is designed to complement the MD&A and should be read in conjunction with it. The Statistical Section includes various financial trends and demographic information.

AGENCY OVERVIEW

The Mojave Water Agency is a public agency that is one of twenty-nine State Water Project contractor agencies. The Agency is governed by a seven-member board of directors (the "Board of Directors"), the members of which are elected to four-year terms from geographical divisions by the registered voters residing in each division of the Agency. Day-to-day management of the MWA is delegated to the General Manager who reports directly to the Board of Directors.

Mojave Water Agency is a water management and wholesale water agency that was formed by popular vote in 1960, when residents, concerned about the overdraft of the region's aquifers, agreed to become part of the State Water Project (SWP) and secure a source of supplemental water for the region.

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AGENCY OVERVIEW, continued

Section 1.5 of the Mojave Water Agency Law states that:

> "*...the purpose of the agency shall be to do any and every act necessary to be done so that sufficient water may be available for any present or future beneficial use of the land and inhabitants of the agency...*"

The Agency's adopted is to:

> "*Collaboratively manage groundwater basins sustainably, import water responsibly, and address risks proactively using sound science.*"

California's water suppliers, including MWA, are facing significant challenges. Several factors are influencing the difficulty in maintaining sustainable water supplies including:

- The ongoing unprecedented drought in the State of California that has resulted in storage levels reaching all-time lows.
- A federal court ruling cut water supplies from the state's two largest water delivery systems by up to one third to protect the endangered Delta Smelt fish —potentially the largest court-ordered water supply reduction in California history.
- California's population continues to increase, thereby placing additional demands on the state's water supplies and infrastructure.
- Climate change is dramatically reducing our mountain snowpack—a critical source of natural water storage.
- Climate change is also creating higher-highs and lower-lows for storm events, creating challenges in water deliver operations and increased need for storage infrastructure and strategy.
- The Sacramento-San Joaquin River Delta, the single most important link in California's water supply system, faces an ecological crisis that threatens people as well as the environment.

In addition to these challenges, and perhaps in response to some of these emerging pressures, laws and regulations have been evolving that have changed the paradigm relating to land use and water supply. This paradigm shift has put greater pressure on water agencies to better plan, prepare and demonstrate the availability of water for the citizens served not only now but into the future. This has created a greater reliance on water agency planning documents that land use regulators such as cities and counties are now required to use in their decision-making processes. Water supply documentation used in this manner can now have a significant impact on future projects, jobs, and overall economic stability in some regions. Examples of recent legislation and regulations effecting economic decisions are:

- The passage of SB610 and SB221 put a greater burden on water agencies and land use authorities to demonstrate the availability of water prior to major construction projects taking place.
- State regulations requiring Urban Water Management Plans aimed at demonstrating future demand and supplies available.
- Integrated Regional Water Management Planning required for Proposition 84 grant funding, as well as providing the framework of projects necessary to meet future demands.
- 2009 SB X7 legislation creating co-equal goals in managing the Delta, the major transportation hub of water in California.
- 2014 groundwater legislation putting greater emphasis on land use planning and local groundwater pumping/water availability.

<u>Mojave Water Agency is Court Appointed Watermaster</u>

Triggered by the rapid growth within the Mojave Water Agency service area, particularly in the Victor Valley area, the City of Barstow and the Southern California Water Company filed a complaint in 1990 against upstream water users claiming that the increased withdrawals and lowering of groundwater levels reduced the amount of natural water available to downstream users. Through an adjudication process, the resulting judgment appointed the Mojave Water Agency as the court appointed Watermaster for the Mojave Basin.

For purposes of defining and implementing a physical solution, the Mojave Basin Area consists of five distinct but hydrologically interrelated "Subareas". Each Subarea was found to be in overdraft to some extent due to the use of water by all the producers in that Subarea. In addition, some Subareas were found to historically have received at least a part of their natural water supply as water flowing to them from upstream Subareas, either on the surface or as subsurface flow. To maintain that historical relationship, the average annual obligation of any Subarea to another is set equal to the estimated average annual natural flow (excluding storm flow) between the Subareas over the 60-year period 1930-31 through 1989-90. If the Subarea obligation is not met, producers of water in the upstream Subarea must provide Makeup Water to the downstream Subarea.

To maintain proper water balances within each Subarea, the Judgment establishes a decreasing Free Production Allowance ("FPA") in each Subarea during the first five years, and provides for the Court to review and adjust, as appropriate, the FPA for each Subarea annually thereafter. The FPA is allocated among the Producers in the Subarea based on each Producer's percentage share of the FPA. All water produced in excess of any Producer's share of the FPA must be replaced by the Producer, either by payment to the Watermaster of funds sufficient to purchase Replacement Water, or by transfer of unused FPA from another Producer. The MWA imports water from the State Water Project system to replace the replacement obligation amounts within each Subarea.

Land and Land Use

The Agency's boundaries include approximately 4,900 square miles of land and includes small and medium-size communities and large areas of undeveloped land characteristic of California's high desert, including tracts owned by the Federal government which are not subject to taxation. The Agency is in the south-central Mojave Desert in southern California and includes within its boundaries much of eastern San Bernardino County, including the incorporated communities of Barstow in the center, Adelanto, Apple Valley, Hesperia, and Victorville in the southwest, and Yucca Valley in the southeast. Unincorporated communities include Phelan, Baldy Mesa, Mountain View Acres, El Mirage, Oro Grande, Helendale, Lenwood, Hinkley, Harper Lake, Daggett, Yermo, Lucerne Valley, Johnson Valley, Red Mountain, Landers, Joshua Tree, and Newberry Springs.

Budget

Each year the MWA adopts its budget prior to the beginning of the fiscal year. The budget serves as a management tool intended to aid in the planning efforts of the Agency and to serve as a control in expenditures to ensure the fiscal health and financial future of the agency. To aid in the management of the budget, certain "rules" or "controls" have been established that require appropriate levels of approval on the expenditure of Agency funds as well as reporting requirements of financial information to the Board and the public.

Once the budget is approved, financial statements are issued to report the results of operations which include the budget amounts to measure the performance, efficiency, and planning. This report is provided to both the Personnel, Finance, Security and Technology Committee of the Board on a monthly basis as well as to the full Board on a quarterly basis and provides a check and balance of the expenditure of public funds.

LOCAL ECONOMY

The region's economic climate continues to provide necessary funding to fulfil the Agency's purpose. Property tax remains the Agency's primary source of income and assessed value growth has recovered since the Great Recession of the later '00s and increased since the market surge during the Covid-19 pandemic. The Agency's economic forecasts of assessed value growth continues, but with caution. The pandemic's economic impact on the economy had a dramatic short-term effect and now is manifesting on the cost side with increasing costs and inflation. In addition, the supply chain disruptions and the highly competitive job market have all impacted operations and staffing of the Agency. The assessed values remain strong, with moderate growth averaging in the range of 3% to 6% throughout the remainder of their 10-year forecast.

Economic indicators supporting this outlook include continued growth in consumer spending, and new residential and commercial construction activity. HdL Coren & Cone also anticipates improved development in the local real estate economy for the coming year, including the restoration of additional properties currently subject to the Prop. 8 temporary decline-in-market valuation process brought on by the financial crisis.

The Agency continues to diligently assess a multitude of important issues and opportunities in order to optimize its long-term strategic position in the face of these evolving challenges. Concerning projections of substantial DWR cost increases in upcoming years require careful analysis, including weighing potential mitigation measures and options available to the Agency that will be required to cover these additional costs. Past as well as new and emerging water markets will help to offset reduced water sales as well as increased DWR costs, however, water transfers are being carefully assessed to ensure the limited water allotments are not oversubscribed.

LONG-TERM FINANCIAL PLANNING

The Agency is currently facing many challenges in helping to stabilize the future economies of the communities we serve. Dwindling water supplies due to climate change and environmental protections, increasing costs, aging infrastructure are challenges we must be prepared for in the upcoming years. The Agency's financial forecasts has been prepared to manage these risks in the volatile world we face in stabilizing our water future.

The Agency is currently preparing multiple long-range plans to evaluate potential strategies, some novel and some tried and true. With the passage of the Water Transfer Amendment, the State Water Project contractors are now availed of several methods to transfer water surplus to offset the ongoing fixed costs of its water entitlements. SWP transfers are expected to be volatile in annual revenue yet provide substantial benefit to offsetting costs. The 2021 and 2022 water years were both exceptionally dry, with drought declarations for the majority of the state and record setting low levels in storage. While many other contractors struggled to meet their water demands, Mojave's forward-thinking approach enabled the Agency to enter into several agreements to alleviate other contractors' water need, while providing revenue that realized in the FY21/22 Fiscal Year.

With the ongoing challenge of volatility of water supply, the Agency has used long-term planning to support its long-term revenue needs. Over the last several years, allocations of water from the State Water Project have varied from a low of just 5% of the Agency's contracted Table A amount to upwards of 85% in extremely wet years. These extremes are expected to continue, and the Agency must be prepared to continue to take advantage of high allocation years to reduce reliance on supplies from the Delta during times of stress resulting from low allocation years, or in years where water may not be available due to climate change and/or levee failure.

There is also risk in our imported water supply long term reliability. The Delta Conveyance Project is one of many projects aimed at addressing not just volatility in available water supplies to address environmental protections at the pumps in the South Delta, but also rising sea levels due to climate change. Additionally, a changing political and policy environment puts continued pressure on the ability of the State Water Project to deliver water as legal challenges and new and changing policies and opinions delay the progress of important water delivery projects while increasing costs.

RELEVANT FINANCIAL POLICIES

The Agency maintains a policy on debt management and on the minimum cash reserve balance that should be maintained. During the budget process, a five-year cash flow risk model is prepared to ensure the affordability of the major initiatives that will be started during the upcoming year and will have financial impacts or implications over the next five years.

The Agency's financial model allows the Agency to be proactive in identifying potential future financial risks and take corrective action in advance. The financial model has multiple sets of risks that can be modeled to distinguish what risks the Agency could be facing as well as the magnitude of those impacts. With this information, the Agency makes data-based decisions on what strategies need to be pursued next to meet the revenue requirements for the foreseeable future. The Agency is also working with DWR for the close monitoring of projected expenditures as well as instituting prudent financial management at all levels for the State Water Project.

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

STRATEGIC PLAN AND INITIATIVES

The Board of Directors approved a revised strategic plan (http://www.mojavewater.org/files/Strategic-PlanFinalMay2021.pdf) . The strategic plan was created to be a dynamic reflection of where the Agency is going and what the plan is to get there. The vision, mission, goals, and objectives were created to withstand the test of time and to encompass what it means for MWA to fulfill its purpose. The initiatives are crafted to be a dynamic reflection of the Agency's workplan to achieve the purpose or mitigate risks in an ever-changing environment. The values are the way in which the Agency will conduct itself every step of the way.

Each of the strategic initiatives support one or more of the objectives which are detailed below along with some key initiatives for each objective.

Objective 1. Manage groundwater basins sustainably.

The Agency understands that the sustainable management of our area's groundwater basins is essential for our communities to access reliable and safe water supplies into the future. The Agency is committed to supporting local communities through short and long-term planning efforts using robust scientific data collection and analyses to understand and quantify groundwater basin use and health. The Agency is also committed to supporting responsible parties to fulfill their Sustainable Groundwater Management Act obligations. Among the initiatives are the continued investments in monitoring and data collection to support our groundwater basin management and the update of the Integrated Regional Water Management Plan.

Objective 2. Identify and maintain access to imported water supplies in sufficient quantities that, when combined with local supplies, meet Urban Water Management Planning Act requirements which support local communities' land use plans.

The Agency was founded with the vision that imported water supplies would be necessary to meet the current and future needs of local communities. The primary source of imported water for the Agency is the SWP, which has experienced and continues to experience risks to available water supplies. The Agency engages in actions that estimate local community needs and ensures access to sufficient imported water supplies, with a focus on reliability and sustainability. Often, these actions require close collaboration with other SWP contractors. With the development of the imported water policy and the strategy development for the groundwater banking program, the Agency will be building out a set of parameters to determine the key points and conditions for which to import water based on the ever-changing hydrology and policy landscape of the state.

Objective 3. Develop, manage, and maintain water portfolio and infrastructure to provide reliable water supplies.

Once sufficient water supplies are identified and obtained, the Agency takes actions to ensure availability and accessibility of water supplies for local use. These actions include managing the Agency's portfolio of water supplies to ensure water availability during times of need as well as developing and maintaining the infrastructure to store and convey the water supplies to the areas of need. A key initiative within the objective of our water portfolio is to develop an asset management plan that will optimize the Agency's investments in its infrastructure and continue to operate systems in order to provide reliable water supply to our region.

Objective 4. Achieve urban water use efficiency consistent with current locally established efficiency targets.

To ensure maximum benefit of the local and imported water supplies, the Agency intends to collaboratively set, periodically update, and achieve a water use efficiency target (expressed in gallons per capita per day) primarily through conservation efforts. The Agency's water use efficiency actions focus on collaboration, education, and outreach with other stakeholders and local communities. The Agency proactively works to leverage tax-payer dollars to obtain outside funding to work with retail water districts and local entities to efficiently use water to support sustainable development in the future.

Objective 5. Cultivate organizational culture that successfully recruits, retains, trains, and develops effective team members and leaders to fulfill our mission.

The Agency's leadership and team members are key to the successful implementation of the Agency's strategic plan and fulfillment of the Agency's mission. The Agency recognizes the need to recruit, retain, train, and develop team members expeditiously to ensure successful succession planning including institutional knowledge transfer and retention. Additionally, the Agency recognizes the importance of maintaining a positive and safe organizational work environment and culture. The team at Mojave is small but mighty, and the Agency's key objective is to attract, retain and support staff in order to support all of the other key objectives. To that end, the Agency's initiatives include a classification and compensation study to employees are recruited and retained to ensure the Agency's continued success.

Objective 6. Employ robust technology, science, and data management systems to support effective operations and decision making to address the highest risks.

As the Agency faces a variety of risks, the Agency is committed to making basin management and operations decisions informed by sound, reputable, and factual data sources. The Agency prioritizes actions that support decisions made using the most reliable information technology and sources. The everchanging technological and scientific environment requires constant attention to garner security and efficiency to support science-based decision making. The Agency will be working on an Information Technology Strategic plan as well as the ongoing implementation of monitoring best-practices throughout the Agency.

Objective 7. Responsibly steward the availability of financial resources required to fulfill our mission.

The Agency continuously works to assist in the development of sufficient revenues to fulfill our mission. Striving to provide sufficient resources includes accurately projecting revenues and costs, advocating for sound financial management for costs outside of the Agency's control, leveraging revenues to maximize services, and maintaining excellence in financial stewardship and accountability. This effort involves continuously and creatively planning for the most efficient and productive use of available resources as well as the updating of the Agency's strategic financial plan and supporting model to dynamically quantify the impacts of future policy decisions.

Objective 8. Create and maintain an active risk register and risk mitigation strategies.

The Agency is facing many sources of uncertainty that could affect the ability to fulfill its objectives. Some of those sources of uncertainties can be influenced directly by the Agency, and some cannot. Depending on the nature of the uncertainties, the Agency will need to take different approaches as appropriate to manage risks, mitigate consequences, or both and update this plan and initiatives accordingly.

Objective 9. Cultivate effective and collaborative working relationships with partner agencies, other responsible parties, and the public.

The Agency recognizes that our mission and vision cannot be accomplished alone. Collaboration and coordination with partner agencies and other stakeholders are imperative to addressing risks and accomplishing our goals. The Agency prioritizes activities that promote effective working relationships and partnerships needed to help achieve our collective goals and objectives. Of critical importance are the small water systems programs and the strategic partnerships programs that leverage existing regional resources to further the purpose of the Agency.

While all of our strategic initiatives are where staff efforts will be organized around, the Agency is also deeply intertwined with the State Water Project and their operations. The Agency will need to be creative in how to plan and prepare for those expenditures and develop partnerships and revenue streams necessary to stabilize the future economies of the citizens we serve. Plans provide for continued engagement with the Department of Water Resources to help anticipate future cost increases, as well as prepare for the costs associated with the Delta Conveyance Project - a much needed project to help protect our investment in the State Water Project and provide for the economic stability of the communities we serve.

These challenges will require strategic planning, maximum utilization of Agency staff and resources, collaboration with stakeholders, continued engagement at the state level, vision, and leadership. The Agency's foundation is strong, and I am confident much can be accomplished.

ACKNOWLEDGEMENTS

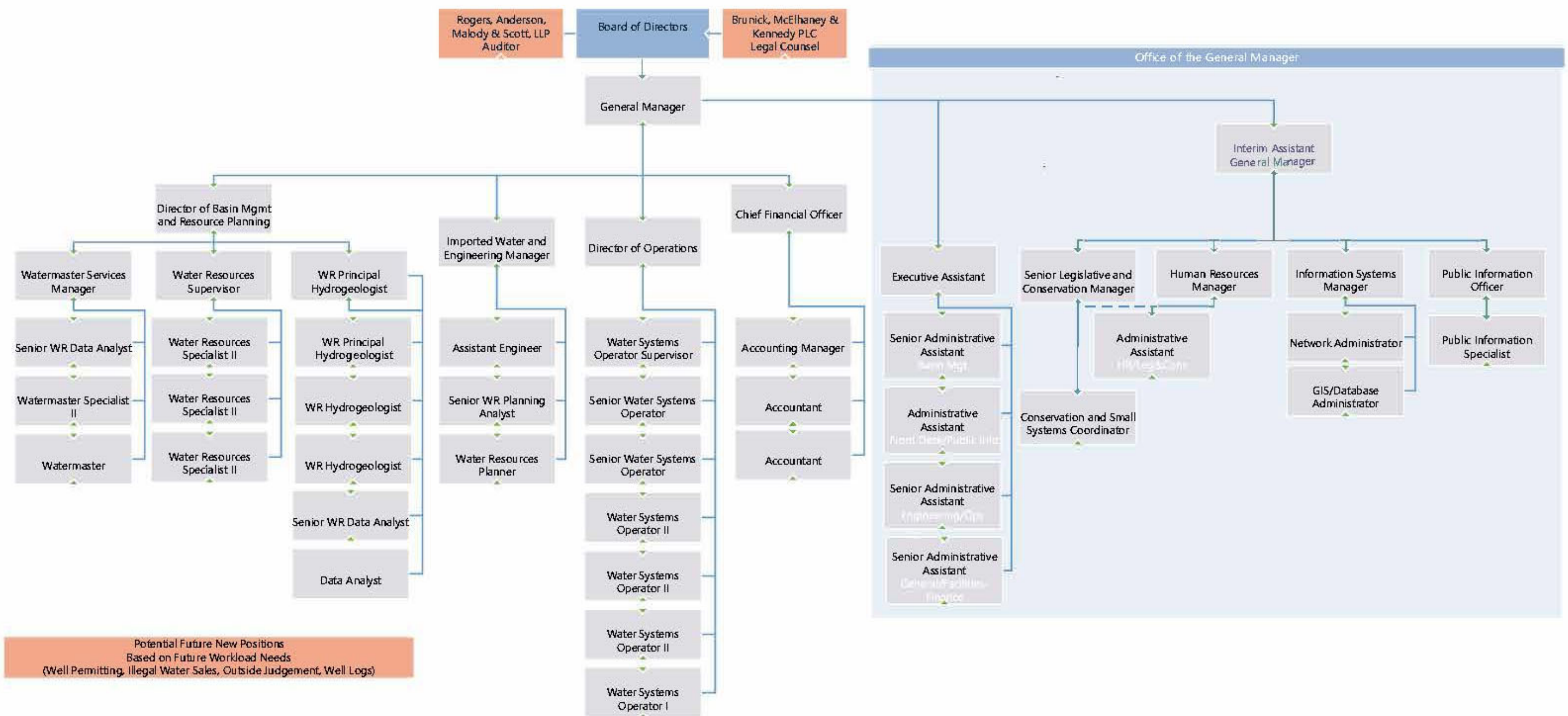
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department and particularly Accounting Manager, Karry LaClair. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Directors for their continued support for maintaining the highest standards of professionalism in the management of the Mojave Water Agency's finances.

Respectfully submitted,

Allison Febbo
General Manager

Lynne Chaimowitz
Chief Financial Officer

Organizational Chart
As of June 30, 2022



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Presented to

Mojave Water Agency
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

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Financial Section

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
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Independent Auditor's Report

To the Board of Directors
Mojave Water Agency
Apple Valley, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of June 30, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the 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 (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. 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 Agency 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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.

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Agency'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 Agency'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 the schedules 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 comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

Report on Summarized Comparative Information

We have previously audited the Agency's 2021 financial statements, and we expressed unmodified opinions on the respective financial statements in our report dated November 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Prior Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2021, from which such summarized information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 13, 2022

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Mojave Water Agency (the Agency) provides an introduction to the financial statements of the Agency for the fiscal years ended June 30, 2022 and 2021. The two-year presentation is provided for comparative purposes. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2022, the Agency's net position increased 7.20% or $31,203,048 to $464,815,881 mainly as a result of State Water Project Table A water sales. In fiscal year 2021, the Agency's net position increased 1.41% or $6,025,444 to $433,612,833 as a result of an increase from ongoing operations.
- In fiscal year 2022, the Agency's total revenue increased 65.24% or $33,072,209. The increase of $23,239,300 of State Water Project water transfer sales along with an increase of $6,180,931 in water sales and services. In addition, $2,428,762 increase in grant revenue. In fiscal year 2021, the Agency's total revenue decreased 7.30% or $3,994,067. The increase of $4,486,095 in water sales and services was offset by a decrease of $7,618,934 of State Water Project water transfer sales resulting in a net decrease.
- In fiscal year 2022, the Agency's total expenses increased 19.55% or $8,734,591 due primarily to an increase of $5,381,869 in State Water Project importation along with an increase of $774,611 in State Water Project Delta Conveyance planning and design costs. In fiscal year 2021, the Agency's total expenses increased 9.25% or $3,784,089 due primarily to an increase of $3,710,350 in State Water Project importation.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all the Agency's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, and provides answers to questions such as, "Where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

Financial Analysis of the Agency

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question.

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's net position and changes in them. One can think of the Agency's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation, such as changes in Federal and State environmental regulations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Statements of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets of the Agency exceeded liabilities by $464,815,881 and $433,612,833 as of June 30, 2022 and 2021, respectively.

Condensed Statements of Net Position

	2022	2021	Change	2020	Change
Assets					
Current assets	$ 106,596,384	$ 82,395,746	$ 24,200,638	$ 74,529,106	$ 7,866,640
Non-current assets	79,120,734	66,243,178	12,877,556	68,794,748	(2,551,570)
Capital assets	329,862,308	337,190,544	(7,328,236)	339,942,445	(2,751,901)
Total assets	515,579,426	485,829,468	29,749,958	483,266,299	2,563,169
Deferred outflows of resources	4,353,844	4,987,884	(634,040)	5,485,311	(497,427)
Liabilities					
Current liabilities	15,907,017	12,816,292	3,090,725	11,431,576	1,384,716
Non-current liabilities	35,238,852	43,942,303	(8,703,451)	49,000,384	(5,058,081)
Total liabilities	51,145,869	56,758,595	(5,612,726)	60,431,960	(3,673,365)
Deferred inflows of resources	3,971,520	445,924	3,525,596	732,261	(286,337)
Net position					
Net investment in capital assets	299,137,054	303,713,142	(4,576,088)	303,817,108	(103,966)
Restricted	64,005,430	62,081,839	1,923,591	60,650,196	1,431,643
Unrestricted	101,673,397	67,817,852	33,855,545	63,120,085	4,697,767
Total net position	$ 464,815,881	$ 433,612,833	$ 31,203,048	$ 427,587,389	$ 6,025,444

Statements of Net Position, continued

By far, the largest portion of the Agency's net position (64% as of June 30, 2022, and 70% as of June 30, 2021) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to customers within the Agency's service area; consequently, these assets are not available for future spending. In addition, there was a shift from current assets to noncurrent assets as a result of increasing the Agency's investment portfolio by moving cash out of LAIF and into the investment trust managed by Insight Investments.

At the end of fiscal years 2022 and 2021, the Agency showed a positive balance in its unrestricted net position of $101,703,603 and $67,817,852, respectively, which may be utilized in future years. See the notes to the financial statements for further information.

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2022	2021	Change	2020	Change
Operating revenues	$ 38,191,646	$ 8,815,759	$ 29,375,887	$ 10,279,547	$ (1,463,788)
Non-operating revenues	45,574,230	41,877,908	3,696,322	44,408,187	(2,530,279)
Total revenues	83,765,876	50,693,667	33,072,209	54,687,734	(3,994,067)
Operating expenses	33,871,620	26,088,813	7,782,807	22,835,243	3,253,570
Depreciation and amortization	16,851,508	16,580,460	271,048	15,848,029	732,431
Non-operating expenses	2,696,021	2,015,285	680,736	2,217,197	(201,912)
Total expenses	53,419,149	44,684,558	8,734,591	40,900,469	3,784,089
Net income before capital contributions	30,346,727	6,009,109	24,337,618	13,787,265	(7,778,156)
Capital contributions	856,321	16,335	839,986	-	16,335
Change in net position	31,203,048	6,025,444	25,177,604	13,787,265	(7,761,821)
Net position, beginning of year	433,612,833	427,587,389	6,025,444	413,800,124	13,787,265
Net position, end of year	$ 464,815,881	$ 433,612,833	$ 31,203,048	$ 427,587,389	$ 6,025,444

The statements of revenues, expenses and changes of net position show how the Agency's net position changed during the fiscal years. In fiscal year 2022, the Agency's net position increased 7.20% or $31,203,048 to $464,815,881 as a result of an increase in State Water Project Table A water sales. In fiscal year 2021, the Agency's net position increased 1.41% or $6,025,444 to $433,612,833 as a result of an increase from ongoing operations.

In fiscal year 2022, the Agency's total revenue increased 65.24% or $33,072,209. The increase of $23,239,300 of State Water Project water transfer sales along with an increase of $6,180,931 in water sales and services. In addition, grant revenue increased by $2,428,762. In fiscal year 2021, the Agency's total revenue decreased 7.30% or $3,994,067. The increase of $4,486,095 in water sales and services is offset by a decrease of $7,618,934 of unrealized State Water Project Table A water sales.

In fiscal year 2022, the Agency's total expenses increased 19.55% or $8,734,591 due primarily to an increase of $5,381,869 in State Water Project importation along with an increase of $774,611 in State Water Project Delta Conveyance planning and design costs. In fiscal year 2021, the Agency's total expenses increased 9.25% or $3,784,089 due primarily to an increase of $3,710,350 in State Water Project importation charges.

Statements of Revenues, Expenses and Changes in Net Position, continued

Operating and Non-Operating Revenues

	2022	2021	Change	2020	Change
Operating revenues:					
Water sales and services	$ 8,783,285	$ 6,528,060	$ 2,255,225	$ 2,041,965	$ 4,486,095
State Water Project Table A water sales	23,239,300	-	23,239,300	7,618,934	(7,618,934)
Watermaster assessments	6,169,061	2,287,699	3,881,362	618,648	1,669,051
Total operating revenues	38,191,646	8,815,759	29,375,887	10,279,547	(1,463,788)
Non-operating revenues:					
Property taxes - ad valorem	7,168,718	7,047,264	121,454	7,014,871	32,393
Property assessment for State Water Project	37,518,383	35,177,147	2,341,236	33,408,704	1,768,443
Property assessment for IDM (Note 3)	(1,784,005)	(2,474,525)	690,520	314,220	(2,788,745)
Redevelopment agency component of property taxes	796,042	770,030	26,012	541,502	228,528
Debt service support	286,523	-	286,523	-	-
Investment earnings (loss)	(1,915,751)	251,788	(2,167,539)	2,917,695	(2,665,907)
Gain (loss) on disposal of capital assets	-	8,325	(8,325)	-	8,325
State grant revenue	3,482,762	1,054,000	2,428,762	95,662	958,338
Other nonoperating revenues	21,558	43,879	(22,321)	115,533	(71,654)
Total nonoperating revenues	45,574,230	41,877,908	3,696,322	44,408,187	(2,530,279)
Total revenues	$ 83,765,876	$ 50,693,667	$ 33,072,209	$ 54,687,734	$ (3,994,067)

Operating and Non-Operating Expenses

	2022	2021	Change	2020	Change
Operating expenses:					
State Water Project importation charges	$ 20,929,353	$ 14,772,873	$ 6,156,480	$ 11,062,523	$ 3,710,350
Operating costs	12,942,267	11,315,940	1,626,327	11,772,720	(456,780)
Depreciation	16,851,508	16,580,460	271,048	15,848,029	732,431
Total operating expenses	50,723,128	42,669,273	8,053,855	38,683,272	3,986,001
Non-operating expenses:					
Interest expense	2,212,417	2,389,846	(177,429)	2,602,234	(212,388)
Amortization of bonds premium	(616,123)	(616,123)	-	(616,123)	-
Property tax and assessment collection charges	107,376	101,752	5,624	103,991	(2,239)
State grant expense - pass-through	856,321	16,335	839,986	-	16,335
Other nonoperating expenses	136,030	123,475	12,555	127,095	(3,620)
Total nonoperating expenses	2,696,021	2,015,285	680,736	2,217,197	(201,912)
Total expenses	$ 53,419,149	$ 44,684,558	$ 8,734,591	$ 40,900,469	$ 3,784,089

Capital Asset Administration

Changes in capital asset amounts for 2022 were as follows:

	Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Capital assets:				
Non-depreciable assets	$ 21,834,554	$ 1,117,175	$ (6,086,569)	$ 16,865,160
Depreciable assets	538,648,896	14,492,666	-	553,141,562
Accumulated depreciation and amortization	(223,292,906)	(16,851,508)	-	(240,144,414)
Total capital assets, net	$ 337,190,544	$ (1,241,667)	$ (6,086,569)	$ 329,862,308

Changes in capital asset amounts for 2021 were as follows:

	Balance 2020	Additions	Transfers/ Deletions	Balance 2021
Capital assets:				
Non-depreciable assets	$ 16,192,002	$ 6,438,662	$ (796,110)	$ 21,834,554
Depreciable assets	530,517,412	8,186,007	(54,523)	538,648,896
Accumulated depreciation and amortization	(206,766,969)	(16,580,460)	54,523	(223,292,906)
Total capital assets, net	$ 339,942,445	$ (1,955,791)	$ (796,110)	$ 337,190,544

At the end of fiscal years 2022 and 2021, the Agency's investment in capital assets amounted to $329,862,308 and $337,190,544 (net of accumulated depreciation), respectively. This investment in capital assets includes land, state water project entitlement, transmission system, buildings, structures, equipment, vehicles and construction-in-process. Major capital assets additions during the year include additions to the State Water Project entitlement. Additional information on the Agency's capital assets can be found in the Note 5 on pages 36-39.

Debt Administration

Changes in long-term debt amounts for 2022 were as follows:

	Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Long-term liabilities:				
Long-term liabilities	$ 40,593,129	$ -	$ (5,997,473)	$ 34,595,656

Changes in long-term debt amounts for 2021 were as follows:

	Balance 2020	Additions	Transfers/ Deletions	Balance 2021
Long-term liabilities:				
Long-term liabilities	$ 46,416,389	$ -	$ (5,823,260)	$ 40,593,129

Additional information on the Agency's long-term debt can be found in Note 8 on pages 41-45.

Conditions Affecting Current Financial Position

There are currently contract negotiations taking place for the payment of costs related to the Delta Conveyance Project in the State Water Project system. The costs of the project are unknown at this time. It is also unknown if the Mojave Water Agency Board will elect to participate in the costs and benefits of this project. Should the Board choose to participate, additional revenues will need to be developed to help offset the costs.

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, stakeholders and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency at 13846 Conference Center Drive, Apple Valley, California, 92307 or by phone (760) 946-7000.

Basic Financial Statements

Mojave Water Agency
Statements of Net Position
June 30, 2022 (with comparative data for 2021)

	2022			2021
	Mojave Water Agency	Watermaster	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents (Note 2)	$ 44,356,976	$ -	$ 44,356,976	$ 32,325,437
Restricted - cash and cash equivalents (Note 2)	33,695,508	2,284,389	35,979,897	31,944,216
Investments (Note 2)	13,600,674	-	13,600,674	9,473,430
Accrued interest receivable	136,902	1,409	138,311	44,516
Accounts receivable - water sales and assessments	6,140,343	4,502,469	10,642,812	5,755,635
Accounts receivable - governmental agencies	292,193	-	292,193	1,070,335
Accounts receivable - other	168,421	-	168,421	223,139
Due from Watermaster	220,838	-	220,838	-
Property taxes and assessments receivable	1,112,309	-	1,112,309	816,590
Prepaid expenses and deposits	83,953	-	83,953	742,448
Total current assets	99,808,117	6,788,267	106,596,384	82,395,746
Noncurrent assets:				
Investments (Note 2)	47,398,299	-	47,398,299	33,704,505
Accounts receivable - water sales and assessments	-	2,540	2,540	2,076
Water-in-storage - inventory (Note 4)	31,079,895	-	31,079,895	32,536,597
Other noncurrent asset	640,000	-	640,000	-
Capital assets, not being depreciated (Note 5)	16,865,160	-	16,865,160	21,834,554
Depreciable capital assets, net (Note 5)	312,997,148	-	312,997,148	315,355,990
Total noncurrent assets	408,980,502	2,540	408,983,042	403,433,722
Total assets	508,788,619	6,790,807	515,579,426	485,829,468
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt defeasance, net	2,075,440	-	2,075,440	2,762,807
Deferred pension outflows	1,644,992	-	1,644,992	1,725,829
Deferred OPEB outflows	633,412	-	633,412	499,248
Total deferred outflows of resources	4,353,844	-	4,353,844	4,987,884

See accompanying notes to the basic financial statements.

Mojave Water Agency
Statements of Net Position, continued
June 30, 2022 (with comparative data for 2021)

	2022			2021
	Mojave Water Agency	Watermaster	Total	Total
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued expenses	$ 1,652,506	$ 5,778,254	$ 7,430,760	$ 3,612,914
Accrued wages and related payables	181,440	-	181,440	151,829
Due to Mojave Water Agency	-	220,838	220,838	-
Retentions payable	19,242	-	19,242	248,745
Accrued interest payable - long-term debt	161,725	-	161,725	206,500
Long-term liabilities - due within one year:				
Unearned revenue (Note 7)	2,990,223	-	2,990,223	3,009,057
Compensated absences (Note 6)	266,701	-	266,701	205,110
Bonds payable (Note 8)	4,630,000	-	4,630,000	5,375,000
Contract payable (Note 8)	6,088	-	6,088	7,137
Total current liabilities	9,907,925	5,999,092	15,907,017	12,816,292
Noncurrent liabilities:				
Long-term liabilities - due in more than one year:				
Compensated absences (Note 6)	257,269	-	257,269	329,030
Bonds payable (Note 8)	29,810,510	-	29,810,510	35,056,633
Contract payable (Note 8)	149,058	-	149,058	154,359
Net pension liability (Note 9)	3,921,914	-	3,921,914	7,222,612
Net OPEB liability (Note 10)	1,100,101	-	1,100,101	1,179,669
Total noncurrent liabilities	35,238,852	-	35,238,852	43,942,303
Total liabilities	45,146,777	5,999,092	51,145,869	56,758,595
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	3,701,097	-	3,701,097	286,729
Deferred OPEB inflows	270,423	-	270,423	159,195
Total deferred inflows of resources	3,971,520	-	3,971,520	445,924
NET POSITION				
Net investment in capital assets (Note 11)	299,137,054	-	299,137,054	303,713,142
Restricted for debt service	-	-	-	1,770,965
Restricted for state water project	63,213,715	-	63,213,715	59,392,865
Restricted for watermaster	-	791,715	791,715	918,009
Unrestricted (Note 11)	101,673,397	-	101,673,397	67,817,852
Total net position	$ 464,024,166	$ 791,715	$ 464,815,881	$ 433,612,833

See accompanying notes to the basic financial statements.

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Mojave Water Agency
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2022 (with comparative data for 2021)

	2022			2021
	Mojave Water Agency	Watermaster	Total	Total
OPERATING REVENUES				
Water sales and services	$ 8,783,285	$ -	$ 8,783,285	$ 6,528,060
State Water Project Table A water sales	23,239,300	-	23,239,300	-
Watermaster assessments	-	6,169,061	6,169,061	2,287,699
Total operating revenues	32,022,585	6,169,061	38,191,646	8,815,759
OPERATING EXPENSES				
State Water Project importation charges	15,299,995	5,629,358	20,929,353	14,772,873
Operating costs	12,365,545	576,722	12,942,267	11,315,940
Total operating expenses	27,665,540	6,206,080	33,871,620	26,088,813
Operating income (loss) before depreciation	4,357,045	(37,019)	4,320,026	(17,273,054)
Depreciation	16,851,508	-	16,851,508	16,580,460
Operating income (loss)	(12,494,463)	(37,019)	(12,531,482)	(33,853,514)
NONOPERATING REVENUES				
Property taxes - ad valorem	7,168,718	-	7,168,718	7,047,264
Property assessment for State Water Project	37,518,383	-	37,518,383	35,177,147
Property assessment for IDM (Note 3)	(1,784,005)	-	(1,784,005)	(2,474,525)
Redevelopment agency component of property taxes	796,042	-	796,042	770,030
Debt service support	286,523	-	286,523	-
Investment earnings (loss)	(1,908,893)	(6,858)	(1,915,751)	251,788
Gain (loss) on disposal of capital assets	-	-	-	8,325
State grant revenue	3,482,762	-	3,482,762	1,054,000
Other nonoperating revenues	7,842	13,716	21,558	43,879
Total nonoperating revenues	45,567,372	6,858	45,574,230	41,877,908
NONOPERATING EXPENSES				
Interest expense	2,212,417	-	2,212,417	2,389,846
Amortization of bonds premium	(616,123)	-	(616,123)	(616,123)
Property tax and assessment collection charges	107,376	-	107,376	101,752
State grant expense - pass-through	856,321	-	856,321	16,335
Other nonoperating expenses	39,897	96,133	136,030	123,475
Total nonoperating expenses	2,599,888	96,133	2,696,021	2,015,285
Total nonoperating revenue, net	42,967,484	(89,275)	42,878,209	39,862,623
Income (loss) before contributions	30,473,021	(126,294)	30,346,727	6,009,109
CAPITAL CONTRIBUTIONS				
State capital grants - pass-through	856,321	-	856,321	16,335
Total capital contributions	856,321	-	856,321	16,335
Change in net position	31,329,342	(126,294)	31,203,048	6,025,444
Net position, beginning of year	432,694,824	918,009	433,612,833	427,587,389
Net position, end of year	$ 464,024,166	$ 791,715	$ 464,815,881	$ 433,612,833

See accompanying notes to the basic financial statements.

Mojave Water Agency
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2022 (with comparative data for 2021)

	2022			2021
	Mojave Water Agency	Watermaster	Total	Total
Cash flows from operating activities:				
Cash receipts from customers and others	$ 28,708,866	$ 3,277,949	$ 31,986,815	$ 11,366,164
Cash paid to vendors and suppliers	(20,654,322)	(1,922,084)	(22,576,406)	(18,983,100)
Cash paid to employees for salaries and wages	(5,672,805)	(348,901)	(6,021,706)	(5,297,870)
Net cash provided (used) by operating activities	2,381,739	1,006,964	3,388,703	(12,914,806)
Cash flows from noncapital financing activities:				
Property tax revenue	7,964,760	-	7,964,760	7,817,294
Net cash provided by non-capital financing activities	7,964,760	-	7,964,760	7,817,294
Cash flows from capital and related financing activities:				
Property tax revenue	37,115,288	-	37,115,288	35,211,143
Acquisition and construction of capital assets	(9,523,272)	-	(9,523,272)	(13,333,714)
State grant contributions	3,482,762	-	3,482,762	1,054,000
Debt service support	286,523	-	286,523	-
Property assessments received	134,215	-	134,215	386,914
Principal paid on long-term debt	(5,381,350)	-	(5,381,350)	(5,207,137)
Interest paid on long-term debt	(1,569,825)	-	(1,569,825)	(1,763,150)
State pass-through grants received	856,321	-	856,321	16,335
State pass-through grants expended	(856,321)	-	(856,321)	(16,335)
Proceeds from sale of assets	-	-	-	8,325
Net cash provided by capital and related financing activities	24,544,341	-	24,544,341	16,356,381
Cash flows from investing activities:				
Sales of investments	15,343,962	-	15,343,962	12,091,679
Purchase of investments	(33,165,000)	-	(33,165,000)	(12,040,000)
Investment earnings	(2,001,892)	(7,654)	(2,009,546)	349,171
Net cash provided (used) by investing activities	(19,822,930)	(7,654)	(19,830,584)	400,850
Net increase in cash and cash equivalents	15,067,910	999,310	16,067,220	11,659,719
Cash and cash equivalents, beginning of year	62,984,574	1,285,079	64,269,653	52,609,934
Cash and cash equivalents, end of year	$ 78,052,484	$ 2,284,389	$ 80,336,873	$ 64,269,653
Reconciliation to the Statement of Net Position:				
Cash and cash equivalents	$ 44,356,976	$ -	$ 44,356,976	$ 32,325,437
Restricted - cash and cash equivalents	33,695,508	2,284,389	35,979,897	31,944,216
Total cash and cash equivalents	$ 78,052,484	$ 2,284,389	$ 80,336,873	$ 64,269,653

See accompanying notes to the basic financial statements.

	2022			2021
	Mojave Water Agency	Watermaster	Total	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ (12,494,463)	$ (37,019)	$ (12,531,482)	$ (33,853,514)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	16,851,508	-	16,851,508	16,580,460
Other nonoperating revenues	7,842	13,716	21,558	43,879
Other nonoperating expenses	(39,897)	(96,133)	(136,030)	(123,475)
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable - water sales and assessments	(3,914,749)	(2,891,112)	(6,805,861)	3,674,075
Accounts receivable - governmental agencies	778,142	-	778,142	(868,740)
Accounts receivable - other	54,718	-	54,718	110,307
Due from Watermaster	(220,838)	-	(220,838)	-
Prepaid expenses and deposits	658,495	-	658,495	(45,306)
Water-in-storage - inventory	1,456,702	-	1,456,702	328,064
Other noncurrent asset	(640,000)	-	(640,000)	-
Deferred pension outflows	80,837	-	80,837	95,097
Deferred OPEB outflows	(134,164)	-	(134,164)	(285,037)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and other accrued expenses	21,172	3,796,674	3,817,846	1,382,287
Due to Mojave Water Agency	-	220,838	220,838	-
Accrued wages and related payables	29,611	-	29,611	20,139
Retentions payable	(229,503)	-	(229,503)	(212,741)
Unearned revenue	(18,834)	-	(18,834)	(398,687)
Compensated absences	(10,170)	-	(10,170)	91,236
Net pension liability	(3,300,698)	-	(3,300,698)	607,226
Net OPEB liability	(79,568)	-	(79,568)	226,261
Deferred pension inflows	3,414,368	-	3,414,368	(175,533)
Deferred OPEB inflows	111,228	-	111,228	(110,804)
Total adjustments	14,876,202	1,043,983	15,920,185	20,938,708
Net cash provided (used) by operating activities	$ 2,381,739	$ 1,006,964	$ 3,388,703	$ (12,914,806)
Schedule of non-cash capital and related financing activities:				
Acquisition of capital assets in accounts payable	$ -	$ -	$ -	$ 494,845
Amortization of IDM Assessment District Receivable (Note 3)	(1,918,220)	-	-	(2,861,439)

See accompanying notes to the basic financial statements.

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Note 1: Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Mojave Water Agency (Agency) was organized July 21, 1960, by an act of the legislature of the State of California known as the Mojave Water Agency Act. Within the limits of its power and authority set forth in this act, the purpose of the Agency is to do any and every act necessary so that sufficient water may be available for any present or future beneficial use of lands and inhabitants of the Agency, including, but not limited to, the construction, maintenance, alteration, purchase, and operation of any and all works or improvements within the Agency necessary or proper to carry out any object or purpose of this act; and the gathering of data for, and the development and implementation of, after consultation and coordination with all public and private water entities who are in any way affected, management and master plans to mitigate the cumulative overdraft of groundwater basins, to monitor the condition of the groundwater basins, to pursue all necessary water conservation measures, and to negotiate for additional water supplies from all state, federal, and local sources. The Agency is governed by a seven-member Board of Directors who serve overlapping four-year terms.

The Agency is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Agency is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In 1994, to administer the provisions of the groundwater adjudication judgment, the Superior Court of Riverside appointed the Agency as the Mojave Basin Area Watermaster (Watermaster) and ordered the Watermaster to formulate a plan and program for management of the Basin's resources. Although the Watermaster is legally separate, it is included as a blended component unit of the Agency, as it is in substance part of the Agency's operations, as it is governed by the same Board of Directors and the Agency has operational responsibility for the Watermaster. Complete financial statements for the Watermaster are available at the Agency's office or upon request of the Agency's Chief Financial Officer at 13846 Conference Center Drive, Apple Valley, California, 92307.

The Mojave Water Agency Public Facilities Corporation (MWAPFC) was incorporated in 1997. The MWAPFC is a California nonprofit public benefit corporation formed to assist the Mojave Water Agency (Agency) by acquiring, constructing, operating and maintaining facilities, equipment, or other property needed by the Agency and leasing or selling such property to the Agency and as such has no employees or other operations. Although the MWAPFC is legally separate, it is included as a blended component unit of the Agency, as it is in substance part of the Agency's operations. No separate financial statements are prepared for the MWAPFC.

Mojave Water Agency Fund

This major fund accounts for the activities of the Agency and the Mojave Water Agency Act, which authorizes the Agency to assess taxes to pay for the costs of the California State Water Project system plus costs necessary for the administration of the Agency.

Watermaster Fund

This major fund was established as part of the groundwater adjudication judgment to account separately for the annual activities of the Watermaster and accounting for the types of fees the Watermaster may impose and the expenditures made during the year.

Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of delivering wholesale water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and service charges), capital grants, and similar funding. The enterprise fund is accounted using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and service charges, as well as Watermaster assessments, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the Agency are water sales to the Watermaster and the principal operating revenues of the Watermaster are water sales (assessments) to member water right holders. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Agency's proprietary fund.

Prior Year Financial Data Presentation

The Agency has determined to present the annual financial statements with certain prior year data for comparative purposes, but to not restate all the prior year data.

Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Use of Estimates

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

Cash and Cash Equivalents

Substantially all of the Agency's cash is invested in interest bearing accounts. The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments and Investment Policy

The Agency has adopted an investment policy directing the Chief Financial Officer to deposit funds in financial institutions. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- Level 1 – Valuation is based on quoted prices in active markets for identical assets.
- Level 2 – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

Restricted Cash and Investments

The Agency has established a number of separate accounts, also referred to as funds, to provide for specific activities in accordance with special regulations, bond covenants, and other arrangements. The accounts are classified as "restricted" and are nondiscretionary in terms of the use of assets. Among other things, the restricted amounts provide for payments of debt service on bonds, reserves for principal and interest on outstanding bonds, construction of capital assets, and other obligations related to the State Water Project.

Restricted Assets

Amounts shown as restricted assets are to be used for specified purposes, such as servicing general obligation bond debt and the construction of capital assets. Such assets have been restricted by bond indenture, law, or contractual obligations.

Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

Accounts Receivable and Allowance for Uncollectible Accounts

The Agency extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the Agency uses the allowance method for the reservation and write-off of those accounts.

Property Taxes and Special Assessments

The San Bernardino County Assessor's Office assesses all real and personal property within the County each year. The San Bernardino County Tax Collector's Office bills and collects the Agency's share of property taxes and assessments. The San Bernardino County Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the San Bernardino County which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

Lien date	January 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

Prepaid Expenses

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

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at $5,000. Contributed assets are recorded at acquisition value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- State Water Project Entitlement – 75 years
- Transmission system – 50 to 100 years
- Monitoring wells – 25 to 50 years
- Structures and improvements – 25 to 40 years
- Other plant and equipment – 5 to 25 years

Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. This financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will not be recognized as an outflow of resources (expense) until that time. The statement of net position also reports a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time.

The Agency reports the following deferred outflows/inflows of resources: (1) the deferred outflow related to loss on debt defeasance is related to debt refinancing of the Agency bond issuances for the difference in the carrying value of the refunded debt and its reacquisition price. The net amount is deferred and amortized over the life of the refunded debt. (2) The deferred outflows/inflows related to pensions consists of employer contributions made after the measurement date of the net pension liability, as well as actuarial deferrals. (3) The deferred outflows/inflows related to other post-employment benefits (OPEB) consists of employer contributions made after the measurement date of the net OPEB liability, as well as actuarial deferrals.

Compensated Absences

The Agency's policy is to permit employees to accumulate a limited amount of earned vacation and sick leave. Accumulated vacation time is accrued at year-end to account for the Agency's obligation to the employees for the amount owed. It is Management's belief that the majority of the obligation will be utilized within the next fiscal year.

Pensions

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

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

	2022	2021
• Valuation Dates:	June 30, 2020	June 30, 2019
• Measurement Dates:	June 30, 2021	June 30, 2020
• Measurement Periods:	July 1, 2020 to June 30, 2021	July 1, 2019 to June 30, 2020

Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

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 Agency'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 reported at fair value.

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

	2022	2021
• Valuation Dates:	June 30, 2020	June 30, 2020
• Measurement Dates:	June 30, 2021	June 30, 2020
• Measurement Periods:	July 1, 2020 to June 30, 2021	July 1, 2019 to June 30, 2020

Net Position

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.

- Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the Agency by property owners, granting agencies or real estate developers desiring services that require capital expenditures or connection to the Agency's system.

Budgetary Policies

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

Reclassification

The Agency has reclassified certain prior year information to conform with current year presentation, with no effect on net position.

Note 2: Cash and Investments

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:

Description	2022	2021
Cash and cash equivalents	$ 44,356,976	$ 32,325,437
Restricted - cash and cash equivalents	35,979,897	31,944,216
Investments - current	13,600,674	9,473,430
Investments - noncurrent	47,398,299	33,704,505
Total cash and investments	$ 141,335,846	$ 107,447,588

Cash and investments as of June 30, consist of the following:

Description	2022	2021
Cash on hand	$ 1,000	$ 1,000
Demand deposits with financial institutions	4,838,880	2,529,999
Investments	136,495,966	104,916,589
Total cash and investments	$ 141,335,846	$ 107,447,588

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

The following table identifies the investment types that are authorized by the Agency in accordance with the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maturity	Percentage of	Investment in One
State and local agency bonds, notes and warrants	5 years	None	None
U.S. Treasury obligations	5 years	None	None
Federal agency securities	5 years	None	None
Banker's acceptances	180 days	40%	5%
Prime commercial paper	270 days	20%	5%
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20%	None
Medium-term notes	5 years	30%	5%
Money market mutual funds	N/A	20%	10%
Collateralized bank deposits	5 years	None	None
Mortgage pass-through securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	$75 million
County Pooled Investment Fund	N/A	None	None

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency'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.

Note 2: Cash and Investments, continued

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The following table identifies the investment types that are authorized for investment held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
Federal agency securities	None	None	None
Banker's acceptances	180 days	None	None
Commercial paper	180 days	None	10%
Negotiable certificates of deposit	None	None	None
Money market mutual funds	1 year	None	None
Investment contracts	None	None	None
Repurchase agreements	30 days	None	None
Municipal obligations	None	None	None
California Local Agency Investment Fund (LAIF)	None	None	None

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Agency's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to $250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

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

Note 2: Cash and Investments, continued

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. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations. Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date:

Investments at June 30, 2022:

		Remaining Maturity		
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
Government sponsored entities securities	$ 16,650,472	$ 5,822,884	$ 8,081,258	$ 2,746,330
U.S. Treasury notes	27,829,851	5,156,585	8,251,199	14,422,067
Medium-term notes	17,456,048	3,558,603	6,339,411	7,558,034
Local Agency Investment Fund (LAIF)	72,615,381	72,615,381	-	-
Held by bond or escrow trustee:				
Money market funds	3	3	-	-
U.S. Treasury notes	1,944,211	1,944,211	-	-
Total investments	$ 136,495,966	$ 89,097,667	$ 22,671,868	$ 24,726,431

Investments at June 30, 2021:

		Remaining Maturity		
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
Government sponsored entities securities	$ 23,358,693	$ 6,440,530	$ 4,808,961	$ 12,109,202
U.S. Treasury notes	7,343,585	1,058,062	4,114,531	2,170,992
Medium-term notes	12,215,872	1,715,053	6,241,283	4,259,536
Municipal /Provincial Bonds	255,094	255,094	-	-
Local Agency Investment Fund (LAIF)	57,295,275	57,295,275	-	-
Held by bond or escrow trustee:				
U.S. Treasury notes	4,448,070	4,448,070	-	-
Total investments	$ 104,916,589	$ 71,212,084	$ 15,164,775	$ 18,539,730

Note 2: Cash and Investments, continued

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, the Agency's investment policy, or debt agreements, and the actual rating as of the fiscal year end for each investment type.

Investments at June 30, 2022:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating at Year End AAA to AA-
Government sponsored entities securities	$ 16,650,472	None	$ 16,650,472	$ -
U.S. Treasury notes	27,829,851	None	27,829,851	-
Medium-term notes	17,456,048	A/AA	-	17,456,048
Local Agency Investment Fund (LAIF)	72,615,381	N/A	72,615,381	-
Held by bond or escrow trustee:				
Money market funds	3	AAA	-	3
U.S. Treasury notes	1,944,211	None	-	1,944,211
Total investments	$ 136,495,966		$ 117,095,704	$ 19,400,262

Investments at June 30, 2021:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating at Year End AAA to AA-
Government sponsored entities securities	$ 23,358,693	None	$ 23,358,693	$ -
U.S. Treasury notes	7,343,585	None	7,343,585	-
Medium-term notes	12,215,872	A/AA	-	12,215,872
Municipal /Provincial Bonds	255,094	AA	-	255,094
Local Agency Investment Fund (LAIF)	57,295,275	N/A	57,295,275	-
Held by bond or escrow trustee:				
U.S. Treasury notes	4,448,070	None	-	4,448,070
Total investments	$ 104,916,589		$ 87,997,553	$ 16,919,036

Concentration of Credit Risk

The Agency's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no single investments in any one issuer that represent 5% or more of total Agency's investments at June 30, 2022 and 2021, respectively.

Note 2: Cash and Investments, continued

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

Investments at June 30, 2022:

Investment Type	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Government sponsored entities securities	$ 16,650,472	$ 16,650,472
U.S. Treasury notes	27,829,851	27,829,851
Medium-term notes	17,456,048	17,456,048
Held by bond or escrow trustee:		
Money market funds	3	3
U.S. Treasury notes	1,944,211	1,944,211
Total investments measured at fair value	63,880,585	$ 63,880,585
Investments not subject to fair value measurement:		
Local Agency Investment Fund (LAIF)	72,615,381	
Total investments	$ 136,495,966	

Investments at June 30, 2021:

Investment Type	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Government sponsored entities securities	$ 23,358,693	$ 23,358,693
U.S. Treasury notes	7,343,585	7,343,585
Medium-term notes	12,215,872	12,215,872
Certificates of deposit	255,094	255,094
Held by bond or escrow trustee:		
U.S. Treasury notes	4,448,070	4,448,070
Total investments measured at fair value	47,621,314	$ 47,621,314
Investments not subject to fair value measurement:		
Local Agency Investment Fund (LAIF)	57,295,275	
Total investments	$ 104,916,589	

Note 3: Property Assessment Debt for Improvement District M

In August 2016, the Agency issued Improvement District M of the Mojave Water Agency General Obligation Bonds (Morongo Basin Pipeline Project) in the amount of $15,025,000. The bonds are payable from *ad valorem* taxes levied upon the taxable property (other than personal property) in the Improvement District. In accordance with Governmental Accounting Standards Board Statement No. 6 *Accounting and Financial Reporting for Special Assessments*, the Agency initially recognized a receivable for the full amount of the debt issuance. Annually, the receivable was adjusted to the Property Assessments for IDM nonoperating revenues presented in the Statement of Revenues, Expenses and Changes of Net Position. As the bonds are nearing maturity, the Agency discontinued property tax assessments at the point where it collected sufficient assessments to redeem the remaining outstanding bonds. The timing difference between the systematic revenue recognition of the assessments for financial reporting purposes and the actual property tax assessments has resulted in the nonoperating revenues for Property Assessment for IDM being presented as a negative revenue of $1,784,005 in the accompanying Statement of Revenues, Expenses and Changes in Net Position. The reported negative revenue amount did not affect the Agency's cash flow. Such timing differences naturally arise due to variances in actual versus projected assessments and investment earnings on bond reserve funds.

Note 4: Water-in-Storage Inventory

In 1994, the Agency completed and adopted its current Regional Water Management Plan, which recognizes the Agency's Conjunctive Use Program (Program). The Program calls for the conjunctive use of surface water supplies, both local and imported, with groundwater supplies. The Agency acquires Free Production Allowances (FPA) from local sources and California State Water Project deliveries to recharge groundwater basins in "wet" years to provide relief in dry years. The Agency values its water inventory and computes the cost of water sold using an average cost method for local and state deliveries.

The Agency's policy is to record only variable OMP&R costs for transportation. The Agency's transportation cost of water sold for the past two fiscal years was computed as follows:

	2022		2021	
State Water Project	Acre-Feet	Cost	Acre-Feet	Cost
Inventory - beginning of year	187,473	$ 32,536,597	194,484	$ 32,864,661
Water purchases	2,315	989,142	1,790	1,159,129
Inventory - available for sale	189,788	33,525,739	196,274	34,023,790
Water sales - variable cost of sales	(14,093)	(2,445,844)	(8,801)	(1,487,193)
Total inventory - end of year	175,695	$ 31,079,895	187,473	$ 32,536,597

Note 5: Capital Assets

Changes in capital assets for the year were as follows:

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land and right of ways	$ 8,100,079	$ 2,500	$ -	$ 8,102,579
Water rights	5,016,984	-	-	5,016,984
Morongo pipeline entitlement	208,000	-	-	208,000
Construction in progress	8,509,491	1,114,675	(6,086,569)	3,537,597
Total non-depreciable assets	21,834,554	1,117,175	(6,086,569)	16,865,160
Depreciable assets:				
State Water Project entitlement	293,735,263	8,292,563	-	302,027,826
Water management plan	4,272,065	-	-	4,272,065
Transmission system	193,849,611	6,084,069	-	199,933,680
Monitoring wells	20,190,868	-	-	20,190,868
Structures and improvements	21,589,001	116,034	-	21,705,035
Other plant and equipment	5,012,088	-	-	5,012,088
Total depreciable assets	538,648,896	14,492,666	-	553,141,562
Accumulated depreciation:				
State Water Project entitlement	(145,126,968)	(11,207,204)	-	(156,334,172)
Water management plan	(4,272,064)	-	-	(4,272,064)
Transmission system	(57,353,234)	(3,704,547)	-	(61,057,781)
Monitoring wells	(8,530,777)	(975,674)	-	(9,506,451)
Structures and improvements	(4,372,691)	(681,885)	-	(5,054,576)
Other plant and equipment	(3,637,172)	(282,198)	-	(3,919,370)
Total accumulated depreciation	(223,292,906)	(16,851,508)	-	(240,144,414)
Total depreciable assets, net	315,355,990	(2,358,842)	-	312,997,148
Total capital assets, net	$ 337,190,544	$ (1,241,667)	$ (6,086,569)	$ 329,862,308

Depreciation expense for the year ended June 30, 2022 was $16,851,508.

Note 5: Capital Assets, continued

Construction in Progress 2022

The Agency is involved in various construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Antelope Wash Recharge Ponds	$ 102,484	$ -	$ -	$ 102,484
Bandicoot Basin Recharge	79,913	-	-	79,913
SCADA Upgrade - Morongo Basin	359,922	36,961	-	396,883
Facility/Infrastructure Repair	27,699	-	-	27,699
Regional Recharge Geotech	1,418,843	161,116	-	1,579,959
R3 Adelanto Pipeline Extension - MWA	1,459,355	90,772	(1,550,127)	-
R3 Adelanto Trunk Extension	3,328,883	63,129	(3,392,012)	-
R3 TO-6 Upgrade - MWA	1,106,510	37,920	(1,144,430)	-
Oeste Recharge Demonstration	23,429	353,541	-	376,970
MRP White Road Turnout Traveling Screen	440,187	185,204	-	625,391
Database Solutions Software (WR)	162,266	25,856	-	188,122
Lucerne Recharge - (Contract Out)	-	10,708	-	10,708
Weather Stations (WR)	-	126,398	-	126,398
Groundwater Bank West VV	-	3,110	-	3,110
SCDA Network and Server Upgrads	-	19,960	-	19,960
Total construction in progress	$ 8,509,491	$ 1,114,675	$ (6,086,569)	$ 3,537,597

Note 5: Capital Assets, continued

Changes in capital assets for the prior year were as follows:

	Balance 2020	Additions/ Transfers	Deletions/ Transfers	Balance 2021
Non-depreciable assets:				
Land and right of ways	$ 8,100,079	$ -	$ -	$ 8,100,079
Water rights	5,016,984	-	-	5,016,984
Morongo pipeline entitlement	208,000	-	-	208,000
Construction in progress	2,866,939	6,438,662	(796,110)	8,509,491
Total non-depreciable assets	16,192,002	6,438,662	(796,110)	21,834,554
Depreciable assets:				
State Water Project entitlement	286,261,579	7,473,684	-	293,735,263
Water management plan	4,272,065	-	-	4,272,065
Transmission system	193,270,055	579,556	-	193,849,611
Monitoring wells	20,190,868	-	-	20,190,868
Structures and improvements	21,546,382	42,619	-	21,589,001
Other plant and equipment	4,976,463	90,148	(54,523)	5,012,088
Total depreciable assets	530,517,412	8,186,007	(54,523)	538,648,896
Accumulated depreciation:				
State Water Project entitlement	(134,512,090)	(10,614,878)	-	(145,126,968)
Water management plan	(3,932,563)	(339,501)	-	(4,272,064)
Transmission system	(53,684,560)	(3,668,674)	-	(57,353,234)
Monitoring wells	(7,555,103)	(975,674)	-	(8,530,777)
Structures and improvements	(3,699,330)	(673,361)	-	(4,372,691)
Other plant and equipment	(3,383,323)	(308,372)	54,523	(3,637,172)
Total accumulated depreciation	(206,766,969)	(16,580,460)	54,523	(223,292,906)
Total depreciable assets, net	323,750,443	(8,394,453)	-	315,355,990
Total capital assets, net	$ 339,942,445	$ (1,955,791)	$ (796,110)	$ 337,190,544

Depreciation expense for the year ended June 30, 2021 was $16,580,460.

Note 5: Capital Assets, continued

Construction in Progress 2021

The Agency is involved in various construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

	Balance 2020	Additions/ Transfers	Deletions/ Transfers	Balance 2021
Antelope Wash Recharge Ponds	$ 102,484	$ -	$ -	$ 102,484
Bandicoot Basin Recharge	79,913	-	-	79,913
Helendale Outlet/Recharge Zone	16,120	-	(16,120)	-
SCADA Upgrade - Morongo Basin	22,492	337,430	-	359,922
Facility/Infrastructure Repair	170,746	-	(143,047)	27,699
Regional Recharge Geotech	1,387,970	30,873	-	1,418,843
R3 Adelanto Pipeline Extension - MWA	232,295	1,227,060	-	1,459,355
R3 Adelanto Trunk Extension	221,240	3,107,643	-	3,328,883
R3 TO-6 Upgrade - MWA	108,757	997,753	-	1,106,510
MWA Groundwater Banking Program	83,788	-	(83,788)	-
MWA Phone System Upgrade	-	90,148	(90,148)	-
R3 Zone 1 Bosster Pump Surg	-	173,609	(173,609)	-
Oeste Recharge Demonstration	-	23,429	-	23,429
MRP White Road Turnout Traveling Screen	68,764	371,423	-	440,187
Database Solutions Software (WR)	97,750	64,516	-	162,266
Johnson Valley Surge Tank	232,924	13,855	(246,779)	-
MWA Headquarter's Parking Lot Repair	41,696	923	(42,619)	-
Total construction in progress	$ 2,866,939	$ 6,438,662	$ (796,110)	$ 8,509,491

Note 6: Compensated Absences

Changes in compensated absences for 2022 were as follows:

Balance 2021	Earned	Taken	Balance 2022	Current Portion	Long-term Portion
$ 534,140	$ 282,239	$ (292,409)	$ 523,970	$ 266,701	$ 257,269

Changes in compensated absences for 2021 were as follows:

Balance 2020	Earned	Taken	Balance 2021	Current Portion	Long-term Portion
$ 442,904	$ 241,938	$ (150,702)	$ 534,140	$ 205,110	$ 329,030

Note 7: Unearned Revenue

The Agency has allowed for pre-purchase claims of acre-feet of water to its customers. The transaction is recorded as unearned revenue until the transfer is complete in future periods. The following is a listing of Agencies that have pre-purchase claims of water and their respective acre-feet of water to be delivered:

Description	2022	2021
Unearned revenue in dollars (FIFO method)	$ 2,990,223	$ 3,009,057

Agency	Acre-Feet	Acre-Feet
Liberty Utilities	8,737	8,737
San Bernardino County Special Districts	2,167	2,167
Silver Lakes Association	113	113
Mariana Ranchos County Water District	90	90
Apple Valley Heights County Water District	70	70
Rancheritos Mutual Water Company	-	18
Total acre-feet	11,177	11,195

Note 8: Long-Term Debt

Changes in long-term debt for 2022 were as follows:

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022	Current Portion	Long-term Portion
Long-term liabilities:						
Bonds payable:						
2014 Revenue refunding bonds	$ 3,290,000	$ -	$ (1,605,000)	$ 1,685,000	$ 1,685,000	$ -
2014 Revenue refunding bonds premium	227,048	-	(194,614)	32,434	-	32,434
2016 General obligation bonds	4,685,000	-	(2,780,000)	1,905,000	1,905,000	-
2016 General obligation bonds premium	211,683	-	(169,348)	42,335	-	42,335
2017 Revenue refunding bonds	27,500,000	-	(990,000)	26,510,000	1,040,000	25,470,000
2017 Revenue refunding bonds premium	4,517,902	-	(252,161)	4,265,741	-	4,265,741
Total bonds payable	40,431,633	-	(5,991,123)	34,440,510	4,630,000	29,810,510
From direct borrowing:						
Contract payable	161,496	-	(6,350)	155,146	6,088	149,058
Total long-term liabilities	$ 40,593,129	$ -	$ (5,997,473)	$ 34,595,656	$ 4,636,088	$ 29,959,568

Changes in long-term debt for 2021 were as follows:

	Balance 2020	Additions/ Transfers	Deletions/ Transfers	Balance 2021	Current Portion	Long-term Portion
Long-term liabilities:						
Bonds payable:						
2014 Revenue refunding bonds	$ 4,835,000	$ -	$ (1,545,000)	$ 3,290,000	$ 1,605,000	$ 1,685,000
2014 Revenue refunding bonds premium	421,662	-	(194,614)	227,048	-	$ 227,048
2016 General obligation bonds	7,395,000	-	(2,710,000)	4,685,000	2,780,000	$ 1,905,000
2016 General obligation bonds premium	381,031	-	(169,348)	211,683	-	$ 211,683
2017 Revenue refunding bonds	28,445,000	-	(945,000)	27,500,000	990,000	$ 26,510,000
2017 Revenue refunding bonds premium	4,770,063	-	(252,161)	4,517,902	-	$ 4,517,902
Total bonds payable	46,247,756	-	(5,816,123)	40,431,633	5,375,000	35,056,633
From direct borrowing:						
Contract payable	168,633	-	(7,137)	161,496	7,137	154,359
Total long-term liabilities	$ 46,416,389	$ -	$ (5,823,260)	$ 40,593,129	$ 5,382,137	$ 35,210,992

2014 Revenue Refunding Bonds

In 2014, the Agency issued $13,155,000 in Revenue Refunding Bonds, Series 2014A to advance refund the 2004 Certificates-of-Participation issue. As a result, the Agency's 2004 Certificates-of-Participation issue is considered defeased and the liability for that obligation has been removed from the Agency's financial statements. The Agency completed the advance refunding to reduce the Agency's total debt service payments over the next nine years by a present-value amount of approximately $1.296 million and to obtain an economic gain of approximately $1.391 million. Also, the refunding issuance resulted in a deferred loss of $229,231, which will be amortized over the remaining life of the debt service.

The certificates-of-participation are scheduled to mature in fiscal year 2023. An interest rate premium in the amount of $1,605,563 was calculated on the issuance of the refunding revenue bonds and will be amortized over the life of the debt.

Note 8: Long-Term Debt, continued

2014 Revenue Refunding Bonds, continued

The outstanding 2014 bonds contain a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become due if (1) the Agency is unable to make a payment; (2) the Agency fails to perform any of the agreements or covenants required in the Indenture to be performed by it, and such default shall have continued for a period of sixty (60) days after the Agency has been given notice in writing of such default; (3) if the Agency files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Agency seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property; or (4) if the Agency pays the State or other obligations secured by ad valorem tax levies.

Principal and interest are payable annually on September 1st each year at rates ranging from 2.00% to 5.00% with principal installments ranging from $1,545,000 to $1,685,000 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 1,685,000	$ 84,250	$ 1,769,250
Total	1,685,000	$ 84,250	$ 1,769,250
Less current portion	(1,685,000)		
Premium on debt	32,434		
Total non-current	$ 32,434		

2016 General Obligation Bonds

In June 1990, a portion of the Agency voted in favor of forming Improvement District "M" (IDM) and to incur bonded indebtedness in the principal amount of $66,500,000. The proceeds of the bonds were used to finance costs of designing, planning, and constructing the Morongo Basin Pipeline Project to bring water from the California Aqueduct in Hesperia to Yucca Valley. On May 29, 1991, the Agency issued $12,000,000 and on November 19, 1992, the Agency issued $40,735,000 aggregated principal general obligation bonds to finance a portion of the costs of the Morongo Basin Pipeline Project. On April 25, 1996, the Agency issued $51,780,000 aggregated principal general obligation bonds to refund the 1991 and 1992 Series bonds. On June 7, 2006, the Agency issued $34,825,000 aggregated principal general obligation bonds for the purpose of refunding the remaining $40,810,000 of the 1996 general obligation bonds and to pay the costs incurred with the issuance, sale and delivery of the bonds.

On September 20, 2016, the Agency issued $15,025,000 of General Obligation Bonds, Series 2016A, to provide funds to prepay the outstanding 2006 general obligation bonds. The Agency completed the advance refunding to reduce the Agency's total debt service payments through 2023 by $2.045 million, and to obtain an economic gain of approximately $1.940 million. Also, the refunding issuance resulted in a deferred loss of $245,228, which will be amortized over the remaining life of the debt service. The interest rates on the bonds range from 1.50% to 4.00% per annum. Interest on the bonds is payable semi-annually on March 1 and September 1. Principal matures September 1 of each year through 2022.

Note 8: Long-Term Debt, continued

2016 General Obligation Bonds, continued

The outstanding 2016 bonds contain a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become due upon demand if (1) the Project Participants are unable to make a payment, (2) the Agency is unable to make a payment; or (3) if the Agency files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Agency seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

The Agency has entered into agreements with four water purveyors who are participants in the pipeline project. The purposes of the agreements are to sell and deliver water available to the Agency to the participants, to sell Project Capacity from the pipeline project to the participants and to sell Project Allotment and Project Capacity among the participants, all within the scope of the Agency's water service policy. During the fiscal year ended June 30, 1995, the Agency acquired 4% of the rights of the project from the County.

The participants and their respective percentages of water allotted from the pipeline project are as follows:

Project Participants	Original Percentages	Current Percentages
Hi-Desert Water District	59%	59%
Joshua Basin Water District	27%	27%
Bighorn-Desert View Water Agency	9%	10%
San Bernardino County Service Area:		
No. 70 Improvement Zone W-1	4%	0%
Improvement Zone W-4	1%	0%
Mojave Water Agency	0%	4%

Project participants are assessed for 25% of the debt service of the bonds. Each project participant also pays its project allotment percentage of estimated project costs for the current fiscal year. Project participant payments are due June 1st of each year (commencing June 1, 1994).

The Agency will levy property taxes upon the taxable property (other than personal property) in Improvement District "M" after fiscal year 1993-1994 in the amount of 75% of debt service bonds. The bonds mature through 2023 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 1,905,000	$ 38,100	$ 1,943,100
Total	1,905,000	$ 38,100	$ 1,943,100
Less current portion	(1,905,000)		
Premium on debt	42,335		
Total non-current	$ 42,335		

Note 8: Long-Term Debt, continued

2017 Revenue Refunding Bonds

On October 15, 2009, the Agency entered into an agreement to issue $39,355,000 in certificates of participation. The certificates are to provide the funds to acquire a Table A amount of 14,000 acre feet of State Water Project Table A water from Dudley Ridge Water District. Pursuant to the acquisition agreement, dated April 30, 2009, the Table A will be transferred to the Agency on the following schedule:

Entitlement Transfer Date	Table A Amount (acre feet)
January 1, 2010	7,000
January 1, 2015	3,000
January 1, 2020	4,000

The certificates are payable solely from Installment Payments to be made by the Agency to the Mojave Water Agency Public Facilities Corporation pursuant to the Installment Purchase Agreement dated July 1, 2009.

On June 29, 2017, the Agency issued $31,245,000 of Refunding Revenue Bonds, Series 2017A to provide funds to prepay the outstanding Series 2009A Revenue Certificates of Participation, an existing long-term debt issuance. As a result, the Agency's Series 2009A Revenue Certificates of Participation issue is considered defeased and the liability for that obligation has been removed from the Agency's financial statements. The Agency completed the advance refunding to reduce the Agency's total debt service payments through 2039 by $5.641 million, and to obtain an economic gain of approximately $4.296 million. Also, the refunding issuance resulted in a deferred loss of $2.405 million, which will be amortized over the remaining life of the debt service. The interest rates on the bonds range from 3.00% to 5.00% per annum.

The outstanding 2017 bonds contain (a) a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become immediately due if the pledged revenues during each fiscal year are less than 125 percent of debt service coverage due in the following fiscal year and (b) a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become immediately due if (1) the Agency is unable to make a payment; (2) the Agency fails to perform any of the agreements, covenants, or conditions required in the Indenture to be performed by it, and such default shall have continued for a period of thirty (30) days after the Agency has been given notice in writing of such default; (3) if the Agency files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Agency seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

Note 8: Long-Term Debt, continued

2017 Revenue Refunding Bonds, continued

Interest on the bonds is payable annually on June 1. Principal matures June 1 of each year through 2039 as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 1,040,000	$ 1,298,900	$ 2,338,900
2024	1,090,000	1,246,900	2,336,900
2025	1,145,000	1,192,400	2,337,400
2026	1,205,000	1,135,150	2,340,150
2027	1,265,000	1,074,900	2,339,900
2028-2032	7,225,000	4,474,900	11,699,900
2033-2037	9,190,000	2,510,750	11,700,750
2038-2039	4,350,000	329,000	4,679,000
Total	26,510,000	$ 13,262,900	$ 39,772,900
Less current portion	(1,040,000)		
Premium on debt	4,265,741		
Total non-current	$ 29,735,741		

Contract Payable

On September 13, 2019, the Agency entered into a generator interconnection agreement (GIA) with Southern California Edison Company (SCE) that will remain in effect for a period of 35 years and shall be automatically renewed for each successive one-year period thereafter. The agreement allows the Agency's Deep Creek Hydroelectric generator to be connected with, and operate parallel with, SCE's distribution system. As part of the agreement, the Agency is responsible for the interconnection facilities charge and distribution upgrades charge of $174,930.

The agreement contains a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become due, plus all other damages and remedies to which SCE is entitled at law or in equity.

Principal installments are due monthly with an annual payable of $6,088, as follows**:**

Fiscal Year	Principal
2023	$ 6,088
2024	6,088
2025	6,088
2026	6,088
2027	6,088
2028-2032	30,440
2033-2037	30,440
2038-2042	30,440
2043-2044	33,386
Total	$ 155,146

Note 9: Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety valuation rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Agency sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Agency 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, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Classic	New Classic	PEPRA
Hire date	Prior to August 25, 2012	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & Up	50 - 67 & Up	52 - 67 & Up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	8.0%	7.0%	7.3%
Required employer contribution rates	14.87%	11.60%	7.730%

Note 9: Defined Benefit Pension Plan, continued

A. General Information about the Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal years ended June 30, 2022 and 2021 were $985,287 and $874,907, respectively. The actual employer payments of $874,907 made to CalPERS by the Agency during the measurement period ended June 30, 2021 differed from the Agency's proportionate share of the employer's contributions of $1,093,332 by $218,425, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The Agency's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Valuation Dates	June 30, 2020 and 2019
Measurement Dates	June 30, 2021 and 2020
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50% for 2021 and 2020
Salary Increases (1)	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CALPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.5% until purchasing power protection allowance floor on purchasing power applies, 2.5% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 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 December 2017 that can be found on the CalPERS website.

Note 9: Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

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 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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class[1]	New Strategic Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	100%		

[1] In the System's ACFR, fixed income is included in global debt securities: liquidity is included in short-term investments; inflation assets are included in both global equity and global debt securities.

[2] An expected inflation of 2.0% used for this period

[3] An expected inflation of 2.92% used for this period

Change of Assumptions

There were no change of assumptions for measurement date June 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 9: Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

Subsequent Events

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

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

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

C. Proportionate Share of Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2020 (Valuation Date)	$ 29,884,831	$ 22,662,219	$ 7,222,612
Balance at: 6/30/2021 (Measurement Date)	$ 31,719,747	$ 27,797,833	$ 3,921,914
Net changes during 2020-21	$ 1,834,916	$ 5,135,614	$ (3,300,698)

Note 9: Defined Benefit Pension Plan, continued

C. Proportionate Share of Net Pension Liability, continued

The Agency's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The Agency's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2020 and 2021 measurement dates was as follows:

June 30, 2022	
Proportionate Share - June 30, 2021	0.17123%
Proportionate Share - June 30, 2022	0.20655%
Change - Increase (Decrease)	0.03532%
June 30, 2021	
Proportionate Share - June 30, 2020	0.16520%
Proportionate Share - June 30, 2021	0.17123%
Change - Increase (Decrease)	0.00603%

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

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

	Measurement Date June 30, 2021		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Net Pension Liability	$ 8,109,900	$ 3,921,914	$ 459,765

	Measurement Date June 30, 2020		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Net Pension Liability	$ 11,199,553	$ 7,222,612	$ 3,936,589

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

Note 9: Defined Benefit Pension Plan, continued

C. Proportionate Share of Net Pension Liability, continued

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

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2019), the Agency's net pension liability was $7,222,612. For the measurement period ending June 30, 2021 (the measurement date), the Agency incurred a pension expense of $1,179,795.

As of June 30, 2022, the Agency has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 439,799	$ -
Difference Between Projected and Actual Investment Earnings		3,423,623
Change in Employer's Proportion		277,474
Differences Between Employer's Contributions and Proportionate Share on Contributions	219,906	-
Pension Contributions Subsequent to the Measurement Date	985,287	-
Total	$ 1,644,992	$ 3,701,097

Note 9: Defined Benefit Pension Plan, continued

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, continued

As of June 30, 2021, the Agency has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 372,203	$ -
Changes of Assumptions	-	51,514
Difference Between Projected and Actual Investment Earnings	214,559	-
Change in Employer's Proportion	264,160	-
Differences Between Employer's Contributions and Proportionate Share on Contributions	-	235,215
Pension Contributions Subsequent to the Measurement Date	874,907	-
Total	$ 1,725,829	$ 286,729

The amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense. Contributions subsequent to the measurement date of $985,287 for 2022 and $874,907 for 2021 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	$ (632,386)
2024	(685,568)
2025	(777,325)
2026	(946,113)
	$ (3,041,392)

E. Payable to the Pension Plan

At June 30, 2022, the Agency reported no payables for the outstanding amount of contributions to the pension plan required for the year then ended.

Note 10: Other Post-Employment Benefits (OPEB)

Plan Description

The Agency offers post-employment medical benefits for eligible retirees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the Agency's CalPERS medical coverage, under a single-employer defined benefit post-employment healthcare plan. The contribution requirements of eligible retired employees and the Agency are established and may be amended by the Board of Directors. The Agency participates in the CalPERS' California Employers' Retiree Benefit Trust (CERBT) trust fund. The healthcare coverage provided meets the definition of other post-employment benefit plan (OPEB Plan).

Benefits Provided

Eligibility for retiree health benefits requires retirement from the Agency on or after age 50 with at least five years of CalPERS service. Eligible employees who retire before June 1, 2006 receive a flat $200 monthly, subject to the PEMHCA minimum. Eligible employees who retire on or after June 1, 2006 receive a flat $500 monthly, subject to the PEMHCA minimum. Elected officials retiring prior to 1994 receive an Agency contribution equal to 100% cost of coverage.

Employees Covered

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

Active employees	35
Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	-
Total	70

Contributions

The OPEB Plan and its contribution requirements are established by the Board of Directors and may be amended by Board action. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2021, the Agency's cash contributions were $23,712 in payments to the California Employers' Retiree Benefit Trust (CERBT) Fund, $151,458 in payments for retiree healthcare outside of the trust and the estimated implied subsidy was $45,398, resulting in total payments of $220,568. The Agency's contributions to the OPEB plan are not based on a measure of pay.

Note 10: Other Post-Employment Benefits (OPEB), continued

Net OPEB liability

The Agency's net OPEB liability was measured as of June 30, 2021, and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 based on the following actuarial methods and assumptions:

Actuarial Assumptions:		
Measurement date	June 30, 2020	June 30, 2021
Discount Rate	7.00%	7.00%
Inflation	2.50%	2.50%
Salary Increases	2.75%	2.75%*
Investment Rate of Return	6.71%	5.85%
Mortality Rate	Based on CalPERS tables	Based on CalPERS tables
Healthcare Cost Trend Rates		
Pre-Medicare	7.00%	6.50%**
Medicare	6.00%	5.50%**

* Additional merit-based increases based on CalPERS merit salary increase tables

** Trending down to 4.04% over 56 years. Applies to calendar years.

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

Asset Class	Target Allocation	Long-term expected real rate of return
Global Equity	59%	6.80%
Fixed Income	25%	3.10%
Treasury Inflation-Protected Securities	5%	2.25%
Real Estate Investment Trusts	8%	3.50%
Commodities	3%	3.50%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% percent in both 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 10: Other Post-Employment Benefits (OPEB), continued

Change of Assumptions

For fiscal year ended June 30, 2022 (measurement date June 30, 2021), the investment rate of return increased from 5.85% to 6.71%.

Changes in the OPEB Liability

As of June 30, 2022, the changes in the net OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2020 (Measurement Date)	$ 2,783,419	$ 1,603,750	$ 1,179,669
Changes recognized for the measurement period:			
Service cost	70,734	-	70,734
Interest	192,900	-	192,900
Differences between expected and actual experience	317,748	-	317,748
Net investment income	-	440,989	(440,989)
Contributions - employer	-	175,170	(175,170)
Contributions - employer - implicit subsidy	-	45,398	(45,398)
Benefit payments	(151,458)	(151,458)	-
Implicit subsidy credit	(45,398)	(45,398)	-
Administrative expenses	-	(607)	607
Net Changes	384,526	464,094	(79,568)
Balance at June 30, 2021 (Measurement Date)	$ 3,167,945	$ 2,067,844	$ 1,100,101

Note 10: Other Post-Employment Benefits (OPEB), continued

As of June 30, 2021, the changes in the net OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2019 (Measurement Date)	$ 2,441,145	$ 1,487,737	$ 953,408
Changes recognized for the measurement period:			
Service cost	86,288	-	86,288
Interest	177,839	-	177,839
Differences between expected and actual experience	(24,294)	-	(24,294)
Changes of assumptions	271,623	-	271,623
Net investment income	-	51,208	(51,208)
Contributions - employer	-	214,211	(214,211)
Contributions - employer - implicit subsidy	-	35,823	(35,823)
Benefit payments	(133,359)	(133,359)	-
Implicit subsidy credit	(35,823)	(35,823)	-
Administrative expenses	-	(720)	720
Other changes	-	(15,327)	15,327
Net Changes	342,274	116,013	226,261
Balance at June 30, 2020 (Measurement Date)	$ 2,783,419	$ 1,603,750	$ 1,179,669

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

The following presents the net OPEB liability of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021 and June 30, 2020:

	Measurement Date June 30, 2021		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	$ 1,373,221	$ 1,100,101	$ 866,282

	Measurement Date June 30, 2020		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	$ 1,451,105	$ 1,179,669	$ 947,282

Note 10: Other Post-Employment Benefits (OPEB), continued

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

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021 June 30, 2020:

	Measurement Date June 30, 2021		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 1,059,070	$ 1,100,101	$ 1,146,253

	Measurement Date June 30, 2020		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 1,143,579	$ 1,179,669	$ 1,220,061

OPEB Plan Fiduciary Net Position

The California Employers' Retirement Benefit Trust (CERBT) is a section 115 trust that issued a publicly available financial report that may be obtained from CalPERS' website, at www.calpers.ca.gov.

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (5.3 years at June 30, 2021 and June 30, 2020)

Note 10: Other Post-Employment Benefits (OPEB), continued

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

For the fiscal year ended June 30, 2022, the Agency recognized OPEB expense of $106,857.

As of fiscal year ended June 30, 2022, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 169,123	$ 9,953
Differences between expected and actual experience in the measurement of the total OPEB liability	257,795	28,418
Net difference between projected and actual earnings on OPEB plan investments	-	232,112
OPEB contributions subsequent to measurement date	206,494	-
Total	$ 633,412	$ 270,423

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

As of fiscal year ended June 30, 2021, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 59,719
Differences between expected and actual experience in the measurement of the total OPEB liability	220,373	99,476
Net difference between projected and actual earnings on OPEB plan investments	58,307	-
OPEB contributions subsequent to measurement date	220,568	-
Total	$ 499,248	$ 159,195

The $206,494 for 2022 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the subsequent year. Other amounts reported as deferred outflows of resources related to OPEB at June 30, 2022 will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	$ 29,651
2024	54,077
2025	50,070
2026	4,654
2027	17,983
	$ 156,435

Note 11: Net Position

The components of net position at June 30 consist of the following:

	2022	2021
Net investment in capital assets:		
Capital assets, not being depreciated	$ 16,865,160	$ 21,834,554
Depreciable capital assets, net	312,997,148	315,355,990
Deferred loss on defeasance, net	2,075,440	2,762,807
Bonds payable - current portion	(4,630,000)	(5,375,000)
Bonds payable - long-term portion	(29,810,510)	(35,056,633)
Contract payable - current portion	(6,088)	(7,137)
Contract payable - long-term portion	(149,058)	(154,359)
Less:		
Deferred loss on defeasance on 2016 general obligation bonds	(152,373)	(543,763)
Plus:		
2016 General obligation bonds	1,905,000	4,685,000
2016 General obligation bonds premium	42,335	211,683
Total net investment in capital assets	299,137,054	303,713,142
Restricted net position:		
Restricted for debt service	-	1,770,965
Restricted for state water project	63,213,715	59,392,865
Restricted for watermaster	791,715	918,009
Total restricted net position	64,005,430	62,081,839
Unrestricted net position:		
Nonspendable net position:		
Prepaid expenses and deposits	83,953	742,448
Spendable net position:		
Operating reserve	5,000,000	5,000,000
Capital replacement reserve	10,000,000	10,000,000
Contingency reserve	82,589,444	48,075,404
General revenue stabilization reserve	4,000,000	4,000,000
Total spendable net position	101,589,444	67,075,404
Total unrestricted net position	101,673,397	67,817,852
Total net position	$ 464,815,881	$ 433,612,833

Note 12: State Water Project Table A Water Sales

During the fiscal year ended June 30, 2022, the Agency entered into exchange agreements with other State Water Project contractors which sold 25,152 acre-feet of its Table "A" water amounting to $23,239,300.

Note 13: Risk Management

The Agency 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 Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2022, the Agency participates in the ACWA/JPIA pooled programs for liability, and property programs as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: $55 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

In addition, the Agency also has the following insurance coverage:

- Crime coverage up to $100,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, computer and funds transfer fraud coverage's, subject to $1,000 deductible per loss.

- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $150 million per loss, subject to a $1,000 deductible per loss. Mobile equipment and vehicles, on file, are paid on actual cost value basis at time of loss and subject to $1,000 deductible per loss.

- Boiler and machinery coverage for the replacement cost up to $150 million per occurrence, subject to various deductibles depending on the type of equipment, on file.

The Agency has purchased workers' compensation insurance coverage for injuries to employees through the Special District Risk Management Association (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2022, the Agency participated in the workers' compensation programs of the SDRMA as follows:

- Workers' compensation coverage up to California statutory limits for all work-related injuries/illnesses covered by California law and employers liability limit of $5,000,000 per occurrence.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency's insurance coverage during the years ending June 30, 2022, 2021 and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022, 2021, and 2020, respectively.

Note 14: Commitments and Contingencies

State Water Contract

Estimates of the Agency's share of the project fixed costs of the State Water Project (SWP) are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates and inflation.

According to the State's latest estimates, the Agency's long-term obligations under the contract, for capital and minimum operations and maintenance costs, including interest through the year 2036, are as follows:

	State Water Contract Long-Term Obligations
Fixed charges:	
Transportation capital cost	$ 27,865,265
Transportation minimum OMP&R	98,434,567
Delta water charge	123,052,122
Water system revenue bond surcharge	20,630,593
East Branch enlargement capital cost	7,788,409
East Branch minimum OMP&R	3,435,987
Total estimated fixed charges	281,206,943
Variable charges:	
Variable OMP&R	173,167,246
Off-aqueduct OMP&R	532,426
Total estimated variable charges	173,699,672
Total estimated future charges	$ 454,906,615

OMP&R: Operation, Maintenance, Power and Replacement

The amounts shown do not contain any escalation for inflation and are subject to significant variation over time because the amounts are based on a number of assumptions and are contingent on future events. Accordingly, none of the estimated long-term obligations are recorded as liabilities in the accompanying basic financial statements.

There are other pending actions that may adversely impact the Agency's ability to control the sale of water transported through the state water project into its service area. The impact on future revenues of such actions cannot be determined.

Construction Contracts

The Agency has a variety of agreements with developers and private parties relating to the installation, improvement or modification of transmission facilities and distribution systems within its service area. The financing of such improvements is provided primarily from debt, grants and the Agency's capital replacement reserve.

Note 14: Commitments and Contingencies, continued

Grant Awards

Grant funds received by the Agency are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

Litigation

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

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Required Supplementary Information

Mojave Water Agency

Schedule of the Agency's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date

Last Ten Years*

Measurement Date	Employer's Proportion of the Collective Net Pension Liability[1]	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.05293%	$ 3,293,429	$ 3,186,970	103%	84%
6/30/2015	0.05916%	4,060,873	3,228,366	126%	80%
6/30/2016	0.06072%	5,253,996	3,229,103	163%	76%
6/30/2017	0.06204%	6,152,419	3,475,654	177%	75%
6/30/2018	0.06253%	6,025,270	3,358,283	179%	77%
6/30/2019	0.06456%	6,615,386	3,685,966	179%	77%
6/30/2020	0.06638%	7,222,612	3,817,826	189%	76%
6/30/2021	0.07252%	3,921,914	3,487,600	112%	88%

[1] Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Historical information is required only for measurement period for which GASB 68 & 71 were applicable. Future years' information will be displayed up to 10 years as information becomes available.

Mojave Water Agency
Schedule of Pension Plan Contributions
Last Ten Years*

Fiscal Year	Contractually Determined Contributions	Contributions in Relation to the Contractually Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014-15	$ 568,371	$ (2,076,334)	$ (1,507,963)	$ 3,228,366	64%
2015-16	587,585	(551,929)	35,656	3,229,103	17%
2016-17	653,649	(616,051)	37,598	3,475,654	18%
2017-18	624,672	(624,672)	-	3,358,283	19%
2018-19	733,660	(733,660)	-	3,685,966	20%
2019-20	835,199	(835,199)	-	3,817,826	22%
2020-21	874,907	(874,907)	-	3,487,600	25%
2021-22	985,287	(985,287)	-	3,988,940	25%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Historical information is required only for measurement period for which GASB 68 & 71 were applicable. Future years' information will be displayed up to 10 years as information becomes available.

Mojave Water Agency
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Years*

	Measurement Date 6/30/2017	Measurement Date 6/30/2018	Measurement Date 6/30/2019	Measurement Date 6/30/2020	Measurement Date 6/30/2021
Total OPEB Liability					
Service cost	$ 116,059	$ 119,396	$ 83,979	$ 86,288	$ 70,734
Interest	180,524	185,604	171,183	177,839	192,900
Differences between expected and actual experience	-	(279,188)	-	(24,294)	317,748
Changes of assumptions	-	(209,017)	-	271,623	-
Benefit payments	(117,959)	(130,655)	(135,556)	(133,359)	(151,458)
Implicit subsidy credit	(10,821)	(31,223)	(27,344)	(35,823)	(45,398)
Net change in Total OPEB Liability	167,803	(345,083)	92,262	342,274	384,526
Total OPEB Liability - beginning	2,526,163	2,693,966	2,348,883	2,441,145	2,783,419
Total OPEB Liability - ending (a)	2,693,966	2,348,883	2,441,145	2,783,419	3,167,945
Plan Fiduciary Net Position					
Net investment income	100,125	88,574	96,579	51,208	440,989
Contributions - employer	195,029	217,990	223,155	214,211	175,170
Contributions - employer - implicit subsidy	10,821	31,223	27,344	35,823	45,398
Benefit payments	(117,959)	(130,655)	(135,556)	(133,359)	(151,458)
Implicit subsidy credit	(10,821)	(31,223)	(27,344)	(35,823)	(45,398)
Administrative expenses	(489)	(604)	(619)	(720)	(607)
Other changes	-	-	-	(15,327)	-
Net change in Plan Fiduciary Net Position	176,706	175,305	183,559	116,013	464,094
Plan Fiduciary Net Position - beginning	952,167	1,128,873	1,304,178	1,487,737	1,603,750
Plan Fiduciary Net Position - ending (b)	1,128,873	1,304,178	1,487,737	1,603,750	2,067,844
Net OPEB Liability					
Net OPEB Liability - ending (a) - (b)	$ 1,565,093	$ 1,044,705	$ 953,408	$ 1,179,669	$ 1,100,101
Plan fiduciary net position as a percentage of the total OPEB liability	42%	56%	61%	58%	65%
Covered-employee payroll	$ 3,540,021	$ 2,949,573	$ 3,030,686	$ 3,284,783	$ 3,457,641
Net OPEB liability as a percentage of covered-employee payroll	44%	35%	31%	36%	32%

Notes to schedule:
Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

Changes in assumptions:
For fiscal year ended June 30, 2021 (measurement date June 30, 2020), the discount rate and investment rate of return were decrease from 7.28% to 7.00%. No changes in fiscal year ended June 30, 2022 (measurement date June 30, 2021).

* Historical information is required only for measurement period for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2017-18 was the first year of implementation.

Mojave Water Agency
Schedule of OPEB Plan Contributions
Last Ten Years*

Fiscal Year Ended June 30	2018	2019	2020	2021	2022
Actuarially Determined Contributions (ADC)	$ 243,432	$ 247,215	$ 245,434	$ 179,196	$ 196,856
Contributions in relation to the ADC	(217,990)	(223,155)	(214,211)	(220,568)	(206,494)
Contribution deficiency/(excess)	$ 25,442	$ 24,060	$ 31,223	$ (41,372)	$ (9,638)
Covered-employee payroll	$ 2,949,573	$ 3,030,686	$ 3,284,783	$ 3,457,641	$ 3,347,673
Contribution as a percentage of covered-employee payroll	7%	7%	7%	6%	6%

Notes to schedule:
Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

Changes in assumptions:
For fiscal year ended June 30, 2021, the discount rate and investment rate of return were decrease from 7.28% to 7.00%.
There were no changes in fiscal year ended June 30, 2022.

Methods and assumptions used to determine contributions:

Actuarial Cost Method
Entry age normal, level percent of pay.

Amortization Method
Closed period, level percent of pay.

Amortization Period
15 years

Inflation
2.50%

Assumed Payroll Growth
2.750%

Healthcare Cost Trend Rates
Pre-Medicare: 7.00% trending down to 4.04 over 55 years.
Medicare: 5.40% trending down to 4.04 over 55 years.

Rate of Return on Assets
7.00%

Mortality and Retirement Rates
CalPERS rates

* Historical information is required only for measurement period for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2017-18 was the first year of implementation.

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Statistical Information Section

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Mojave Water Agency
Statistical Section

This part of the Agency's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial health.

Table of Contents

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Mojave Water Agency
Net Position by Component
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Business-type Activities:										
Net Investment in Capital Assets	$ 299,137,054	$ 303,713,142	$ 303,817,108	$ 302,917,311	$ 304,647,715	$ 309,368,089	$ 314,156,584	$ 319,424,553	$ 324,331,059	$ 330,581,016
Restricted	64,005,430	62,081,839	60,650,196	56,285,875	50,480,123	45,943,442	42,707,288	39,961,281	37,903,477	35,027,862
Unrestricted	101,673,397	67,817,852	63,120,085	54,596,938	49,488,833	43,654,223	36,573,091	35,957,237	36,827,693	19,200,219
Total Net Position	**$ 464,815,881**	**$ 433,612,833**	**$ 427,587,389**	**$ 413,800,124**	**$ 404,616,671**	**$ 398,965,754**	**$ 393,436,963**	**$ 395,343,071**	**$ 399,062,229**	**$ 384,809,097**

Source: Mojave Water Agency

Mojave Water Agency
Changes in Net Position
Last Ten Fiscal Years

	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14	06/30/13
OPERATING REVENUE:										
Watermaster Assessment	$ 6,169,061	$ 2,287,699	$ 618,648	$ 1,392,018	$ 628,328	$ 556,395	$ 551,855	$ 2,887,177	$ 2,433,774	$ 2,752,826
Water Sales	8,783,285	6,528,060	2,041,965	4,960,927	4,502,405	8,049,485	3,371,100	6,214,830	4,347,448	5,594,269
State Water Project Table A Water Sale	23,239,300	-	7,618,934	-	1,802,560	2,428,000	-	200,000	16,426,784	-
Total Operating Revenues	***38,191,646***	**8,815,759**	**10,279,547**	**6,352,945**	**6,933,293**	**11,033,880**	**3,922,955**	**9,302,007**	**23,208,006**	**8,347,095**
OPERATING EXPENSE:										
State Water Project Costs	20,929,353	14,772,873	11,062,523	11,245,303	10,985,708	12,749,527	11,566,691	13,082,665	11,417,785	12,491,587
Employment Costs	6,598,158	6,217,727	6,752,645	5,960,903	5,607,666	5,096,092	4,517,308	4,755,630	4,764,101	4,457,006
Administration Costs	4,977,907	3,812,458	3,611,760	3,136,934	3,236,944	4,448,787	4,688,210	3,553,351	2,526,374	1,477,057
Utilities	1,039,418	956,807	1,046,883	1,035,438	1,056,644	1,070,360	907,075	1,158,673	1,058,176	697,776
Supplies and Materials	147,283	147,156	162,401	478,375	291,017	364,638	344,300	394,324	285,913	255,077
Repairs and Maintenance	179,501	181,792	199,031	187,245	221,840	550,957	603,340	488,675	478,315	381,236
Depreciation	16,851,508	16,580,460	15,848,029	15,362,412	15,121,434	14,765,622	14,371,985	14,951,346	15,619,566	11,639,513
Total Operating Expense	***50,723,128***	**42,669,273**	**38,683,272**	**37,406,610**	**36,521,253**	**39,045,983**	**36,998,909**	**38,384,664**	**36,150,230**	**31,399,252**
OPERATING INCOME / (LOSS)	***(12,531,482)***	**(33,853,514)**	**(28,403,725)**	**(31,053,665)**	**(29,587,960)**	**(28,012,103)**	**(33,075,954)**	**(29,082,657)**	**(12,942,224)**	**(23,052,157)**
NON-OPERATING REVENUES										
Property Taxes	43,699,138	40,519,916	41,279,297	39,454,505	37,004,166	35,101,094	33,165,757	31,286,258	30,092,574	30,318,770
D/S Support Fr.IDM: 849	286,523	-	-	814,375	813,313	814,438	812,688	813,250	813,688	814,064
Interest Income	(1,915,751)	251,788	2,917,695	2,178,573	762,898	266,529	354,186	236,731	119,841	83,684
Gain (Loss) on Disposal of Capital Assets	-	8,325	-	9,202	(78,787)	6,150	-	-	-	-
Mitigation Fees	-	-	-	-	-	-	-	-	-	19,468
State grant revenue	3,482,762	1,054,000	95,662	403,894	1,145,851	574,329	766,899	963,143	911,224	4,996,704
Other Income	21,558	43,879	115,533	4,480	8,135	60,589	140,228	174,312	686,492	691,778
Total Non-Operating Revenue	***45,574,230***	**41,877,908**	**44,408,187**	**42,865,029**	**39,655,576**	**36,823,129**	**35,239,758**	**33,473,694**	**32,623,819**	**36,924,468**

Continued on next page

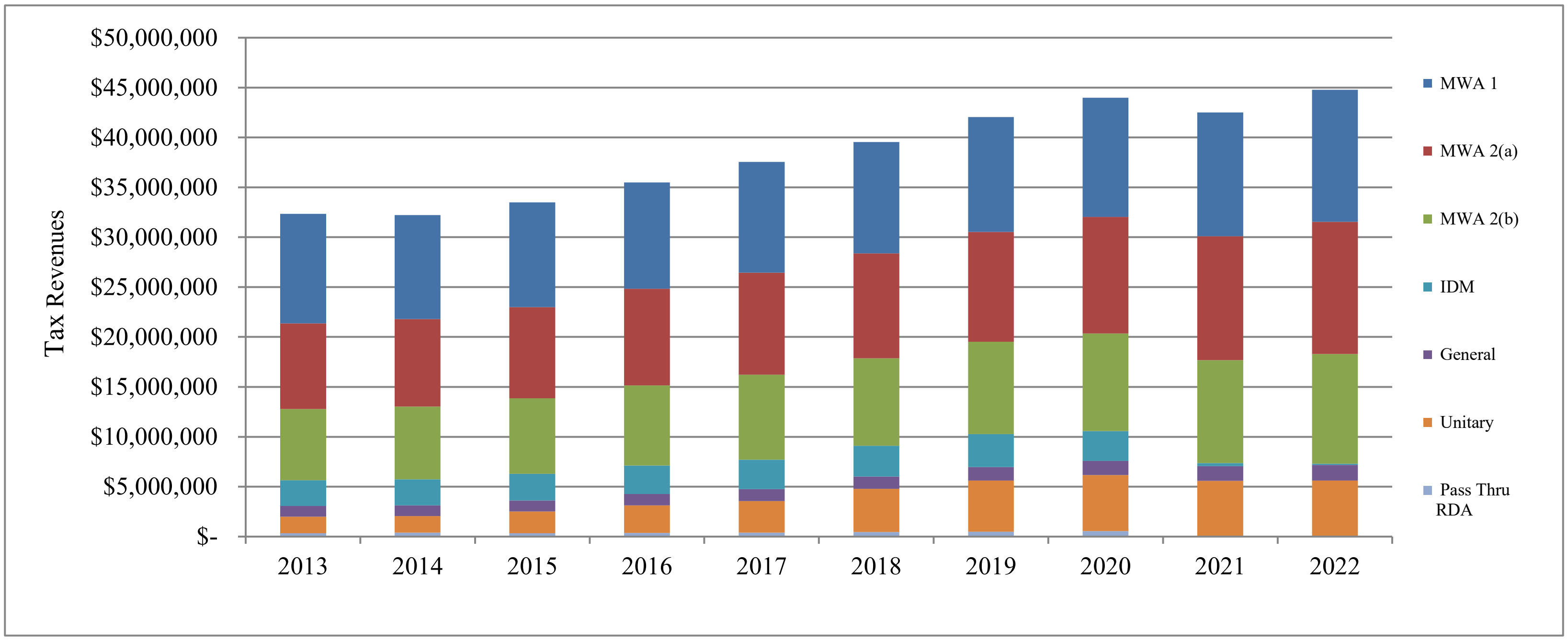
Mojave Water Agency
Changes in Net Position, continued
Last Ten Fiscal Years

	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14	06/30/13
NON-OPERATING EXPENSES:										
Collection Charges	$ 107,376	$ 101,752	$ 103,991	$ 99,179	$ 96,264	$ 91,499	$ 86,561	$ 81,752	$ 77,857	$ 76,024
Other Expenses	136,030	123,475	127,095	350,726	103,252	91,483	490,751	540,492	633,360	477,736
State grant expense - pass-through	856,321	16,335	-	-	-	-	-	-	-	-
Joshua Basin Recharge Project	-	-	-	-	-	-	-	-	650,000	-
Bond Debt Issuance Expense	-	-	-	-	284,311	211,256	-	-	-	-
Amortization of bonds premium	(616,123)	(616,123)	(616,123)	(616,123)	(601,414)	(326,540)	(292,996)	(292,996)	(114,600)	(101,347)
Interest Expense	2,212,417	2,389,846	2,602,234	2,794,129	2,743,108	3,214,537	3,785,596	3,839,837	4,181,846	5,479,745
Total Non-Operating Expenses:	**2,696,021**	**2,015,285**	**2,217,197**	**2,627,911**	**2,625,521**	**3,282,235**	**4,069,912**	**4,169,085**	**5,428,463**	**5,932,158**
NON-OPERATING INCOME /(LOSS)	**42,878,209**	**39,862,623**	**42,190,990**	**40,237,118**	**37,030,055**	**33,540,894**	**31,169,846**	**29,304,609**	**27,195,356**	**30,992,309**
INCOME BEFORE CONTRIBUTIONS	**30,346,727**	**6,009,109**	**13,787,265**	**9,183,453**	**7,442,095**	**5,528,791**	**(1,906,108)**	**221,952**	**14,253,132**	**7,940,152**
Capital Contributions / State Grants	**856,321**	**16,335**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change in Net Position:	**31,203,048**	**6,025,444**	**13,787,265**	**9,183,453**	**7,442,095**	**5,528,791**	**(1,906,108)**	**221,952**	**14,253,132**	**7,940,152**
Net position Beginning of Year	433,612,833	427,587,389	413,800,134	404,616,681	398,965,754	393,436,963	395,343,071	399,062,229	384,809,097	376,868,945
Prior Yr Adjustment	-	-	-	-	(1,791,168)	-	-	(3,941,110)	-	-
Net Position End of Year	**$ 464,815,881**	**$ 433,612,833**	**$ 427,587,389**	**$ 413,800,134**	**$ 404,616,681**	**$ 398,965,754**	**$ 393,436,963**	**$ 399,284,181**	**$ 399,062,229**	**$ 384,809,097**

Source: Mojave Water Agency

Mojave Water Agency
Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	MWA 1	MWA 2(a)	MWA 2(b)	General	Unitary	Pass Thru RDA	IDM	Total
2013	$ 10,964,481	$ 8,596,933	$ 7,148,366	$ 1,069,422	$ 1,644,762	$ 327,016	$ 2,592,790	$ 32,343,771
2014	10,431,354	8,775,525	7,296,865	1,062,717	1,644,367	399,564	2,612,182	32,222,574
2015	10,542,026	9,121,381	7,584,445	1,098,675	2,165,047	335,910	2,673,773	33,521,257
2016	10,683,723	9,674,554	8,044,409	1,145,703	2,744,546	369,941	2,847,881	35,510,757
2017	11,119,947	10,224,396	8,538,533	1,195,320	3,156,791	388,837	2,947,269	37,571,094
2018	11,175,672	10,496,164	8,787,196	1,242,601	4,296,680	463,728	3,087,124	39,549,165
2019	11,538,431	11,009,046	9,246,229	1,369,353	5,097,369	489,765	3,319,312	42,069,504
2020	11,939,640	11,701,747	9,767,317	1,414,528	5,600,343	541,502	3,024,220	43,989,297
2021	12,436,301	12,409,894	10,330,953	1,490,231	5,557,033	770,030	305,475	43,299,917
2022	13,271,808	13,238,630	11,007,945	1,559,389	5,609,329	796,042	120,995	45,604,137



Source: Mojave Water Agency

Mojave Water Agency
Property Tax Rates
Last Ten Fiscal Years

	MWA 1		MWA 2		IDM	
Fiscal Year Ended June 30	Secured Assessed Value	Unsecured Assessed Value	Secured Assessed Value	Unsecured Assessed Value	Secured Assessed Value	Unsecured Assessed Value
2013	0.1125	0.1125	0 .0550	0 .0550	0.1050	0.1050
2014	0.1125	0.1125	0 .0550	0 .0550	0.1050	0.1050
2015	0.1125	0.1125	0 .0550	0 .0550	0.1050	0.1050
2016	0.1125	0.1125	0 .0550	0 .0550	0.1050	0.1050
2017	0.1125	0.1125	0 .0550	0 .0550	0.1050	0.1050
2018	0.1125	0.1125	0 .0550	0 .0550	0.1050	0.1050
2019	0.1125	0.1125	0 .0550	0 .0550	0.1050	0.1050
2020	0.1125	0.1125	0 .0550	0 .0550	0.0900	0.0900
2021	0.1125	0.1125	0 .0550	0 .0550	0.0000	0.0000
2022	0.1125	0.1125	0 .0550	0 .0550	0.0000	0.0000

Source:
Mojave Water Agency

Mojave Water Agency
Principal Property Taxpayers
Current Fiscal Years and Nine Years Ago

Mojave Water Agency
Principal Property Taxpayers
Current Fiscal Year 2022 And Nine Years Ago

2022

Rank	Taxpayer	Land Use	Secured Assessed Value	% of Total Secured Assessed Value
1	CEMEX INC	Miscellaneous	$ 429,336,414	1.06%
2	CALPORTLAND COMPANY	Miscellaneous	407,123,901	1.00%
3	WALMART STORES INC	Commercial	223,333,119	0.55%
4	MITSUBISHI CEMENT CORPORATION	Miscellaneous	208,349,496	0.51%
5	GENERAL ATOMICS AERONAUTICAL SYST	Unsecured	5,960,800	0.01%
6	HIGCOV SCLC DC3	Industrial	143,053,872	0.35%
7	MACERICH VICTOR VALLEY LP (Pending Appeals On Parcels)	Commercial	137,065,000	0.34%
8	GEO GROUP INC	Govt. Owned	135,961,392	0.33%
9	WACHOVIA SERVICE CORPORATION	Industrial	134,745,247	0.33%
10	INTERMOUNTAIN POWER AGENCY	Miscellaneous	132,958,407	0.33%
		Total	**$ 1,957,887,648**	**4.81%**
		Local Secured Assessed Valuation	**$ 40,672,438,275**	

2013

Rank	Taxpayer	Land Use	Secured Assessed Value	% of Total Secured Assessed Value
1	CEMEX CONSTRUCTION MATERIALS PACIFIC	N/A	$ 301,789,490	1.14%
2	HIGH DESERT POWER TRUST 2000-A	N/A	278,600,000	1.05%
3	RIVERSIDE CEMENT COMPANY	N/A	189,911,191	0.72%
4	INTERMOUNTAIN POWER AGENCY	Utility	164,995,960	0.62%
5	MITSUBISHI CEMENT CORPORATION	Miscellaneous	156,344,090	0.59%
6	WALMART STORE EAST LP	Commercial	122,714,050	0.46%
7	MACERICH VICTOR VALLEY LLC	Commercial	98,015,834	0.37%
8	PRIME A INVESTMENTS	N/A	82,286,051	0.31%
9	CARL E ROSS LIVING TRUST	N/A	79,648,731	0.30%
10	STIRLING CAPITAL INVESTMENTS	Industrial	76,534,939	0.29%
		Total	**$ 1,550,840,336**	**5.86%**
		Local Secured Assessed Valuation	**$26,461,551,978**	

Improvement District M
Ten Largest Taxpayers (Secured Roll Only)
Current Fiscal Year 2022 And Nine Years Ago

2022

Rank	Taxpayer	Land Use	Secured Assessed Value	% of Total Secured Assessed Value
1	HDMC HOLDINGS LLC	Commercial	$ 30,335,556	0.85%
2	WALMART STORES INC	Commercial	24,286,254	0.68%
3	HOME DEPOT USA INC	Commercial	12,474,695	0.35%
4	HC-58295 29 PALMS HIGHWAY LLC	Commercial	6,870,448	0.19%
5	COUNTRY CLUB MHP LLC	Commercial	6,700,000	0.19%
6	GUERRA FAMILY TRUST 2014	Commercial	6,343,147	0.18%
7	KOO STEVEN JUN	Commercial	6,270,557	0.18%
8	THRIFTY PAYLESS INC	Commercial	5,811,531	0.16%
9	ESTHER JEFFREY LLC	Commercial	5,688,355	0.16%
10	SWEETWATER YV JOSHUA PROPCO LLC	Commercial	5,400,000	0.15%
		Total	**$ 110,180,543**	**3.10%**
		Local Secured Assessed Valuation	**$ 3,557,371,923**	

2013

Rank	Taxpayer	Land Use	Secured Assessed Value	Secured Assessed Value

Note: Data from FY 2013 was unavailable for comparative analysis

Source: HdL Companies

Mojave Water Agency
Property Tax Assessed Valuations, Tax Levies and Collections
Last Ten Fiscal Years

MWA #1

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy: Amount (1)	Collected within the Fiscal Year of Levy: Percent of Levy (2)	Collections from Prior Years	Total Collections to Date: Amount	Total Collections to Date: Percent of Levy (3)
2013	$ 9,907,907	$ 9,551,624	96.40%	$ 1,412,857	$ 10,964,481	110.7%
2014	9,656,319	8,939,072	92.57%	1,492,283	10,431,354	108.0%
2015	9,786,438	9,181,850	93.82%	1,360,176	10,542,026	107.7%
2016	10,038,865	9,393,735	93.57%	1,289,987	10,683,723	106.4%
2017	10,222,055	9,758,910	95.47%	1,361,037	11,119,947	108.8%
2018	10,577,060	10,252,004	96.93%	923,668	11,175,672	105.7%
2019	11,016,505	10,750,984	97.59%	787,447	11,538,431	104.7%
2020	11,608,609	11,222,847	96.68%	716,793	11,939,640	102.9%
2021	12,037,428	11,740,025	97.53%	696,275	12,436,301	103.3%
2022	12,590,221	12,440,765	98.81%	831,043	13,271,808	105.4%

MWA #2

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy: Amount (1)	Collected within the Fiscal Year of Levy: Percent of Levy (2)	Collections from Prior Years	Total Collections to Date: Amount	Total Collections to Date: Percent of Levy (3)
2013	$ 15,070,063	$ 14,569,069	97%	$ 1,176,230	$ 15,745,299	104.5%
2014	15,303,875	14,838,185	97%	1,234,206	16,072,390	105.0%
2015	16,024,200	15,627,767	98%	1,078,059	16,705,826	104.3%
2016	16,994,204	16,669,729	98%	1,049,233	17,718,963	104.3%
2017	17,675,273	17,728,741	100%	1,034,188	18,762,929	106.2%
2018	18,639,032	18,500,832	99%	782,528	19,283,360	103.5%
2019	19,615,718	19,534,082	100%	721,193	20,255,275	103.3%
2020	20,839,647	20,796,106	100%	672,958	21,469,064	103.0%
2021	21,989,311	22,003,759	100%	737,087	22,740,847	103.4%
2022	23,258,960	23,414,295	101%	832,279	24,246,575	104.2%

(1) Amounts collected include current secured, current unsecured, and supplemental taxes. Assessed value amounts are based on the assessed value as of January 1 preceeding the applicable fiscal year.

(2) "% of Levy" for "Collections within the Fiscal Year of Levy" is greater than 100% in some years due to supplemental assessments which occur based on valuations in connection with a change of ownership during the applicable fiscal year.

(3) Percentages may be greater than 100% due to inclusion of amounts collected from prior years.

Source: Mojave Water Agency

Mojave Water Agency
Property Tax Assessed Valuations, Tax Levies and Collections, continued
Last Ten Fiscal Years

General Tax

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy: Amount (1)	Collected within the Fiscal Year of Levy: Percent of Levy (2)	Collections from Prior Years	Total Collections to Date: Amount	Total Collections to Date: Percent of Levy (3)
2013	$ 2,588,976	$ 3,007,440	116.16%	$ 33,760	$ 3,041,201	117.47%
2014	2,695,757	3,065,212	113.71%	41,437	3,106,648	115.24%
2015	2,704,288	3,563,098	131.76%	36,534	3,599,632	133.11%
2016	3,306,588	4,222,419	127.70%	33,589	4,256,008	128.71%
2017	3,922,062	4,706,689	120.01%	34,259	4,740,948	120.88%
2018	4,359,970	5,971,613	136.96%	31,396	6,003,009	137.68%
2019	6,726,632	6,927,238	102.98%	29,249	6,956,487	103.42%
2020	6,494,973	7,532,108	115.97%	24,264	7,556,372	116.34%
2021	7,049,571	7,786,879	110.46%	30,415	7,817,293	110.89%
2022	6,988,885	7,935,046	113.54%	29,714	7,964,760	113.96%

IDM

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy: Amount (1)	Collected within the Fiscal Year of Levy: Percent of Levy (2)	Collections from Prior Years	Total Collections to Date: Amount	Total Collections to Date: Percent of Levy (3)
2013	$ 2,467,690	$ 2,378,743	96.40%	$ 214,047	$ 2,592,790	105.07%
2014	2,440,025	2,317,316	94.97%	294,867	2,612,182	107.06%
2015	2,571,903	2,458,390	95.59%	215,383	2,673,773	103.96%
2016	2,712,534	2,615,260	96.41%	232,621	2,847,881	104.99%
2017	2,784,803	2,715,916	97.53%	231,353	2,947,269	105.83%
2018	2,906,998	2,902,516	99.85%	184,608	3,087,124	106.20%
2019	3,096,315	3,090,826	99.82%	228,485	3,319,312	107.20%
2020	2,880,858	2,837,783	98.50%	186,437	3,024,220	104.98%
2021	20,480	99,589	486.28%	205,886	305,475	1491.61%
2022	-	21,988	N/A	99,006	120,995	N/A

(1) Amounts collected include current secured, current unsecured, and supplemental taxes. Assessed value amounts are based on the assessed value as of January 1 preceeding the applicable fiscal year.

(2) "% of Levy" for "Collections within the Fiscal Year of Levy" is greater than 100% in some years due to supplemental assessments which occur based on valuations in connection with a change of ownership during the applicable fiscal year.

(3) Percentages may be greater than 100% due to inclusion of amounts collected from prior years.

Source: Mojave Water Agency

Mojave Water Agency
Property Tax Allocation of Supplemental Table A Amount Revenues
Last Ten Fiscal Years

	Ad Valorem Taxes		
Fiscal Year Ended June 30	**Ad Valorem Taxes Received (1)**	**Amount Allocated to Payment Under Water Supply Contract**	**Amount Allocated to Supplement Table A Amount Revenues (2)**
2013	$ 19,561,414	$ 13,034,376	$ 6,527,038
2014	19,206,879	12,996,300	6,210,579
2015	19,663,407	14,614,918	5,048,489
2016	20,358,277	16,061,710	4,296,566
2017	21,344,343	16,759,691	4,584,652
2018	21,671,836	16,204,477	5,467,359
2019	22,547,477	15,795,457	6,752,020
2020	23,641,387	17,500,858	6,140,529
2021	24,846,195	18,772,440	6,073,755
2022	26,510,438	20,165,596	6,344,843

(1) Includes revenues from the levy of the MWA#1 Assessessment and the allocation of the MWA#2 Assessment revenues of $0.03 per $100 of assessed valuation.

(2) Amounts include (i) the revenues received from the levy of the MWA#1 Assessment, plus (ii) the allocation of the revenues received from the levy of the MWA#2 Assessment of $0.03 per $100 of assessed valuation, less (iii) amounts due under the Water Supply Contract. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE 2014 BONDS - Limited Obligations Payable from Supplemental Table A Amount Revenues" found on page 6 of the Refunding Revenue Bonds, Series 2014A Official Statement, and "AD VALOREM PROPERTY TAXES - General" found on page 19 of the same Series 2014A Official Statement for further discussion.

Source: Mojave Water Agency

Mojave Water Agency
Annual Change in Assessed Value
Last Ten Fiscal Years

Fiscal Year Ended June 30	Secured Assessed Valuation Within Service Area	Unsecured Assessed Valuation Within Service Area	Percentage Increase/(Decrease)
2013	$ 26,681,108,169	$ 719,006,056	(0.71)
2014	27,004,903,579	820,324,180	1.55
2015	28,305,755,509	829,154,150	4.71
2016	29,957,740,316	940,812,620	6.05
2017	31,227,014,802	909,845,129	4.01
2018	33,024,412,270	864,736,899	5.45
2019	34,885,525,320	779,417,266	5.24
2020	37,099,871,119	790,395,870	6.24
2021	39,178,115,017	802,449,770	5.52
2022	41,497,291,161	791,727,311	5.77

Fiscal Year Ended June 30	Assessed Valuation Within Service Area (Land Only)	Assessed Valuation Within Service Area (Improvements)	Percentage Increase/(Decrease)
2013	$ 8,807,028,882	$ 18,593,085,343	(0.71)
2014	8,583,394,618	19,241,833,141	1.55
2015	8,699,055,582	20,435,854,077	4.71
2016	8,923,435,342	21,975,117,594	6.05
2017	9,086,271,066	23,050,588,865	4.01
2018	9,401,831,735	24,487,317,434	5.45
2019	9,792,449,045	25,872,493,541	5.24
2020	10,318,763,767	27,571,503,222	6.24
2021	10,699,936,013	29,280,628,774	5.52
2022	11,191,307,176	31,097,711,296	5.77

Source: Mojave Water Agency

Mojave Water Agency
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending	General Obligation Bond 2006	General Obligation Bond 2016	Certificate of Participation 2004	Certificate of Participation 2014	Certificate of Participation 2009	Refunding Revenue Bond 2017	Contract Payable
2013	$ 24,550,000	$ -	$ 15,530,000	$ -	$ 36,870,000	$ -	$ -
2014	22,525,000	-	-	13,155,000	36,400,000	-	-
2015	20,395,000	-	-	11,685,000	35,615,000	-	-
2016	18,160,000	-	-	10,405,000	34,800,000	-	-
2017	-	15,025,000	-	9,085,000	33,950,000	-	-
2018	-	12,555,000	-	7,720,000	-	30,200,000	-
2019	-	10,010,000	-	6,310,000	-	29,345,000	-
2020	-	7,395,000	-	4,835,000	-	28,445,000	168,633
2021	-	4,685,000	-	3,290,000	-	27,500,000	161,496
2022	-	1,905,000	-	1,685,000	-	26,510,000	155,146

Source: Mojave Water Agency

Mojave Water Agency
Ratios of Outstanding Debt by Type, continued
Last Ten Fiscal Years

Fiscal Year Ending	DWR 860 Reach 1 Oversize E74005	DWR 870 MRP Recharge E72008	DWR 880 HD Extension MBP E74007A	Sub Total	Premium/ (Discount)	TOTAL	Per Capita Personal Income (1)	% of Per Capita Personal Income
2013	$ 343,275	$ 1,774,931	$ 154,480	$ 79,222,686	$ 1,080,275	$ 80,302,960	$ 31,683	0.039%
2014	-	1,472,166	52,381	73,604,547	2,497,466	76,102,013	32,892	0.043%
2015	-	-	-	67,695,000	2,204,470	69,899,470	35,431	0.051%
2016	-	-	-	63,365,000	1,911,474	65,276,474	36,835	0.056%
2017	-	-	-	58,060,000	2,002,318	60,062,318	38,816	0.065%
2018	-	-	-	50,475,000	6,805,003	57,280,003	40,316	0.070%
2019	-	-	-	45,665,000	6,188,880	51,853,880	42,043	0.081%
2020	-	-	-	40,843,633	5,572,756	46,416,389	44,831	0.097%
2021	-	-	-	35,636,496	4,956,633	40,593,129	N/A	-
2022	-	-	-	30,255,146	4,340,510	34,595,656	N/A	-

(1) http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4

Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2020.

N/A - Statiscal information was not available for the specified time periods.

Note: Outstanding Debt by Type includes both short-term and long-term portions of debt, for a total outstanding debt at the end of each year.

Source: Mojave Water Agency

Mojave Water Agency
Ratios of General Obligated Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Premium/ (Discount)	TOTAL	Total Assessed Taxable Value of Property [1]	% of Est. Actual Taxable Value of Property	Per Capita Personal Income [2]
2013	$ 24,550,000	$ 879,101	$ 25,429,101	$ 2,363,922,670	1.04%	31,683
2014	22,525,000	785,635	23,310,635	2,323,833,066	0.97%	32,892
2015	20,395,000	692,168	21,087,168	2,449,431,676	0.83%	35,431
2016	18,160,000	598,702	18,758,702	2,583,365,954	0.70%	36,835
2017	15,025,000	889,075	15,914,075	2,652,193,078	0.57%	38,816
2018	12,555,000	719,727	13,274,727	2,768,569,401	0.45%	40,316
2019	10,010,000	550,379	10,560,379	2,948,871,088	0.34%	42,043
2020	7,395,000	381,031	7,776,031	3,193,166,254	0.23%	44,831
2021	4,685,000	211,683	4,896,683	3,381,790,795	0.14%	N/A
2022	1,905,000	42,335	1,947,335	3,695,095,900	0.05%	N/A

(1) Source: https://www.sbcounty.gov/atc/DBMFiles/PIP163-PI163%20AGCY%20VAL%20RPT%2010-30-2020_40174771220.pdf

(2) Source: https://apps.bea.gov/iTable/iTable.cfm?acrdn=4&isuri=1&reqid=70&step=1

Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2020.

N/A - Statiscal information was not available for the specified time periods.

Mojave Water Agency
Legal Debt Margin Information
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Assessed Value of Taxable Property	$ 3,695,095,900	$ 3,381,790,795	$ 3,193,166,254	$ 2,948,871,088	$ 2,768,569,401	$ 2,652,193,078	$ 2,583,365,954	$ 2,449,431,676	$ 2,323,833,066	$ 2,363,922,670
Debt Limit (10% of total assessed value)	369,509,590	338,179,080	319,316,625	294,887,109	276,856,940	265,219,308	258,336,595	244,943,168	232,383,307	236,392,267
Total Net Debt Applicable to Limit:										
General Obligation Bonds	-	1,802,900	4,514,475	7,122,075	9,695,667	12,192,638	14,998,375	17,227,500	19,356,875	21,381,458
Legal Debt Margin	$ 369,509,590	$ 339,981,980	$ 323,831,100	$ 302,009,184	$ 286,552,607	$ 277,411,945	$ 273,334,970	$ 262,170,668	$ 251,740,182	$ 257,773,725
Total Net Debt applicable to the limit as a percentage of debt limit	0.00%	0.53%	1.41%	2.42%	3.50%	4.60%	5.81%	7.03%	8.33%	9.04%

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2022		
Total taxable assessed valuation		$ 3,695,095,900
Debt limit - 10% of total assessed value		369,509,590
Total Debt Applicable to the limit	1,905,000	
Less: Amount available in debt funds	1,905,000	
Total net debt applicable to limit		-
Legal debt margin		$ 369,509,590

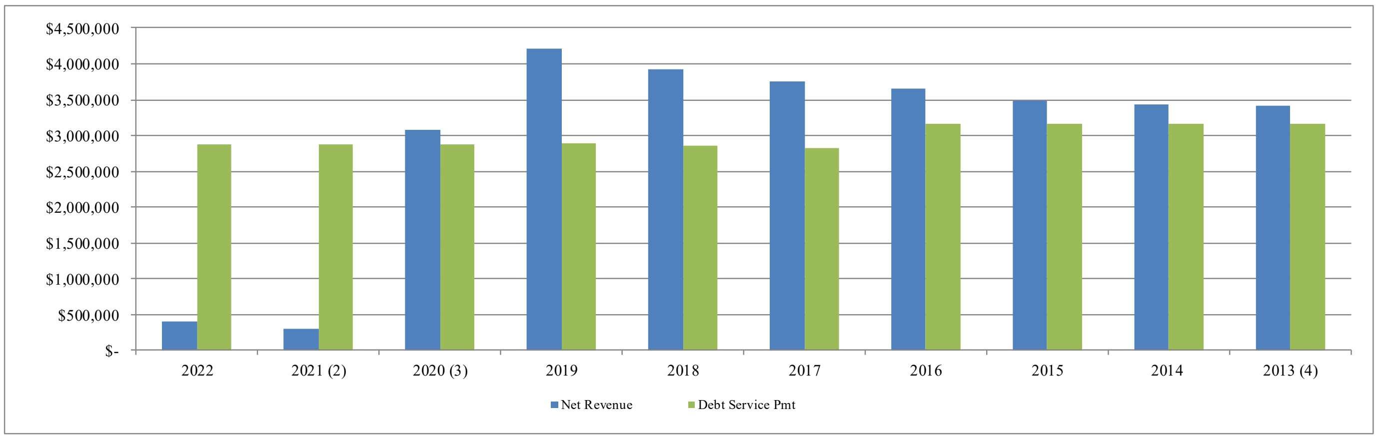
Source: Mojave Water Agency

Mojave Water Agency
Pledged Revenue Coverage
Last Ten Fiscal Years

General Obligation Bonds - IDM

	Special Assessment Collections			Debt Service		
Fiscal Year Ending June 30	IDM Taxes	D/S Support (1)	Total Collections	Principal	Interest	Total Payment
2013	$ 2,005,314	$ 814,064	$ 2,819,378	$ 1,925,000	$ 1,243,542	$ 3,168,542
2014	2,592,790	813,688	3,406,478	2,025,000	1,143,125	3,168,125
2015	2,612,182	813,250	3,425,432	2,130,000	1,037,500	3,167,500
2016	2,673,773	812,688	3,486,461	2,235,000	926,625	3,161,625
2017	2,847,881	814,438	3,662,319	2,345,000	487,363	2,832,363
2018	2,947,269	813,313	3,760,582	2,470,000	389,333	2,859,333
2019	3,087,124	814,375	3,901,499	2,545,000	342,925	2,887,925
2020	3,024,220	-	3,024,220	2,615,000	265,525	2,880,525
2021	305,475	-	305,475	2,710,000	172,100	2,882,100
2022	120,995	286,523	407,518	2,780,000	97,050	2,877,050

	2022	2021 (2)	2020 (3)	2019	2018	2017	2016	2015	2014	2013 (4)
Revenues:										
Tax Assessments	$ 120,995	$ 305,475	$ 3,024,220	$ 3,319,312	$ 3,087,124	$ 2,947,269	$ 2,847,881	$ 2,673,773	$ 2,612,182	$ 2,592,790
Debt Service Support (1)	286,523	-	-	814,375	813,313	814,438	812,688	813,250	813,688	814,064
Interest	1,504	435	59,325	73,788	24,008	1,454	-	2,169	4,239	2,061
Total Revenue	$ 409,022	$ 305,910	$ 3,083,545	$ 4,207,475	3,924,445	3,763,161	3,660,569	3,489,192	3,430,109	3,408,915
Debt Service	$ 2,877,050	$ 2,882,100	$ 2,880,525	$ 2,887,925	2,859,333	2,832,363	3,161,625	3,167,500	3,168,125	3,168,542
Coverage Ratio	0.14	0.11	1.07	1.46	1.37	1.33	1.16	1.10	1.08	1.08
Revenues Remaining After Debt Service Payment(5)	$ (2,468,028)	$ (2,576,190)	$ 203,020	$ 1,319,550	$ 1,065,112	$ 930,798	$ 498,944	$ 321,692	$ 261,984	$ 240,374



(1) Project Participants pay 25% of annual Debt Service. Project Participants include High Desert Water District, Joshua Basin Water District, Bighorn Desert View Water Agency, and Mojave Water Agency. Final Participant payment for 2020 was delayed until 2022.
(2) Tax rate discontinued in 2021.
(3) Tax rate decreased in 2020.
(4) Tax rate increased in 2013.
(5) Overcollection in prior years created a buildup in reserves, which were used to supplement during years of undercollection.

Source: Mojave Water Agency

Refunding Revenue Bonds Series 2014A

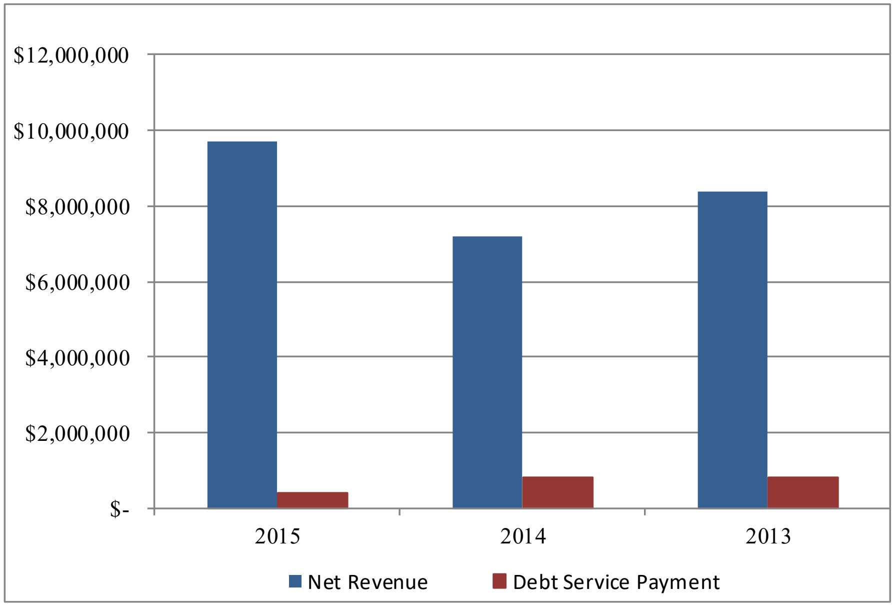
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:									
Tax Assessments (1)	$ 26,510,438	$ 24,846,195	$ 23,641,387	$ 22,547,477	$ 21,671,836	$ 21,344,343	$ 20,358,277	$ 19,663,407	$ 19,206,879
Interest	232,016	282,978	407,296	359,973	215,324	135,915	78,389	23,991	26,343
Total Revenue	26,742,454	25,129,173	24,048,683	22,907,450	21,887,160	21,480,258	20,436,666	19,687,398	19,233,222
Debt Service	1,729,375	1,740,400	1,738,175	1,738,250	1,748,750	1,750,850	1,749,850	1,839,817	1,595,292
Coverage Ratio	15.46	14.44	13.84	13.18	12.52	12.27	11.68	10.70	12.06
Revenues Remaining After Debt Service Payment	$ 25,013,079	$ 23,388,773	$ 22,310,508	$ 21,169,200	$ 20,138,410	$ 19,729,408	$ 18,686,816	$ 17,847,581	$ 17,637,930

(1) Tax assessments are based off MWA 1 and 2(a).
* 2014 is the first year of issuance for the 2014 Certificate of Participation

Source: Mojave Water Agency

DWR Debt Service - Loans (Paid off FY14/15)

	2015	2014	2013
Revenues:			
Water Sales	$ 6,214,830	$ 4,347,448	$ 5,594,269
General Tax Assessments	1,098,675	1,062,717	1,069,422
Unitary Tax Assessments	2,165,047	1,644,367	1,644,762
Interest	236,731	119,841	83,684
Total Revenue	9,715,283	7,174,372	8,392,137
Debt Service	403,537	807,365	807,365
Coverage Ratio	24.08	8.89	10.39
Revenues Remaining After Debt Service Payment	$ 9,311,746	$ 6,367,008	$ 7,584,772

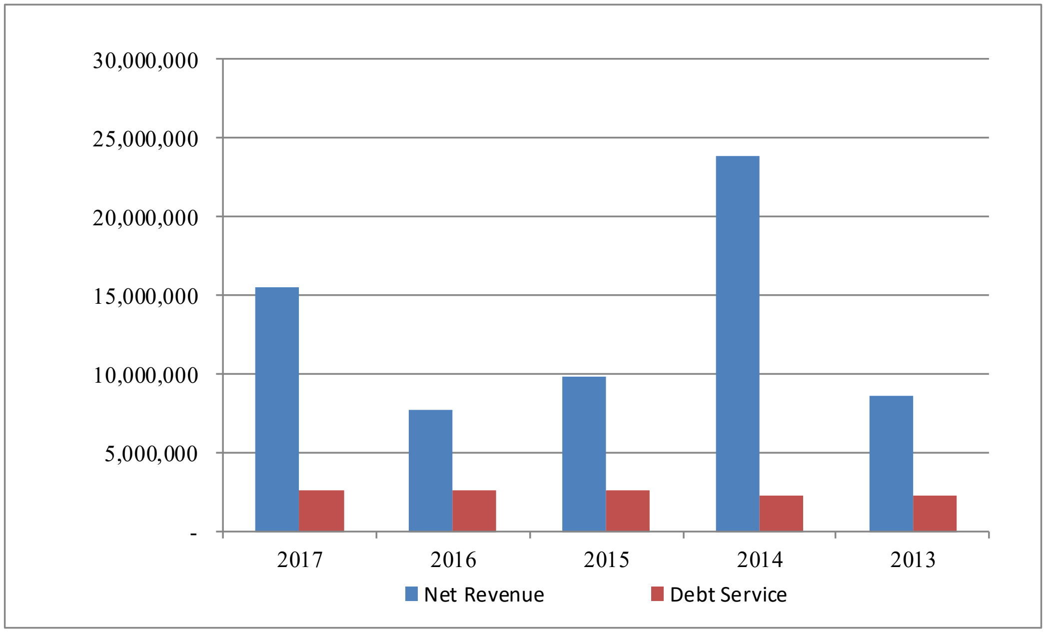


* The debt service is paid-in-full. The last ten years are shown for historical purposes only.

Source: Mojave Water Agency

2009A Certificate of Participation - Table A Water (Advance Refunded in FY17/18)

	2017	2016	2015	2014	2013
Revenues:					
Water Sales	$ 10,477,485	$ 3,371,100	$ 6,214,830	$ 20,774,232	$ 5,594,269
General Tax Assessments	1,584,157	1,515,644	1,434,585	1,462,281	1,396,438
Unitary Tax Assessments	3,156,791	2,744,546	2,165,047	1,644,367	1,644,762
Interest	303,547	159,794	35,693	43,817	5,410
Total Revenue	15,521,980	7,791,084	9,850,155	23,924,696	8,640,880
Debt Service	2,599,650	2,597,250	2,598,650	2,297,750	2,296,400
Coverage Ratio	5.97	3.00	3.79	10.41	3.76
Revenues Remaining After Debt Service Payment	$ 12,922,330	$ 5,193,834	$ 7,251,505	$ 21,626,946	$ 6,344,480

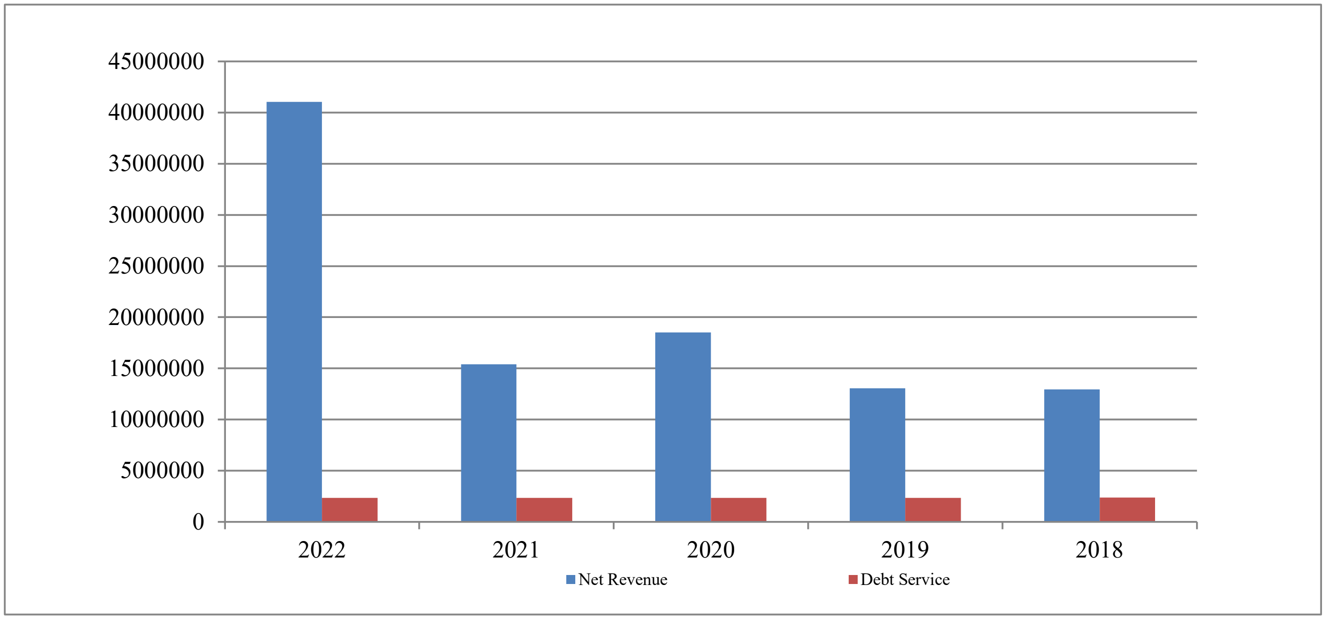


* The debt service is paid-in-full. The last ten years are shown for historical purposes only.

Source: Mojave Water Agency

2017A Refunding Revenue Bonds - Table A Water

	2022	2021	2020	2019	2018
Revenues:					
Water Sales	$ 32,022,585	$ 6,528,060	$ 9,660,889	$ 4,960,927	$ 6,304,965
General Tax Assessments	2,355,430	2,260,261	1,956,030	1,859,118	1,706,329
Unitary Tax Assessments	5,609,329	5,557,033	5,600,343	5,097,369	4,296,680
Interest	1,064,546	1,049,536	1,292,433	1,139,142	639,258
Total Revenue	41,051,891	15,394,890	18,509,695	13,056,556	12,947,232
Debt Service	2,338,400	2,340,650	2,340,650	2,338,400	2,371,631
Coverage Ratio	17.56	6.58	7.91	5.58	5.46
Revenues Remaining After Debt Service Payment	$ 38,713,491	$ 13,054,240	$ 16,169,045	$ 10,718,156	$ 10,575,601



* Fiscal year 2018 is the first year of issuance for the 2017A Refunding Revenue Bonds

Source: Mojave Water Agency

			County of San Bernardino			
Year	**Population[(1)]**	**Personal Income[(1)]**	**Per Capita Personal Income[(1)]**	**Median Age[(2)]**	**School Enrollment (K-12)[(3)]**	**Unemployment Rate[(4)]**
2013	2,093,306	$ 66,321,591	$ 31,683	31.9	412,222	9.8
2014	2,112,619	69,487,877	32,892	32.2	411,670	8.0
2015	2,128,133	75,402,896	35,431	32.5	410,796	6.4
2016	2,140,096	78,830,801	36,835	32.7	408,991	5.8
2017	2,157,404	83,741,561	38,816	33	403,035	4.9
2018	2,171,603	87,550,004	40,316	33	405,931	4.1
2019	2,177,279	88,261,041	40,537	34	406,144	3.8
2020	2,189,183	98,143,792	44,831	34	409,508	13.8
2021	N/A	N/A	N/A	N/A	399,356	8.1
2022	N/A	N/A	N/A	N/A	398,468	4.0

(1) Source: https://apps.bea.gov/regional/bearfacts/countybf.cfm
Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2020

(2) Source: http://data.census.gov
U.S. Census Bureau, ACS Demographic and Housing Estimates
2011-2018 American Community Survey 5-Year Estimates for San Bernardino County, CA

(3) Source: Public K-12 Graded Enrollment | Department of Finance (ca.gov)
California Department of Finance Demographic Research Unit - 2022 Series

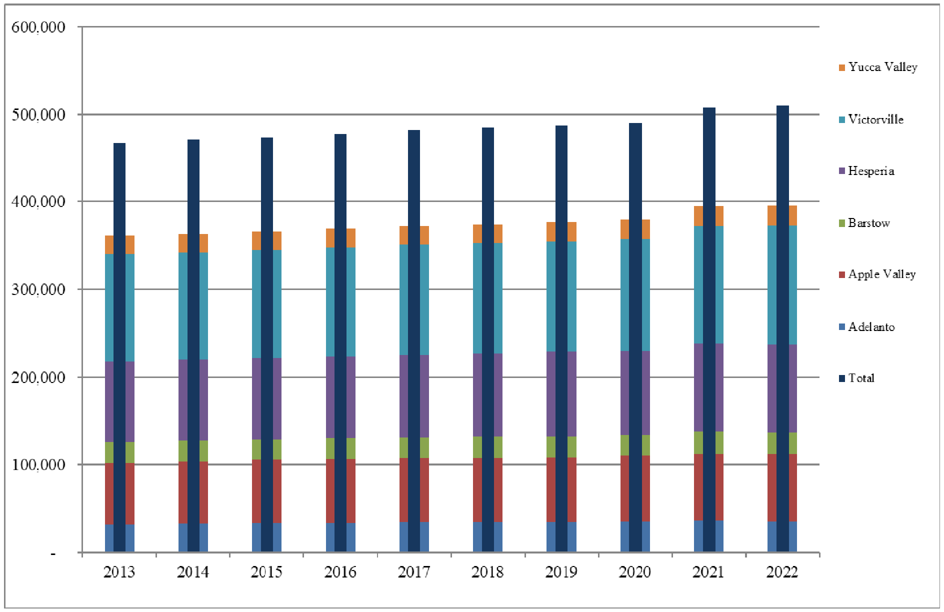
(4) Source: https://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/localAreaProfileQSMoreResult.asp?menuChoice=localAreaPro&criteria=unemployment+rate&categoryType=employment&geogArea=0604000071&area=San+Bernardino+County&timeseries=unemployment+rateTimeSeries
Employment Development Department, Labor Market Information Division.
2022 is the rate as of June 2022.

(5) Source: http://www.dof.ca.gov/Forecasting/Demographics/
California Department of Finance Demographic Research Unit, Released on January 1, 2021 and 2022 & UCR Riverside School of Business Center For Economic Forecasting and Development August 2020 Report.

N/A Information not available for specific date range.
* 2021-2022 School enrollment data is projected.

Population by City [5]

Year	Adelanto	Apple Valley	Barstow	Hesperia	Victorville	Yucca Valley	Unincorporated	TOTAL
2013	31,904	70,643	23,571	91,714	122,329	21,222	106,010	**467,393**
2014	33,282	71,016	23,574	91,728	123,106	21,222	106,820	**470,748**
2015	33,791	71,765	23,663	92,459	123,465	21,543	107,124	**473,810**
2016	34,367	72,234	23,875	93,173	124,600	21,672	108,019	**477,940**
2017	35,192	72,412	24,037	94,233	125,338	21,859	108,861	**481,932**
2018	35,162	72,891	24,075	95,127	125,782	21,905	109,651	**484,593**
2019	35,136	73,464	24,150	96,362	126,543	22,050	110,218	**487,923**
2020	35,652	74,331	24,315	95,834	127,518	22,306	110,338	**490,294**
2021	36,569	76,160	25,405	100,225	134,700	21,846	112,169	**507,074**
2022	36,357	75,628	25,202	100,324	136,561	21,813	114,030	**509,915**



Mojave Water Agency
Principal Employers
Fiscal Year 2021

Town of Apple Valley - 2021 (1)

Employer	Employees	Rank	Percentage of Total Employment
St. Mary Regional Medical Center	1,600	1	5.37%
Wal-Mart Distribution Center	1,264	2	4.24%
Apple Valley Unified School District	1,038	3	3.48%
Big Lots Distribution Center	821	4	2.76%
Target Stores T-0939	222	5	0.74%

City of Victorville - 2016 (3)

Employer	Employees	Rank	Percentage of Total Employment
SCLA	N/A	1	6.55%
Victor Elementary School District	N/A	2	4.21%
Victor Valley Community College District	N/A	3	2.86%
Victor Valley Global Medical Center	N/A	4	2.20%
Desert Valley Medical Group, Inc.	N/A	5	2.18%

City of Hesperia - 2021 (2)

Employer	Employees	Rank	Percentage of Total Employment
Hesperia Unified School District	2,772	1	7.90%
County of San Bernardino	655	2	1.87%
Wal-Mart Supercenter	426	3	1.21%
Stater Brothers Markets (3 locations)	314	4	0.89%
Super Target	273	5	0.78%

Note: Above sites have not been updated for the fiscal year 2022. The most recent data is displayed.

* Source

(1) Town of Apple Valley, 2020-2021 ACFR, pg. 148

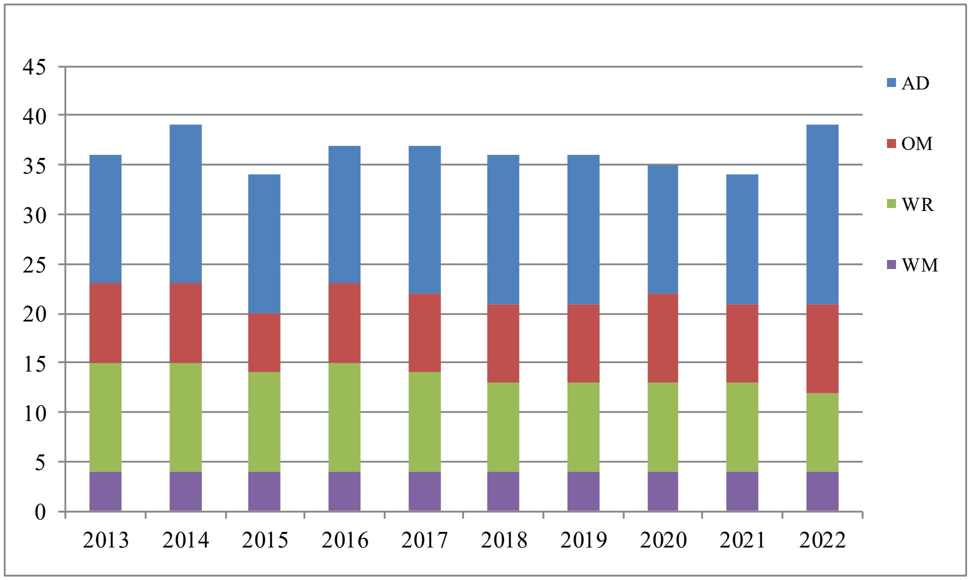
(2) City of Hesperia, 2020-2021 ACFR, pg. 179

(3) City of Victorville, 2015-2016 ACFR, pg. 166

N/A = Not Available. The City of Victorville did not provide the number of employees per employer, only a percentage of total emplyment. Fiscal Year 2015-2016 was the last year that the City of Victorville tracked this information.

Mojave Water Agency
Full-Time Employees
Last Ten Fiscal Years

Fiscal Year Ending	Administration	Operations and Maintenance	Water Resources	Watermaster	Total(1)
2013	13	8	11	4	36
2014	16	8	11	4	39
2015	14	6	10	4	34
2016	14	8	11	4	37
2017	15	8	10	4	37
2018	15	8	9	4	36
2019	15	8	9	4	36
2020	13	9	9	4	35
2021	13	8	9	4	34
2022	18	9	8	4	39

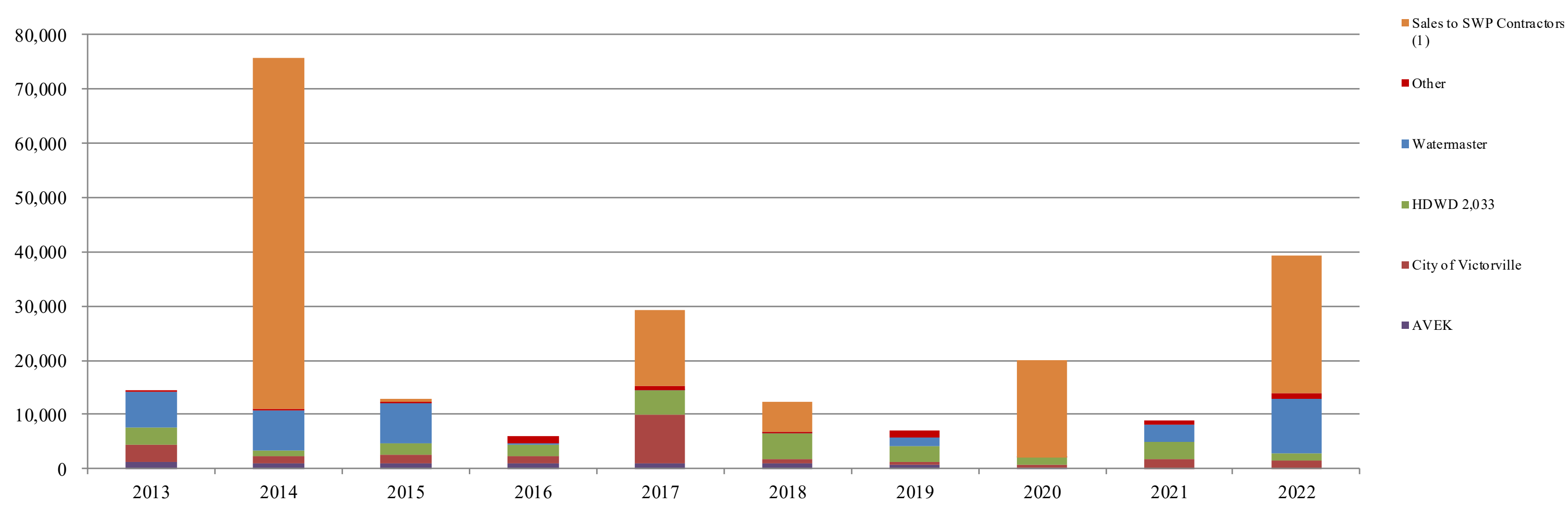


(1) Represents actual filled positions, not budgeted or approved.

Source: Mojave Water Agency

Mojave Water Agency
Acre Feet of Water Sold
Last Ten Fiscal Years

	Mojave Water Agency Acre-Feet of Water Sold							State Water Project Allocations			
Fiscal Year Ending	AVEK	City of Victorville	HDWD	Watermaster	Other	Sales to SWP Contractors (1)	Total (2)	Table A Amount (3)	%	Acre Feet Allocated (4)	SWP Deliveries (5)
2013	1,175	3,206	3,214	6,642	32	-	14,269	82,800	35%	28,980	22,748
2014	1,062	1,337	1,011	7,472	31	64,928	75,841	82,800	5%	4,140	3.611
2015	1,042	1,448	2,277	7,244	372	500	12,883	85,800	20%	17,160	3,961
2016	984	1,319	2,243	41	1,303	-	5,890	85,800	60%	51,480	9,477
2017	973	9,127	4,365	24	653	14,000	29,142	85,800	85%	72,930	24,955
2018	933	739	4,837	134	84	-	6,727	85,800	35%	30,030	32,457
2019	670	500	2,942	1,529	1,509		7,150	85,800	75%	64,350	8,017
2020	281	500	1,141	118	131	17,960	20,131	89,800	20%	17,960	18,441
2021	2	1,835	3,251	2,943	770	-	8,801	89,800	5%	4,490	1,790
2022	75	1,641	1,332	9,997	1,048	25,152	39,245	89,800	5%	4,490	2,315



(1) Indicates water sales revenue due to sales to other State Water Project Contractors under the Multi-Year Water Pool Demonstration Program; 64,928 AF was sold during FY 2013-14, and 6,000 AF was sold duing FY 2016-2017 under the MYP Sales program. A separate exchange agreement between the Santa Clara Water District and MWA for 8,000AF was approved by DWR in December 2016. A separate exchange agreement between the Central Coast Water Authority and MWA for 5,633 AF was approved by DWR in June 2018. The following agreements were approved by DWR during FY 2019-2020: Belridge WSD, 3,593 AF; Berrenda Mesa Water District, 3,155 AF; Dudley Ridge Water District, 2,518 AF; Lost Hills Water District, 3,558 AF; Wheeler Ridge-Maricopa Water Storage District, 4,736; Central Coast Water Authority, 400 AF. The following agreements were approved by DWR during FY 2021-2022: Central Coast Water Authority, 1,310; County of Kings, 5,235; Lost Hills Water District, 7,184; Palmdate Water District, 3,333, and Zone 7 Water Agency, 8,090 AF.

(2) The amounts differ from the 2014 Official Statement due to the Watermaster sales being recorded on a cash basis rather than accrual within the Official Statement.

(3) Includes Table A entitlement under Berrenda Mesa Agreement and the Dudley Ridge Agreement.

(4) The difference between the Agency's Table A Amount and the SWP allocation reflects reduced deliveries from the SWP.

(5) The difference between deliveries and sales are a result of groundwater recharge and storage by the Agency and sales from the groundwater basin.

Source: Mojave Water Agency

Mojave Water Agency
Historical Water Sales Revenue
Last Ten Fiscal Years

Fiscal Year Ending	Sales to Watermaster	Sales to Customers	Sales to SWP Contractors [1]	Total	% Increase (% Decrease)
2013	$ 2,163,105	$ 3,431,163	$ -	$ 5,594,268	22.9
2014	1,836,425	2,511,022	16,426,784	20,774,231	271.3
2015	2,306,756	3,908,074	200,000	6,414,830	(69.1)
2016	179,730	3,191,370	-	3,371,100	(47.4)
2017	12,360	8,037,125	2,428,000	10,477,485	210.8
2018	74,504	4,427,901	1,802,560	6,304,965	(39.8)
2019	883,762	4,077,165	-	4,960,927	(21.3)
2020	69,773	1,972,192	7,618,934	9,660,899	94.7
2021	1,777,572	4,750,488	-	6,528,060	(32.4)
2022	5,628,615	3,154,670	23,239,300	32,022,585	390.5

(1) Indicates water sales revenue due to sales to other State Water Project Contractors under the Multi-Year Water Pool Demonstration Program.

Source: Mojave Water Agency

Mojave Water Agency
Capital Asset Statistics
Last Ten Fiscal Years

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Trans/ Distr Facility	$ 199,933,680	$ 193,849,611	$ 193,270,055	$ 193,270,055	$ 193,264,012	$ 193,128,281	$ 193,128,281	$ 192,540,769	$ 192,540,769	$ 191,434,934
Monitoring Wells	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868	20,190,868
Trucks & Autos	862,067	862,067	916,590	854,741	863,301	629,712	664,503	680,978	777,047	874,720
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	8,631
Equipment	1,036,031	1,036,031	1,036,031	914,473	893,219	504,708	367,418	404,564	343,090	173,880
Computer Hardware	3,113,990	3,113,990	3,023,842	2,820,768	2,670,454	2,469,301	2,454,233	2,286,571	2,306,573	2,659,592
Building	21,705,035	21,589,001	21,546,382	16,682,345	16,682,346	16,682,345	16,409,074	16,409,074	16,409,074	12,857,220
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
State Water Project Entitlement	302,027,826	293,735,263	286,261,579	279,141,085	272,326,365	265,791,373	259,257,368	253,566,534	247,870,485	242,771,100
Water Management Plan	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	4,272,065	6,461,177
Long-term storage plan	-	-	-	-	-	-	-	-	-	496,009
Total	**$553,141,562**	**$538,648,896**	**$530,517,412**	**$518,146,400**	**$511,162,630**	**$503,668,653**	**$496,743,810**	**$490,351,423**	**$484,709,971**	**$477,928,131**

Source: Mojave Water Agency

Report on Internal Controls and Compliance

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

Independent Auditor's Report

Board of Directors
Mojave Water Agency
Apple Valley, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mojave Water Agency (the Agency) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated October 13, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 13, 2022