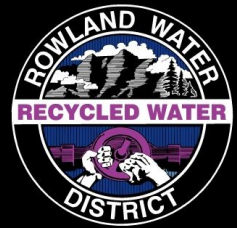
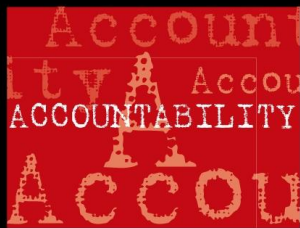
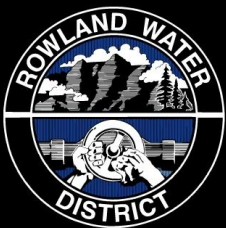


ROWLAND WATER DISTRICT

3021 Fullerton Road
Rowland Heights, CA 91748
(562) 697-1726

RWD BOARD VISION



Our Mission:

"Bound by our core values -- Accountability, Communication and Teamwork -- we are committed to providing the highest level of service to our customers --
DEDICATED-RELIABLE-OUTSTANDING-PROFESSIONAL SERVICE"

Board of Directors Regular Meeting
January 18, 2022
5:00 p.m.



AGENDA
Regular Meeting of the Board of Directors
January 18, 2022 -- 5:00 PM

SPECIAL NOTICE OF TELECONFERENCE ACCESSIBILITY

Pursuant to the provisions of Assembly Bill 361, and in response to the COVID-19 outbreak and as a precaution to our Board of Directors, staff and the public, Rowland Water District will hold its Board meeting virtually. The public's physical attendance at the District is not allowed. Any Director and member of the public who desires to participate in the open session items of this meeting may do so remotely without otherwise complying with the Brown Act's teleconference requirements by accessing the following options: **Zoom:** <https://us02web.zoom.us/j/8759899861> -- Meeting ID: 875 989 9861; **Dial-In:** (669) 900-6833 -- Passcode: 8759899861#

Materials related to items on this Agenda are available for public review at <https://www.rowlandwater.com/agendas-minutes/>.

CALL TO ORDER
PLEDGE OF ALLEGIANCE
ROLL CALL OF DIRECTORS

Anthony J. Lima, President
Szu Pei Lu-Yang, Vice President
Robert W. Lewis
John Bellah
Vanessa Hsu

ADDITION(S) TO THE AGENDA - PUBLIC COMMENT ON NON-AGENDA ITEMS

Any member of the public wishing to address the Board of Directors regarding items not on the Agenda within the subject matter jurisdiction of the Board should do so at this time. With respect to items on the agenda, the Board will receive public comments at the time the item is opened for discussion, prior to any vote or other Board action. A three-minute time limit on remarks is requested.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Gabriela Sanchez, Executive Assistant at (562) 562-383-2323, or writing to Rowland Water District, at 3021 Fullerton Road, Rowland Heights, CA 91748. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Anyone requesting a disability-related accommodation should make the request with adequate time prior to the meeting in order for the District to provide the requested accommodation.

Any member of the public wishing to participate in the meeting, who requires a translator to understand or communicate in English, should arrange to bring a translator with them to the meeting.

1. CONSENT CALENDAR

All items under the Consent Calendar are considered to be routine matters, status reports, or documents covering previous Board instruction. The items listed on the Consent Calendar will be enacted by one motion unless separate discussion is requested.

1.1 [Reconsider COVID-19 Emergency and Reaffirm Findings in Resolution No. 10-2021 to Continue Virtual Board and Committee Meetings Pursuant to AB 361 for an Additional 30 Days](#)

Recommendation: The Board of Directors authorize virtual meetings pursuant to AB 361 for an additional 30 days and find that (1) it has reconsidered the circumstances of the state of emergency for COVID-19 and (2) reaffirms the findings in Resolution No. 10-2021

1.2 [Approval of the Minutes of Regular Board Meeting held on December 14, 2021](#)

Recommendation: The Board of Directors approve the Minutes as presented.

1.3 [Approval of the Minutes of Special Board Meeting held on December 15, 2021](#)

Recommendation: The Board of Directors approve the Minutes as presented.

1.4 [Demands on General Fund Account for November 2021](#)

Recommendation: The Board of Directors approve the demands on the general fund account as presented.

1.5 [Investment Report for November 2021](#)

Recommendation: The Board of Directors approve the Investment Report as presented.

1.6 [Water Purchases for November 2021](#) - *For information only.*

Next Special Board Meeting: January 25, 2022, 5:00 p.m.

Next Regular Board Meeting: February 8, 2022, 5:00 p.m.

2. ACTION ITEMS

This portion of the Agenda is for items where staff presentations and Board discussions are needed prior to formal Board action

2.1 [Review and Approve Directors' Meeting Reimbursement for December 2021](#)

Recommendation: The Board of Directors approve the Meeting Reimbursements as presented.

2.2 [Receive and Approve "Draft" Rowland Water District Financial Audit Report for Fiscal-Year 2020-2021 Prepared by Nigro & Nigro, PC, a Professional Accountancy Corporation](#)

Recommendation: The Board of Directors receive and approve the "Draft" Financial Audit.

2.3 [Redistricting of Agency Division Boundaries - Presentation of Draft Division Maps Prepared by Best Best & Krieger](#)

Recommendation: The Board of Directors review and consider the options presented by the redistricting consultant.

2.4 [Receive and File the Puente Basin Water Agency Audit Report for Fiscal Year 2020-2021 Prepared by Fedak & Brown LLP](#)

Recommendation: The Board of Directors receive and file the PBWA Audit Report as presented.

2.5 [Approve Changes in IRS Mileage Rate from 56 to 58.5 cents effective January 1, 2022](#)

Recommendation: The Board of Directors approve the IRS rate as presented.

2.6 Consider Additional Funds for Seminar and Training Expenses

Recommendation: The Board of Directors approve the additional funds as discussed.

2.7 [Local Agency Formation Commission \(LAFCO\) Nomination of Independent Special District Voting Member](#)

Recommendation: The Board of Directors discuss and consider nomination of a Board member as a candidate for appointment as Special District Voting Member or Alternate Member

3. PUBLIC RELATIONS

3.1 [Communications Outreach](#)

CV Strategies

3.2 [Education Update](#)

Brittnie Van De Car

4. DISCUSSION OF UPCOMING CONFERENCES, WORKSHOPS, OR EVENTS

(Including Items that May Have Arisen after the Posting of the Agenda)

5. LEGISLATIVE INFORMATION

5.1 Updates on Legislative Issues - For information only

6. REVIEW OF CORRESPONDENCE

6.1 [ACWA/JPIA “President’s Special Recognition Award”](#) – For information only

7. COMMITTEE & ORGANIZATION REPORTS (verbal reports)

7.1 Joint Powers Insurance Authority Directors Hsu/Lewis

7.2 Three Valleys Municipal Water District Directors Lu-Yang/Lima

7.3 Association of California Water Agencies Directors Lewis/Bellah

7.4 Puente Basin Water Agency Directors Lima/Lewis

7.5 Project Ad-Hoc Committee Directors Lima/Lu-Yang

7.6 Regional Chamber of Commerce-Government Affairs Committee Directors Lewis/Bellah

7.7 P-W-R Joint Water Line Commission Directors Lima/Bellah

7.8 Sheriff's Community Advisory Council Directors Lu-Yang

7.9 Rowland Heights Community Coordinating Council Directors Lu-Yang/Bellah

8. OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

8.1 [Finance Report](#) Mrs. Malner

8.2 [Operations Report](#) Mr. Moisio

8.3 Personnel Report Mr. Coleman

9. ATTORNEY'S REPORT

Mr. Byrne

10. CLOSED SESSION

a. CONFERENCE WITH REAL PROPERTY NEGOTIATOR – [§54956.8]

Property: 18938 Granby Place, Rowland Heights, CA 91748
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: Mark I. Chen Revocable Living Trust dated 9-8-17
Under Negotiation: Price and Terms

11. RECONVEVE/REPORT ON CLOSED SESSION

General Manager's and Directors' Comments

Future Agenda Items

Late Business

No action shall be taken on any items not appearing on the posted agenda, except upon a determination by a majority of the Board that an emergency situation exists, or that the need to take action arose after the posting of the agenda.

ADJOURNMENT

President ANTHONY J. LIMA, Presiding



**RESOLUTION NO. 10-2021
ROWLAND WATER DISTRICT**

**RESOLUTION OF THE BOARD OF DIRECTORS
AUTHORIZING VIRTUAL BOARD AND COMMITTEE MEETINGS
PURSUANT TO AB 361**

WHEREAS, the Rowland Water District ("District") is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of the District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate in the Agency's meetings; and

WHEREAS, starting in March 2020, in response to the spread of COVID-19 in the State of California, the Governor issued a number of executive orders aimed at containing the COVID-19 virus; and

WHEREAS, among other things, these orders waived certain requirements of the Brown Act to allow legislative bodies to meet virtually; and

WHEREAS, pursuant to the Governor's executive orders, the District has been holding virtual meetings during the pandemic in the interest of protecting the health and safety of the public, District staff and Directors; and

WHEREAS, the Governor's executive order related to the suspension of certain provisions of the Brown Act expires on September 30, 2021; and

WHEREAS, on September 16, 2021 the Governor signed AB 361 (in effect as of October 1, 2021 – Government Code Section 54953(e)), which allows legislative bodies to meet virtually provided there is a state of emergency, and either (1) state or local officials have imposed or recommended measures to promote social distancing; or (2) the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in the District, specifically, a state of emergency has been proclaimed related to COVID-19, state and local officials are recommending measures to promote social distancing, and because of the ongoing threat of COVID-19, meeting in person would present imminent risks to the health and safety of attendees.

NOW, THEREFORE, BE IT RESOLVED THE BOARD OF DIRECTORS OF THE ROWLAND WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Remote Teleconference Meetings: Consistent with the provisions of Government Code Section 54953(e), the Board of Directors finds and determines that (1) a state of emergency related to COVID-19 is currently in effect; (2) state and local officials have recommended measures to promote social distancing in connection with COVID-19; and (3) due to the COVID-19 emergency, meeting in person would present imminent risks to the health and safety of attendees. Based on such facts, findings and determinations, the Board authorizes staff to conduct remote teleconference meetings of the Board of Directors, including Committee meetings, under the provisions of Government Code Section 54953(e).

Section 3. Effective Date of Resolution. This Resolution shall take effect upon adoption and shall be effective for 30 days unless earlier extended by a majority vote of the Board of Directors in accordance with Section 4 of this Resolution.

Section 4. Extension by Motion. The Board of Directors may extend the application of this Resolution by motion and majority vote by up to 30 days at a time, provided that it makes all necessary findings consistent with and pursuant to the requirements of Section 54953(e)(3).

ADOPTED AT A REGULAR MEETING OF THE ROWLAND WATER DISTRICT HELD OCTOBER 12, 2021, by the following roll call vote:

AYES:	Directors Lima, Lu-Yang, Lewis, Bellah and Hsu
NOES:	None
ABSTAIN:	None
ABSENT:	None



ANTHONY J. LIMA, President

I certify that the forgoing Resolution is a true and correct copy of the Resolution of the Board of Directors of the Rowland Water District adopted on October 12, 2021.



TOM COLEMAN
General Manager/Board Secretary



Minutes of the Regular Meeting
of the Board of Directors of the Rowland Water District
December 14, 2021 – 5:01 p.m.
Meeting Conducted Via Zoom at: <https://us02web.zoom.us/j/8759899861>

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Anthony J. Lima
Vice President Szu Pei Lu-Yang
Director John Bellah
Director Robert W. Lewis
Director Vanessa Hsu

ABSENT:

None.

OTHERS PRESENT:

Joseph Byrne, Legal Counsel, Best Best & Krieger
Todd Leishman, Legal Counsel, Best Best & Krieger
Erin Kaiman, CV Strategies
Matt Litchfield, General Manager, TVMWD
Mike Ti, Director, TVMWD
Jody Roberto, Director, TVMWD

ROWLAND WATER DISTRICT STAFF

Tom Coleman, General Manager
Dave Warren, Assistant General Manager
Rose Perea, Director of Administrative Services
Myra Malner, Director of Finance
John Poehler, Project Manager
Gabby Sanchez, Executive Assistant
Elisabeth Mendez, Compliance and Safety Coordinator
Dusty Moisio, Director of Operations (Meeting Host)

ADDITION(S) TO THE AGENDA

PUBLIC COMMENT ON NON-AGENDA ITEM

General Manager Tom Coleman advised that Agenda Action Item 2.13 has been revised to align with the Bureau of Labor Statistics Consumer Price Index for the Los Angeles area published on December 10, 2021 (prior to the posting of the agenda).

TAB 1 CONSENT CALENDAR

Upon motion by Director Lewis, seconded by Director Bellah, the Consent Calendar and change in date of the January 2022 Regular Board meeting, was unanimously approved (5-0) by the following roll call vote:

Ayes: Directors Lima, Lu-Yang, Bellah, Lewis and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

The approval of the Consent Calendar included:

- 1.1** Reaffirm Resolution No. 10-2021 Authorizing Virtual Board and Committee Meetings Pursuant to AB 361
- 1.2** Approval of the Minutes of Regular Board Meeting Held on November 9, 2021
- 1.3** Approval of the Minutes of Special Board Meeting Held on November 16, 2021
- 1.4** Demands on General Fund Account for October 2021
- 1.5** Investment Report for October 2021
- 1.6** Water Purchases for October 2021

Next Special Board Meeting
Next Regular Board Meeting

December 15, 2021, 5:00 p.m.
January 18, 2022, 5:00 p.m.

TAB 2 ACTION ITEMS

2.1 Review and Approve Directors' Meeting Reimbursements for November 2021

Upon motion by Director Lewis, seconded by Director Lu-Yang, the Directors unanimously approved (5-0) the Directors' Meeting Reimbursement Report as presented, by the following roll call vote:

Ayes: Directors Lima, Lu-Yang, Bellah, Lewis and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

2.2 Redistricting Process Presentation by Todd Leishman, Best Best & Krieger

Mr. Todd Leishman of Best Best & Krieger (BB&K) conducted a presentation on the District's redistricting process. Mr. Leishman evaluated findings relating to existing divisional boundaries with 2020 Census data and concluded with a timeline of future steps. He advised that preliminary draft maps will be presented for the Board's review at an upcoming January Board meeting. Additionally, a second public hearing will be held on February 8, 2022, for the Board's consideration of final map adoption. Following the presentation, Mr. Leishman entertained questions posed by Board members.

2.3 Public Hearing Regarding Redistricting of Agency Division Boundaries as Required by Election Code Section 22000 et. Seq.

Board Vice President Lu-Yang opened a public hearing at 5:40 p.m. to receive public comments regarding Agency Division Election District Boundaries.

Vice President Lu-Yang invited members of the public to provide comment, however, none was received.

Without further objections, Vice President Lu-Yang closed the public hearing at 5:42 p.m.

2.4 Approve Executive Officer Positions of the Board of Directors for 2022

After Discussion, upon motion by Director Lewis, seconded by Director Hsu, the Board unanimously approved Director Lima's re-election to serve as Board President for calendar year 2022, and Director Lu-Yang's re-election to serve as Vice President for calendar year 2022. The motion was approved as follows:

Ayes: Directors Lima, Lu-Yang, Lewis, Bellah and Hsu
Noes: None
Absent: None
Abstain: None

Motion pass (5-0)

2.5 Review and Approve Board of Directors Committee Assignments for 2022

The Board reviewed and discussed the list of Committee Assignments included in the Board packet. A motion made by Director Lewis, seconded by Director Lu-Yang and unanimously approved, the Committee and Organization Assignments for 2022 as listed below:

Puente Basin Water Agency	Director Lewis Director Lima Tom Coleman, Alternate
PWR Joint Water Line Commission	Director Lima Director Bellah, Alternate
Three Valleys Municipal Water District	Director Lima Director Lu-Yang
Association of California Water Agencies	Director Bellah Director Lewis
Joint Powers Insurance Authority	Director Hsu Director Lewis, Alternate
San Gabriel Valley Regional Chamber of Commerce-Government Affairs Committee	Director Bellah, Voting Member Director Lewis, Alternate
Los Angeles County Sheriff's Department Advisory Council	Director Lu-Yang
Project Ad-Hoc Committee	Director Lima Director Lu-Yang
Rowland Heights Community Coordinating Council	Director Bellah Director Lu-Yang

The motion was approved as follows:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None
Motion pass (5-0)

2.6 Approve/Confirm Appointment of Directors to Serve on the Puente Basin Water Agency

A motion was made by Director Lu-Yang, seconded by Director Bellah, and unanimously carried to confirm the appointment of Director Lima and Director Lewis as Commissioners of the Puente Basin Water Agency and General Manager, Tom Coleman, as Alternate Commissioner by the following roll call vote:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

2.7 Review and Approve Resolution 12-2021 of the Board of Directors Appointing Representatives to the Puente Basin Water Agency

A motion was made by Director Lu-Yang, seconded by Director Bellah, and unanimously carried to approve Resolution No. 12-2021 appointing Director Lima and Director Lewis as Commissioners of the Puente Basin Water Agency and General Manager, Tom Coleman, as Alternate Commissioner to represent the District. The motion was approved by the following roll call vote:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

2.8 Approve/Confirm Appointment of Directors to Serve on the Pomona-Walnut-Rowland Joint Water Line Commission

A motion made by Director Lewis, seconded by Director Lu-Yang, for the appointment of Director Lima as Commissioner, and Director Bellah as alternate, to serve on the Pomona-Walnut-Rowland Joint Water Line Commission. The motion was approved by the following roll call vote:.

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

2.9 Review and Approve Resolution 12.1-2021 Establishing the Rowland Water District Investment Policy

After discussion, a motion was made by Director Lu-Yang, seconded by Director Lewis, to approve Resolution No. 12.1-2021 Establishing the Rowland Water District Investment Policy. The motion was approved by the following roll call vote:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

2.10 Review and Approve Resolution No. 12.2-2021 Re-Appointing the District Treasurer and Delegating Authority for the Investment of Surplus Funds of the District to the General Manager/Treasurer

After discussion, a motion was made by Director Lu-Yang, seconded by Director Bellah, to approve Resolution No. 12.2-2021 Re-Appointing the District Treasurer and Delegating Authority for the Investment of Surplus Funds of the District to the General Manager. The motion was approved by the following roll-call vote:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

2.11 Review and Approve Resolution No. 12.3-2021 Adopting Rules and Regulations for Potable and Recycled Water Services

After discussion, a motion was made by Director Lu-Yang, seconded by Director Bellah, to approve Resolution No. 12.3-2021, adopting Rules and Regulations for Potable and Recycled Water Service. The motion was approved (5-0) by the following roll-call vote:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

2.12 Review and Approve Resolution No. 12.4-2021 Adopting a Policy Establishing a Low-Income Assistance Fund Policy

Following a detailed review of the proposed Policy Establishing a Low-Income Assistance Fund Policy by General Manager Tom Coleman, a motion was made by Director Lewis, seconded by Director Bellah, to adopt Resolution No. 12-4-2021, adopting a Policy Establishing a Low-Income Assistance Fund Policy effective January 1, 2022 by the following roll call vote:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

2.13 Review and Approve 6% Cost of Living Increase for all Employees Based on Merit

A motion was made by Director Lu Yang, and seconded by Director Hsu, to approve the 6% Cost of Living Increase for all employees based on merit effective January 1, 2022. The motion was approved (5-0) by the following roll-call vote:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

2.14 Receive and File PWR Joint Water Line Commission Audited Report for Fiscal Year 2020-2021 Prepared by Fedak & Brown LLP

Upon motion by Director Lewis, seconded by Director Lu-Yang, to receive and file the P-W-R Joint Water Line Audit Report for FY 2020-2021 by the following roll-call vote:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

TAB 3 PUBLIC RELATIONS

3.1 Communications Outreach (CV Strategies)

Erin Kaiman highlighted communications and outreach activities included in the outreach report presented in the Board packet.

3.2 Education Update

Gabriela Sanchez, Executive Assistant, provided the following report to the Board:

- The Mini Science Challenge is underway with sixteen classrooms (approximately 529 students) participating.
- The National Theatre for Children completed its sessions. A total of seven schools participated within RWD's service area, reaching out to a total of 3,122 students.
- Four EduBucks submission applications were received. Upon review of the projects proposed by each teacher, District staff fully awarded all four submissions totaling \$3,900.
- A student's artwork of Jellick Elementary School has been selected to be featured in the 2022 MWD 'Water is Life' calendar.
- The District will install water bottle filling stations during winter recess at both Northam and Jellick Elementary Schools.
- Lastly, Ms. Sanchez advised that the District's K-3rd graders activity book, created in conjunction with CV Strategies, has been completed and is out for print.

TAB 4 DISCUSSION OF UPCOMING CONFERENCES, WORKSHOPS, OR EVENTS (INCLUDING ITEMS THAT MAY HAVE ARISEN AFTER THE POSTING OF THE AGENDA)

As a matter of possible interest, the Board was informed of Three Valleys MWD Leadership Breakfast scheduled for February 24, 2022.

TAB 5 LEGISLATIVE INFORMATION

5.1 Updates on Legislative Issues

General Manager, Tom Coleman, referenced the article included in the Board packet, issued by the California Department of Water Resources on November 30, 2021, titled *State Agencies Recommend Indoor Residential Water Use Standard to Legislature*.

Provided for information purposes only.

TAB 6 REVIEW OF CORRESPONDENCE

6.1 Included in the Board packet as an informational item only was a letter dated November 16, 2021, from La Habra Heights County Water District (LHHCWD) regarding “Notification of PFOA/PFOS.”

Provided for information purposes only.

6.2 The Board was advised that the District was awarded a District Transparency Certificate of Excellence from the Special District Leadership Foundation based on its completion of essential governance transparency requirements..

Provided for information purposes only.

TAB 7 COMMITTEE REPORTS

7.1 Joint Powers Insurance Authority

Mr. Lewis reported on business matters from the November 29, 2021, ACWA/JPIA Fall conference.

7.2 Three Valleys Municipal Water District

Director Lima reported on his virtual attendance at the December 1, 2021, TVMWD Board meeting. Mr. Coleman then advised that he will address TVMWD Board during the public comment portion of the December 15th public hearing on the 2022 TVMWD redistricting options.

7.3 Association of California Water Agencies

Mr. Lewis reported on activities held at ACWA/JPIA’s virtual Fall conference, November 30-December 2, 2021.

7.4 Puente Basin Water Agency

Mr. Lima spoke on business matters discussed during the December 2, 2021, PBWA meeting.

7.5 Project Ad-Hoc Committee

Nothing to report.

7.6 Regional Chamber of Commerce

Nothing to report.

7.7 PWR Joint Waterline Commission

The next PWR Joint Water Line Commission meeting is scheduled for February 10, 2022.

7.8 Sheriff's Community Advisory Council

Nothing to report.

7.9 Rowland Heights Community Coordinating Council (RHCCC)

Nothing to report.

TAB 8 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

8.1 Finance Report

Director of Finance, Myra Malner, presented a year-to-date Financial Dashboard containing comparative graphs of Revenue and Expense by Category and Consumption by Class through November 30, 2021. General Manager, Tom Coleman, and Ms. Malner answered questions posed by members of the Board.

8.2 Operations Report

Director of Operations, Dusty Moisio, provided the Board with the following updates:

- AMI update: 13,805 meters have been converted to AMI, with a reception accuracy of 99.4%. The District is now 99.9% AMI meters.
- Field Operations Completed Tasks- Provided the Board with the following tasks completed for the month of October:
 - Water Samples – 153
 - Site Inspections - 73
 - Service Orders Completed - 229
 - Meters Replaced - 129
 - Modules Replaced - 14
 - Dig Alerts – 331
 - Service Lines Repaired- 6
 - System Valves Replaced- 8
 - Air Releases Inspections - 17
 - Recycled Water Inspections - 7
- Mr. Moisio additionally provided pictures and a status update of the District headquarters warehouse retaining wall project. He then discussed the District's response to an on-site leak at the Paso Real Mobile Homes.

8.3 Personnel Report

In light of the upcoming retirements of Ms. Rose Perea and Mr. Dave Warren, Mr. Coleman took a moment to recognize both for their many years of dedicated service to the District. On the same note, he acknowledged Mr. Moisio for his promotion to Assistant General Manager upon Mr. Warren's retirement.

TAB 9 ATTORNEY'S REPORT

Legal counsel, Joseph Byrne, had nothing to report.

TAB 10 CLOSED SESSION

Legal Counsel, Joseph Byrne, adjourned the meeting to closed session at 7:22 p.m. and announced that the purpose of the closed session, and the provisions of the Brown Act authorizing the closed session were listed in the agenda. It was further noted that a Closed Session would be held in connection with the Closed Session agenda items (a) and (b) listed below.

a. Public Employee Performance Evaluation Pursuant to Government Code Section 54957

Performance Review of General Manager. This matter may be discussed in open session.

b. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8

Property:	Portion of Property Located at 804 S. Azusa Ave., City of Industry, CA
District Negotiator:	Tom Coleman, General Manager
Negotiating Parties:	City of Industry
Under Negotiation:	Price and Terms

The closed session was adjourned, and the Board resumed the meeting in open session 7:51 p.m.

TAB 11 RECONVENE IN OPEN SESSION

Upon returning to open session, legal counsel reported that the Board took no reportable action in connection with these matters.

11.1 Consider Amendment to General Manager Employment Agreement

Pursuant to discussion of the General Manager's performance review, a motion was made by Director Lu-Yang, seconded by Director Hsu, to approve a two-year contract extension to the General Manager's Employment Agreement, for a term of nine (9) years commencing on December 1, 2017 (the "Commencement Date"); and to receive an additional annual administrative leave of fifteen (15) days for a total of twenty-five (25) days, or two hundred (200) hours, per year, in addition to vacation and sick leave provided to other District employees. All other terms of the existing Agreement shall remain the same. The motion was unanimously carried (5-0) by the following roll-call vote:

Ayes: Directors Lewis, Lima, Lu-Yang, Bellah and Hsu
Noes: None
Abstain: None
Absent: None

Motion pass (5-0)

General Manager's and Directors' Comments

Future Agenda Item(s)

- Review of Board of Director stipend.

Late Business

None.

A motion was made by Director Hsu, seconded by Director Lu-Yang, and unanimously carried to adjourn the meeting. The meeting was adjourned at 8:02 p.m.

ANTHONY J. LIMA
Board President

Attest: _____
TOM COLEMAN
Board Secretary



Minutes of the Special Meeting of
the Board of Directors of the Rowland Water District

December 15, 2021 – 5:00 p.m.

Meeting Conducted Via Zoom at: <https://us02web.zoom.us/j/8759899861>

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Anthony J. Lima
Vice President Szu Pei Lu-Yang
Director Robert W. Lewis
Director John Bellah
Director Vanessa Hsu

ABSENT:

None.

OTHERS PRESENT:

Jim Uhl, Breaking the Chain Consulting
Erin Kaiman, CV Strategies

ROWLAND WATER DISTRICT STAFF:

Tom Coleman, General Manager
Dusty Moisio, Director of Operations
Gabby Sanchez, Executive Assistant

ADDITION(S) TO THE AGENDA

None.

PUBLIC COMMENT ON NON-AGENDA ITEMS

None.

TAB 1 CONSENT CALENDAR

Upon motion by Director Lewis, seconded by Director Lu-Yang, the Consent Calendar and change in date of the January 2022 Regular Board meeting, was unanimously approved (5-0) by the following roll call vote:

Ayes:	Directors Lima, Lu-Yang, Bellah, Lewis and Hsu
Noes:	None
Abstain:	None
Absent:	None

Motion pass (5-0)

The approval of the Consent Calendar included:

- 1.1** Reaffirm Resolution No. 10-2021 Authorizing Virtual Board and Committee Meetings Pursuant to AB 361

Next Regular Board Meeting:

January 18, 2022, 5:00 p.m.

TAB 2 ACTION ITEMS

2.1 Board Development Workshop Facilitated by Jim Uhl, Breaking the Chain Consulting

Mr. Uhl entertained discussion regarding the results of the CliftonStrengths assessment taken by Board members, respectively. As this was an informational item only, no Board action was taken. The Board was advised that additional Board development workshops will be scheduled for the upcoming 2022 calendar year.

2.2 CLOSED SESSION

A closed session was not required in connection with the item listed below.

a. Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8

Property:	Portion of Property Located at 804 S. Azusa Ave., City of Industry, CA
District Negotiator:	Tom Coleman, General Manager
Negotiating Parties:	City of Industry
Under Negotiation:	Price and Terms

General Manager's and Directors' Comments

None.

Future Agenda Items

None.

Late Business

None.

A motion was made by Director Hsu, seconded by Director Lu-Yang, and unanimously carried to adjourn the meeting. The meeting was adjourned at 7:35 p.m.

ANTHONY J. LIMA
Board President

Attest:

TOM COLEMAN
Board Secretary

Report Criteria:

Report type: GL detail

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
29794						
11/21	11/02/2021	29794	62622	AKM CONSULTING ENGINEERS	TRACT 51153 POTABLE WATER SYSTEM	31,684.00
11/21	11/02/2021	29794	62622	AKM CONSULTING ENGINEERS	POTABLE WATER AND RECYCLED WATER HYDRA	7,441.00
Total 29794:						39,125.00
29795						
11/21	11/02/2021	29795	322	AMERICAN WATER WORKS ASSN	2022 MEMBERSHIP FEE	4,523.00
Total 29795:						4,523.00
29796						
11/21	11/02/2021	29796	62554	APPLIED TECHNOLOGY GROUP	PWAG RADIO SYSTEM INSTALL	3,591.37
11/21	11/02/2021	29796	62554	APPLIED TECHNOLOGY GROUP	TAX	154.79
11/21	11/02/2021	29796	62554	APPLIED TECHNOLOGY GROUP	SHIPPING & HANDLING	35.00
11/21	11/02/2021	29796	62554	APPLIED TECHNOLOGY GROUP	EMERGENCY CALLOUT RES 15	3,510.26
Total 29796:						7,291.42
29797						
11/21	11/02/2021	29797	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-GENERAL COUNSEL	8,013.60
11/21	11/02/2021	29797	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-ENVIRONMENTAL LAW	405.60
11/21	11/02/2021	29797	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-WATER RATES	5,615.60
Total 29797:						14,034.80
29798						
11/21	11/02/2021	29798	62790	C & K TIRE SERVICE	SERVICE CALL-FLAT REPAIR	148.53
Total 29798:						148.53
29799						
11/21	11/02/2021	29799	62729	CA UNDERGROUND FACILITIES SAFE	CA STATE FEE	110.53
Total 29799:						110.53
29800						
11/21	11/02/2021	29800	1900	CLINICAL LAB OF S B	WATER SAMPLES	2,623.75
Total 29800:						2,623.75
29801						
11/21	11/02/2021	29801	62705	COMP	BAT TEST	38.00
11/21	11/02/2021	29801	62705	COMP	QUICK TEST	43.00
11/21	11/02/2021	29801	62705	COMP	LIFT TEST	49.00
11/21	11/02/2021	29801	62705	COMP	PHYSICAL EXAM	70.00
11/21	11/02/2021	29801	62705	COMP	LIFT TEST	49.00
11/21	11/02/2021	29801	62705	COMP	PHYSICAL EXAM	70.00
11/21	11/02/2021	29801	62705	COMP	QUICK TEST	43.00
11/21	11/02/2021	29801	62705	COMP	BAT TEST	38.00
Total 29801:						400.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
29802						
11/21	11/02/2021	29802	285	CSDA	MEMBERSHIP DUES	8,195.00
Total 29802:						8,195.00
29803						
11/21	11/02/2021	29803	2125	DANIELS TIRE SERVICE	TIRES FOR TRUCK #29	371.28
11/21	11/02/2021	29803	2125	DANIELS TIRE SERVICE	TIRES FOR TRUCK #29	371.28
Total 29803:						742.56
29804						
11/21	11/02/2021	29804	2550	FRONTIER	PHONE SERVICE	269.92
Total 29804:						269.92
29805						
11/21	11/02/2021	29805	62736	GE DIGITAL LLC	GE QUOTE NUMBER BMIQ-07052021-419405 AND I	9,987.20
Total 29805:						9,987.20
29806						
11/21	11/02/2021	29806	62812	GROWING ROOTS LLC	MONTHLY PLANT CARE	240.00
Total 29806:						240.00
29807						
11/21	11/02/2021	29807	62526	HARRINGTON INDUSTRIAL PLASTICS	SUPPLIES FOR RES	207.27
Total 29807:						207.27
29808						
11/21	11/02/2021	29808	62624	HASA INC	CHEMICALS FOR RCS	456.90
11/21	11/02/2021	29808	62624	HASA INC	CHEMICALS FOR RCS	319.83
11/21	11/02/2021	29808	62624	HASA INC	CHEMICALS FOR RCS	255.86
11/21	11/02/2021	29808	62624	HASA INC	CHEMICALS FOR RCS	584.83
Total 29808:						1,617.42
29809						
11/21	11/02/2021	29809	379	HIGHROAD INFORMATION TECHNOL	MANAGED SERVICES	4,416.67
11/21	11/02/2021	29809	379	HIGHROAD INFORMATION TECHNOL	DATA CENTER	2,557.00
11/21	11/02/2021	29809	379	HIGHROAD INFORMATION TECHNOL	MICROSOFT OFFICE 365	1,200.00
11/21	11/02/2021	29809	379	HIGHROAD INFORMATION TECHNOL	SERVER RELIABILITY	33,750.00
11/21	11/02/2021	29809	379	HIGHROAD INFORMATION TECHNOL	MONTHLY SUBSCRIPTIN FEE-AZURE	8,680.00
11/21	11/02/2021	29809	379	HIGHROAD INFORMATION TECHNOL	VMWARE HOST SERVER SOFTWARE-ANNUAL MAI	320.00
11/21	11/02/2021	29809	379	HIGHROAD INFORMATION TECHNOL	LOCAL VM HOST ONSITE AT RWD-HP CAREPACK	1,100.00
Total 29809:						52,023.67
29810						
11/21	11/02/2021	29810	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	663.60
Total 29810:						663.60
29811						
11/21	11/02/2021	29811	62713	JCL TRAFFIC SERVICES	SAFETY VEST	408.05

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29811:						408.05
29812						
11/21	11/02/2021	29812	62020	LA COUNTY DEPT OF PUBLIC WORKS	ANNUAL INDUSTRIAL WASTE INSPECTION FEE	365.00
Total 29812:						365.00
29813						
11/21	11/02/2021	29813	62128	LEWIS ENGRAVING INC	NAME PLATE & BADGE	90.24
Total 29813:						90.24
29814						
11/21	11/02/2021	29814	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR RES	83.12
11/21	11/02/2021	29814	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR DISTRICT OFFICE	48.61
11/21	11/02/2021	29814	257	MCMaster-CARR SUPPLY CO	MISC EXPENSE	460.92
11/21	11/02/2021	29814	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR PUMPS	68.90
Total 29814:						661.55
29815						
11/21	11/02/2021	29815	62448	PARS	GASBY 45 MANAGEMENT FEE	1,586.34
Total 29815:						1,586.34
29816						
11/21	11/02/2021	29816	62771	PUBLIC WATER AGENCIES GROUP	ASSESSMENT FOR EMERGENCY PREPARDNESS	1,541.92
11/21	11/02/2021	29816	62771	PUBLIC WATER AGENCIES GROUP	PWAG ASSESSMENT	875.00
Total 29816:						2,416.92
29817						
11/21	11/02/2021	29817	5740	QUINN COMPANY	REMOVE AND INSTALL DAMAGED HYDRAULIC HO	1,049.31
Total 29817:						1,049.31
29818						
11/21	11/02/2021	29818	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR VALVES	536.56
Total 29818:						536.56
29819						
11/21	11/02/2021	29819	5750	SHERWIN WILLIAMS	PAINT FOR RES	170.17
Total 29819:						170.17
29820						
11/21	11/02/2021	29820	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	27,795.23
11/21	11/02/2021	29820	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	3,088.36
Total 29820:						30,883.59
29821						
11/21	11/02/2021	29821	215	SOUTH COAST AQMD	ANNUAL RENEWAL-FACILITY ID 328	570.26
11/21	11/02/2021	29821	215	SOUTH COAST AQMD	EMISSIONS FEES-FACILITY ID 328	142.59

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29821:						712.85
29822						
11/21	11/02/2021	29822	62813	SOUTHLAND CIVIL ENGINEERING & S	BOUNDARY SURVEY AT RWD OFFICE	3,949.45
Total 29822:						3,949.45
29823						
11/21	11/02/2021	29823	337	STATER BROS. MARKETS	HOLIDAY GIFT CARDS	4,417.50
Total 29823:						4,417.50
29824						
11/21	11/02/2021	29824	6500	THERMALAIR INC	REPLACE AC UNIT	11,300.00
Total 29824:						11,300.00
29825						
11/21	11/02/2021	29825	242	WATEREUSE ASSOCIATION	MEMBERSHIP DUES	2,205.00
Total 29825:						2,205.00
29826						
11/21	11/09/2021	29826	1000	ACWA JPIA	EMPLOYEE HEALTH BENEFITS	44,377.51
11/21	11/09/2021	29826	1000	ACWA JPIA	EMPLOYEE VISION BENEFITS	617.55
11/21	11/09/2021	29826	1000	ACWA JPIA	EMPLOYEE ASSISTANCE PROGRAM	54.74
11/21	11/09/2021	29826	1000	ACWA JPIA	EMPLOYEE DENTAL BENEFITS	2,835.91
11/21	11/09/2021	29826	1000	ACWA JPIA	RETIREES HEALTH BENEFITS	17,067.74
11/21	11/09/2021	29826	1000	ACWA JPIA	DIRECTORS HEALTH BENEFITS	9,441.36
Total 29826:						74,394.81
29827						
11/21	11/09/2021	29827	62810	BREAKING THE CHAIN CONSULTING	MANAGEMENT AND STAFF COACHING	6,000.00
11/21	11/09/2021	29827	62810	BREAKING THE CHAIN CONSULTING	STRENGTHS FINDER ASSESSMENTS (15)	746.85
Total 29827:						6,746.85
29828						
11/21	11/09/2021	29828	1079	CA-NV SECTION AWWA	CROSS CONNECTION SPECIALIST RENEWAL-RYA	100.00
Total 29828:						100.00
29829						
11/21	11/09/2021	29829	62705	COMP	QUICK TEST	43.00
11/21	11/09/2021	29829	62705	COMP	BAT TEST	38.00
11/21	11/09/2021	29829	62705	COMP	LIFT TEST	49.00
11/21	11/09/2021	29829	62705	COMP	PHYSICAL EXAM	70.00
11/21	11/09/2021	29829	62705	COMP	QUICK TEST	59.00
Total 29829:						259.00
29830						
11/21	11/09/2021	29830	62645	CORE & MAIN LP	Various sized Octave meters (see attached)	8,530.64
11/21	11/09/2021	29830	62645	CORE & MAIN LP	TAX	810.41

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29830:						9,341.05
29831						
11/21	11/09/2021	29831	33	DUSTIN T MOISIO	TOTAL EXPENSES-GAS	239.71
Total 29831:						239.71
29832						
11/21	11/09/2021	29832	24701	GRAINGER	TOOLS & SUPPLIES	56.11
Total 29832:						56.11
29833						
11/21	11/09/2021	29833	2724	HOME DEPOT CREDIT SERVICES	TOOLS & SUPPLIES	896.21
11/21	11/09/2021	29833	2724	HOME DEPOT CREDIT SERVICES	MAINTENANCE & OPERATION	128.93
11/21	11/09/2021	29833	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR HYDRANTS	111.39
11/21	11/09/2021	29833	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR RES	46.22
11/21	11/09/2021	29833	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR COI	32.83
11/21	11/09/2021	29833	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR METERS	13.51
Total 29833:						1,229.09
29834						
11/21	11/09/2021	29834	244	INFOSEND INC	BILLING SERVICE	1,475.65
11/21	11/09/2021	29834	244	INFOSEND INC	BILLING SERVICE	1,459.63
Total 29834:						2,935.28
29835						
11/21	11/09/2021	29835	62815	MARIPOSA LANDSCAPES INC	PARALLAX FUTURE 3 SYSTEM	76,301.15
Total 29835:						76,301.15
29836						
11/21	11/09/2021	29836	62814	Penn Power Group, LLC	REMOVED AND REPLACED BATTERIES-NOTTINGH	557.70
11/21	11/09/2021	29836	62814	Penn Power Group, LLC	REMOVED AND REPLACED BATTERIES-FULLERTO	894.59
11/21	11/09/2021	29836	62814	Penn Power Group, LLC	REMOVED AND REPLACED BOTH BATTERIES-FUL	513.81
11/21	11/09/2021	29836	62814	Penn Power Group, LLC	REMOVED AND REPLACED BATTERY	470.53
Total 29836:						2,436.63
29837						
11/21	11/09/2021	29837	62816	PUENTE HILLS HABITAT PRESERVATI	REMOVAL OF NON-NATIVE OLEANDERS	600.00
Total 29837:						600.00
29838						
11/21	11/09/2021	29838	5740	QUINN COMPANY	BACKHOE SEAT	3,682.66
11/21	11/09/2021	29838	5740	QUINN COMPANY	LABOR	700.00
Total 29838:						4,382.66
29839						
11/21	11/09/2021	29839	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	311.15
11/21	11/09/2021	29839	62502	S & J SUPPLY COMPANY, INC	TOOLS & SUPPLIES	343.11
11/21	11/09/2021	29839	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR METERS	684.37

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
11/21	11/09/2021	29839	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR METERS	792.01
11/21	11/09/2021	29839	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR METERS	377.77
11/21	11/09/2021	29839	62502	S & J SUPPLY COMPANY, INC	TOOLS & SUPPLIES	747.95
11/21	11/09/2021	29839	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	407.82
11/21	11/09/2021	29839	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	564.03
Total 29839:						4,228.21
29840						
11/21	11/09/2021	29840	5900	SOCALGAS	GAS UTILITY BILL	151.50
Total 29840:						151.50
29841						
11/21	11/09/2021	29841	62481	STAPLES BUSINESS CREDIT	OFFICE SUPPLIES	1,125.08
Total 29841:						1,125.08
29842						
11/21	11/09/2021	29842	62353	VERIZON	CONFERENCE CALLS	26.30
Total 29842:						26.30
29843						
11/21	11/09/2021	29843	62665	VERIZON	SCADA ALARM MODEM	21.39
Total 29843:						21.39
29844						
11/21	11/09/2021	29844	2900	VULCAN MATERIAL COMPANY	COLD MIX	945.14
Total 29844:						945.14
29845						
11/21	11/16/2021	29845	4750	PWR JT WATER LINE COMMISSION	PM 15 Water Use	475,091.57
11/21	11/16/2021	29845	4750	PWR JT WATER LINE COMMISSION	PM 21 Water Use	130,129.92
11/21	11/16/2021	29845	4750	PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	6,084.83
11/21	11/16/2021	29845	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	1,230.05
11/21	11/16/2021	29845	4750	PWR JT WATER LINE COMMISSION	TVMWD WATER USE CHARGE	1,646.26
11/21	11/16/2021	29845	4750	PWR JT WATER LINE COMMISSION	PWR Depreciation Charge	1,389.00
11/21	11/16/2021	29845	4750	PWR JT WATER LINE COMMISSION	PWR Replacement Charge	1,910.00
11/21	11/16/2021	29845	4750	PWR JT WATER LINE COMMISSION	BUDGET ASSESSMENT	8,316.67
Total 29845:						625,798.30
29846						
11/21	11/18/2021	29846	400	AT&T MOBILITY	MOBILE PHONES, IPADS & NEW DEVICES	4,143.19
Total 29846:						4,143.19
29847						
11/21	11/18/2021	29847	62729	CA UNDERGROUND FACILITIES SAFE	CA STATE FEE	110.53
Total 29847:						110.53
29848						
11/21	11/18/2021	29848	6966	CINTAS	UNIFORM RENTAL	3,398.62

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29848:						3,398.62
29849						
11/21	11/18/2021	29849	62700	CITIZENS TRUST C/O CITIZEN BUSIN	TRUSTEES FEES	1,723.11
Total 29849:						1,723.11
29850						
11/21	11/18/2021	29850	62039	FAST EDDIE'S TRUCKING	TRUCK HAULING & DUMP	1,680.00
Total 29850:						1,680.00
29851						
11/21	11/18/2021	29851	2550	FRONTIER	INTERNET ACCESS	799.00
Total 29851:						799.00
29852						
11/21	11/18/2021	29852	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	1,810.69
11/21	11/18/2021	29852	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	481.69
11/21	11/18/2021	29852	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	1,915.73
Total 29852:						4,208.11
29853						
11/21	11/18/2021	29853	62624	HASA INC	CHEMICALS FOR RCS	237.59
11/21	11/18/2021	29853	62624	HASA INC	CHEMICALS FOR RCS	310.69
11/21	11/18/2021	29853	62624	HASA INC	CHEMICALS FOR RCS	255.86
11/21	11/18/2021	29853	62624	HASA INC	CHEMICALS FOR RCS	274.14
11/21	11/18/2021	29853	62624	HASA INC	CHEMICALS FOR RCS	502.59
11/21	11/18/2021	29853	62624	HASA INC	CHEMICALS FOR RCS	274.14
11/21	11/18/2021	29853	62624	HASA INC	CHEMICALS FOR RCS	164.48
11/21	11/18/2021	29853	62624	HASA INC	CHEMICALS FOR RCS	548.28
Total 29853:						2,567.77
29854						
11/21	11/18/2021	29854	379	HIGHROAD INFORMATION TECHNOL	STANDARD SSL ANNUAL RENEWAL	290.00
Total 29854:						290.00
29855						
11/21	11/18/2021	29855	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	557.08
11/21	11/18/2021	29855	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR WBS	1,237.37
11/21	11/18/2021	29855	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	1,143.60
Total 29855:						2,938.05
29856						
11/21	11/18/2021	29856	244	INFOSEND INC	BILLING SERVICE	371.63
Total 29856:						371.63
29857						
11/21	11/18/2021	29857	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	660.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29857:						660.00
29858						
11/21	11/18/2021	29858	62690	MASTER METER	ANNUAL MAINTENANCE ALLEGRO BASE STATION,	33,294.18
Total 29858:						33,294.18
29859						
11/21	11/18/2021	29859	257	MCMaster-CARR SUPPLY CO	TOOLS & SUPPLIES	3.68
11/21	11/18/2021	29859	257	MCMaster-CARR SUPPLY CO	TOOLS & SUPPLIES	75.36
11/21	11/18/2021	29859	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR METERS	19.48
11/21	11/18/2021	29859	257	MCMaster-CARR SUPPLY CO	CREDIT	190.22
11/21	11/18/2021	29859	257	MCMaster-CARR SUPPLY CO	TOOLS & SUPPLIES	54.14
11/21	11/18/2021	29859	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR DISTRICT OFFICE	134.36
Total 29859:						96.80
29860						
11/21	11/18/2021	29860	62735	MUTUAL OF OMAHA	LIFE INSURANCE	565.25
11/21	11/18/2021	29860	62735	MUTUAL OF OMAHA	SHORT/LONG TERM DISABILITY	1,387.35
11/21	11/18/2021	29860	62735	MUTUAL OF OMAHA	DIRECTORS LIFE INSURANCE	72.20
Total 29860:						2,024.80
29861						
11/21	11/18/2021	29861	62181	ONE TOUCH OFFICE TECHNOLOGY	CONTRACT-RICOH/MPC6004EX	1,338.90
11/21	11/18/2021	29861	62181	ONE TOUCH OFFICE TECHNOLOGY	CONTRACT RICO/MPC6003	925.07
Total 29861:						2,263.97
29862						
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	LASER-SEPT 2021	2,600.00
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	REEB-NOV 2021	1,666.67
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	AUTO & GENERAL LIABILITY 21-22	1,069.50
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	SCE-19314U COLIMA	7.77
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	SCE-19846U COLIMA	10.73
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	SCE-20960U GOLDEN SPRINGS	8.23
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	SCE-1905 FAIRPLEX	13.05
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	SCE-1905 FAIRPLEX	14.01
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	WVWD ADMIN COSTS-JULY-SEPT 2021	1,447.15
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	WVWD PROJECT REIMBURSEMENT JULY-SEPT 20	979.48
11/21	11/18/2021	29862	5000	PUENTE BASIN WATER AGENCY	LEGAL-SEPT 2021	146.25
Total 29862:						7,962.84
29863						
11/21	11/18/2021	29863	5740	QUINN COMPANY	PERFORM ANNUAL SERVICE PM2	827.68
11/21	11/18/2021	29863	5740	QUINN COMPANY	REMOVE AND INSTALL STICK HOSES-BACKHOE	1,049.31
Total 29863:						1,876.99
29864						
11/21	11/18/2021	29864	385	R AND I HOLDINGS INC	RAMMER, MQ/HONDA 4 CYCLE	2,360.26
11/21	11/18/2021	29864	385	R AND I HOLDINGS INC	TAX	247.83
11/21	11/18/2021	29864	385	R AND I HOLDINGS INC	EQUIPMENT REPAIR-APT CHIPPING GUN	190.52
11/21	11/18/2021	29864	385	R AND I HOLDINGS INC	EQUIPMENT REPAIR-WACKER RAMMER	523.07

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29864:						3,321.68
29865						
11/21	11/18/2021	29865	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	746.80
11/21	11/18/2021	29865	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR PUMPS	2,337.83
11/21	11/18/2021	29865	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICE LINE REPLACEMENTS	1,231.88
11/21	11/18/2021	29865	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	1,247.95
11/21	11/18/2021	29865	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	135.78
11/21	11/18/2021	29865	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICE LINE REPLACEMENTS	246.37
Total 29865:						5,946.61
29866						
11/21	11/18/2021	29866	5750	SHERWIN WILLIAMS	PAINT FOR RES	170.17
Total 29866:						170.17
29867						
11/21	11/18/2021	29867	62534	SHRED IT C/O STERICYCLE INC	SHREDDING SERVICE	71.44
Total 29867:						71.44
29868						
11/21	11/18/2021	29868	62691	SJ LYONS CONSTRUCTION INC	RES 8 RCS AND ELECTRICAL	9,500.00
11/21	11/18/2021	29868	62691	SJ LYONS CONSTRUCTION INC	SCADA NETWORK TOWERS	7,918.25
11/21	11/18/2021	29868	62691	SJ LYONS CONSTRUCTION INC	SCADA NETWORK TOWERS	29,437.65
11/21	11/18/2021	29868	62691	SJ LYONS CONSTRUCTION INC	OFFICE STORAGE BUILDING	12,912.16
Total 29868:						59,768.06
29869						
11/21	11/18/2021	29869	58002	SO CALIFORNIA EDISON	VIBRATION, INFRARED, PANEL & EFFICIENCY PUM	1,050.00
Total 29869:						1,050.00
29870						
11/21	11/18/2021	29870	3550	SOUTHERN COUNTIES FUELS	UNLEADED GAS	4,221.48
11/21	11/18/2021	29870	3550	SOUTHERN COUNTIES FUELS	DIESEL FUEL	7,005.67
11/21	11/18/2021	29870	3550	SOUTHERN COUNTIES FUELS	FUEL SURCHARGE	9.92
11/21	11/18/2021	29870	3550	SOUTHERN COUNTIES FUELS	REGULATORY COMPLIANCE	12.95
11/21	11/18/2021	29870	3550	SOUTHERN COUNTIES FUELS	TAX	1,151.32
Total 29870:						12,401.34
29871						
11/21	11/18/2021	29871	1165	TERMINIX PROCESSING CENTER	PEST CONTROL SERVICE-1 YEAR	1,352.76
Total 29871:						1,352.76
29872						
11/21	11/18/2021	29872	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	321.85
Total 29872:						321.85
29873						
11/21	11/18/2021	29873	62819	US BANK	BANK FEES	1,547.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29873:						1,547.00
29874						
11/21	11/18/2021	29874	62773	V & V MANUFACTURING INC	RWD BADGES	70.27
Total 29874:						70.27
29875						
11/21	11/18/2021	29875	7700	WALNUT VALLEY WATER DISTRICT	RECYCLED WATER	617.26
Total 29875:						617.26
29876						
11/21	11/23/2021	29876	4600	AIRGAS USA LLC	TANK RENTAL	115.30
Total 29876:						115.30
29877						
11/21	11/23/2021	29877	62622	AKM CONSULTING ENGINEERS	TRACT 51153	31,246.00
11/21	11/23/2021	29877	62622	AKM CONSULTING ENGINEERS	FULLERTON BOOSTER STATION BUILDING IMPRO	945.00
Total 29877:						32,191.00
29878						
11/21	11/23/2021	29878	1625	ANTHEM BLUE CROSS	RETIREE HEALTH BENEFITS	1,193.02
Total 29878:						1,193.02
29879						
11/21	11/23/2021	29879	3850	ATHENS SERVICES (MODERN SVC)	R/O DEMURRAGE	585.03
Total 29879:						585.03
29880						
11/21	11/23/2021	29880	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-HARASSMENT TRAINING	950.00
Total 29880:						950.00
29881						
11/21	11/23/2021	29881	1476	BUSINESS CARD (VISA)	MISC EXPENSES	727.98
11/21	11/23/2021	29881	1476	BUSINESS CARD (VISA)	VEHICLE EXPENSE	527.18
Total 29881:						1,255.16
29882						
11/21	11/23/2021	29882	403	CASELLE INC	CONTRACT SUPPORT CHARGES	1,884.00
Total 29882:						1,884.00
29883						
11/21	11/23/2021	29883	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM	17,998.20
Total 29883:						17,998.20
29884						
11/21	11/23/2021	29884	1270	CORELOGIC SOLUTIONS LLC	PROPERTY DATA INFO	100.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29884:						100.00
29885						
11/21	11/23/2021	29885	62505	D & H WATER SYSTEMS	CHLORAMINE BOOSTING SYSTEM(CBS)	54,800.00
11/21	11/23/2021	29885	62505	D & H WATER SYSTEMS	TAX	5,206.00
11/21	11/23/2021	29885	62505	D & H WATER SYSTEMS	FREIGHT	1,900.00
Total 29885:						61,906.00
29886						
11/21	11/23/2021	29886	62351	ELITE EQUIPMENT INC.	TOOLS & SUPPLIES	1,133.05
11/21	11/23/2021	29886	62351	ELITE EQUIPMENT INC.	TOOLS & SUPPLIES	280.11
Total 29886:						1,413.16
29887						
11/21	11/23/2021	29887	62719	FAMILY RESOURCE CENTER - RUSD	ADOPT N SHOP DONATION	1,000.00
Total 29887:						1,000.00
29888						
11/21	11/23/2021	29888	62039	FAST EDDIE'S TRUCKING	TRUCK HAULING	2,640.00
Total 29888:						2,640.00
29889						
11/21	11/23/2021	29889	2300	FEDERAL EXPRESS	POSTAGE	29.69
Total 29889:						29.69
29890						
11/21	11/23/2021	29890	2550	FRONTIER	PHONE SERVICE	269.92
Total 29890:						269.92
29891						
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ROAD SLURRY	1,175.00
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ROAD SLURRY	1,175.00
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ROAD SLURRY-PASO REAL & ANDRADA DR	1,175.00
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ROAD SLURRY-PASO REAL & PILARIO ST	1,175.00
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ASPHALT	4,533.45
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ASPHALT	15,976.10
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ASPHALT	4,385.90
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ASPHALT	2,443.20
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ASPHALT	18,366.45
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ASPHALT	5,160.00
11/21	11/23/2021	29891	5600	G M SAGER CONSTRUCTION	ASPHALT	13,406.15
Total 29891:						68,971.25
29892						
11/21	11/23/2021	29892	62812	GROWING ROOTS LLC	MONTHLY PLANT CARE	320.00
Total 29892:						320.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
29893						
11/21	11/23/2021	29893	62624	HASA INC	CHEMICALS FOR WBS	913.80
11/21	11/23/2021	29893	62624	HASA INC	CHEMICALS FOR RCS	201.03
11/21	11/23/2021	29893	62624	HASA INC	CHEMICALS FOR RCS	274.14
11/21	11/23/2021	29893	62624	HASA INC	CHEMICALS FOR RCS	219.31
11/21	11/23/2021	29893	62624	HASA INC	CHEMICALS FOR RCS	274.14
11/21	11/23/2021	29893	62624	HASA INC	CHEMICALS FOR RCS	438.62
11/21	11/23/2021	29893	62624	HASA INC	CHEMICALS FOR RCS	219.31
Total 29893:						2,540.35
29894						
11/21	11/23/2021	29894	379	HIGHROAD INFORMATION TECHNOL	MANAGED SERVICES	4,416.67
11/21	11/23/2021	29894	379	HIGHROAD INFORMATION TECHNOL	DATA CENTER	2,557.00
11/21	11/23/2021	29894	379	HIGHROAD INFORMATION TECHNOL	MICROSOFT OFFICE 365	1,200.00
11/21	11/23/2021	29894	379	HIGHROAD INFORMATION TECHNOL	SERVER RELIABILITY	32,250.00
11/21	11/23/2021	29894	379	HIGHROAD INFORMATION TECHNOL	MONTHLY SUBSCRIPTIN FEE-AZURE	9,980.00
Total 29894:						50,403.67
29895						
11/21	11/23/2021	29895	62435	INDUSTRY PUBLIC UTILITY COMMISSI	PUMPING POWER-PUMPSTATION 2A	2,484.43
Total 29895:						2,484.43
29896						
11/21	11/23/2021	29896	62820	ISSAC GOMEZ	BOOT ALLOWANCE	150.00
Total 29896:						150.00
29897						
11/21	11/23/2021	29897	62803	JOHN POEHLER	TOTAL EXPENSES-CUEMA CONFERENCE	33.55
11/21	11/23/2021	29897	62803	JOHN POEHLER	TOTAL EXPENSES-TUITION REIMBURSEMENT	4,469.60
11/21	11/23/2021	29897	62803	JOHN POEHLER	NON REIMBURSABLE EXPENSE-SCHOOL TUITION	956.98-
Total 29897:						3,546.17
29898						
11/21	11/23/2021	29898	62664	M & J TREE SERVICE	MONTHLY MAINTENANCE (6) SITES	5,600.00
11/21	11/23/2021	29898	62664	M & J TREE SERVICE	MAINTENANCE FOR OCTOBER-WBS	600.00
Total 29898:						6,200.00
29899						
11/21	11/23/2021	29899	257	MCMASTER-CARR SUPPLY CO	SUPPLIES FOR RES	28.93
11/21	11/23/2021	29899	257	MCMASTER-CARR SUPPLY CO	TOOLS & SUPPLIES	41.37
Total 29899:						70.30
29900						
11/21	11/23/2021	29900	62735	MUTUAL OF OMAHA	LIFE INSURANCE	590.90
11/21	11/23/2021	29900	62735	MUTUAL OF OMAHA	SHORT/LONG TERM DISABILITY	1,577.75
11/21	11/23/2021	29900	62735	MUTUAL OF OMAHA	DIRECTORS LIFE INSURANCE	72.20
Total 29900:						2,240.85

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
29901						
11/21	11/23/2021	29901	62646	NBS	WATER AND RC WATER RATE AND CAPACITY FEE	20,075.74
Total 29901:						20,075.74
29902						
11/21	11/23/2021	29902	189	NOBEL SYSTEMS	UPDATES TO GIS DATA	4,980.00
Total 29902:						4,980.00
29903						
11/21	11/23/2021	29903	62649	OPARC	PAINTING FIRE HYDRANTS	2,275.77
Total 29903:						2,275.77
29904						
11/21	11/23/2021	29904	62771	PUBLIC WATER AGENCIES GROUP	ASSESSMENT FOR EMERGENCY PREPAREDNESS	1,541.92
Total 29904:						1,541.92
29905						
11/21	11/23/2021	29905	5000	PUENTE BASIN WATER AGENCY	DOTY LABOR-RETENTION	15,640.63
11/21	11/23/2021	29905	5000	PUENTE BASIN WATER AGENCY	FEDAK & BROWN AUDIT FYE 6/30/21-OCT 2021	1,562.50
11/21	11/23/2021	29905	5000	PUENTE BASIN WATER AGENCY	BANK OF AMERICA-JULY-SEPT 2021	921.62
11/21	11/23/2021	29905	5000	PUENTE BASIN WATER AGENCY	SERVICE & REG FEE-1905 FAIRPLEX	25.50
11/21	11/23/2021	29905	5000	PUENTE BASIN WATER AGENCY	LEGAL-OCT 2021	130.00
11/21	11/23/2021	29905	5000	PUENTE BASIN WATER AGENCY	CIVILTEC WELL MGMT-OCT 2021	300.00
11/21	11/23/2021	29905	5000	PUENTE BASIN WATER AGENCY	LASER-OCT 2021	1,400.00
Total 29905:						19,980.25
29906						
11/21	11/23/2021	29906	62660	PUENTE HILLS FORD	MAINTENANCE TRUCKS 1, 7, 29, 41, 44	3,883.11
Total 29906:						3,883.11
29907						
11/21	11/23/2021	29907	5100	PUENTE READY MIX INC	WASH CONCRETE SAND	882.18
Total 29907:						882.18
29908						
11/21	11/23/2021	29908	62821	RYAN HERCO PRODUCTS CORP	MICROPUMP L25164 PUMP HEAD	970.10
11/21	11/23/2021	29908	62821	RYAN HERCO PRODUCTS CORP	MICROPUMP DC I-DRIVE PUMP	1,411.90
Total 29908:						2,382.00
29909						
11/21	11/23/2021	29909	62502	S & J SUPPLY COMPANY, INC	3 1/2 ANTI FLOAT LIDS	12,530.69
11/21	11/23/2021	29909	62502	S & J SUPPLY COMPANY, INC	TAX	1,113.49
11/21	11/23/2021	29909	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	783.62
11/21	11/23/2021	29909	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR PUMPS	632.84
11/21	11/23/2021	29909	62502	S & J SUPPLY COMPANY, INC	BRASS FITTINGS	1,414.56
11/21	11/23/2021	29909	62502	S & J SUPPLY COMPANY, INC	REPAIR COUPLINGS	4,061.20
11/21	11/23/2021	29909	62502	S & J SUPPLY COMPANY, INC	TAX	134.38
11/21	11/23/2021	29909	62502	S & J SUPPLY COMPANY, INC	TAX	385.81

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29909:						21,056.59
29910						
11/21	11/23/2021	29910	62249	SECURE SITE SOLUTIONS INC	UPGRADE SECURITY	13,605.88
Total 29910:						13,605.88
29911						
11/21	11/23/2021	29911	62691	SJ LYONS CONSTRUCTION INC	OFFICE STORAGE BUILDING	4,179.59
11/21	11/23/2021	29911	62691	SJ LYONS CONSTRUCTION INC	COI BUILDING	1,650.00
11/21	11/23/2021	29911	62691	SJ LYONS CONSTRUCTION INC	EXTERIOR LIGHTING/INSTALLATION P.S. 2A	3,000.00
Total 29911:						8,829.59
29912						
11/21	11/23/2021	29912	62743	SOCAL SCADA SOLUTIONS LLC	SCADA ON-CALL SERVICES	8,055.00
Total 29912:						8,055.00
29913						
11/21	11/23/2021	29913	62804	SOUTHERN CALIFORNIA NEWS GRO	PUBLIC NOTICE	800.00
Total 29913:						800.00
29914						
11/21	11/23/2021	29914	6500	THERMALAIR INC	QUARTERLY PREVENTATIVE MAINTENANCE	475.00
11/21	11/23/2021	29914	6500	THERMALAIR INC	SEMI ANNUAL PREVENTATIVE MAINTENANCE INS	295.00
Total 29914:						770.00
29915						
11/21	11/23/2021	29915	62476	VERIZON CONNECT NWF INC	MONTHLY SERVICE	420.94
Total 29915:						420.94
29916						
11/21	11/23/2021	29916	3025	VOLVO CONSTRUCTION EQUIPMENT	P-185 COMPRESSOR (DOOSAN)	24,995.00
11/21	11/23/2021	29916	3025	VOLVO CONSTRUCTION EQUIPMENT	TAX	2,156.03
Total 29916:						27,151.03
29917						
11/21	11/23/2021	29917	205	WARREN GRAPHICS	BUSINESS CARDS	121.69
11/21	11/23/2021	29917	205	WARREN GRAPHICS	QUARTERLY NEWSLETTER FALL 2021	4,340.14
Total 29917:						4,461.83
29918						
11/21	11/23/2021	29918	62432	WASTE MANAGEMENT COMPANY	CLEAN ASPHALT	603.77
Total 29918:						603.77
29919						
11/21	11/23/2021	29919	321	WIENHOFF DRUG TESTING INC	RANDOM DRUG TESTING	80.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 29919:						80.00
29920						
11/21	11/23/2021	29920	62562	WOODARD & CURRAN	AS NEEDED POTABLE WATER SUPPORT SERVICE	2,403.75
Total 29920:						2,403.75
29921						
11/21	11/24/2021	29921	6500	THERMALAIR INC	10-TON AC UNIT FOR MAIN OFFICE	9,000.00
Total 29921:						9,000.00
111521						
11/21	11/15/2021	111521	62493	CADWAY INC (CAL DOMESTIC WATER	RTS	675.43
11/21	11/15/2021	111521	62493	CADWAY INC (CAL DOMESTIC WATER	WATER CHARGE	7,205.72
Total 111521:						7,881.15
11032021						
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	DIRECTV	88.99
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	FREEDOM VOICE	1,548.81
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	CENTRAL COMMUNICATIONS	293.22
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	MAINTENANCE AND OPERATION	481.79
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	OFFICE SUPPLIES	733.91
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	VEHICLE EXPENSE	798.83
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	MISC EXPENSES	3,159.90
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	IT LICENSING	155.00
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	IT SUPPORT	3,730.98
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	TELEMETRY EXPENSE	1,995.00
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	SERVICE CUTS	574.00
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	SERVICE CUTS	574.00
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	SERVICE CUTS	1,722.00
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	SERVICE CUTS	7,462.00
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	SERVICE CUTS	3,284.00
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	SERVICE CUTS & INSPECTION	3,436.00
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	SEMINAR AND TRAINING EXPENSES	1,945.00
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	PUMPING EXPENSE	634.10
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	POSTAGE	37.05
11/21	11/03/2021	110320	1070	AMERICAN EXPRESS	CREDIT ON CONFERENCE EXPENSE	625.00
Total 11032021:						32,029.58
11122021						
11/21	11/12/2021	111220	62558	PUENTE BASIN WATER AGENCY	PM 22/PM 9 CONNECTION	354,873.60
11/21	11/12/2021	111220	62558	PUENTE BASIN WATER AGENCY	TVMWD CONNECTION CAPACITY	1,524.86
11/21	11/12/2021	111220	62558	PUENTE BASIN WATER AGENCY	TVMWD EQUIVALENT SMALL METER	1,957.31
11/21	11/12/2021	111220	62558	PUENTE BASIN WATER AGENCY	TVMWD WATER USE CHARGE	1,954.15
11/21	11/12/2021	111220	62558	PUENTE BASIN WATER AGENCY	MWD CAPACITY CHARGE	10,412.19
Total 11122021:						370,722.11
Grand Totals:						1,995,652.18

GL Account	Debit	Credit	Proof
11505-0	485,409.34	.00	485,409.34
11507-0	16,620.11	.00	16,620.11
222100	1,772.20	1,997,424.38-	1,995,652.18-
51110-0	7,205.72	.00	7,205.72
51310-0	960,095.09	.00	960,095.09
51410-1	3,600.41	.00	3,600.41
51410-2	2,754.91	.00	2,754.91
51410-3	1,957.31	.00	1,957.31
51410-5	16,497.02	.00	16,497.02
51510-0	18,615.46	.00	18,615.46
51610-0	675.43	.00	675.43
51810-0	11,615.67	.00	11,615.67
51910-0	11,176.73	.00	11,176.73
52210-0	7,517.45	190.22-	7,327.23
52310-0	30,279.66	.00	30,279.66
54210-0	14,687.68	.00	14,687.68
54211-0	18,265.06	.00	18,265.06
54212-0	1,887.14	.00	1,887.14
54213-0	3,087.88	.00	3,087.88
54214-0	536.56	.00	536.56
54215-0	7,547.16	.00	7,547.16
54216-0	23,547.46	.00	23,547.46
54217-0	8,176.02	.00	8,176.02
54218-0	4,682.83	.00	4,682.83
54219-0	2,751.17	.00	2,751.17
56210-0	18,592.73	.00	18,592.73
56211-0	4,856.45	.00	4,856.45
56214-0	1,858.99	.00	1,858.99
56215-0	14,923.00	.00	14,923.00
56216-0	278.67	.00	278.67
56218-0	14,984.80	.00	14,984.80
56218-1	146.25	.00	146.25
56218-2	3,958.84	.00	3,958.84
56219-0	11,285.63	.00	11,285.63
56220-0	19,388.32	.00	19,388.32
56221-0	6,140.14	.00	6,140.14
56223-0	33.55	625.00-	591.45-
56226-0	21,215.00	.00	21,215.00
56312-0	73,310.41	.00	73,310.41
56320-0	13,161.45	956.98-	12,204.47
56411-0	44,377.51	.00	44,377.51
56413-0	2,835.91	.00	2,835.91
56415-0	617.55	.00	617.55
56416-0	1,156.15	.00	1,156.15
56417-0	18,260.76	.00	18,260.76
56418-0	2,965.10	.00	2,965.10
56419-0	54.74	.00	54.74
56421-0	9,585.76	.00	9,585.76
56510-0	1,533.91	.00	1,533.91
56710-0	11,239.86	.00	11,239.86
56812-0	8,986.57	.00	8,986.57
57310-0	15,769.75	.00	15,769.75
57312-0	6,647.23	.00	6,647.23
57314-0	2,034.22	.00	2,034.22
57315-0	2,623.75	.00	2,623.75
57320-0	100.00	.00	100.00
57321-0	4,947.11	.00	4,947.11
57322-0	365.00	.00	365.00

GL Account	Debit	Credit	Proof
Grand Totals:	1,999,196.58	1,999,196.58-	.00

Report Criteria:

Report type: GL detail



ROWLAND WATER DISTRICT

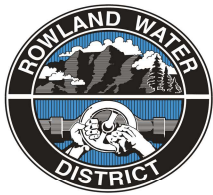
CASH INVESTMENTS

As of November 30, 2021

Description / Type	Term	Shares / Units Held	Purchase Price	Current Price	Maturity Date	Current Yield	Current Value	% of Portfolio
Cash								
Citizens Business Bank							\$ 6,708,450	
Comerica Bank MMIA							\$ 8,919	
Total Cash							\$ 6,717,370	
Comerica Securities CD Placement	Various					2.11%	\$ 360,440	2.46%
Local Agency Investment Fund (LAIF)	N/A					0.20%	\$ 2,121,256	14.48%
Citizens Trust Investments (US Bank Custodian)								
Fed'l Home Loan Mtg. Corp. - WVJ2	4 Year	300,000	100.0000	98.7030	9/30/2024	0.40%	\$ 296,109	2.02%
Fed'l National Mtg. Assn. - 06M0	4 Year	200,000	100.0000	99.0000	12/16/2024	0.50%	\$ 198,000	1.35%
Fed'l Home Loan Mtg. Corp. - 4C27	5 Year	350,000	100.0000	98.5770	7/29/2025	0.71%	\$ 345,020	2.35%
Fed'l National Mtg. Assn. - 4XZ1	5 Year	200,000	100.0000	98.7410	6/30/2025	0.75%	\$ 197,482	1.35%
Fed'l National Mtg. Assn. - 0T45	5 Year	625,000	101.2114	100.6180	4/5/2022	1.86%	\$ 628,863	4.29%
Fed'l National Mtg. Assn. - 0S38	5 Year	300,000	102.9350	100.1800	1/5/2022	2.00%	\$ 300,540	2.05%
Fed'l National Mtg. Assn. - 0U43	5 Year	250,000	105.7000	104.1700	9/12/2023	2.76%	\$ 260,425	1.78%
Fed'l Home Loan Bank - 0T94	5 Year	505,000	99.2492	102.3110	1/19/2023	2.32%	\$ 516,671	3.53%
Fed'l Home Loan Bank - MSE3	5 Year	500,000	99.9250	99.7790	3/1/2023	0.11%	\$ 498,895	3.41%
Fed'l Farm Cr Bks - MLT7	3 Year	200,000	99.9040	99.1510	12/28/2023	0.21%	\$ 198,302	1.35%
Fed'l Farm Cr Bks - MLT7	3 Year	25,000	99.7000	99.1510	12/28/2023	0.21%	\$ 24,788	0.17%
Fed'l Farm Cr Bks - MLV2	3 Year	150,000	99.6670	98.8600	4/5/2024	0.27%	\$ 148,290	1.01%
Fed'l Farm Cr Bks - MFP2	4 Year	500,000	99.9490	98.5490	11/4/2024	0.45%	\$ 492,745	3.36%
Fed'l Farm Cr Bks - L5S9	3 Year	350,000	99.9200	99.5290	9/3/2024	0.48%	\$ 348,352	2.38%
Fed'l Home Loan Banks - KMF0	4 Year	200,000	99.9540	98.3290	10/28/2024	0.30%	\$ 196,658	1.34%
Fed'l Home Loan Banks - JP45	3 Year	200,000	100.0000	99.1040	3/11/2024	0.50%	\$ 198,208	1.35%
Fed'l Home Loan Banks - L7D0	5 Year	200,000	99.7900	97.7190	8/26/2025	0.51%	\$ 195,438	1.33%
Fed'l Home Loan Banks - N6N5	4 Year	200,000	100.0000	98.6090	4/29/2025	0.71%	\$ 197,218	1.35%
Fed'l Home Loan Banks - LGR9	5 Year	500,000	100.0000	98.8440	2/26/2026	0.86%	\$ 494,220	3.37%
Fed'l Home Loan Banks - LLD4	5 Year	250,000	99.9250	99.0270	3/17/2026	0.88%	\$ 247,568	1.69%
Fed'l Home Loan Banks - MUX8	5 Year	200,000	99.9300	98.8870	3/30/2026	0.88%	\$ 197,774	1.35%
Fed'l Home Loan Banks - PUY9	4 Year	200,000	100.0000	99.8570	2/28/2025	1.00%	\$ 199,714	1.36%
Fed'l Home Loan Banks - P6M2	5 Year	200,000	100.0000	98.7720	9/30/2026	1.03%	\$ 197,544	1.35%
Fed'l Home Loan Bank - 7R49	5 Year	200,000	99.3337	100.5070	4/13/2022	1.47%	\$ 201,014	1.37%
Fed'l National Mtg. Assn. - 1BR5	5 Year	125,000	101.0674	101.6020	12/9/2022	1.84%	\$ 127,003	0.87%
Fed'l Home Loan Bank - 0GJ0	5 Year	250,000	102.0745	101.4470	9/9/2022	1.97%	\$ 253,618	1.73%
Fed'l Home Loan Bank - 8WG2	4 Year	100,000	99.5286	100.6830	3/11/2022	2.48%	\$ 100,683	0.69%
Fed'l National Mtg. Assn. - DRG9	5 Year	250,000	100.8232	102.9800	3/10/2023	2.67%	\$ 257,450	1.76%
US Treasury Note - 82P4	5 Year	250,000	100.3750	101.1520	7/31/2022	1.85%	\$ 252,880	1.73%
Air Prods & Chems Inc. - 8BB1	5 Year	255,000	104.1940	100.6880	10/15/2025	1.49%	\$ 256,754	1.75%
Apple Inc. - 3DT4	5 Year	200,000	102.4560	99.7750	5/11/2025	1.13%	\$ 199,550	1.36%
Apple Inc. - 3CU2	5 Year	150,000	103.6730	104.3260	5/11/2024	2.73%	\$ 156,489	1.07%
Apple Inc. - 3CG3	5 Year	400,000	104.3970	104.2210	2/9/2024	2.88%	\$ 416,884	2.85%
Bank of New York Mellon Corp. - RAE7	5 Year	250,000	99.8060	102.5320	1/29/2023	2.88%	\$ 256,330	1.75%
Floria Pwr & Lt Co - 1FZ5	5 Year	800,000	108.9188	104.6620	4/1/2025	2.72%	\$ 837,296	5.71%
Paccar Financial Corp. - RQ66	5 Year	500,000	104.7908	101.6480	2/6/2025	1.77%	\$ 508,240	3.47%
Paccar Financial Corp. - RP59	3 Year	170,000	105.0550	104.5020	8/9/2023	3.25%	\$ 177,653	1.21%
United Parcel Service - 2BC9	4 Year	100,000	97.0770	100.7620	5/16/2022	2.33%	\$ 100,762	0.69%
US Bancorp Mtns. - HHV5	5 Year	200,000	102.1370	105.0360	2/5/2024	3.21%	\$ 210,072	1.43%
Inter American Development Bank - OCC0	3 Year	200,000	104.5920	104.4220	10/24/2023	2.87%	\$ 208,844	1.43%
Intl Bank for Recon & Dev - 8JB0	5 Year	400,000	98.7800	98.7940	4/22/2025	0.63%	\$ 395,176	2.70%
Cash Reserve Account						0.02%	\$ 674,285	4.60%
Total Citizens Trust Investments							\$ 12,169,804	83.06%
Total Investments							\$ 14,651,500	100.00%
Total Cash & Investments							\$ 21,368,870	

Market values determined on last business day of the month. All listed investments comply with the District's Statement of Investment Policy as established in Resolution 2-2007. The District's available cash and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations for at least a six-month period of time.

NOTE: All interest values show above are based on annual rates of return.



ROWLAND WATER DISTRICT

PROFIT & LOSS

November 2021

	Nov-21	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD
1 OPERATING REVENUE						
2 Water Sales	\$ 1,415,346	\$ 7,442,757	\$ 15,537,800	\$ 8,095,043	48%	\$ 7,291,684
3 Meter Charges	1,111,011	4,955,393	11,643,400	6,688,007	43%	4,957,260
4 Customer Fees	13,193	74,624	253,500	178,876	29%	28,738
5 Contract Income	6,055	56,359	167,100	110,741	34%	66,245
6 RWD Labor Sales/Reimbursements	10,763	39,929	101,200	61,271	39%	90,153
7 Capacity Fees	-	88,605	175,000	86,395	51%	3,330
8 Flow Tests	2,100	8,400	20,000	11,600	42%	7,700
9 Return Check Fees	120	1,680	3,600	1,920	47%	1,410
10 Uncollectable	-	-	(68,000)	(68,000)	0%	-
11 TOTAL OPERATING REVENUE	2,558,588	12,667,746	27,833,600	15,165,854	46%	12,446,520
12 NON-OPERATING REVENUE						
13 Property Taxes	1,311	1,311	387,600	386,289	0%	14,520
14 Shared Services	3,744	19,682	39,000	19,318	50%	14,771
15 Interest Income	11,600	95,046	247,200	152,154	38%	103,057
16 Miscellaneous Income	(38,430)	(109,544)	25,000	134,544	-438%	19,500
17 TOTAL NON-OPERATING REVENUE	(21,776)	6,494	698,800	692,306	1%	151,849
18 TOTAL REVENUES	2,536,813	12,674,240	28,532,400	15,858,160	44%	12,598,369
19 OPERATING EXPENSES						
20 Source of Supply						
21 Water Purchases	804,109	4,792,006	11,136,700	6,344,694	43%	4,828,901
22 Pumping Power	27,387	158,863	334,300	175,437	48%	195,638
23 Fixed Charges	25,147	125,737	327,000	201,263	38%	108,787
24 Chemicals	3,081	27,625	100,000	72,375	28%	34,285
25 Total Source of Supply	859,725	5,104,231	11,898,000	6,793,769	43%	5,167,611
26 Maintenance of Water System	55,444	265,540	721,700	456,160	37%	271,749
27 Service Contracts	31,351	194,938	400,800	205,862	49%	112,162
28 Assessments	1,667	62,483	280,000	217,517	22%	162,203
29 Vehicle Expense	16,622	47,240	87,600	40,360	54%	35,698
30 Tools & Supplies	1,251	16,972	55,900	38,928	30%	26,668
31 Equipment Expense	1,245	16,765	34,700	17,935	48%	4,986
32 Maintenance & Operations	2,152	29,623	98,200	68,577	30%	42,701
33 Engineering	32,019	91,014	400,000	308,987	23%	137,324
34 Water Tests	3,480	10,341	24,000	13,659	43%	9,150
35 Conservation	1,246	2,022	50,000	47,978	4%	2,133
36 Community Outreach	24,334	168,099	235,400	67,301	71%	74,391
37 TOTAL OPERATING EXPENSES	1,030,536	6,009,268	14,286,300	8,277,032	42%	6,046,775
38 ADMINISTRATIVE EXPENSES						
39 Liability Insurance	-	124,603	134,500	9,897	93%	122,290
40 IT Support Services	16,921	65,133	135,300	70,167	48%	58,482
41 IT Licensing	32,360	104,386	235,400	131,014	44%	27,430
42 Director Expense	13,029	64,033	201,200	137,167	32%	64,435



ROWLAND WATER DISTRICT

PROFIT & LOSS

November 2021

	Nov-21	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD
43 Bank / Management Fees	11,882	67,604	161,800	94,196	42%	61,002
44 Legal Fees	18,430	51,049	116,700	65,651	44%	39,524
45 Compliance	6,182	36,168	114,000	77,832	32%	42,737
46 Auditing & Accounting	10,500	24,857	35,000	10,143	71%	26,974
47 Utility Services	10,552	51,469	123,100	71,631	42%	45,466
48 Dues & Memberships	320	36,843	41,600	4,757	89%	37,613
49 Conference & Meetings	439	14,910	35,000	20,090	43%	-
50 Office Expenses	2,879	16,904	34,100	17,196	50%	14,194
51 Seminars/Training	6,490	39,477	35,000	(4,477)	113%	4,748
52 Miscellaneous Expense	8,226	37,648	156,000	118,352	24%	31,557
53 TOTAL ADMINISTRATIVE EXPENSES	138,209	735,083	1,558,700	823,617	47%	576,453
54 PERSONNEL EXPENSES						
55 Wages						
56 Operations	75,288	342,884	1,094,100	751,216	31%	337,157
57 Distribution	85,869	434,399	1,133,100	698,701	38%	418,996
58 Administration	126,479	610,210	1,587,400	977,190	38%	651,043
59 Total Wages	287,636	1,387,493	3,814,600	2,427,107	36%	1,407,196
60 Payroll Taxes	16,209	87,387	258,900	171,513	34%	90,687
61 Workers Compensation	-	15,429	90,300	74,871	17%	32,713
62 Unemployment	-	372	7,000	6,628	5%	965
63 CalPERS	1,682,889	2,380,581	3,338,700	958,119	71%	532,021
64 OPEB Contributions	-	-	-	-	0%	175,000
65 EE & Retiree Health Insurance	67,968	333,443	984,600	651,157	34%	320,969
66 TOTAL PERSONNEL EXPENSES	2,054,701	4,204,704	8,494,100	4,289,396	50%	2,559,551
67 TOTAL EXPENSES	3,223,446	10,949,055	24,339,100	13,390,045	45%	9,182,779
68 NET INCOME / (LOSS) - BEFORE DEBT SERVICE & CAPITAL EXPENDITURES	(686,633)	1,725,185	4,193,300	2,468,115	41%	3,415,590
69 Less: Total Debt Service	(1,944)	(14,571)	(523,200)	(508,629)	3%	(5,597)
70 Less: Capital Expenses (Current Year)	(198,517)	(751,367)	(3,382,200)	(2,630,833)	22%	(31,174)
71 CASH INCREASE / (DECREASE)	\$ (887,094)	\$ 959,248	\$ 287,900	\$ (671,348)		\$ 3,378,818

**No assurance is provided on these financial statements. The financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States are not included.*



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2021

1. OPERATING REVENUE

2. Water Sales – volumetric water sales revenue from all customer types including residential, commercial, public, industrial, recycled and construction. YTD is trending high at 48% due to customer demand during warm summer months.
3. Meter Charges – the fixed monthly base rate charged to water customers each month (includes all customer types). YTD is at 43%.
4. Customer Fees – various fees conditionally charged to customers such as penalties, new service connections, reconnections, backflow administration, cross connections, connections and recycled water checks/inspections. These types of fees are unpredictable in nature and can often trend over/under expected budget. The District is currently not charging penalty fees due to COVID-19 circumstances. YTD is low at 29%.
5. Contract Income – contains revenues from tower lease contracts. YTD is currently at 34%.
6. RWD Labor Sales/Reimbursements – water sold on construction invoices, City of Industry labor sales and Pomona-Walnut-Rowland Joint Water Line Commission (PWR JWLC) treasurer fees. The frequency and amounts of these revenues are unknown and can occasionally trend over/under budget due to their unpredictable nature. YTD is at 39%.
7. Capacity Fees – fees imposed on any property or person requesting a new, additional or larger connection to the District's potable water system (fees vary by meter size). These receipts are uncertain and can trend over/under budget due to their unpredictable nature. YTD is high at 51% due to capacity fees from the Hacienda La Puente Unified School District.
8. Flow Tests – fire flow tests performed by District personnel to measure the volume of water available at a specific hydrant (\$350 per test). YTD is at 42%.
9. Return Check Fees – customers are charged a fee when the District is paid with insufficient funds checks and checks are returned by the bank. These receipts are uncertain and can trend over/under budget due to their unpredictable nature. YTD is currently at 47%.
10. Uncollectable – the District analyzes customer receivables at the end of each year and recognizes an expense equal to the estimated amount of cash that may not be collected. Uncollectable expense will be zero until assessed at year-end.

11. TOTAL OPERATING REVENUE

12. NON-OPERATING REVENUE



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2021

13. Property Taxes – includes tax contributions from the County of Los Angeles. YTD is at 0% since the bulk of receipts happen between December and May each year and can cause YTD % to trend over/under expected budget %.
14. Shared Services – RWD is paid for extending Executive Director services to Bellflower-Somerset Mutual Water Company (provided by the General Manager of RWD) and accounting and treasurer services to CalMutuals Joint Powers Risk and Insurance Management Authority (provided by the Director of Finance of RWD). YTD is at 50%.
15. Interest Income – includes interest and dividends received on District investments. YTD is at 38%.
16. Miscellaneous Income – includes income from various sources such as recycling, refunds and unrealized gains or losses on investments. YTD is at -438% due to unrealized losses on investments.
17. **TOTAL NON-OPERATING REVENUE**
18. **TOTAL REVENUES**
19. **OPERATING EXPENSES**
20. **SOURCE OF SUPPLY**
21. Water Purchases – Includes variable costs of potable water from Three Valleys Municipal Water District (TVMWD) and California Domestic Water Company (CalDomestic), and recycled water purchases from City of Industry and Walnut Valley Water District (WVWD). YTD is at 43% due to water purchases during warm summer months.
22. Pumping Power – the cost of electricity used for pumping water. YTD is trending high at 48% due to high electricity utilized during warm summer months.
23. Fixed Charges – includes fixed charges from TVMWD and CalDomestic. YTD is at 38%.
24. Chemicals – the cost of chemicals used to treat water sold to customers. YTD is at 28%.
25. **TOTAL SOURCE OF SUPPLY**
26. Maintenance of Water System – the costs of repairs and maintenance on elements of the District water system such as main lines, services, meters, reservoirs, valves, hydrants, and telemetry system. YTD is at 37% due to the unpredictable nature of repairs and maintenance costs.
27. Service Contracts – includes costs for services such as billing printing and mailing, bulk paper shredding, copier leasing and services, landscaping, janitorial, uniforms, security system



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2021

monitoring and maintenance, Caselle maintenance and support, Harmony renewal, water rate study and other services. YTD is high at 49% due to consulting fees for the water rate study and annual maintenance for the Allegro base station, repeaters and Harmony support.

28. Assessments – operating costs billed to RWD for their share of the PWR JWLC, which is billed quarterly, and the Puente Basin Water Agency (PBWA), which is billed monthly. YTD can trend over/under budget due to the timing of billing. YTD is currently at 22%.
29. Vehicle Expense – includes repair and maintenance costs for District vehicles as well as the cost of fuel. YTD can trend over/under budget due to the timing of truck maintenance and fuel purchases. YTD is currently high at 54%.
30. Tools & Supplies – small tools and supplies used in the field. YTD can trend over/under budget due to the timing of tools and supplies. YTD is at 30%.
31. Equipment Expense – various costs incurred related to District equipment. YTD can trend over/under budget due to the timing of tools and supplies. YTD is high at 48% due to backhoe repairs.
32. Maintenance & Operations – various costs incurred for District maintenance and operations not directly related to the water system. YTD can trend over/under budget due to the timing of maintenance and operations. YTD is currently low at 30%.
33. Engineering – general engineering costs related to District operations. YTD is currently low at 23% due to timing of engineering costs.
34. Water Tests – laboratory testing and sampling of District water. YTD is at 43%.
35. Conservation – water conservation programs and efforts. YTD is low at 3% due to the timing of conservation costs.
36. Community Outreach – costs related to public relations and community outreach. YTD is high at 71% due to public relations consulting fees paid for RWD video series and Prop 218.
37. **TOTAL OPERATING EXPENSES**
38. **ADMINISTRATIVE EXPENSES**
39. Liability Insurance – coverage through ACWA JPIA for the District insurance package. YTD is high at 93% due to timing of insurance bill and budgeting method used.
40. IT Support Services – information technology support services. YTD is at 48% due to timing of IT support services.
41. IT Licensing – includes costs for various software licenses. YTD is at 44%.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2021

42. Director Expense – costs for director compensation and benefits. YTD is at 32% of budget due to less meetings during the COVID-19 pandemic.
43. Bank/Management Fees – includes various banking fees, Paymentus fees (for processing customer payments) and investment administrative fees. YTD is currently at 42%.
44. Legal Fees – legal costs related to RWD, PBWA and Public Water Agencies Group (PWAG). YTD is currently at 44%.
45. Compliance – includes costs for State Water Resources Control Board (SWRCB) compliance, LA County property taxes, various employee certifications, District permits, and maintenance costs for equipment compliance. YTD is at 32%.
46. Auditing & Accounting – includes consulting services for complex accounting matters and annual audit assurance services related to District financial reporting. YTD is high at 71% due to the timing of audit billing.
47. Utility Services – costs related to office electricity, office phones, gas and district cell phones. YTD is at 42%.
48. Dues & Memberships – costs for district memberships, dues and subscriptions to various agencies such as the Water Education Foundation, Association of California Water Agencies, Urban Water Institute, California Special Districts Association and American Water Works Association. YTD is high at 89% due the timing of these billings.
49. Conference & Meetings – conference attendance and meeting expenses. YTD is at high at 43% of budget due to timing of conference and meeting costs for District personnel.
50. Office Expenses – costs for office supplies, postage, printing and stationery. YTD is high at 50% due to Prop 218 mailing to customers.
51. Seminars/Training – employee seminars and training. YTD is high at 113% due to employee coaching consulting fees.
52. Miscellaneous Expense – includes costs for travel, books & subscriptions, and miscellaneous general expenses. YTD is at 24% due to the timing of these expenses.
53. **TOTAL ADMINISTRATIVE EXPENSES**
54. **PERSONNEL EXPENSES**
55. **WAGES**
56. Operations – wages expense (regular, standby, OT) attributable to Operations. YTD is at 31%.
57. Distribution – wages expense (regular, standby, OT) attributable to Distribution. YTD is at 38%.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2021

58. Administration – wages expense (regular) attributable to Administration. YTD is at 38%.
59. **TOTAL WAGES**
60. Payroll Taxes – employer payroll taxes paid by the District. YTD is trending at 34%.
61. Workers Compensation – the District is billed quarterly for workers compensation insurance which can occasionally cause this line item to trend over/under expected budget. YTD is currently at 17%
62. Unemployment – state unemployment insurance is paid quarterly which can cause this line to occasionally trend over/under expected budget. YTD is currently low at 5% due to timing differences.
63. CalPERS – includes retirement costs for employee pension plans through the California Public Employee Retirement System. Contributions are made monthly and an annual payment is made at the beginning of each fiscal year for the plan's unfunded accrued liability. Bond refunding savings of \$1.942 M will be repurposed to pay down the unfunded accrued liability. YTD is high at 71% due to payment timing of the unfunded accrued liability scheduled for November 2021.
64. OPEB Contributions – includes retirement costs for other post-employment benefits that provides medical, dental and vision coverage. There will be no OPEB contributions for the current fiscal year as the Public Agency Retirement Services (PARS) trust is fully funded.
65. EE & Retiree Health Insurance – includes the cost of health, dental, vision, life, and disability insurance for current employees as well as health insurance for retired employees. YTD is at 34%.
66. **TOTAL PERSONNEL EXPENSES**
67. **TOTAL EXPENSES**
68. **NET INCOME / (LOSS) BEFORE DEBT SERVICE & CAPITAL EXPENSES** – Financially, the District has performed as expected through November 2021.
69. Less: Total Debt Service – includes interest payments on outstanding District debt as well as related administrative expenses. Interest payments on outstanding debt are made twice per year (December/June).
70. Less: Capital Expenses (Current-Year) – includes expenses related to current-year district projects and capital assets, excluding projects funded by bond proceeds (debt). YTD is at 22%.
71. **CASH INCREASE / (DECREASE)**

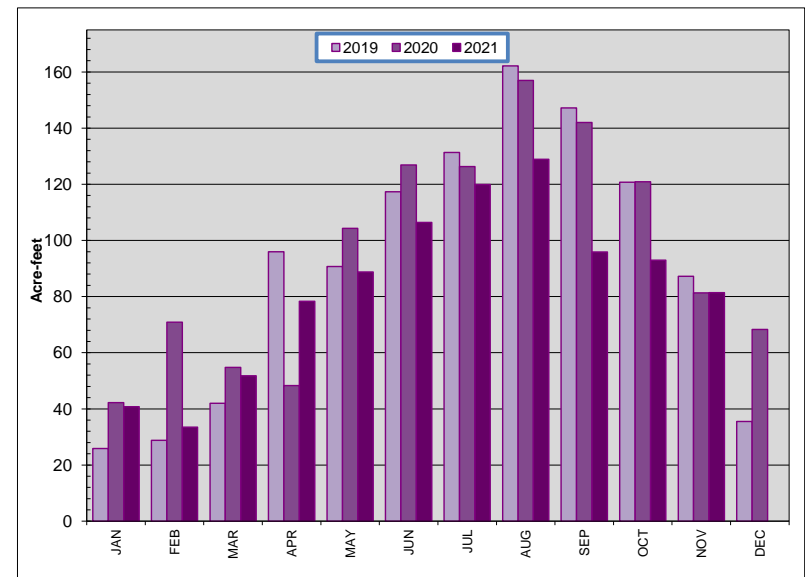
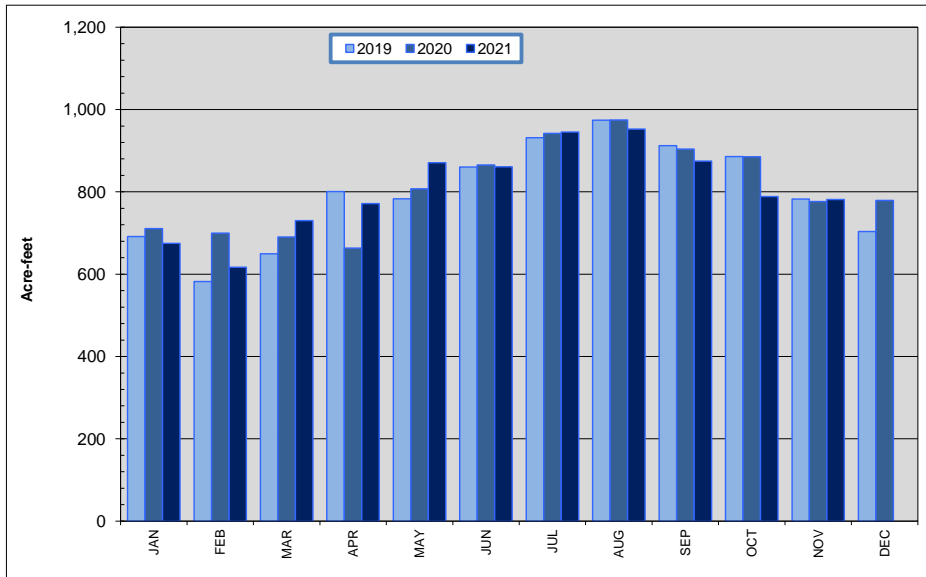


Water Purchases for CY 2021 (Acre-feet)



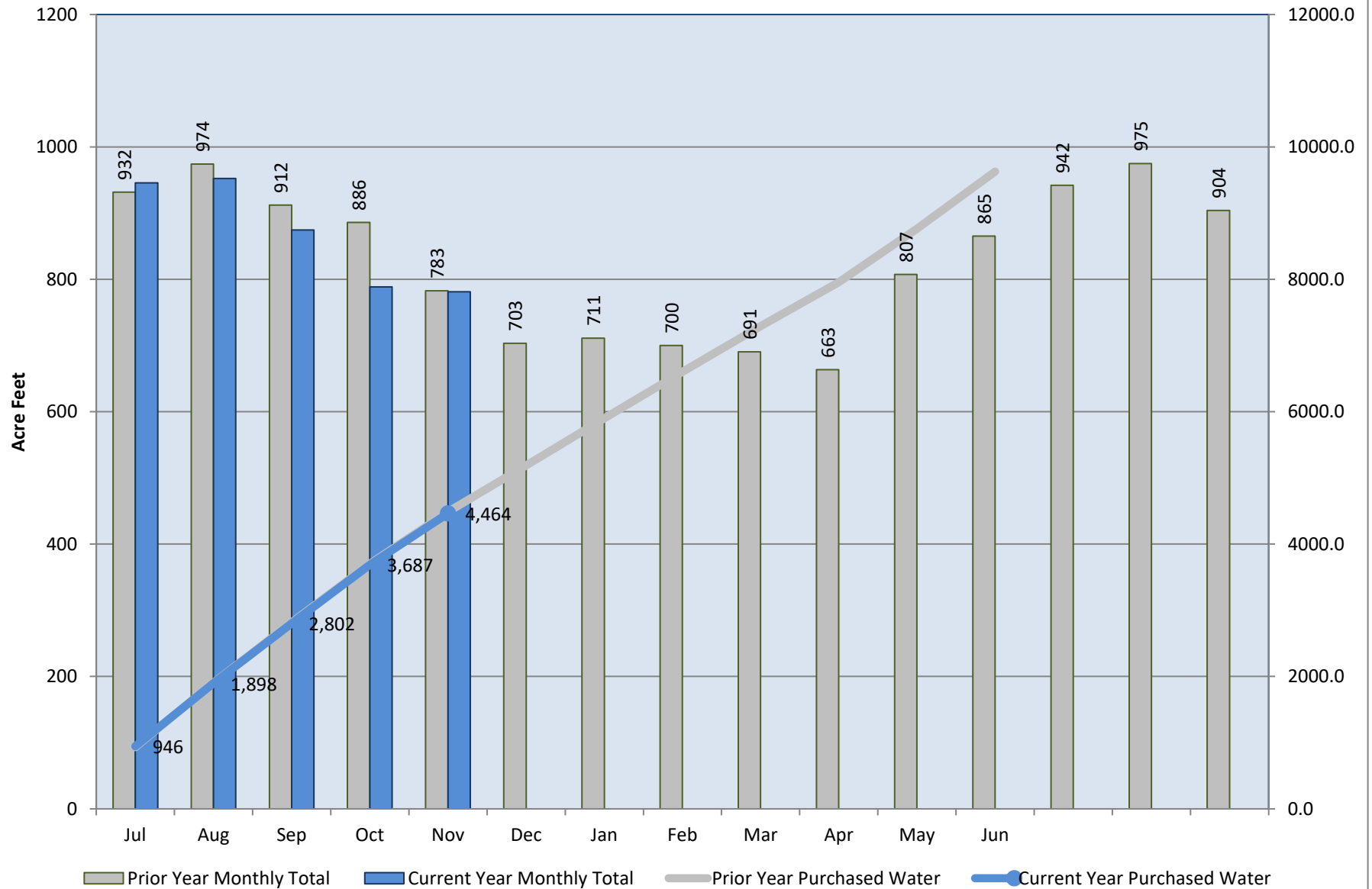
	POTABLE SYSTEM						TOTAL
	WBS	LHH	PM-9	PM-22	JWL		
					PM-15	Miramar	
JAN	164.1	0.0	0.0	235.9	180.3	94.8	675.1
FEB	157.9	0.0	0.0	194.1	76.6	188.4	617.0
MAR	182.9	0.0	0.0	246.5	74.4	226.2	730.0
APR	160.6	0.0	0.0	228.7	83.6	298.5	771.4
MAY	153.2	0.0	0.0	280.2	174.8	262.4	870.6
JUN	0.0	0.0	0.0	326.3	346.2	188.7	861.2
JUL	0.0	0.0	0.0	333.6	431.0	181.0	945.6
AUG	0.0	0.0	0.0	346.0	447.2	159.2	952.4
SEP	0.0	0.0	0.0	323.4	432.7	118.5	874.6
OCT	16.9	0.0	0.0	297.9	296.1	177.7	788.6
NOV	183.0	0.0	0.0	172.6	206.0	219.6	781.2
DEC							0.0
TOTAL	1,018.6	0.0	0.0	2,985.2	2,748.9	2,115.0	8,867.7

RECYCLED SYSTEM					TOTAL
Well 1	Wet Well	WVWD	Industry	Potable Make-up	
18.8	11.5	0.0	10.5	0.0	40.8
22.5	5.1	1.0	4.9	0.0	33.5
19.8	11.0	0.0	21.0	0.0	51.8
25.7	11.8	1.0	39.8	0.0	78.3
31.8	12.4	2.0	42.6	0.0	88.8
34.0	12.3	3.0	57.1	0.0	106.4
35.1	13.3	3.0	68.5	0.0	119.9
31.8	14.8	3.0	79.3	0.0	128.9
29.0	6.6	2.0	58.3	0.0	95.9
24.6	6.8	1.0	60.6	0.0	93.0
26.2	5.2	2.0	48.0	0.0	81.4
					0.0
299.3	110.8	18.0	490.6	0.0	918.7



Potable Water Purchases For FY 2021-2022

(Acre-feet)





DECEMBER 2021-DIRECTOR REIMBURSEMENTS

Director	Date of Meeting/Event	Meeting/Event Attended	Reimbursement	No Charge	Additional Comments <i>(Submit expense report if claiming mileage and/or meal reimbursement)</i>
Anthony J. Lima					
	12/2/2021	PBWA Meeting	\$185.00		
	12/14/2021	RWD Board Meeting	\$185.00		
	12/15/2021	Three Valleys Board Meeting	-----	X	
	12/15/2021	RWD Special Board Meeting	\$185.00		
		TOTAL PAYMENT	\$555.00		
John Bellah					
	12/1/2021	ACWA JPIA Fall Conference	\$185.00		Mileage and Parking
	12/2/2021	ACWA Fall Conference	\$185.00		Mileage and Parking
	12/14/2021	RWD Board Meeting	\$185.00		
	12/15/2021	RWD Special Board Meeting	\$185.00		
		TOTAL PAYMENT	\$740.00		
Robert W. Lewis					
	12/1/2021	ACWA JPIA Fall Conference	\$185.00		Mileage and Parking
	12/2/2021	ACWA Fall Conference	-----	X	Mileage and Parking
	12/2/2021	PBWA Meeting	\$185.00		
	12/13/2021	SGV Chamber GAC	-----	X	Meeting Cancelled
	12/14/2021	RWD Board Meeting	\$185.00		
	12/15/2021	RWD Special Board Meeting	\$185.00		
		TOTAL PAYMENT	\$740.00		
Szu Pei Lu-Yang					
	12/13/2021	RHCCC	\$185.00		
	12/14/2021	RWD Board Meeting	\$185.00		
	12/15/2021	TVMWD Board Meeting	-----	X	
	12/15/2021	RWD Special Board Meeting	\$185.00		
		TOTAL PAYMENT	\$555.00		
Vanessa Hsu					
	12/14/2021	RWD Board Meeting	\$185.00		
	12/15/2021	RWD Special Board Meeting	\$185.00		
		TOTAL PAYMENT	\$370.00		

APPROVED FOR PAYMENT:


Tom Coleman

**ROWLAND WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2021
(With Comparative Amounts as of June 30, 2020)**

NIGRO & NIGRO^{PC}

ROWLAND WATER DISTRICT

For the Fiscal Year Ended June 30, 2021

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Rowland Water District
Rowland Heights, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Rowland Water District (District), which comprise the balance sheet as of June 30, 2021, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions to the Defined Benefit Pension Plan, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, and Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Other Operating Expenses and Schedule of General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
December 15, 2021

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2021 and 2020

Management's Discussion and Analysis (MD&A) offers readers of Rowland Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2021. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2021, the District's net position increased 6.11%, or \$4,075,800 from the prior year's net position of \$66,715,624 to \$70,791,424, as a result of the year's operations.
- In fiscal year 2021, operating revenues increased by 5.93%, or \$1,561,526 from \$26,351,526 to \$27,913,052, from the prior year, primarily due to increases in residential, business, recycled water sales as well as increases in water service charges.
- In fiscal year 2021, operating expenses before depreciation expense increased by 2.13% or \$413,699 from \$19,395,147 to \$19,808,846, from the prior year, primarily due to increases in costs for source of supply, pumping and power, and transmission and distribution.

REQUIRED FINANCIAL STATEMENTS

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

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. 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 District's operations over the past year and can be used to determine if the District has successfully recovered all of 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 District'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 such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT

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

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

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District'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, zoning and new or changed government legislation.

Condensed Balance Sheets

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Assets:			
Current assets	\$ 14,601,197	\$ 16,334,341	\$ (1,733,144)
Non-current assets	34,334,908	34,179,027	155,881
Capital assets, net	<u>67,099,882</u>	<u>63,768,564</u>	<u>3,331,318</u>
Total assets	<u>116,035,987</u>	<u>114,281,932</u>	<u>1,754,055</u>
Deferred outflows of resources	<u>5,855,538</u>	<u>4,818,265</u>	<u>1,037,273</u>
Total assets and deferred outflows of resources	<u><u>\$ 121,891,525</u></u>	<u><u>\$ 119,100,197</u></u>	<u><u>\$ 2,791,328</u></u>
Liabilities:			
Current liabilities	\$ 8,020,196	\$ 7,981,067	\$ 39,129
Non-current liabilities	<u>41,704,030</u>	<u>42,661,165</u>	<u>(957,135)</u>
Total liabilities	<u>49,724,226</u>	<u>50,642,232</u>	<u>(918,006)</u>
Deferred inflows of resources	<u>1,375,875</u>	<u>1,742,341</u>	<u>(366,466)</u>
Net position:			
Net investment in capital assets	31,867,906	32,342,768	(474,862)
Unrestricted	<u>38,923,518</u>	<u>34,372,856</u>	<u>4,550,662</u>
Total net position	<u>70,791,424</u>	<u>66,715,624</u>	<u>4,075,800</u>
Total liabilities, deferred outflows of resources and net position	<u><u>\$ 121,891,525</u></u>	<u><u>\$ 119,100,197</u></u>	<u><u>\$ 2,791,328</u></u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$70,791,424 as of June 30, 2021.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited) *For the Years Ended June 30, 2021 and 2020*

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (45% as of June 30, 2021) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2021, the District showed a positive balance in its unrestricted net position of \$38,923,518 which may be utilized in future years.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Operating revenues	\$ 27,913,052	\$ 26,351,526	\$ 1,561,526
Operating expenses	<u>(19,808,846)</u>	<u>(19,395,147)</u>	<u>(413,699)</u>
Operating income before depreciation	8,104,206	6,956,379	1,147,827
Depreciation expense	<u>(3,434,208)</u>	<u>(2,805,219)</u>	<u>(628,989)</u>
Operating income	4,669,998	4,151,160	518,838
Non-operating revenues(expenses), net	<u>(594,198)</u>	<u>(564,866)</u>	<u>(29,332)</u>
Change in net position	4,075,800	3,586,294	489,506
Net position:			
Beginning of year	<u>66,715,624</u>	<u>63,129,330</u>	<u>3,586,294</u>
End of year	<u><u>\$ 70,791,424</u></u>	<u><u>\$ 66,715,624</u></u>	<u><u>\$ 4,075,800</u></u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased 6.81%, or \$4,075,800 from the prior year's net position of \$66,715,624 to \$70,791,424, as a result of the year's operations.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Years Ended June 30, 2021 and 2020*

FINANCIAL ANALYSIS OF THE DISTRICT (continued)**Total Revenues**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Water sales	\$ 15,597,274	\$ 13,814,524	\$ 1,782,750
Water service charges	11,840,763	11,130,851	709,912
New service connections	156,194	695,965	(539,771)
Reimbursements	128,347	429,198	(300,851)
Other operating revenues	<u>190,474</u>	<u>280,988</u>	<u>(90,514)</u>
Total operating revenues	<u>27,913,052</u>	<u>26,351,526</u>	<u>1,561,526</u>
Non-operating revenues:			
Property taxes	490,250	433,680	56,570
Investment earnings	(325,478)	(214,787)	(110,691)
Rental and contract revenue	132,736	219,021	(86,285)
Grant revenue – Proposition No. 84 funding	408,500	-	408,500
Other non-operating revenues	<u>178,016</u>	<u>116,263</u>	<u>61,753</u>
Total non-operating revenues	<u>884,024</u>	<u>554,177</u>	<u>329,847</u>
Total revenues	<u>\$ 28,797,076</u>	<u>\$ 26,905,703</u>	<u>\$ 1,891,373</u>

In fiscal year 2021, operating revenues increased by 5.93%, or \$1,561,526 from \$26,351,526 to \$27,913,052, from the prior year, primarily due to increases in residential, business, and recycled water sales as well as increases in water service charges. Also, non-operating revenues increased by 5.95%, or \$329,847 from \$554,177 to 884,024 due to the \$408,500 grant revenue reimbursement funding from Proposition No. 84.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Years Ended June 30, 2021 and 2020***FINANCIAL ANALYSIS OF THE DISTRICT (continued)****Total Expenses**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Source of supply	\$ 10,972,900	\$ 10,491,279	\$ 481,621
Pumping and power	1,175,185	1,134,476	40,709
Transmission and distribution	1,736,405	1,718,002	18,403
Customer services	81,834	85,533	(3,699)
Other operating expenses	473,839	387,859	85,980
General and administrative	<u>5,368,683</u>	<u>5,577,998</u>	<u>(209,315)</u>
Total operating expenses	<u>19,808,846</u>	<u>19,395,147</u>	<u>413,699</u>
Depreciation expense	<u>3,434,208</u>	<u>2,805,219</u>	<u>628,989</u>
Non-operating expenses:			
Interest expense	1,431,244	1,472,536	(41,292)
Transfer of inventory – water-in-storage to jv	3,808,880	-	3,808,880
Change in investment in joint-ventures	<u>(3,761,902)</u>	<u>(353,493)</u>	<u>(3,408,409)</u>
Total non-operating expenses	<u>1,478,222</u>	<u>1,119,043</u>	<u>359,179</u>
Total expenses	<u><u>\$ 24,721,276</u></u>	<u><u>\$ 23,319,409</u></u>	<u><u>\$ 1,401,867</u></u>

In fiscal year 2021, operating expenses before depreciation expense increased by 2.13% or \$413,699 from \$19,395,147 to \$19,808,846, from the prior year, primarily due to increases in costs for source of supply, pumping and power, and transmission and distribution.

Capital Assets

	<u>Balance June 30, 2021</u>	<u>Balance June 30, 2020</u>
Capital assets:		
Non-depreciable assets	\$ 5,697,770	\$ 4,395,141
Depreciable assets	100,671,796	95,672,370
Accumulated depreciation	<u>(39,269,684)</u>	<u>(36,298,947)</u>
Total capital assets, net	<u><u>\$ 67,099,882</u></u>	<u><u>\$ 63,768,564</u></u>

At the end of year 2021, the District's investment in capital assets amounted to \$67,099,882 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$6,765,526 for various projects and equipment. See Note 5 for further information.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited) *For the Years Ended June 30, 2021 and 2020*

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

The long-term debt of the District is summarized below:

	Balance June 30, 2021	Balance June 30, 2020
Long-term debt:		
Contract and bonds payable	\$ 35,231,976	\$ 36,386,229

Long-term debt decreased by a total of \$1,154,253 for the year ended June 30, 2021. Principal payments were \$1,035,000 and amortization of the debt premiums amounted to \$119,253. See Notes 7 and 8 for further information.

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.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

The District's Board of Directors and management considered many factors when setting the fiscal year 2022, user fees, and charges. A projection is made on the acre feet of water that will be purchased and sold. The District also looks at the increased cost of the Source of Supply. Since the District heavily relies on import water, the costs are directly passed through by Metropolitan Water District and Three Valleys Municipal Water District. Some are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as vehicle expenses and insurance coverages. The District's customer base has not changed significantly; therefore, revenue and costs are more easily projected. Questions concerning the information about the economic analysis, revenue and expense assumptions, and other budgetary process parameters utilized in the annual budget preparation can be obtained from the District's Finance Officer.

Water Revenue Refunding Bonds, Series 2021A

On September 8, 2021, the District took advantage of the decline in interest rates to refinance (defease) its Water Revenue Bonds, 2012 Series A and Water Revenue Refunding Bonds, Series 2014A with a new \$36,170,000 Water Revenue Refunding Bonds, Series 2021A debt offering.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District'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 District's Director of Finance, 3021 S. Fullerton Rd., Rowland Heights, CA 91748 - (562) 697-1726.

ROWLAND WATER DISTRICT

Balance Sheets

June 30, 2021 (With Comparative Amounts as of June 30, 2020)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 10,296,597	\$ 8,904,707
Accrued interest receivable	59,247	60,352
Accounts receivable, net (Note 3)	3,830,187	2,972,748
Property taxes receivable	-	7,838
Other receivables	32,815	461,572
Inventory – water-in-storage (Note 4)	103,512	3,678,271
Inventory – materials and supplies	192,443	156,695
Prepaid expenses	86,396	92,158
Total current assets	14,601,197	16,334,341
Non-current assets:		
Restricted – investments	-	4,960,433
Investments (Note 2)	12,691,980	11,337,568
Investments in joint-ventures (Note 4)	21,642,928	17,881,026
Capital assets – not being depreciated (Note 5)	5,697,770	4,395,141
Capital assets – being depreciated, net (Note 5)	61,402,112	59,373,423
Total non-current assets	101,434,790	97,947,591
Total assets	116,035,987	114,281,932
Deferred outflows of resources:		
Deferred amounts related to refunding of long-term debt (Note 8)	2,756,243	2,904,088
Deferred amounts related to net OPEB obligation (Note 9)	1,858,397	650,191
Deferred amounts related to net pension liability (Note 10)	1,240,898	1,263,986
Total deferred outflows of resources	5,855,538	4,818,265
Total assets and deferred outflows of resources	\$ 121,891,525	\$ 119,100,197
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,105,739	\$ 4,326,667
Deposits and unearned revenues	3,632,710	2,419,420
Accrued interest payable	109,760	113,040
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	91,987	86,940
Contract payable (Note 7)	495,000	475,000
Bonds payable (Note 8)	585,000	560,000
Total current liabilities	8,020,196	7,981,067
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	275,961	260,820
Contract payable (Note 7)	17,094,520	17,641,859
Bonds payable (Note 8)	17,057,456	17,709,370
Net OPEB obligation (Note 9)	1,905,587	2,098,483
Net pension liability (Note 10)	5,370,506	4,950,633
Total non-current liabilities	41,704,030	42,661,165
Total liabilities	49,724,226	50,642,232
Deferred inflows of resources:		
Deferred amounts related to net OPEB obligation (Note 9)	1,168,468	1,367,233
Deferred amounts related to net pension liability (Note 10)	207,407	375,108
Total deferred inflows of resources	1,375,875	1,742,341
Net position:		
Net investment in capital assets (Note 11)	31,867,906	32,342,768
Unrestricted	38,923,518	34,372,856
Total net position	70,791,424	66,715,624
Total liabilities, deferred inflows of resources and net position	\$ 121,891,525	\$ 119,100,197

ROWLAND WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Water sales	\$ 15,597,274	\$ 13,814,524
Water service charges	11,840,763	11,130,851
New service connections	156,194	695,965
Reimbursements	128,347	429,198
Other operating revenues	<u>190,474</u>	<u>280,988</u>
Total operating revenues	<u>27,913,052</u>	<u>26,351,526</u>
Operating expenses:		
Source of supply	10,972,900	10,491,279
Pumping and power	1,175,185	1,134,476
Transmission and distribution	1,736,405	1,718,002
Customer services	81,834	85,533
Other operating	473,839	387,859
General and administrative	<u>5,368,683</u>	<u>5,577,998</u>
Total operating expenses	<u>19,808,846</u>	<u>19,395,147</u>
Operating income before depreciation	8,104,206	6,956,379
Depreciation expense	<u>(3,434,208)</u>	<u>(2,805,219)</u>
Operating income	<u>4,669,998</u>	<u>4,151,160</u>
Non-operating revenues(expenses):		
Property taxes	490,250	433,680
Investment earnings	(325,478)	(214,787)
Rental and contract revenue	132,736	219,021
Grant revenue – Propostion No. 84 funding	408,500	-
Other non-operating revenues	178,016	116,263
Interest expense	(1,431,244)	(1,472,536)
Transfer of inventory – water-in-storage to joint-venture (Note 4)	(3,808,880)	-
Change in investment in joint-ventures (Note 4)	<u>3,761,902</u>	<u>353,493</u>
Total non-operating revenues(expenses), net	<u>(594,198)</u>	<u>(564,866)</u>
Change in net position	4,075,800	3,586,294
Net position:		
Beginning of year	<u>66,715,624</u>	<u>63,129,330</u>
End of year	<u>\$ 70,791,424</u>	<u>\$ 66,715,624</u>

ROWLAND WATER DISTRICT*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 29,416,912	\$ 27,632,346
Cash paid to employees for salaries and wages	(2,969,340)	(2,877,318)
Cash paid to vendors and suppliers for materials and services	<u>(19,395,260)</u>	<u>(15,091,796)</u>
Net cash provided by operating activities	<u>7,052,312</u>	<u>9,663,232</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	<u>498,088</u>	<u>425,842</u>
Net cash provided by non-capital financing activities	<u>498,088</u>	<u>425,842</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(6,765,526)	(5,614,900)
Principal paid on long-term debt	(1,035,000)	(1,000,000)
Interest paid on long-term debt	<u>(1,405,932)</u>	<u>(1,441,202)</u>
Net cash used in capital and related financing activities	<u>(9,206,458)</u>	<u>(8,056,102)</u>
Cash flows from investing activities:		
Change in investments	3,606,021	1,397
Investment earnings	232,887	440,022
Contributions to joint-ventures	<u>(790,960)</u>	<u>(612,232)</u>
Net cash provided by (used in) investing activities	<u>3,047,948</u>	<u>(170,813)</u>
Net increase in cash and cash equivalents	<u>1,391,890</u>	<u>1,862,159</u>
Cash and cash equivalents:		
Beginning of year	<u>8,904,707</u>	<u>7,042,548</u>
End of year	<u><u>\$ 10,296,597</u></u>	<u><u>\$ 8,904,707</u></u>

ROWLAND WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,669,998	\$ 4,151,160
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,434,208	2,805,219
Allowance for bad debt	220,587	100,349
Rental and contract revenue	132,736	219,021
Grant revenue – Proposition No. 84 funding	408,500	-
Other non-operating revenues	178,016	116,263
Change in assets – (increase)decrease:		
Accounts receivable, net	(1,078,026)	(13,375)
Other receivables	428,757	(369,608)
Inventory – water-in-storage	(421)	(18,864)
Inventory – materials and supplies	(35,748)	106,794
Prepaid expenses	5,762	(10,395)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB obligation	(1,208,206)	(34,265)
Deferred amounts related to net pension liability	23,088	(67,996)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(1,220,928)	1,449,460
Deposits and unearned revenues	1,213,290	1,228,170
Compensated absences	20,188	6,657
Net OPEB obligation	(192,896)	(835,158)
Net pension liability	419,873	423,413
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to net OPEB obligation	(198,765)	332,177
Deferred amounts related to net pension liability	(167,701)	74,210
Total adjustments	<u>2,382,314</u>	<u>5,512,072</u>
Net cash provided by operating activities	<u>\$ 7,052,312</u>	<u>\$ 9,663,232</u>
Noncash investing, capital and financing transactions:		
Change in fair-value of investments	<u>\$ (557,260)</u>	<u>\$ 191,423</u>
Amortization of bond discount	<u>\$ 119,253</u>	<u>\$ 119,253</u>
Amortization of deferred amounts related to refunding of long-term debt	<u>\$ (147,845)</u>	<u>\$ (147,845)</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Rowland Water District (District) was formed by the voters on March 3, 1953 under the County Water District Law, Division 12 Water Code, State of California, to provide a safe and reliable water source to allow the community to transform a cattle raising and farming area into the large urban and industrial area it serves today. The District encompasses a 17.2 square mile area in Southeastern Los Angeles County, which services portions of Rowland Heights, La Puente, Hacienda Heights, City of Industry, and City of West Covina. The service area's population is approximately 60,000.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District 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 District 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.

B. Basis of Presentation, Basis of Accounting

The District 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 District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

New Accounting Pronouncement

GASB 84 – In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The District adopted this standard in the current fiscal year. Implementation of GASB 84 removed the previously reported OPEB trust that no longer qualifies as a fiduciary fund of the District.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

4. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

5. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Inventories and Water in Storage

Supply inventories maintained by the District consist primarily of water meters and accessories, water pipes, valves, and various fittings. Inventories are valued at cost using the first-in, first-out method. Water in storage is valued at average cost.

7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$10,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Transmission and distribution system	15-75 years
Equipment	5-10 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

9. Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave (employee benefits). Liabilities for vacation leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination. Also, in accordance with the District's policy, employees may accrue unlimited sick time. Upon attaining 352 hours, the employee may exercise the option to exchange 50% of sick leave hours earned in the previous twelve-months for cash or vacation time. Upon separation, retirement, or death, an employee shall receive, as an additional retirement benefit, an amount equal to 50% of accrued hours for unused sick leave pay for up to 352 hours or 176 hours.

10. Pensions

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

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Pensions (continued)

The following timeframes are used for pension reporting:

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

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

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

12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Property Taxes

The Los Angeles County Assessor's Office assesses all real and personal property within the County each year. The Los Angeles County Tax Collector's Office bills and collects the District's share of property taxes. The Los Angeles County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A 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 Los Angeles County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

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

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2021</u>
Cash and cash equivalents	\$ 10,296,597
Investments	<u>12,691,980</u>
Total cash and investments	<u>\$ 22,988,577</u>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2021</u>
Petty cash	\$ 400
Demand deposits held with financial institutions	8,177,786
Investments	<u>14,810,391</u>
Total cash and investments	<u>\$ 22,988,577</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2021, the carrying amount of the District's demand deposits were \$8,177,786 and the financial institution's balances were \$8,188,712. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local 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. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2021, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Investments

The District's investments as of June 30, 2021 are presented in the following Investment Table:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 2	N/A	\$ 755,438	\$ 500,673	\$ 254,765	\$ -
U.S. government sponsored agency securities	Level 2	A to AAA	7,568,898	2,501,993	1,665,411	3,401,494
Medium-term notes	Level 2	A to AAA	3,171,525	101,687	259,888	2,809,950
Negotiable certificates-of-deposit	Level 2	AAA	487,642	487,642	-	-
Local Agency Investment Fund (LAIF)	N/A	N/A	2,118,411	2,118,411	-	-
Money-market mutual funds	N/A	AAA	708,477	708,477	-	-
Total investments			\$ 14,810,391	\$ 6,418,883	\$ 2,180,064	\$ 6,211,444

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2021*

NOTE 2 – CASH AND INVESTMENTS (continued)**Investments Authorized by the California Government Code and the District's Investment Policy**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5-years	None	None
U.S. Government Sponsored Agency Securities	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	5%
CD Placement Service	5-years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1-year	None	None
Commercial Paper	270 days	25%	10%
Medium- Term Notes	5-years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5-years	None	None
Bank/Time Deposits	5-years	None	None

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2021*

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 District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Obligations	None	None	None
US Government Sponsored Agency Securities:	None	None	None
Federal Home Loan Bank	None	None	None
Federal Home Loan Mortgage Corporation	None	None	None
Federal National Mortgage Association	None	None	None
Federal Farm Credit Bank	None	None	None
State and Local Agency Obligations	None	None	None
Banker's Acceptances	1-year	None	None
Medium- Term Notes	3-year	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2021.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2021. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2021*

NOTE 2 – CASH AND INVESTMENTS (continued)**Concentration of Credit Risk**

Investments in any one issuer that represent 5% or more of total District investments are as follows:

<u>Issuer</u>	<u>Amount</u>
U.S. government sponsored agency securities:	
Federal National Mortgage Association	\$ 2,722,572
Federal Farm Credit Banks Funding Corporation	\$ 1,195,108
Federal Home Loan Bank	\$ 3,098,065

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District's investments were assigned a Level 2 input on the Investment Table.

Investment in State Investment Pool

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

NOTE 3 – ACCOUNTS RECEIVABLE, NET

The balance at June 30, 2021 consists of the following:

<u>Description</u>	<u>June 30, 2021</u>
Accounts receivable	\$ 4,050,775
Allowance for doubtful accounts	<u>(220,588)</u>
Total accounts receivable, net	<u>\$ 3,830,187</u>

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2021***NOTE 4 – INVESTMENTS IN JOINT-VENTURES**

The balance at June 30, 2021 consists of the following;

Investments in Joint-Ventures	PBWA	PWR-JWLC	Total
Balance – beginning of year	\$ 16,980,625	\$ 900,401	17,881,026
Change in investment in joint-ventures	<u>3,756,465</u>	<u>5,437</u>	<u>3,761,902</u>
Balance – end of year	<u>\$ 20,737,090</u>	<u>\$ 905,838</u>	<u>\$ 21,642,928</u>

Puente Basin Water Agency (PBWA)

The Puente Basin Water Agency (the Agency) was created in 1971 by the execution of a Joint Powers Agreement (the Agreement) between the Rowland Water District and the Walnut Valley Water District. The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The Agency was organized for the purpose of protection and utilization of the local, imported, and reclaimed water supply within the Puente Basin. The Agency is governed by a four-member-appointed Board of Commissioners. Each District appoints two members to this board.

Upon dissolution of the Agency, the assets in the possession of the Agency shall be distributed to the members as their interest may appear on the books of the Agency and pursuant to the provisions of Section 6512 of the California Government Code. Complete financial statements for the Agency can be obtained by written request at 271 South Brea Canyon Road, Walnut, California.

The changes in its investment in Puente Basin Water Agency consist of the following as of June 30, 2021:

Description	June 30, 2021
Balance – beginning of year	\$ 16,980,625
Share of net income	<u>3,756,465</u>
Balance – end of year	<u>\$ 20,737,090</u>

The following is condensed financial information of the investment in Puente Basin Water Agency as of and for the year ended June 30, 2021, including the participants' approximate percentage shares:

Description	June 30, 2021	District Share 50%
Total assets	<u>\$ 78,795,024</u>	
Total liabilities	\$ 37,320,844	
Total net position	<u>41,474,180</u>	<u>\$ 20,737,090</u>
Total liabilities and net position	<u>\$ 78,795,024</u>	

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 4 – INVESTMENTS IN JOINT-VENTURES (continued)

Pomona-Walnut-Rowland Joint Water Line Commission (PWR-JWLC)

The District is a member of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission). The Commission was formed under the Joint Powers Agreement (the JPA) of 1956 between the City of Pomona, the Walnut Valley Water District (WVWD), and the Rowland Water District (RWD). The JPA's purpose is to acquire, construct, maintain, repair, manage, and operate a water transmission pipeline for the benefit of the members' water supplies. The Commission is governed by a three-member board composed of one appointee from each member agency. Each year, every member agency is charged an assessment for their share of the general and administrative costs of the Commission, which is allocated to each agency on a one-third basis. A budget assessment is collected each fiscal year and each agency pays one-third of the amount of the assessment as well as a capital surcharge for the future replacement of the pipeline. For the year ended June 30, 2021, the District remitted assessments totaling \$46,463 for their share of general and administrative costs and future replacement costs. Upon dissolution of the Commission, the net position will be divided in proportion to the contribution each agency made to the maintenance and operation account during the last prior 12-month period. The District, consequently, has an ongoing financial responsibility in the activities of the Commission. However, the JPA does not explicitly require the measurement of the District's equity interest in the Commission. Complete financial statements for the Commission can be obtained by written request at P.O. Box 508, Walnut, California.

The changes in its investment in the Commission consisted of the following as of June 30, 2021:

<u>Description</u>	<u>June 30, 2021</u>
Balance – beginning of year	\$ 900,401
Share of net income	<u>5,437</u>
Balance – end of year	<u>\$ 905,838</u>

The following is condensed financial information of the investment in Pomona-Walnut-Rowland Joint Water Line Commission as of and for the year ended June 30, 2021, including the participants' approximate percentage shares:

<u>Description</u>	<u>June 30, 2021</u>	<u>Member Share</u>		
		<u>City of Pomona</u> <u>25.8%</u>	<u>WVWD</u> <u>45.1%</u>	<u>RWD</u> <u>29.1%</u>
Total assets	<u>\$ 7,184,011</u>			
Total liabilities	\$ 4,071,166			
Total net position	<u>3,112,845</u>	<u>\$ 803,114</u>	<u>\$ 1,403,893</u>	<u>\$ 905,838</u>
Total liabilities and net position	<u>\$ 7,184,011</u>			

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2021, were as follows:

Description	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 261,340	\$ -	\$ -	\$ 261,340
Water rights	5,000	-	-	5,000
Construction-in-process	4,128,801	6,541,703	(5,239,074)	5,431,430
Total non-depreciable assets	4,395,141	6,541,703	(5,239,074)	5,697,770
Depreciable assets:				
Sources of supply	2,110,034	-	-	2,110,034
Pumping	10,740,101	-	-	10,740,101
Transmission and distribution system	71,231,098	3,854,839	(222,882)	74,863,055
Intangible assets	1,022,551	-	-	1,022,551
Telemetry equipment	1,219,125	659,032	(72,238)	1,805,919
Office building and equipment	7,187,225	362,649	(2,997)	7,546,877
General plant	1,064,966	339,647	(97,888)	1,306,725
Transportation equipment	1,097,270	246,730	(67,466)	1,276,534
Total depreciable assets	95,672,370	5,462,897	(463,471)	100,671,796
Accumulated depreciation:				
Sources of supply	(1,152,880)	(90,480)	-	(1,243,360)
Pumping	(4,663,612)	(380,385)	-	(5,043,997)
Transmission and distribution system	(25,670,174)	(1,869,110)	222,882	(27,316,402)
Intangible assets	(81,804)	(490,747)	-	(572,551)
Telemetry equipment	(1,089,302)	(35,689)	72,238	(1,052,753)
Office building and equipment	(2,615,989)	(358,887)	2,997	(2,971,879)
General plant	(517,370)	(52,847)	97,888	(472,329)
Transportation equipment	(507,816)	(156,063)	67,466	(596,413)
Total accumulated depreciation	(36,298,947)	(3,434,208)	463,471	(39,269,684)
Total depreciable assets, net	59,373,423	2,028,689	-	61,402,112
Total capital assets, net	\$ 63,768,564	\$ 8,570,392	\$ (5,239,074)	\$ 67,099,882

NOTE 6 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2021, were as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
\$ 347,760	\$ 323,126	\$ (302,938)	\$ 367,948	\$ 91,987	\$ 275,961

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – CONTRACT PAYABLE

On November 1, 2012, the Puente Basin Water Agency issued \$19,835,000 in Water Revenue Bonds, 2012 Series A in order to finance the acquisition of certain water system improvements of the District. Proceeds of the bonds, including \$1,570,182 of bond premium, were loaned to the District pursuant to an installment purchase contract entered into concurrently with the bonds' issuance.

The bond premium is being amortized and recognized as interest expense over the life of the debt on a straight-line basis. The installment purchase contract payments mirror the debt service payments on the Water Revenue Bonds, 2012 Series A. Interest is payable semiannually on December 1 and June 1 at rates ranging from 2.00% to 5.00%.

All unspent proceeds from the bonds plus investments earnings on those proceeds were utilized.

The District's obligation to make installment payments is a special obligation of the District payable solely from the net revenues of the District. The following is a summary of the installment purchase contract for the year ended June 30, 2021:

Description	Balance	Additions	Deductions	Balance	Current Portion	Long-term Portion
	July 1, 2020			June 30, 2021		
2012 Series A Water Revenue Bonds	\$ 16,935,000	\$ -	\$ (475,000)	\$ 16,460,000	\$ 495,000	\$ 15,965,000
2012 Series A Water Revenue Bonds – Premium	1,181,859	-	(52,339)	1,129,520	-	1,129,520
	<u>\$ 18,116,859</u>	<u>\$ -</u>	<u>\$ (527,339)</u>	<u>\$ 17,589,520</u>	<u>\$ 495,000</u>	<u>\$ 17,094,520</u>

Maturities of the installment purchase contract and interest payments subsequent to June 30, 2021, are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 495,000	\$ 656,600	\$ 1,151,600
2023	515,000	636,400	1,151,400
2024	540,000	615,300	1,155,300
2025	560,000	593,300	1,153,300
2026	580,000	570,500	1,150,500
2027-2031	3,205,000	2,559,825	5,764,825
2032-2036	3,750,000	2,020,626	5,770,626
2037-2041	3,600,000	1,149,500	4,749,500
2041-2043	3,215,000	111,125	3,326,125
Total	16,460,000	<u>\$ 8,913,176</u>	<u>\$ 25,373,176</u>
Current	<u>(495,000)</u>		
Long-term	<u>\$ 15,965,000</u>		

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – BONDS PAYABLE

Water Revenue Refunding Bonds, Series 2014A were issued on September 18, 2014, in the amount of \$20,060,000 to refund \$19,105,000 of outstanding balance on the 2008 Certificates of Participation. The prior obligations were issued to finance certain improvements.

The bonds were issued at a premium of \$1,686,785, which is being amortized over the life of the debt on a straight-line basis.

These bonds mature in various amounts through December 1, 2039. Interest is payable semiannually on December 1 and June 1 at rates ranging from 2.00% to 5.00%. The installment payments on these bonds are secured by a first priority lien on the net revenues of the District. The following is a summary of the changes in Water Revenue Refunding Bonds, Series 2014A for the year ended June 30, 2020:

Description	Balance	Additions	Deductions	Balance	Current Portion	Long-term Portion
	July 1, 2020			June 30, 2021		
2014A Series Water Revenue Refunding Bonds	\$ 16,955,000	\$ -	\$ (560,000)	\$ 16,395,000	\$ 585,000	\$ 15,810,000
2014A Series Water Revenue Bonds – Premium	1,314,370	-	(66,914)	1,247,456	-	1,247,456
	<u>\$ 18,269,370</u>	<u>\$ -</u>	<u>\$ (626,914)</u>	<u>\$ 17,642,456</u>	<u>\$ 585,000</u>	<u>\$ 17,057,456</u>

Maturities of the Water Revenue Refunding Bonds, Series 2014A and interest payments subsequent to June 30, 2021, are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 585,000	\$ 707,044	\$ 1,292,044
2023	610,000	683,144	1,293,144
2024	630,000	658,344	1,288,344
2025	660,000	632,544	1,292,544
2026	685,000	605,645	1,290,645
2027-2031	3,815,000	2,673,725	6,488,725
2032-2036	4,700,000	1,788,500	6,488,500
2037-2040	<u>4,710,000</u>	<u>486,000</u>	<u>5,196,000</u>
Total	16,395,000	<u>\$ 8,234,946</u>	<u>\$ 24,629,946</u>
Current	<u>(585,000)</u>		
Long-term	<u>\$ 15,810,000</u>		

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2021</u>
OPEB related deferred outflows	\$ 1,858,397
Net other post-employment benefits obligation	1,905,587
OPEB related deferred inflows	1,168,468

A. General Information about the OPEB Plan

Plan Description

The District has an agent multiple-employer other post-employment benefit plan that provides medical, dental, and vision coverage to 27 active employees, 10 retired employees, and 7 covered dependents of retirees through the ACWA health program as of the measurement date, June 30, 2020. At retirement, the District provides a contribution for the continuation of these coverage's for eligible retirees. Eligibility for a District contribution requires retirement from the District and under CalPERS on or after age 50 with at least 15 years of continuous service. The District provides 100% of the cost of coverage for the retiree and any covered spouse. Employees hired on or after July 1, 2012, are eligible for a District contribution if retiring from the District and under CalPERS on or after age 62 with at least 15 years of continuous District service. The District provides 100% of the cost of coverage for the retiree only and covered spouse.

An employee may also be eligible for retiree medical, dental, and vision benefits if, at the time of retirement from the District, the employee has at least twenty-five (25) years of service in the water utility industry, has been employed by the District for a minimum continuous period of five (5) years, and has attained a minimum age of fifty (50) years. For purposes of this benefit, "retirement from the District" means the employee's effective retirement date is within 120 days of separation from employment with the District and the employee receive either a service or disability retirement allowance from CalPERS resulting from his or her service to the District.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2020, the measurement period, the District's contributions totaling \$641,224 included \$420,000 placed in its PARS OPEB Trust, \$186,123 in current year premium payments, and an implied subsidy of \$35,101.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan (continued)

Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	
Long-Term Expected	
Rate of Return on Investments	6.50%
Inflation	2.26%
Payroll increases	3.25%
Healthcare Trend Rates	Pre-65 - 6.95% trending down annually to 5.0% by 2029 and later Post-65 - 5% trending down annually to 5.0% by 2029 and later
Morbidity	CalPERS 2017 Study
Mortality	CalPERS 2017 Study
Disability	Not valued
Retirement	2017 CalPERS Public Agency Miscellaneous experience study; 2.5% @ 55 and 2% @ 62
Percent Married	80% of future retirees would enroll a spouse

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 the arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
PARS moderate investment policy:		
Equity	48.25%	5.65%
Fixed income	45.00%	1.39%
REITs	1.75%	5.06%
Cash	5.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total</u>	<u>Plan Fiduciary</u>	<u>Net</u>
	<u>OPEB Liability</u>	<u>Net Position</u>	<u>OPEB Liability</u>
Balance at July 1, 2020 (Measurement date July 1, 2019)	\$ 6,388,825	\$ 4,290,342	\$ 2,098,483
Changes for the year:			
Service cost	145,698	-	145,698
Interest	417,667	-	417,667
Differences in experience	51,531	-	51,531
Changes in assumption	-	-	-
Employer contributions	-	641,224	(641,224)
Net investment income	-	166,568	(166,568)
Benefit payments	(221,224)	(221,224)	-
Net changes	393,672	586,568	(192,896)
Balance at June 30, 2021 (Measurement date June 30, 2020)	\$ 6,782,497	\$ 4,876,910	\$ 1,905,587

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions

In fiscal year 2019-20, the census data from the plans participants was updated, which decreased the total OPEB liability by \$0.

Change of Benefit Terms

In fiscal year 2019-20, the measurement period, there were no changes to the actuarial assumptions.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current discount rate:

	1% Decrease 5.5%	Discount Rate 6.5%	1% Increase 7.5%
Net OPEB Liability	<u>\$ 3,077,738</u>	<u>\$ 1,905,587</u>	<u>\$ 969,604</u>

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	Healthcare Cost		
	7.0% Decreasing to 4.0%	8.0% Decreasing to 5.0%	9.0% Decreasing to 6.0%
Net OPEB Liability	<u>\$ 3,233,048</u>	<u>\$ 1,905,587</u>	<u>\$ 974,875</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$102,004. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	\$ 1,701,871	\$ -
Changes in assumptions	-	(519,218)
Differences between expected and actual experience	54,432	(619,707)
Differences between projected and actual earnings on OPEB plan investments	102,094	(29,543)
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 1,858,397</u>	<u>\$ (1,168,468)</u>

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$1,701,871 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period	Deferred
Fiscal Year Ended June 30	Outflows/(Inflows)
	of Resources
2021	\$ (169,054)
2022	(149,475)
2023	(150,226)
2024	(146,905)
2025	(172,052)
Thereafter	(224,230)
Total	\$ (1,011,942)

At June 30, 2021, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

NOTE 10 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2021
Pension related deferred outflows	\$ 1,240,898
Net pension liability	5,370,506
Pension related deferred inflows	207,407

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates – FY 2020	11.432%	6.985%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2020 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	17	8	25
Transferred and terminated members	16	4	20
Retired members and beneficiaries	18	-	18
Total plan members	51	12	63

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2021***NOTE 10 – PENSION PLAN (continued)****A. General Information about the Pension Plan (continued)****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 nonindustrial disability benefits after five 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.

Contributions

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

Contributions for the year ended June 30, 2021, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 575,957	\$ 66,085	\$ 642,042

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**Proportionate Share of Net Pension Liability and Pension Expense**

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

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2021:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	
Measurement Date	June 30, 2020	June 30, 2019	
Percentage of Risk Pool Net Pension Liability	0.127321%	0.123627%	0.003694%
Percentage of Plan Net Pension Liability	0.049359%	0.048313%	0.001046%

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The District's proportionate share percentage of the net pension liability for the June 30, 2020, measurement date was as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement Date)	\$ 19,564,998	\$ 14,614,365	\$ 4,950,633
Balance as of June 30, 2020 (Measurement Date)	\$ 20,719,771	\$ 15,349,265	\$ 5,370,506
Change in Plan Net Pension Liability	\$ 1,154,773	\$ 734,900	\$ 419,873

For the year ended June 30, 2020, the District recognized pension expense of \$917,301. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 642,042	\$ -
Difference between actual and proportionate share of employer contributions		(169,102)
Adjustment due to differences in proportions	162,558	-
Differences between expected and actual experience	276,758	-
Differences between projected and actual earnings on pension plan investments	159,539	-
Changes in assumptions	-	(38,305)
Total Deferred Outflows/(Inflows) of Resources	\$ 1,240,897	\$ (207,407)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.8 years.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

An amount of \$642,042 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 45,799
2023	149,149
2024	119,983
2025	76,520
Total	\$ 391,451

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return (continued)

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 table below reflects long-term expected real rate of return by asset class.

Investment Type¹	New Strategic Allocation	Real Return Years 1 - 10²	Real Return Years 11+³
Global 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 Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

¹ In the CalPERS'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 securities and global debt securities.

² An expected inflation rate-of-return of 2.5% is used for years 1-10.

³ An expected inflation rate-of-return of 2.9% is used for years 11+.

Discount Rate

The discount rate used to measure the total pension liability 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.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, 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%) or 1 percentage-point higher (8.15%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	8,127,802	\$ 5,370,506	\$ 3,092,239

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2020, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021.

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

<u>Description</u>	<u>June 30, 2021</u>
Net investment in capital assets:	
Restricted – investments	\$ -
Capital assets – not being depreciated	5,697,770
Capital assets, net – being depreciated	61,402,112
Contract payable – current portion	(495,000)
Bonds payable – current portion	(585,000)
Contract payable – non-current portion	(17,094,520)
Bonds payable – non-current portion	<u>(17,057,456)</u>
Total net investment in capital assets	<u>\$ 31,867,906</u>

NOTE 12 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 13 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2020 – 445 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2020
Audit signed	May 14, 2021
Statement of financial position:	Sept 30, 2020
Total assets	<u>\$ 212,099,851</u>
Deferred outflows	<u>553,790</u>
Total liabilities	<u>112,046,920</u>
Deferred inflows	<u>1,672,219</u>
Net position	<u><u>\$ 98,934,502</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 181,825,144
Total expenses	<u>(169,356,246)</u>
Change in net position	12,468,898
Beginning – net position	<u>86,465,604</u>
Ending – net position	<u><u>\$ 98,934,502</u></u>
F. Member agencies share of year-end financial position	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible.
Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 13 – RISK MANAGEMENT POOL (continued)

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

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 District's insurance coverage during the years ending June 30, 2021, 2020, and 2019. 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, 2021, 2020, and 2019.

NOTE 14 – COMMITMENTS AND CONTINGENCIES (continued)

Litigation

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

NOTE 15 – SUBSEQUENT EVENTS

Water Revenue Refunding Bonds, Series 2021A

On September 8, 2021, the District took advantage of the decline in interest rates to refinance (defease) its Water Revenue Bonds, 2012 Series A and Water Revenue Refunding Bonds, Series 2014A with a new \$36,170,000 Water Revenue Refunding Bonds, Series 2021A debt offering. The District achieved a net present value savings from the defeasance of \$3,926,597.

Required Supplementary Information

ROWLAND WATER DISTRICT*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2021***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.03764%	\$ 2,341,881	\$ 2,046,157	114.45%	83.35%
June 30, 2015	0.04441%	3,309,528	2,161,937	153.08%	78.38%
June 30, 2016	0.04547%	3,934,518	2,099,673	187.39%	75.20%
June 30, 2017	0.04646%	4,607,714	2,167,973	212.54%	74.47%
June 30, 2018	0.04698%	4,527,220	2,279,335	198.62%	75.80%
June 30, 2019	0.04831%	4,950,633	2,353,585	210.34%	74.70%
June 30, 2020	0.04936%	5,370,506	2,587,427	207.56%	74.08%

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

Changes in Assumptions:**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

ROWLAND WATER DISTRICT*Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2021***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 334,790	\$ (334,790)	\$ -	\$ 2,161,937	15.49%
June 30, 2016	337,455	(337,455)	-	2,099,673	16.07%
June 30, 2017	371,209	(371,209)	-	2,167,973	17.12%
June 30, 2018	414,273	(414,273)	-	2,279,335	18.18%
June 30, 2019	483,791	(483,791)	-	2,353,585	20.56%
June 30, 2020	570,560	(570,560)	-	2,587,427	22.05%
June 30, 2021	642,042	(642,042)	-	2,767,654	23.20%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2% @ 55 and 2% @ 60), 52 years (2% @ 62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first measurement date year of implementation; therefore, only seven years are shown.

ROWLAND WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2021

	Last Ten Fiscal Years*			
Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:				
Service cost	\$ 145,698	\$ 124,022	\$ 99,230	\$ 121,597
Interest	417,667	427,189	394,763	450,304
Changes of assumptions	-	(262,190)	-	(526,713)
Differences between expected and actual experience	51,531	(253,977)	11,333	(710,721)
Changes of benefit terms	-	-	151,163	-
Benefit payments	(221,224)	(185,776)	(179,152)	(154,372)
Net change in total OPEB liability	393,672	(150,732)	477,337	(819,905)
Total OPEB liability - beginning	6,388,825	6,539,557	6,062,220	6,882,125
Total OPEB liability - ending	6,782,497	6,388,825	6,539,557	6,062,220
Plan fiduciary net position:				
Contributions - employer	641,224	605,776	599,152	574,372
Net investment income	166,568	264,426	203,849	261,561
Administrative expense	-	-	(10,222)	(850)
Benefit payments	(221,224)	(185,776)	(179,152)	(154,372)
Net change in plan fiduciary net position	586,568	684,426	613,627	680,711
Plan fiduciary net position - beginning	4,290,342	3,605,916	2,992,289	2,311,578
Plan fiduciary net position - ending	4,876,910	4,290,342	3,605,916	2,992,289
District's net OPEB liability	\$ 1,905,587	\$ 2,098,483	\$ 2,933,641	\$ 3,069,931
Plan fiduciary net position as a percentage of the total OPEB liability	71.90%	67.15%	55.14%	49.36%
Covered-employee payroll	\$ 2,856,168	\$ 2,728,686	\$ 2,285,510	\$ 2,174,023
District's net OPEB liability as a percentage of covered-employee payroll	66.72%	76.90%	128.36%	141.21%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits

Measurement Date June 30, 2018 – Coverage expanded to spouses for future retirees hired on or after July 1, 2009 if they have 25 years of service, effective fiscal year ending June 30, 2018

Measurement Date June 30, 2020 – There were no changes in benefits

Measurement Date June 30, 2019 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – Average per capita claims cost was updated to reflect actual 2017 premiums, health care cost trend rate was updated to reflect 2018 industry survey data, and mortality table was updated to reflect most recent CalPERS studies.

Measurement Date June 30, 2018 – There were no changes in benefits

Measurement Date June 30, 2019 – Census data from the plans participants was updated, which decreased the total OPEB liability by \$262,190.

Measurement Date June 30, 2020 – There were no changes in benefits

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

ROWLAND WATER DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan For the Year Ended June 30, 2021

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 308,417	\$ 354,481	\$ 343,260	\$ 343,260
Contributions in relation to the actuarially determined contributions	(641,224)	(605,776)	(599,152)	(599,152)
Contribution deficiency (excess)	\$ (332,807)	\$ (251,295)	\$ (255,892)	\$ (255,892)
Covered payroll	\$ 2,856,168	\$ 2,728,686	\$ 2,285,510	\$ 2,174,023
Contributions as a percentage of covered payroll	22.45%	22.20%	26.22%	27.56%

Notes to Schedule:

Valuation Date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Discount rate	6.50%	6.50%	6.50%	6.50%
Inflation	2.26%	2.26%	2.26%	2.26%
Payroll increases	3.25%	3.25%	3.25%	3.25%
Mortality	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)
Percent Married	80%	80%	80%	80%
Healthcare trend rates	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay

(2) CalPERS 2014 Study

(3) CalPERS 2013 Study

(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62

(5) Pre-65 - 8.00% trending down 0.25% annually to 5.00% in 2031 and later

Post-65 - 5.50% trending down 0.25% annually to 5.00% in 2021 and later

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

Supplementary Information

ROWLAND WATER DISTRICT*Schedule of Other Operating Expenses**For the Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Other Operating Expenses:		
Certification, fees and permits	\$ 92,252	\$ 127,308
Engineering	239,782	88,968
Maintenance and operations	81,472	109,128
Small tools and supplies	36,704	20,627
Water supply planning and development	-	21,615
Water tests	<u>23,629</u>	<u>20,213</u>
Total Other Operating Expenses	<u><u>\$ 473,839</u></u>	<u><u>\$ 387,859</u></u>

ROWLAND WATER DISTRICT*Schedule of General and Administrative Expenses**For the Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
General and Administrative Expenses:		
Salaries and wages	\$ 1,473,595	\$ 1,258,249
Payroll taxes	221,906	209,597
Employee benefits	550,382	523,494
OPEB expenses	47,853	68,877
Pension expenses	1,066,792	1,161,956
Director's fees and expenses	151,899	164,229
Bank service charges	154,201	150,088
Community outreach	196,273	197,022
Conferences, training and travel	23,812	79,472
Conservation rebate program	32,238	33,132
COVID-19 expenses	-	88,346
Information technology	293,671	244,465
Insurance – liability and workers' compensation	192,022	188,236
Membership fees and dues	47,900	45,794
Miscellaneous	98,979	113,675
Office supplies	40,486	28,338
Professional services	140,156	250,123
Repairs and maintenance	17,460	52,568
Service contracts	274,986	277,603
Taxes, permits and fees	14,575	11,270
Uncollectable accounts	122,700	217,455
Utilities	118,062	102,374
Vehicle expenses	88,735	111,635
Total General and Administrative Expenses	<u>\$ 5,368,683</u>	<u>\$ 5,577,998</u>

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' 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**

Board of Directors
Rowland Water District
Rowland Heights, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rowland Water District (District), which comprise the balance sheet as of June 30, 2020, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 District's financial statements are free of 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
December 15, 2021

January 18, 2022



ITEM NO. 2.3

ROWLAND WATER DISTRICT

TO: Honorable President and Members of the Board

SUBMITTED BY: Tom Coleman, General Manager

SUBJECT: *Redistricting of Agency Division Boundaries - Presentation of Draft Division Maps Prepared by Best Best & Krieger*

PURPOSE:

The Board of Directors:

- (1) Receive a report from the District's Redistricting Consultant, Best Best & Krieger, regarding redistricting of Agency division boundaries as required by Election Code Section 2200 et seq. and provide input, if any, on the proposed maps presented at the Board meeting, and
- (2) Schedule a Public Hearing for February 8, 2022, to receive testimony and comments regarding Agency division boundaries.

BACKGROUND:

Every ten years, agencies with by-district election systems must use new census data to review and, if needed, redraw electoral division lines to reflect how local populations have changed. This process, called redistricting, ensures all divisions comply with both the California and federal Voting Rights Acts.

Requirements for redistricting include:

- A. Revised electoral districts must be "substantially equal in population as required by U.S. Constitution."
 - Balance must comply with US and Calif. Constitutions and Federal Voting Rights Act (FVRA) Section 10301 of Title 52 of the United States Code, as amended.
 - Population equality is based on total population of District residents (not customers) per U.S. Census
 - Incarcerated persons only counted if last known residence may be assigned to a City census block
 - In adjusting the boundaries of the divisions, the Board may give consideration to the following factors:
 - Topography,
 - Geography,

- Cohesiveness, contiguity, integrity, and compactness of territory, and
- Community of interests of the division.
- *This section does not apply to divisions in which only landowners vote for directors or whose directors are all elected at large or appointed.*

B. Boundaries shall not be drawn to favor or discriminate against a political party.

C. Change of boundaries shall not affect the unexpired term of office of any elected Board member.

Analysis of the Rowland Water District's current division boundaries, adjusted for the 2020 Census data, shows the divisions are no longer population-balanced. The District's population is 54,660. The ideal division population is 1/5 of that number, or 10,932.

A detailed demographic analysis of the District's current division boundaries may be found in the table below:

District	Total_Population	Raw Deviation	% Deviation	CVAP19 Total	CVAP19 NL White	CVAP19 NL Black	CVAP Hispanic	CVAP19 Not Hispanic	CVAP19 NL AIAN*	CVAP19 NL ASIAN	CVAP19 NL Hawaiian	CVAP19 NL Other
1	10483	-449	-4.11%	5861	214	96	4457	1392	0	1046	16	3
2	11174	242	2.21%	7814	1100	208	1662	6137	0	4761	0	35
3	10529	-403	-3.69%	5745	461	78	2312	3432	0	2821	0	1
4	11577	645	5.90%	7865	862	77	1939	5873	12	4792	0	25
5	10897	-35	-0.32%	6085	583	194	1551	4552	6	3664	0	11

*American Indian Alaskan Native (AIAN)

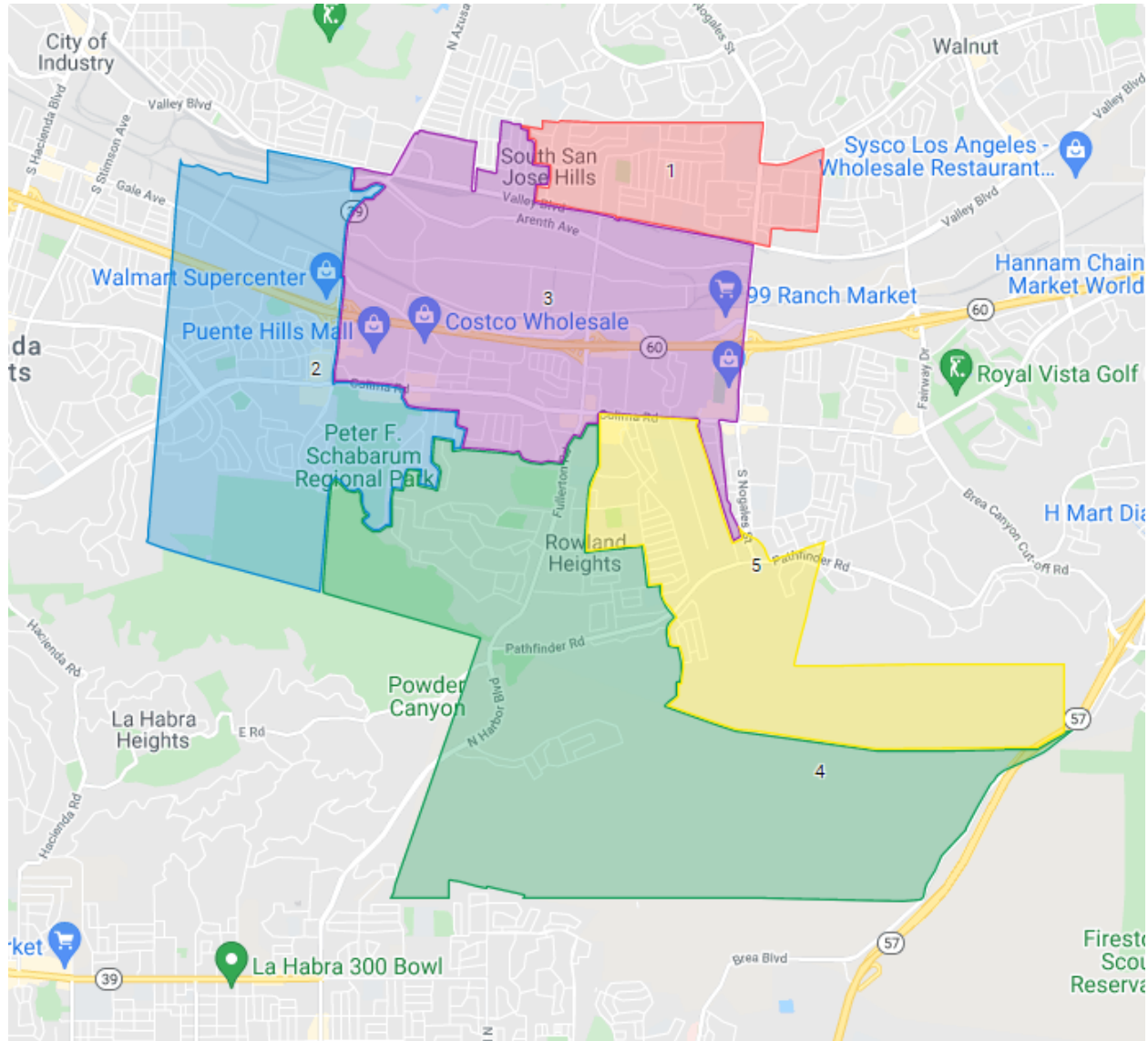
Determining population balance is done by measuring the spread (deviation) between the least populated division and the greatest populated division. Deviations of 10% or less are generally considered acceptable under U.S. Supreme Court rulings on the equal population standard under the U.S. Constitution.

Note that the current population of Division 1 is below the ideal at -4.11%, while Division 3 is above the ideal at 5.90%. Combined, those deviations bring the District's current total deviation to 10.01%, just above the figure deemed presumptively valid under federal Supreme Court rulings. As such, the division boundaries should be adjusted to achieve a population balance with less than a 10% deviation.

Another consideration is the distribution of minority voters throughout the agency, and whether there is a possibility of creating a majority/minority voting district as addressed in the federal Voting Rights Act. This analysis involves reviewing the ethnicity demographics from the census data, specifically Citizens of Voting Age (CVAP) populations. Upon review of the District's CVAP data, creation of majority/minority voting districts (a division in which an identified minority comprises the majority of voting age population) is possible. Currently, Division 1 is a majority/minority Hispanic voting districting while Divisions 2-5 are majority/minority Asian voting districts.

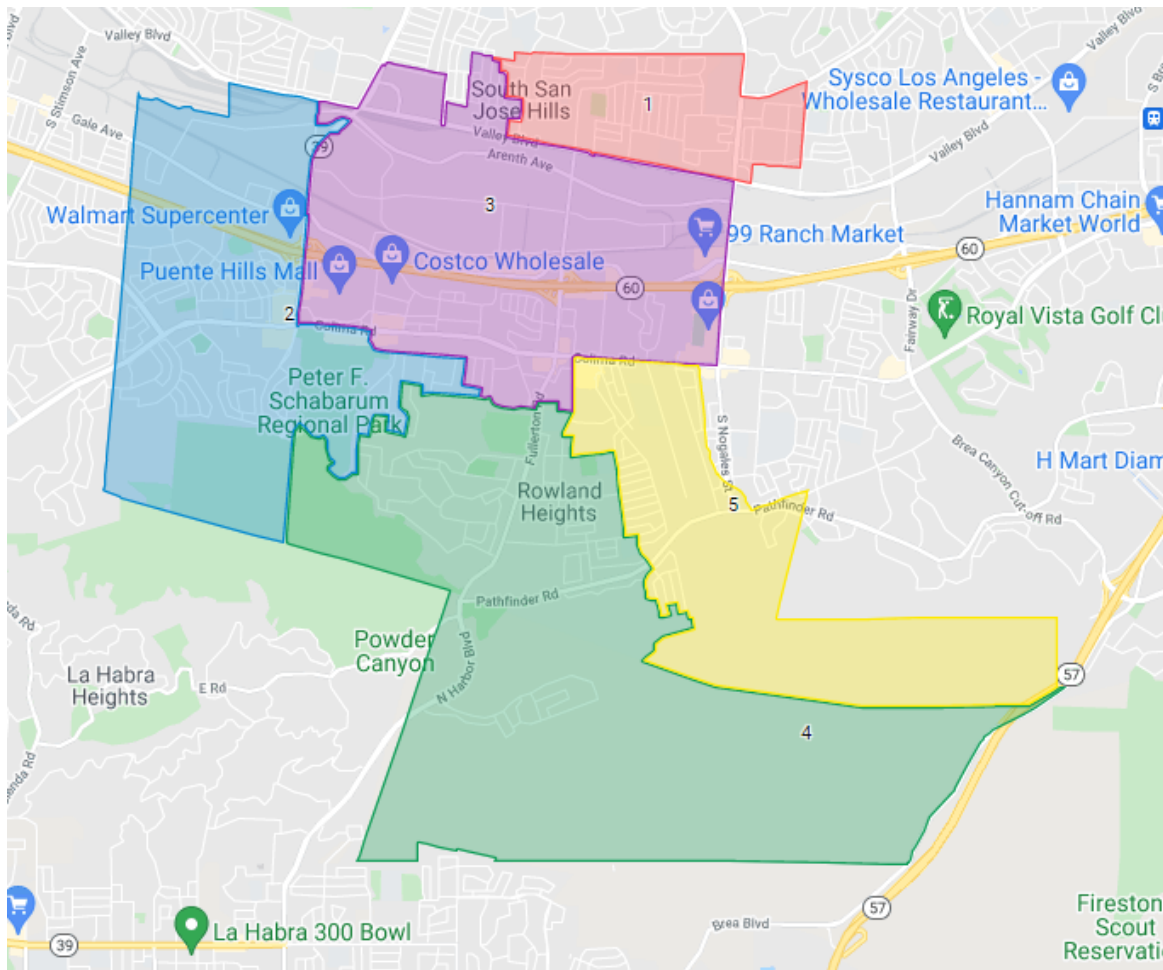
The District conducted a public hearing on December 14, 2021 and provided direction regarding preparation of draft division boundaries to the Agency's redistricting consultant, Best Best & Krieger. Two maps reflecting that direction are presented for the Board's consideration:

Map Option 1



Option 1 closely resembles the boundaries of the current divisions, with minor adjustments of small populations around the edges of the District. It exhibits a total deviation of 6.51% after making very minor boundary adjustments to balance the population. It maintains Division 1 as a Hispanic majority/minority voting district and Divisions 2-5 as Asian majority/minority voting districts. The divisions are compact, contiguous, recognize communities of interest and other municipal boundaries.

Map Option 2



Like Map Option 1, Option 2 is compact, contiguous, recognizes the core of the existing boundaries, and keeps communities of interest intact. It exhibits a total deviation of 2.95%.

Following this meeting, the District's consultant will revise any proposed maps if directed by the Board. Should the Board make a map selection at the meeting tonight, staff will return with a Resolution at the second public hearing, scheduled for February 8, 2022, to finalize the boundary revisions and conclude the redistricting process.

The current redistricting process for Rowland Water District must be completed by April 17, 2022.

Recommendation: (1) The Board receive a report from the Agency's redistricting consultant on the redistricting process and review draft maps; and (2) Schedule a Public Hearing for February 8, 2022 to receive testimony and comments regarding Agency Division Boundaries.

Puente Basin Water Agency

Management Report

June 30, 2021



Fedak & Brown LLP
Certified Public Accountants

Puente Basin Water Agency

Management Report

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Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

CONFIDENTIAL

Board of Commissioners
Puente Basin Water Agency
Walnut, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Puente Basin Water Agency (Agency) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Agency internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

This communication is intended solely for the information and use of management, Board of Commissioners, and others within the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
December 2, 2021

APPENDIX

Puente Basin Water Agency

Audit/Finance Committee Letter

June 30, 2021



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

Board of Commissioners
Puente Basin Water Agency
Walnut, California

We have audited the financial statements of the business-type activities of the Puente Basin Water Agency (Agency) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, Government Auditing Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated February 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Agency's financial statements was:

Management's estimate of the fair value of cash and cash equivalents is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and cash equivalents in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

The disclosure of fair value of cash and cash equivalents in Note 2 to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The financial statement disclosures are neutral, consistent, and clear.

Significant Audit Matters, continued

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit processes and testwork.

Corrected and Uncorrected Misstatements

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were no audit adjustments and/or reclassification entries made to the original trial balance presented to us to begin our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the Management Representation Letter to the auditor dated December 2, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended to us by Erik Hitchman, Administrative Officer, Josh Byerrum, Treasurer, and the Agency's staff in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Agency.

A handwritten signature in dark ink that reads "Fedak & Brown LLP". The signature is written in a cursive, flowing style.

Fedak & Brown LLP
Cypress, California
December 2, 2021



Puente Basin Water Agency

Annual Financial Report

For the Fiscal Years Ended June 30, 2021 and 2020

Our Focus

“Achieving a sustainable and reliable local water supply through innovative planning and regionally-beneficial projects”

Puente Basin Water Agency

Board of Commissioners as of June 30, 2021

<u>Name</u>	<u>Title</u>	<u>Member Agency</u>	<u>Elected*/ Appointed</u>
Jerry Tang	Chair	Walnut Valley Water District	Appointed
Anthony J. Lima	Vice-Chair	Rowland Water District	Appointed
Theresa Lee	Commissioner	Walnut Valley Water District	Appointed
Robert W. Lewis	Commissioner	Rowland Water District	Appointed

* Members are elected based on member agency decisions.

**Puente Basin Water Agency
Erik Hitchman, Administrative Officer
271 S. Brea Canyon Road
Walnut, California 91789
(909) 595-1268 – www.puentebasin.com**



Puente Basin Water Agency

Annual Financial Report

For the Fiscal Years Ended June 30, 2021 and 2020

**Puente Basin Water Agency
Annual Financial Report
For the Fiscal Years Ended June 30, 2021 and 2020**

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Financial Section



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

Independent Auditor's Report

Board of Commissioners
Puente Basin Water Agency
Walnut, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Puente Basin Water Agency (Agency), which comprises the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Independent Auditor's Report, continued

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Puente Basin Water Agency as of June 30, 2021 and 2020, and the respective changes in net position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, 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 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 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. This report can be found on pages 30 and 31.

Fedak & Brown LLP

Fedak & Brown LLP

Cypress, California

December 2, 2021

**Puente Basin Water Agency
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2021 and 2020**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Puente Basin Water Agency (Agency) provides an introduction to the financial statements of the Agency for the fiscal years ended June 30, 2021 and 2020. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

Fiscal Year 2021

- The Agency's net position as of June 30, 2021, was \$41,474,180, an increase of \$7,512,930, or 22.12% over the prior year.
- Operating revenues totaled \$18,519,701 for the year, an increase of \$1,187,124 from the prior year.
- Beginning in July 2014, in order to account for the costs and benefits of water produced from the water reliability projects, which are funded jointly by the Walnut Valley Water District (WVWD) and the Rowland Water District (RWD), imported water purchased from Three Valleys Municipal Water District (TVMWD) was invoiced through the Agency. For fiscal year 2021, the total of these pass-through costs were reflected in both the revenues amounting to \$17,211,751 and expenses amounting to \$17,209,691 of the Agency.
- Operating expenses for the year totaled \$19,260,642 for the year, these costs include the pass-through water costs from TVMWD.
- The La Habra Heights water reliability project produced no water for the year. Although no water was produced, internal costs, in the amount of \$2,480, was incurred related to the maintenance and management of the project facilities.
- During the year, the Cal Domestic Project water reliability project produced 1,105 acre-feet of water. The costs related to the production of this water totaled \$1,432,682 for the year. These costs included the use of stored water in the amount of \$586,881, that was purchased and paid for in prior years.
- In 2021, the Agency recorded an additional \$668,594 and \$909,398 in construction costs related to the Pathfinder Intertie and Pomona Basin Project respectively, which are currently being constructed and are reflected in the Agency's construction-in-process account. The balance for these projects are \$705,330 and \$5,933,507, respectively.
- In 2018, the Agency entered a 20-year lease with the City of La Verne for land and a well site, which was recorded as a capital lease. The value of the lease liability is recorded at the value of the future minimum lease payments in the amount of \$1,711,257.

Fiscal Year 2020

- The Agency's net position as of June 30, 2020, was \$33,961,250, an increase of \$676,101, or 2.03% over the prior year.
- Operating revenues totaled \$17,332,577 for the year, an increase of \$840,804 from the prior year.

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020**

Financial Highlights, continued

Fiscal Year 2020, continued

- Beginning in July 2014, in order to account for the costs and benefits of water produced from the water reliability projects, funded jointly by the Walnut Valley Water District (WVWD) and the Rowland Water District (RWD), imported water purchased from Three Valleys Municipal Water District (TVMWD) was invoiced through the Agency. For fiscal year 2020, the total of these pass-through costs were reflected in both the revenues amounting to \$16,223,060 and expenses amounting to \$16,231,000 of the Agency.
- Operating expenses for the year totaled \$18,186,609 for the year, these costs include the pass-through water costs from TVMWD.
- The La Habra Heights water reliability project produced no water for the year. Although no water was produced, internal costs, in the amount of \$4,883, were incurred related to the maintenance and management of the project facilities.
- During the year, the Cal Domestic Project water reliability project produced 1,112 acre-feet of water. The costs related to the production of this water totaled \$1,348,636 for the year. These costs included the use of stored water in the amount of \$585,840, that was purchased and paid for in prior years.
- In 2020, the Agency recorded an additional \$284,947 and \$1,221,576 in construction costs related to the Pathfinder Project and Pomona Basin Project respectively, which are currently being constructed and are reflected in the Agency's construction-in-process account. The balances for these projects were \$36,736 and \$5,024,109, respectively.
- In 2018, the Agency entered a 20-year lease with the City of La Verne for land and a well site, which was recorded as a capital lease. The value of the lease liability is recorded at the value of the future minimum lease payments in the amount of \$1,747,797.

Required Financial Statements

The financial statements report information about the Agency using accounting methods similar to those used by private sector companies. The financial statements, comprised of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows, offer short-term and long-term financial information about the Agency's activities. Each financial statement is identified and defined in this section and analyzed in subsequent sections of MD&A.

Statements of Net Position

The Statements of Net Position present the Agency's financial position (assets, deferred outflows of resources, liabilities, and deferred inflows of resources) as of June 30, 2021 and 2020. The Statements of Net Position include all the Agency's investments in resources (assets) and the obligations to creditors (liabilities). They also provide the basis for evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. As of June 30, 2021 and 2020, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,474,180 and \$33,961,250, respectively.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Required Financial Statements, continued

Statements of Revenues, Expenses & Changes in Net Position

All the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements measure the success of the Agency's operations and can be used to determine whether the Agency has successfully recovered all of its costs through member assessments and other revenues. Revenues are recognized (recorded) when services are provided, and expenses are recognized when incurred. Operating revenues and expenses are related to the Agency's core activities. The changes in net position for the years ending June 30, 2021 and 2020, were \$7,512,930 and \$676,101, respectively.

Statements of Cash Flows

The final required financial statements are the Statements of Cash Flows. The primary purpose of these statements is to provide information about the Agency's cash receipts and cash payments during the fiscal years. The statements report cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operations, investing, and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the year.

As of June 30, 2021, cash and cash equivalents totaled \$1,583,486, a decrease of \$932,550 from the previous fiscal year. As of June 30, 2020, cash and cash equivalents totaled \$2,516,036, an increase of \$882,924 from the previous fiscal year.

Financial Analysis of the Agency

One of the most important questions to ask about the Agency's finances is, "Whether the Agency, as a whole, is better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the Agency's finances in a way that will help answer that question. Measuring the change in the Agency's *net position*, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is one way to measure 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.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 14 through 29.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Statements of Net Position

Condensed Statements of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Assets:					
Cash & investments	\$ 1,583,486	2,516,036	(932,550)	1,633,112	882,924
Accrued interest receivable	141,188	145,688	(4,500)	154,637	(8,949)
Accounts receivable	5,110,644	4,170,761	939,883	3,837,490	333,271
Grant receivable	278,029	836,965	(558,936)	1,876,000	(1,039,035)
Prepaid expenses	-	6,000	(6,000)	-	6,000
Prepaid water/stored water	12,980,026	5,949,147	7,030,879	6,080,786	(131,639)
Installment purchase receivable	30,350,000	31,335,000	(985,000)	32,285,000	(950,000)
Capital assets, net	<u>28,351,651</u>	<u>27,188,627</u>	<u>1,163,024</u>	<u>26,059,054</u>	<u>1,129,573</u>
Total assets	<u>78,795,024</u>	<u>72,148,224</u>	<u>6,646,800</u>	<u>71,926,079</u>	<u>222,145</u>
Liabilities:					
Accounts payable	5,118,399	4,952,489	165,910	4,425,982	526,507
Unearned revenue	-	6,000	(6,000)	-	6,000
Accrued interest payable	141,188	145,688	(4,500)	150,029	(4,341)
Long-term debt	<u>32,061,257</u>	<u>33,082,797</u>	<u>(1,021,540)</u>	<u>34,064,919</u>	<u>(982,122)</u>
Total liabilities	<u>37,320,844</u>	<u>38,186,974</u>	<u>(866,130)</u>	<u>38,640,930</u>	<u>(453,956)</u>
Net position:					
Net investment in capital assets	26,640,394	25,440,830	1,199,564	24,279,135	1,161,695
Unrestricted	<u>14,833,786</u>	<u>8,520,420</u>	<u>6,313,366</u>	<u>9,006,014</u>	<u>(485,594)</u>
Total net position	<u>\$ 41,474,180</u>	<u>33,961,250</u>	<u>7,512,930</u>	<u>33,285,149</u>	<u>676,101</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As seen from the table above, the Agency's net position exceeded liabilities by \$41,474,180 and \$33,961,250 for the fiscal years ending June 30, 2021 and 2020, respectively.

By far, the largest component of net position is the Agency's net investment in capital assets. As of June 30, 2021 and 2020, net investment in capital assets increased by \$1,199,564 and \$1,161,695, from the prior year, respectively. These increases were due primarily to the recognition of capital costs, attributable to the water supply reliability projects. As of June 30, 2021 and 2020, the balance of construction-in-progress was \$6,638,837 and \$5,060,845, respectively.

In 2013, the Agency issued \$19,385,000 of 2012 Series A Water Revenue Bonds related to capital facilities of RWD. In addition, the Agency issued \$17,300,000 related to capital facilities of WVWD. In accordance with the separate installment purchase agreements, each District is obligated to pay the interest and principal payments related to the bonds. To account for the debt and installment purchase agreement, a liability and corresponding asset was recorded. As of June 30, 2021 and 2020, the balance of the installment purchase receivable and related liability was \$30,350,000 and \$31,335,000, respectively.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Operating revenues:					
Sale of water (TVMWD)	\$ 17,211,751	16,233,060	978,691	15,173,416	1,059,644
Sale of water (Project)	967,896	890,300	77,596	1,010,002	(119,702)
Member assessments	155,668	179,884	(24,216)	210,891	(31,007)
Other revenue	184,386	29,333	155,053	97,464	(68,131)
Total operating revenues	<u>18,519,701</u>	<u>17,332,577</u>	<u>1,187,124</u>	<u>16,491,773</u>	<u>840,804</u>
Non-operating revenues:					
Interest income	1,386,380	1,467,411	(81,031)	1,491,971	(24,560)
Total non-operating revenues	<u>1,386,380</u>	<u>1,467,411</u>	<u>(81,031)</u>	<u>1,491,971</u>	<u>(24,560)</u>
Total revenues	<u>19,906,081</u>	<u>18,799,988</u>	<u>1,106,093</u>	<u>17,983,744</u>	<u>816,244</u>
Operating expenses:					
Water supply (TVMWD)	17,209,691	16,231,000	978,691	15,171,357	1,059,643
Water supply (Project)	1,435,346	1,353,519	81,827	1,710,400	(356,881)
Engineering	1,460	1,396	64	1,543	(147)
Professional services	114,918	117,848	(2,930)	57,516	60,332
Legal	21,667	56,798	(35,131)	104,745	(47,947)
Administrative	54,858	40,008	14,850	42,774	(2,766)
Accounting	7,734	9,090	(1,356)	9,040	50
Depreciation	414,968	376,950	38,018	376,953	(3)
Total operating expenses	<u>19,260,642</u>	<u>18,186,609</u>	<u>1,074,033</u>	<u>17,474,328</u>	<u>712,281</u>
Non-operating expenses:					
Interest expense	1,457,960	1,505,936	(47,976)	1,546,758	(40,822)
Total non-operating expenses	<u>1,457,960</u>	<u>1,505,936</u>	<u>(47,976)</u>	<u>1,546,758</u>	<u>(40,822)</u>
Total expenses	<u>20,718,602</u>	<u>19,692,545</u>	<u>1,026,057</u>	<u>19,021,086</u>	<u>671,459</u>
Net loss before capital contributions	(812,521)	(892,557)	80,036	(1,037,342)	144,785
Capital contributions	<u>8,325,451</u>	<u>1,568,658</u>	<u>6,756,793</u>	<u>5,542,627</u>	<u>(3,973,969)</u>
Changes in net position	7,512,930	676,101	6,836,829	4,505,285	(3,829,184)
Net position, beginning of year	<u>33,961,250</u>	<u>33,285,149</u>	<u>676,101</u>	<u>28,779,864</u>	<u>4,505,285</u>
Net position, end of year	<u>\$ 41,474,180</u>	<u>33,961,250</u>	<u>7,512,930</u>	<u>33,285,149</u>	<u>676,101</u>

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020**

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

Fiscal Year 2021 – Revenues and Expenses

For fiscal year 2021, the Agency had total operating revenues of \$18,519,698, an increase of \$1,187,122 from the prior year. The largest source of revenue for the year is member payments for water purchased from TVMWD. Beginning in 2014, water purchased by the WVWD and RWD from TVMWD is invoiced through the Agency. For the year, revenues collected for water purchased from TVMWD totaled \$17,209,691, an increase of \$978,691 from the prior year. In addition, the Cal Domestic project produced 1,105 acre-feet of water during the year. A total of \$851,326 was collected from the Districts to cover the costs related to the production of this water, an increase of \$82,972 from prior year. Member assessments vary from year to year and represent payments received from the Districts to cover the other general and administrative costs incurred by the Agency. For the year, member assessments totaled \$155,668, a decrease of \$24,216 over the prior year. In addition, interest income and interest expense, related to the debt that was issued by the Agency and the corresponding installment purchase agreements, were recorded in the amount of \$1,457,960.

For fiscal year 2021, the Agency had total operating expenses of \$19,620,642, an increase of \$1,074,033 from the prior year. As discussed above, the most significant costs were attributable to the purchase and production of water, which totaled \$18,645,037 for the year, an increase of \$1,060,518 from the prior year.

Capital contributions for the year totaled \$8,325,451, an increase of \$6,756,793 from the prior year, which was primarily due to increases of \$7,163,560 in contributions sourcing from stored water from member agencies, \$244,187 in capital contributions from member agency assessments, which were offset by a decrease of \$650,954 in state capital contributions. Capital contributions included the money paid by each member agency and grant revenue for alternative water supply projects.

Fiscal Year 2020 – Revenues and Expenses

For fiscal year 2020, the Agency had total operating revenues of \$17,332,576, an increase of \$840,804 from the prior year. The largest source of revenue for the year is member payments for water purchased from TVMWD. Beginning in 2014, water purchased by the WVWD and RWD from TVMWD is invoiced through the Agency. For the year, revenues collected for water purchased from TVMWD totaled \$16,231,000, an increase of \$1,059,644 from the prior year. In addition, the Cal Domestic project produced 1,112 acre-feet of water during the year. A total of \$768,354 was collected from the Districts to cover the costs related to the production of this water, a decrease of \$123,789 from prior year. Member assessments vary from year to year and represent payments received from the Districts to cover the other general and administrative costs incurred by the Agency. For the year, member assessments totaled \$179,884, a decrease of \$31,007 over the prior year. In addition, interest income and interest expense, related to the debt that was issued by the Agency and the corresponding installment purchase agreements, were recorded in the amount of \$1,467,411.

For fiscal year 2020, the Agency had total operating expenses of \$18,186,609, an increase of \$712,281 from the prior year. As discussed above, the most significant costs were attributable to the purchase and production of water, which totaled \$17,584,519 for the year, an increase of \$702,762 from the prior year.

Capital contributions for the year totaled \$1,568,658, a decrease of \$3,973,969 from the prior year, which was primarily due to decreases of \$3,230,641 in capital contributions sourcing from member agency assessments, \$1,197,528 in state capital contributions, which were offset by an increase of \$454,200 in contributions from stored water from member agencies. Capital contributions included the money paid by each member agency and grant revenue for alternative water supply projects.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Capital Asset Administration

Changes in capital assets for 2021, were as follows:

	<u>Balance</u> <u>2020</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>2021</u>
Capital assets:				
Non-depreciable assets	\$ 15,463,799	1,577,992	-	17,041,791
Depreciable assets	12,995,610	-	-	12,995,610
Accumulated depreciation	<u>(1,270,782)</u>	<u>(414,968)</u>	-	<u>(1,685,750)</u>
Total capital assets, net	<u>\$ 27,188,627</u>	<u>1,163,024</u>	<u>-</u>	<u>28,351,651</u>

Changes in capital assets for 2020, were as follows:

	<u>Balance</u> <u>2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>2020</u>
Capital assets:				
Non-depreciable assets	\$ 16,238,348	1,506,523	(2,281,072)	15,463,799
Depreciable assets	10,714,538	2,281,072	-	12,995,610
Accumulated depreciation	<u>(893,832)</u>	<u>(376,950)</u>	-	<u>(1,270,782)</u>
Total capital assets, net	<u>\$ 26,059,054</u>	<u>3,410,645</u>	<u>(2,281,072)</u>	<u>27,188,627</u>

As of June 30, 2021 and 2020, the Agency had invested \$28,351,651 and \$27,188,627 in capital assets, a net increase from asset additions and deletions of \$1,163,024 and \$1,129,573 from the prior fiscal year, respectively. These assets were comprised of construction-in-process capital assets related to several alternative water supply projects.

Debt Administration

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Long-term debt:					
2012 Series A Water Revenue Bonds (RWD Project)	\$ 16,460,000	16,935,000	(475,000)	17,395,000	(460,000)
2013 Series A Water Revenue Bonds (WVWD Project)	13,890,000	14,400,000	(510,000)	14,890,000	(490,000)
Capital lease payable	<u>1,711,257</u>	<u>1,747,797</u>	<u>(36,540)</u>	<u>1,779,919</u>	<u>(32,122)</u>
Total	<u>\$ 32,061,257</u>	<u>33,082,797</u>	<u>(1,021,540)</u>	<u>34,064,919</u>	<u>(982,122)</u>

As of June 30, 2021 and 2020, the Agency's long term debt amounted to \$32,061,257 and \$33,082,797, a decrease from debt service and lease payment of \$1,021,540 and \$982,122, from the prior fiscal year, respectively.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Economic Factors and Next Year's Budget

	Budget 2022	Actual 2021	Change	Budget 2021	Actual 2020	Change
Revenues:						
Sale of water (TVMWD)	\$ 11,536,290	17,211,751	(5,675,461)	13,712,790	16,233,060	(2,520,270)
Sale of water (Project)	2,793,170	967,896	1,825,274	1,202,620	890,300	312,320
Member assessments	251,375	155,668	95,707	251,375	179,884	71,491
Other	100,500	184,386	(83,886)	42,000	50,399	(8,399)
Total operating revenues	14,681,335	18,519,701	(3,838,366)	15,208,785	17,353,643	(2,144,858)
Use of stored water	2,131,800	586,881	1,544,919	822,470	585,840	236,630
Total revenues	16,813,135	19,106,582	(2,293,447)	16,031,255	17,939,483	(1,908,228)
Expenses:						
Water supply (TVMWD)	11,536,290	17,211,751	(5,675,461)	13,712,790	16,233,060	(2,520,270)
Water supply (Project)	4,908,920	1,435,346	3,473,574	2,017,590	1,456,719	560,871
Engineering	5,000	1,460	3,540	5,000	1,396	3,604
Professional service	125,000	114,918	10,082	125,000	117,848	7,152
Legal	100,000	21,667	78,333	100,000	56,798	43,202
Administrative expenses	45,000	54,858	(9,858)	45,000	37,948	7,052
Accounting	8,375	7,734	641	8,375	9,090	(715)
Total operating expenses	16,728,585	18,847,734	(2,119,149)	16,013,755	17,912,859	(1,899,104)
Net income	\$ 84,550	258,848	(174,298)	17,500	26,624	(9,124)

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the Agency's current financial position, net position or operating results in terms of past, present and future.

Requests for Information

This financial report is designed to provide the Agency's present users, including funding sources, customers, stakeholders and other interested parties with a general overview of the Agency's finances and to demonstrate the Agency's accountability 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's Treasurer, Josh Byerrum, 271 S. Brea Canyon Road, Walnut, California, 91789 or (909) 595-1268.

Basic Financial Statements

Puente Basin Water Agency
Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,583,486	2,516,036
Accrued interest receivable	141,188	145,688
Accounts receivable	5,110,644	4,170,761
Grants receivable	278,029	836,965
Prepaid expenses	-	6,000
Water-in-storage inventory	12,980,026	5,949,147
Long-term assets – due in one year:		
Installment purchase receivable (note 3)	1,030,000	985,000
Total current assets	<u>21,123,373</u>	<u>14,609,597</u>
Non-current assets:		
Long-term assets – due after one year:		
Installment purchase receivable (note 3)	29,320,000	30,350,000
Capital assets – not being depreciated (note 4)	17,041,791	15,463,799
Capital assets – being depreciated, net (note 4)	11,309,860	11,724,828
Total non-current assets	<u>57,671,651</u>	<u>57,538,627</u>
Total assets	<u>78,795,024</u>	<u>72,148,224</u>
Current liabilities:		
Accounts payable and accrued expenses	5,118,399	4,952,489
Unearned revenue	-	6,000
Accrued interest payable	141,188	145,688
Long-term liabilities – due in one year:		
Bond payable (note 5)	1,030,000	985,000
Capital lease payable (note 5)	41,231	36,540
Total current liabilities	<u>6,330,818</u>	<u>6,125,717</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Bond payable (note 5)	29,320,000	30,350,000
Capital lease payable (note 5)	1,670,026	1,711,257
Total non-current liabilities	<u>30,990,026</u>	<u>32,061,257</u>
Total liabilities	<u>37,320,844</u>	<u>38,186,974</u>
Net position: (note 6)		
Net investment in capital assets	26,640,394	25,440,830
Unrestricted	14,833,786	8,520,420
Total net position	<u>\$ 41,474,180</u>	<u>33,961,250</u>

See accompanying notes to the basic financial statements

Puente Basin Water Agency
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Sale of water to member agencies – TVMWD	\$ 17,211,751	16,233,060
Sale of water to member agencies – Project	967,896	890,300
Member assessments	155,668	179,884
Water leases	50,000	-
Other water service charges	134,383	29,332
Total operating revenues	<u>18,519,698</u>	<u>17,332,576</u>
Operating expenses:		
Water supply – TVMWD	17,209,691	16,231,000
Water supply – Project	1,435,344	1,353,518
Engineering	1,460	1,396
Professional services	114,918	117,848
Legal	21,667	56,798
Administrative	54,858	40,008
Accounting	7,734	9,090
Total operating expenses	<u>18,845,672</u>	<u>17,809,658</u>
Operating loss before depreciation expense	(325,974)	(477,082)
Depreciation expense	(414,968)	(376,950)
Operating loss	<u>(740,942)</u>	<u>(854,032)</u>
Non-operating revenue(expense):		
Investment income	1,386,381	1,467,411
Interest expense – long-term debt	(1,457,960)	(1,505,936)
Total non-operating revenue(expense), net	<u>(71,579)</u>	<u>(38,525)</u>
Net loss before capital contributions	<u>(812,521)</u>	<u>(892,557)</u>
Capital contributions:		
Capital contributions – state	-	650,954
Capital contributions – member agency assessments	707,691	463,504
Contributions – stored water purchases from member agencies	7,617,760	454,200
Total capital contributions	<u>8,325,451</u>	<u>1,568,658</u>
Changes in net position	7,512,930	676,101
Net position, beginning of the year	<u>33,961,250</u>	<u>33,285,149</u>
Net position, end of year	<u>\$ 41,474,180</u>	<u>33,961,250</u>

See accompanying notes to the basic financial statements

Puente Basin Water Agency
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received for water sales and assessments	\$ 18,132,751	18,044,340
Cash paid to vendors and suppliers for materials and services	<u>(25,704,641)</u>	<u>(17,157,512)</u>
Net cash (used in) provided by operating activities	<u>(7,571,890)</u>	<u>886,828</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,577,992)	(1,506,523)
Capital contributions	8,325,451	917,704
Payments received for loans receivable	985,000	950,000
Proceeds from capital grants	-	650,954
Principal paid on debt service	(1,021,540)	(982,122)
Interest paid on debt	<u>(1,462,460)</u>	<u>(1,510,277)</u>
Net cash provided by (used in) capital and related financing activities	<u>5,248,459</u>	<u>(1,480,264)</u>
Cash flows from investing activities:		
Interest and investment earnings	<u>1,390,881</u>	<u>1,476,360</u>
Net cash provided by investing activities	<u>1,390,881</u>	<u>1,476,360</u>
Net (decrease) increase in cash and cash equivalents	(932,550)	882,924
Cash and cash equivalents, beginning of year	<u>2,516,036</u>	<u>1,633,112</u>
Cash and cash equivalents, end of year	<u>\$ 1,583,486</u>	<u>2,516,036</u>
Reconciliation of operating loss to net cash (used in) provided by operating activities:		
Operating loss	\$ <u>(740,942)</u>	<u>(854,032)</u>
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Depreciation expense	414,968	376,950
(Increase)Decrease in assets:		
Accounts receivable	(939,883)	(333,271)
Grants receivable	558,936	1,039,035
Prepaid expenses and other deposits	6,000	(6,000)
Inventory – water	(7,030,879)	131,639
Increase in liabilities:		
Accounts payable and accrued expenses	165,910	526,507
Unearned revenue	<u>(6,000)</u>	<u>6,000</u>
Total adjustments	<u>(6,830,948)</u>	<u>1,740,860</u>
Net cash (used in) provided by operating activities	<u>\$ (7,571,890)</u>	<u>886,828</u>

See accompanying notes to the basic financial statements

Puente Basin Water Agency
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Puente Basin Water Agency (the Agency) was created April 1, 1971, by the execution of a Joint Powers Agreement between Rowland Water District (RWD) and Walnut Valley Water District (WVWD). The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The Agency's purpose is to achieve a sustainable and reliable local water supply through innovative planning and the development of regionally-beneficial projects. The Agency was organized for the purpose of protection and utilization of the local, imported, and reclaimed water supply within the Puente Basin. The Agency is governed by an appointed Board of Commissioners consisting of four members.

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 cost of providing water to its member agencies on a continuing basis be financed or recovered primarily through water sales, capital contributions and similar funding. Revenues and expenses are recognized on the full 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 water purchases, 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 value. 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.

The Agency has adopted the following GASB pronouncements in the current year:

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

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

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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.

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the Agency and the duration cannot be estimated at this time.

3. 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.

4. Investments and Investment Policy

The Agency’s investment policy authorizes investments in certificates-of-deposit and the California Local Agency Investment Fund (LAIF). The Agency’s investment policy does contain specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.

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.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

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

5. 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. As of June 30, 2021 and 2020, the Agency had no allowance for uncollectible accounts as management believes all accounts will be collected.

6. Water-In-Storage Inventory

Water-in-storage inventory consists primarily of water purchased, contributed, and held in storage with the Main San Gabriel Basin Watermaster, the Agency's water wholesaler.

In 2021, the Agency received 6,000 acre-feet of water from Rowland Water District and Walnut Valley Water District and is held in storage with the Main San Gabriel Basin Watermaster. As of June 30, 2021, the Agency had a total of 21,661 acre-feet of water-in-storage valued using an average cost of \$599 per acre-foot.

In 2020, the Agency received 600 acre-feet of water through Three Valleys Municipal Water District. The water was purchased by Rowland Water District and Walnut Valley Water District and is held in storage with the Main San Gabriel Basin Watermaster. As of June 30, 2020, the Agency had a total of 10,166 acre-feet of water-in-storage valued using an average cost of \$585 per acre-foot.

7. 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.

8. 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. Donated assets are recorded at acquisition value at the date of the donation. Capital assets received in service concession arrangements are reported at acquisition value. 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:

- Water mains – 60 years
- Pipelines and improvements – 20 years

9. Unearned Revenue

Unearned revenue consists of cash received prior to services being performed. A liability will be recognized on the financial statements until the services are rendered and completed.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

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

10. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments, or constraints imposed by law through enabling legislation.
- **Unrestricted** – Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

11. Water Sales and Services

Water sales are billed on a monthly cyclical basis and recognize the respective revenues when they are earned.

12. Capital Contributions

Capital contributions represent cash contributed to the Agency by member agencies and by the State.

13. 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.

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and investments		
Deposits with financial institutions	\$ 446,530	166,496
Deposits in Local Agency		
Investment Fund (LAIF)	<u>1,136,956</u>	<u>2,349,540</u>
Total cash and investments	<u>\$ 1,583,486</u>	<u>2,516,036</u>

As of June 30, the Agency's authorized deposits had the following maturities:

	<u>2021</u>	<u>2020</u>
Deposits in Local Agency Investment		
Fund (LAIF)	<u>291 days</u>	<u>191 days</u>

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(2) Cash and Cash Equivalents, continued

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

The table below 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	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Collateralize Bank Deposits	5 years	None	None
Corporate debt – Short and Long Term	5 years	None	None
Commercial Paper – Pooled Funds	270 days	40% of the Agency's	10%
Commercial Paper – Non-Pooled Funds	270 days	money	
Repurchase agreements	1 year	None	None
Local Agency Investment Fund (LAIF)	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 Section 16429 and is under the management of the Treasurer of the State of California with oversight provided by the Local Agency Investment Advisory Board. 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. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the Agency's deposits with the bank in accordance with the Code.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (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.

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).

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local 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. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. 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.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater the sensitivity of its fair value 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 requirements for cash flow and liquidity needed for operations.

Credit Risk

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.

Concentration of Credit Risk

The Agency's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. As of June 30, 2021 and 2020, the Agency's deposit portfolio with a government-sponsored agency, LAIF, is 72% and 93%, respectively, of the Agency's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the Agency's total investments.

(3) Installment Purchase Receivable

The Agency entered into an Installment Purchase Contracts with Rowland Water District (RWD) and Walnut Valley Water District (WVWD) related to the issuing of Bonds. RWD and WVWD received the proceeds of the Bonds and are required to make semi-annual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semi-annual basis by the Agency to the holders of the Bonds. Of the total current portion of \$1,030,000, current amounts required to be paid by RWD and WVWD are \$495,000 and \$535,000, respectively, as of June 30, 2021. Of the total long term portion of \$29,320,000, total amounts required to be paid by RWD and WVWD are \$15,965,000 and \$13,355,000, respectively, as of June 30, 2021. As of June 30, 2020, the total current portion was \$985,000. Of this total amount, the amounts required to be paid by RWD and WVWD were \$475,000 and \$510,000, respectively. As of June 30, 2020, the total long term portion amounted to \$30,350,000. Of this total amount, the long term amounts required to be paid by RWD and WVWD were \$16,460,000 and \$13,890,000, respectively. Please also see note 5 for further detail.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(4) Capital Assets

Changes in capital assets for the year ended June 30, 2021, are as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Water rights	\$ 10,402,954	-	-	10,402,954
Construction-in-Process	<u>5,060,845</u>	<u>1,577,992</u>	<u>-</u>	<u>6,638,837</u>
Total non-depreciable assets	<u>15,463,799</u>	<u>1,577,992</u>	<u>-</u>	<u>17,041,791</u>
Depreciable assets:				
Old Baldy well	1,841,213	-	-	1,841,213
Pumping plant and equipment	<u>11,154,397</u>	<u>-</u>	<u>-</u>	<u>11,154,397</u>
Total depreciable assets	<u>12,995,610</u>	<u>-</u>	<u>-</u>	<u>12,995,610</u>
Accumulated depreciation:				
Old Baldy well	(206,215)	(88,378)	-	(294,593)
Pumping plant and equipment	<u>(1,064,567)</u>	<u>(326,590)</u>	<u>-</u>	<u>(1,391,157)</u>
Total accumulated depreciation	<u>(1,270,782)</u>	<u>(414,968)</u>	<u>-</u>	<u>(1,685,750)</u>
Total depreciable assets, net	<u>11,724,828</u>	<u>(414,968)</u>	<u>-</u>	<u>11,309,860</u>
Total capital assets, net	<u>\$ 27,188,627</u>	<u>1,163,024</u>	<u>-</u>	<u>28,351,651</u>

Changes in capital assets for the year ended June 30, 2020, are as follows:

	<u>Balance 2019</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Non-depreciable assets:				
Water rights	\$ 10,402,954	-	-	10,402,954
Construction-in-process	<u>5,835,394</u>	<u>1,506,523</u>	<u>(2,281,072)</u>	<u>5,060,845</u>
Total non-depreciable assets	<u>16,238,348</u>	<u>1,506,523</u>	<u>(2,281,072)</u>	<u>15,463,799</u>
Depreciable assets:				
Old Baldy well	1,841,213	-	-	1,841,213
Pumping plant and equipment	<u>8,873,325</u>	<u>2,281,072</u>	<u>-</u>	<u>11,154,397</u>
Total depreciable assets	<u>10,714,538</u>	<u>2,281,072</u>	<u>-</u>	<u>12,995,610</u>
Accumulated depreciation:				
Old Baldy well	(117,837)	(88,378)	-	(206,215)
Pumping plant and equipment	<u>(775,995)</u>	<u>(288,572)</u>	<u>-</u>	<u>(1,064,567)</u>
Total accumulated depreciation	<u>(893,832)</u>	<u>(376,950)</u>	<u>-</u>	<u>(1,270,782)</u>
Total depreciable assets, net	<u>9,820,706</u>	<u>1,904,122</u>	<u>-</u>	<u>11,724,828</u>
Total capital assets, net	<u>\$ 26,059,054</u>	<u>3,410,645</u>	<u>(2,281,072)</u>	<u>27,188,627</u>

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(4) Capital Assets, continued

For the fiscal year ending June 30, 2021, the Agency had additions of \$1,577,992 in construction-in-process. For the fiscal year ending June 30, 2020, the Agency transferred \$2,281,072 of construction-in-process to pumping plant and equipment.

Construction-in-Process

The Agency has been involved in various construction projects throughout the year. The projects that comprise the construction-in-process balances at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Pathfinder Intertie Project	\$ 705,330	36,736
Pomona Basin Project	<u>5,933,507</u>	<u>5,024,109</u>
Total construction-in-process	<u>\$ 6,638,837</u>	<u>5,060,845</u>

(5) Long-Term Debt

Changes in long-term debt for the year ended June 30, 2021, are as follows:

	<u>Balance 2020</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Bonds payable:						
2012 Series A Water Revenue Bonds:						
Rowland Water District	\$ 16,935,000	-	(475,000)	16,460,000	495,000	15,965,000
2013 Series A Water Revenue Bonds:						
West Valley Water District	<u>14,400,000</u>	<u>-</u>	<u>(510,000)</u>	<u>13,890,000</u>	<u>535,000</u>	<u>13,355,000</u>
Total bonds payable	31,335,000	-	(985,000)	30,350,000	1,030,000	29,320,000
Capital lease payable	<u>1,747,797</u>	<u>-</u>	<u>(36,540)</u>	<u>1,711,257</u>	<u>41,231</u>	<u>1,670,026</u>
Total	<u>\$ 33,082,797</u>	<u>-</u>	<u>(1,021,540)</u>	<u>32,061,257</u>	<u>1,071,231</u>	<u>30,990,026</u>

Changes in long-term debt for the year ended June 30, 2020, are as follows:

	<u>Balance 2019</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2020</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Bonds payable:						
2012 Series A Water Revenue Bonds:						
Rowland Water District	\$ 17,395,000	-	(460,000)	16,935,000	475,000	16,460,000
2013 Series A Water Revenue Bonds:						
West Valley Water District	<u>14,890,000</u>	<u>-</u>	<u>(490,000)</u>	<u>14,400,000</u>	<u>510,000</u>	<u>13,890,000</u>
Total bonds payable	32,285,000	-	(950,000)	31,335,000	985,000	30,350,000
Capital lease payable	<u>1,779,919</u>	<u>-</u>	<u>(32,122)</u>	<u>1,747,797</u>	<u>36,540</u>	<u>1,711,257</u>
Total	<u>\$ 34,064,919</u>	<u>-</u>	<u>(982,122)</u>	<u>33,082,797</u>	<u>1,021,540</u>	<u>32,061,257</u>

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(5) Long-Term Debt, continued

2012 Series A Water Revenue Bonds – Rowland Water District

On November 1, 2012, the Agency issued \$19,835,000 of 2012 Series A Water Revenue Bonds. The Bonds will be used to finance certain capital facilities of RWD, a member agency. RWD is obligated under terms of the Installment Purchase Contract associated with the Bonds, to make semiannual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semiannual basis by the Agency to the holders of the Bonds. The Bonds were issued at a premium of \$1,570,182, which is being recorded and amortized over the life of the debt service by RWD, since RWD received the proceeds and premium. Interest and principal are payable on December 1st and June 1st of each year beginning June 1, 2013, with interest rates ranging from 1% to 5%. The Bonds are scheduled to mature on December 1, 2042. The rate covenants of the Bonds require that net revenues of RWD for each fiscal year be equal to at least 110% of the annual debt service payments required for that fiscal year.

Future annual debt service payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 495,000	666,500	1,161,500
2023	515,000	646,700	1,161,700
2024	540,000	626,100	1,166,100
2025	560,000	604,500	1,164,500
2026	580,000	582,100	1,162,100
2027-2031	3,205,000	2,607,900	5,812,900
2032-2036	3,750,000	2,081,625	5,831,625
2037-2041	4,620,000	1,265,000	5,885,000
2042-2043	2,195,000	166,000	2,361,000
Total	16,460,000	<u>9,246,425</u>	<u>25,706,425</u>
Current	<u>(495,000)</u>		
Non-current	\$ <u>15,965,000</u>		

2013 Series A Water Revenue Bonds – Walnut Valley Water District

On March 1, 2013, the Agency issued \$17,300,000 of 2013 Series A Water Revenue Bonds. The Bonds will be used to finance certain capital facilities of WVWD, a member agency. WVWD is obligated under terms of the Installment Purchase Contract associated with the Bonds, to make semiannual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semiannual basis by the Agency to the holders of the Bonds. The Bonds were issued at a premium of \$2,695,738, which is being recorded and amortized over the life of the debt service by WVWD, since WVWD received the proceeds and premium. Interest is payable on June 1st and December 1st of each year beginning December 1, 2013, with interest rates ranging from 1% to 5%. Principal is due December 1st each year beginning December 1, 2013. The Bonds are scheduled to mature on December 1, 2037. The rate covenants of the Bonds require that net revenues of WVWD for each fiscal year be equal to at least 125% of the annual debt service payments required for that fiscal year.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(5) Long-Term Debt, continued

2013 Series A Water Revenue Bonds – Walnut Valley Water District, continued

Future annual debt service payments are as follows:

<u>Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	535,000	694,500	1,229,500
2023		565,000	667,750	1,232,750
2024		595,000	639,500	1,234,500
2025		620,000	609,750	1,229,750
2026		655,000	578,750	1,233,750
2027-2031		3,790,000	2,369,750	6,159,750
2032-2036		4,840,000	1,322,250	6,162,250
2037-2038		2,290,000	173,250	2,463,250
Total		13,890,000	<u>7,055,500</u>	<u>20,945,500</u>
Current		<u>(535,000)</u>		
Non-current	\$	<u>13,355,000</u>		

Capital Lease

On January 24, 2018, the Agency entered into a lease agreement for the use of a well. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the value of the future minimum lease payments as of the inception date in the amount of \$1,841,213. The lease is payable in semi-annual payments of \$50,000, adjusted every July 1 for the Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County, California Area published by the Bureau of Labor Statistics for the preceding year, through July 31, 2038, at an annual interest rate of 4%.

Future annual lease payments are as follows:

<u>Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$	41,231	68,042	109,273
2023		46,207	66,344	112,551
2024		51,484	64,443	115,927
2025		57,076	62,329	119,405
2026		63,001	59,986	122,987
2027-2031		416,660	255,885	672,545
2032-2036		624,924	154,740	779,664
2037-2039		410,674	25,227	435,901
Total		1,711,257	<u>756,996</u>	<u>2,468,253</u>
Current		<u>(41,231)</u>		
Non-current	\$	<u>1,670,026</u>		

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(6) Net Position

Calculation of net position as of June 30, were as follows:

	<u>2021</u>	<u>2020</u>
Net investment in capital assets:		
Capital assets, net	\$ 28,351,651	27,188,627
Capital lease, current	(41,231)	(33,122)
Capital lease, non-current	<u>(1,670,026)</u>	<u>(1,714,675)</u>
Total investment in capital assets	<u>26,640,394</u>	<u>25,440,830</u>
Unrestricted net position	<u>14,833,786</u>	<u>8,520,420</u>
Total net position	<u><u>\$ 41,474,180</u></u>	<u><u>33,961,250</u></u>

(7) 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.

On June 30, 2021, the Agency participated in the ACWA/JPIA pooled programs for liability, property, programs as follows:

- General and auto liability, public officials and employees' errors and omissions: The ACWA/JPIAs 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.
- 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 \$500 million per loss, subject to a \$1,000 deductible per loss.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment, on file.
- Crime coverage up to \$100,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, computer, and funds transfer fraud coverages. subject to \$1,000 deductible per loss.

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

- Cyber liability including cyber security up to \$5,000,000 per occurrence and \$5,000,000 aggregate limit. Cyber liability deductible varies from \$10,000 to \$50,000 depending on Agency scheduled total values.

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 fiscal years ended June 30, 2021, 2020 and 2019. 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 was no IBNR claims payable as of June 30, 2021, 2020 and 2019.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(8) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2021, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(8) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 91, continued

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(8) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 93, continued

This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(8) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(9) Commitments and Contingencies

Grant Awards

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

Construction Contracts

The Agency has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the Agency's member capital contributions.

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.

(10) Subsequent Events

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of December 2, 2021, which is the date the financial statements were available to be issued.

Report on Internal Controls and Compliance



Fedak & Brown LLP
Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

**Independent Auditor's Report on Internal Controls Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Commissioners
Puente Basin Water Agency
Walnut, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Puente Basin Water Agency (Agency) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Agency's basic financial statements, and have issued our report thereon dated December 2, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 determination of financial statement amounts. 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*.

**Independent Auditor's Report on Internal Controls Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, (continued)**

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.

A handwritten signature in dark ink that reads "Fedak & Brown LLP". The signature is written in a cursive, flowing style.

Fedak & Brown LLP

Cypress, California

December 2, 2021



IRS issues standard mileage rates for 2022

IR-2021-251, December 17, 2021

WASHINGTON — The Internal Revenue Service today issued the 2022 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on January 1, 2022, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 58.5 cents per mile driven for business use, up 2.5 cents from the rate for 2021,
- 18 cents per mile driven for medical, or moving purposes for qualified active-duty members of the Armed Forces, up 2 cents from the rate for 2021 and
- 14 cents per mile driven in service of charitable organizations; the rate is set by statute and remains unchanged from 2021.

The standard mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs.

It is important to note that under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. Taxpayers also cannot claim a deduction for moving expenses, unless they are members of the Armed Forces on active duty moving under orders to a permanent change of station. For more details see [Moving Expenses for Members of the Armed Forces](#).

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Taxpayers can use the standard mileage rate but must opt to use it in the first year the car is available for business use. Then, in later years, they can choose either the standard mileage rate or actual expenses. Leased vehicles must use the standard mileage rate method for the entire lease period (including renewals) if the standard mileage rate is chosen.

[Notice 22-03](#) [PDF](#), contains the optional 2022 standard mileage rates, as well as the maximum automobile cost used to calculate the allowance under a fixed and variable rate (FAVR) plan. In addition, the notice provides the maximum fair market value of employer-provided automobiles first made available to employees for personal use in calendar year 2022 for which employers may use the fleet-average valuation rule in or the vehicle cents-per-mile valuation rule.

Page Last Reviewed or Updated: 17-Dec-2021



MEMORANDUM

To: Los Angeles County Independent Special Districts

From: William F. Kruse, Special Counsel

Date: December 6, 2021

Subject: Nomination of Candidates for Special District Voting Member and Special District Alternate Member

As you know, since 1994 special districts in Los Angeles County have been represented by two voting members and one alternate member of the Local Agency Formation Commission. On May 2, 2022, the four-year terms for Special District Voting Member Jerry Gladbach and Special District Alternate Voting Member Mel Matthews will conclude. On behalf of the special districts of Los Angeles County, LAFCO has appointed us to assist in conducting the elections to fill these vacancies.

By law, independent special district seats on LAFCO are filled by the Special District Selection Committee. That Committee is made up of the presiding officers of each independent special district in Los Angeles County.

In order to expedite the process of electing the voting member and the alternate member, I have included a form to be used to nominate candidates for consideration for each of the positions. After nominations are received, each district will receive a complete package of nominee resumes, together with a ballot for consideration by the presiding officer of your board. Voting will be conducted by mailed ballot.

Nominations for the Committee's consideration are welcome. Please provide as much relevant information about the candidates as reasonably possible. Any biographical information and/or candidate statement should be **limited to one page**. Please remember that, to be eligible, the nominee must be an elected official or appointed to your board for a fixed term. Nominations must be received in the office of Lagerlof, LLP, **ATTN: WILLIAM F. KRUSE**, no later than **5:00 p.m. on February 18, 2022**.

Please feel free to contact me directly with any questions.

Voice: (626) 793-9400

Fax: (626) 793-5900

G:\LAFCO 2022\WFK Memo to LAFCO Special Districts re 2022 Nominations.docx

NOMINATION
OF
INDEPENDENT SPECIAL DISTRICT **VOTING MEMBER**
TO THE
LOS ANGELES COUNTY LOCAL AGENCY FORMATION COMMISSION

To: Independent Special District Selection Committee

From: _____

Date: _____

Name of Candidate: _____

_____ is pleased to nominate
_____ as a candidate for appointment as special district **voting member** to the Los Angeles Local Agency Formation Commission. The nominee is an elected official or a member of the board of an independent special district appointed for a fixed term. For your consideration, we submit the following additional information together with a resume of the candidate's qualifications.

Elective office: _____

Agency: _____

Type of Agency: _____

Term Expires: _____

Residence Address: _____

Telephone: _____

PLEASE ATTACH RESUME OR CANDIDATE STATEMENT (limit one page)

(Name of Agency)

By: _____

Its: _____

NOMINATION
OF
INDEPENDENT SPECIAL DISTRICT **ALTERNATE MEMBER**
TO THE
LOS ANGELES COUNTY LOCAL AGENCY FORMATION COMMISSION

To: Independent Special District Selection Committee

From: _____

Date: _____

Name of Candidate: _____

_____ is pleased to nominate
_____ as a candidate for appointment as special district
alternate member to the Los Angeles Local Agency Formation Commission. The nominee is an elected
official or a member of the board of an independent special district appointed for a fixed term. For your
consideration, we submit the following additional information together with a resume of the candidate's
qualifications.

Elective office: _____

Agency: _____

Type of Agency: _____

Term Expires: _____

Residence Address: _____

Telephone: _____

PLEASE ATTACH RESUME OR CANDIDATE STATEMENT (limit one page)

(Name of Agency)

By: _____

Its: _____



WHAT'S YOUR *Water Footprint?*

TAKING STEPS TO SAVE

Rowland Water District – Board Report

January 18, 2022



Customer Communications

- Outreach to HOAs/Property Managers on drought urgency
- Understanding Your Bill – pocket guide
- Low Income Assistance outreach
- When in Drought – op/ed series #3 released 12/20



District Outreach

- Recycled Water Presentations - Water Reuse & CSDA (pending)
- New Truck Wraps
- Little Library – Wendy and Wally/book theme
- AMI Outreach (prepare for completion)
- Drought Op-Ed Series (customer, region and industry)



Website Enhancements

- Updated videos
- Updated sliders
- Drought Microsite – punchlist in progress



Press Releases/Earned Media

- District Transparency – 12/1
- Strategic Planning – 12/13
- Low Income Assistance – 12/27
- Filling Stations – 12/28
- Dusty Moisio - pending





Industry Press

- ACWA – 12/1
DISTRICT'S OPEN GOVERNMENT PRACTICES EARN STATEWIDE HONOR
- ACWA – 12/13
ROWLAND BOARD CONSIDERS DEEPENING ITS WATER SUPPLY PORTFOLIO



Video Projects

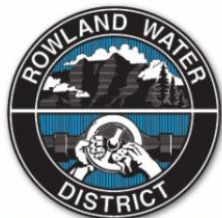
- History Video Update – Final review
- Career Forum 2.0 (Spring 2022) - complete
- Day in the Life Video Series – initial scoping complete
- Share DVL/MWD video with Board of Directors



Covid-19 Support

- Safe tap water communications
- District contact information
- Office hours release distributed





ROWLAND WATER DISTRICT **WHEN IN DROUGHT**

Welcome to "When in Drought", the second in a series of commentaries about the state of our water supply and what it means to you. These articles will provide a unique perspective on the ways California, the region and your local water supplier have prepared for our current drought and what water users can do to help.

Stay tuned for the next installment.

Long-term water supply planning, regional partnerships are key to defying drought

December 20, 2021 – You will be hearing a lot about drought and water conservation in the coming months as our region and the state continue to confront a lack of rain and snowfall for the second year in a row.

With diminished reservoirs and an abysmally low snowpack, Rowland Water District and other suppliers have issued renewed calls for water efficiency, much like we did during the last California drought from 2011 to 2017.

But the truth is, we have spent decades diversifying our supply and establishing policies to prepare for this exact challenge. In a region where droughts are recurring, and with the expectation that they will become longer and more severe under climate change, preparation is key to our success – and our survival.

Rowland Water District has taken numerous steps to ensure protection of our supply and accommodate current and anticipated population and economic growth. In addition to long-range planning, we have expanded our recycled water system for irrigation to conserve drinking water and partnered on regionally beneficial projects to achieve a sustainable and reliable local water supply.

For the last 30 years, we have been part of the Puente Basin Water Agency, a Joint Powers Authority with Walnut Valley Water District that improves water quality across the region, coordinates regional projects to maximize basin-wide water production and strives to reduce our reliance on imported water, which is more expensive and less reliable than local supplies.

The Puente Basin Water Agency has undertaken numerous pipeline and well projects to expand access to local water. Among them is construction of a connection with California Domestic Water Company which pumps water from the Main San Gabriel Basin – an important water source – to Rowland and Walnut Valley Water districts systems. Under appropriate conditions this connection affords the Rowland and Walnut Valley districts enough water to supply about 10,000 families for a year.

Rowland Water also has a Joint Powers Agreement with the City of Pomona and Walnut Valley Water District to form the Pomona-Walnut-Rowland Joint Waterline Commission, which built, operates and manages a pipeline that brings imported water from Metropolitan Water District to our three agencies.



These collaborations are an important part of our water resource planning. The outlook also includes our Urban Water Management Plan, which the District updated this June. The long-term resource plan ensures adequate water supplies are available to meet existing and future needs. It also incorporates water supply reliability determinations through 2045 in case of prolonged drought, regulatory revisions, and climate change, all of which we are likely to face.

Additionally, our Water Shortage Contingency Plan outlines steps that will be taken given various levels of water shortages, from 10 percent to greater than 50 percent, or greater that may occur during drought or emergencies. Responses could include limiting days for irrigation or filling of swimming pools.

Most of Rowland's water supply is imported from the Metropolitan Water District through Three Valleys Municipal Water District. We have rights to some groundwater and recycled water that is used for irrigation, construction and industrial purposes. The District plans to continue to increase delivery capacity and expand the recycled water system to serve additional customers, which will allow us to conserve drinking water.

All of these measures position us well for what is expected to be a winter short on rain and snow. We at Rowland Water District will continue to safeguard supplies and implement best practices to make sure our customers have the water they need, whenever they want it.



Tom Coleman is a veteran Southern California water industry leader with more than three decades of experience. He has served as General Manager at Rowland Water District in Rowland Heights, Calif., since 2014, and is the Assistant Administrative Officer for the Puente Basin Water Agency in Walnut, Calif. Coleman previously was Executive Director of Bellflower-Somerset Mutual Water Company in Bellflower, Calif., General Manager of Orchard Dale Water District in Whittier, Calif., and served in various water management positions with the City of Alhambra, Calif. He holds certifications in water treatment and delivery, resource management and leadership. Coleman is the Chair of the Public Water Agency Group, is past president of the California Utility Executive Management Association and has been named an honorary "Doctor of Water" by the Southern California Water Utility Association.





Community Outreach Update | January 18, 2022 Board Meeting

SOCIAL MEDIA: #DiscoverRWD #RowlandConnections #RWDeducation #WaterFacts

The District regularly posts updates on district information, conservation, education, and water-related tips utilizing the national hashtag holiday calendar. These posts are shared on Twitter, Instagram, Facebook, and YouTube when necessary. See below for our social media engagement.

Twitter (November 30, 2021-January 11, 2022)

Measurement	Total
Followers	674
New Followers	3
Tweets	17
Tweet Impressions	1,328
Profile Visits	313
Mentions	1

Twitter Top Performing Post:

Tweet activity



Rowland Water District @RowlandWater

🎉 Happy New Year's from all of us here at Rowland Water District!

[#DiscoverRWD](#) [#NewYears2022](#) pic.twitter.com/1ETbDa9vK7

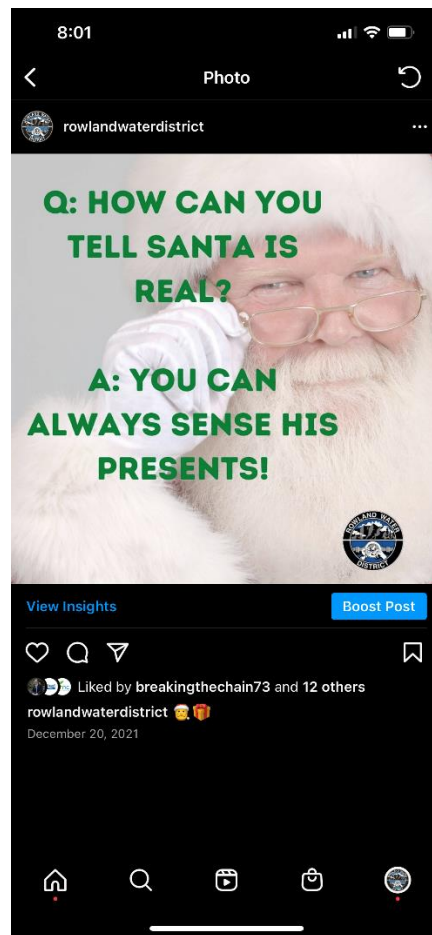
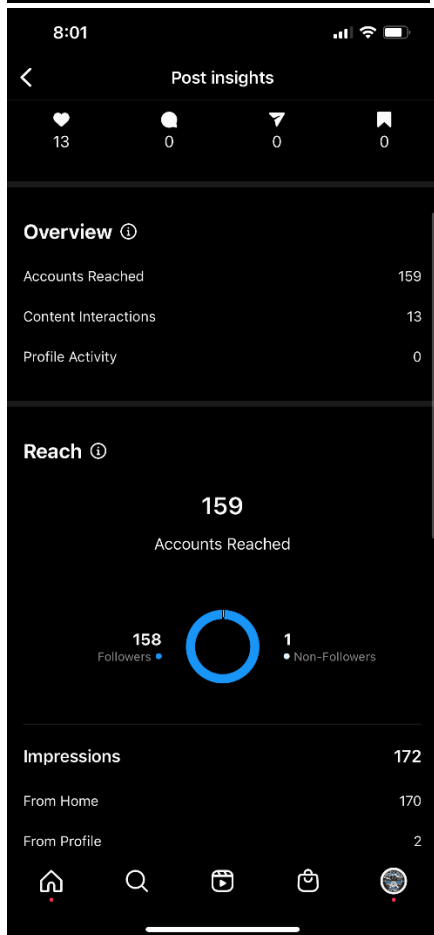
Impressions	69
Media views	9
Total engagements	7
Likes	4
Detail expands	2
Profile clicks	1



Instagram (November 30, 2021-January 11, 2022)

Measurement	Total
Total Posts	16
Total Followers	1,039
Post Engagement	125
Impressions (Total number of times post have been seen)	1,633
Profile Impressions	2,478

Instagram Top Performing Post:





Facebook (November 30, 2021-January 11, 2022)

Measurement	Total
Posts	16
Fans on Page	347
Reactions (Engagement)	21
Post Engagement	22

WEBSITE (November 30, 2021-January 11, 2022)

Measurement	Total
Users	5,017
New Users	4,232
Returning Visitor	1,354
Pageviews	16,187

CONSTANT CONTACT-(electronic information sent to customer emails)

December 20, 2021- When in Drought: OpEd 2: *When in Drought: Long-term water supply planning, regional partnerships are key to defying drought*

Total Active Contacts-10,918



EDUCATION OUTREACH:

- The water activity book is completed and will be getting delivered to all TK-3rd graders from RUSD schools in our service area.
- The filling stations have been installed at both Jellick Elementary School and Northam Elementary School. The reusable water bottles and stickers are getting delivered to the schools at the beginning of February.
- Mini Science Challenge- 529 students will be participating from 16 classrooms and 5 schools. The Filtration Challenge and at-home water audit have been completed by all classrooms and students are now working on the writing challenges.
- National Theatre for Children is complete and a total of seven schools participated totaling 3,122 students reached.
- We had four teachers complete an EduBucks application and we are currently reviewing them. The total requested from all four teachers is \$3,900.00
- One student from Jellick Elementary School was the winner of the MWD poster contest and will be featured in the 2022 Water Is Life Calendar. We have copies of the calendar for our customers that they can request to be mailed out.
- Attending the MWD education meetings.



YOUR BEST PROTECTION

ACWA JPIA

P. O. Box 619082
Roseville, CA 95661-9082

phone
916.786.5742
800.231.5742

www.acwajpia.com

President

E.G. "Jerry" Gladbach

Vice President

Tom Cuquet

Chief Executive Officer

Walter "Andy" Sells

Executive Committee

Fred Bockmiller

Tom Cuquet

David Drake

E.G. "Jerry" Gladbach

Brent Hastey

Melody A. McDonald

Randall Reed

J. Bruce Rupp

Pamela Tobin

Core Values

- People
- Service
- Integrity
- Innovation

November 03, 2021

Rowland Water District (R006)
3021 S. Fullerton Road
Rowland Heights, CA 91748

General Manager:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property, or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Rowland Water District (R006) with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2022.

Sincerely,

E.G. "Jerry" Gladbach
President

Enclosure: President's Special Recognition Award(s)

President's Special Recognition Award

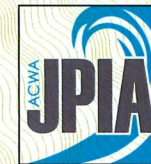
*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Rowland Water District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Liability Program for the period 10/01/2017 - 09/30/2020
announced at the Board of Directors' Meeting in Pasadena.*



E. G. "Jerry" Gladbach, President

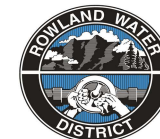


December 15, 2021

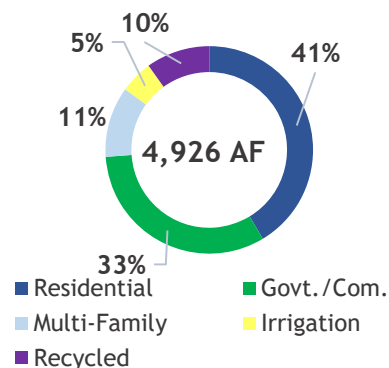


ROWLAND WATER DISTRICT FINANCIAL DASHBOARD

November 30, 2021



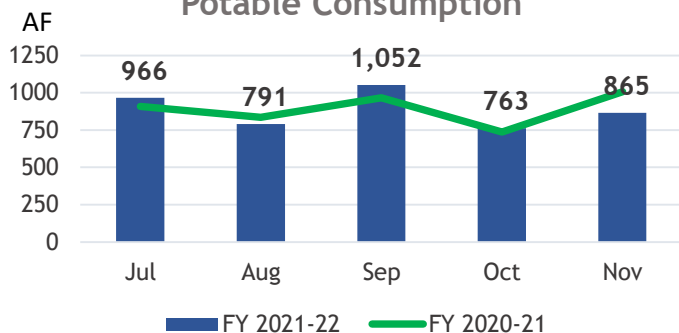
Consumption by Class 1



100% of Prior Year

48% of Budget 2

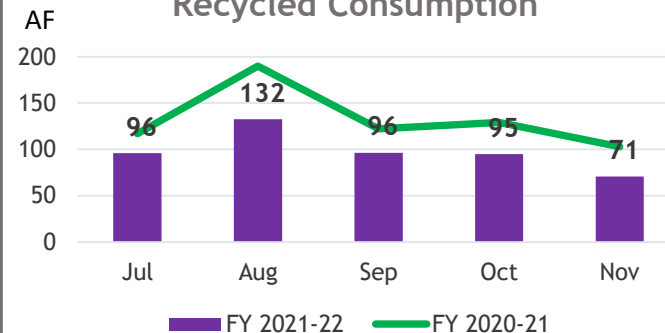
Potable Consumption



74% of Prior Year

43% of Budget 3

Recycled Consumption



YTD Revenue
Annual Budget

\$12,674,240
\$28,532,400

44% 4

YTD Expense
Annual Budget

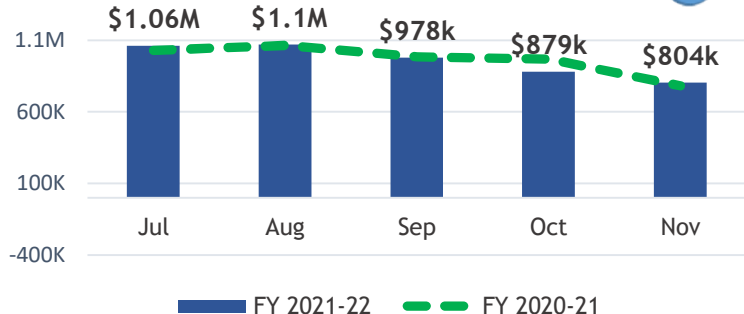
\$10,949,055
\$24,339,100

45% 5

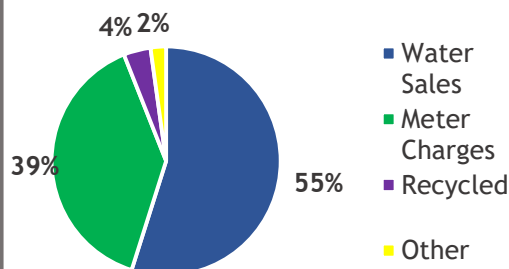
YTD Water Purchases
of \$4.79 M

44% of YTD Expense

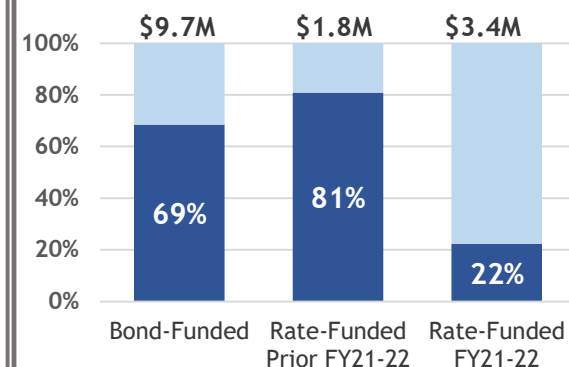
Water Purchases 6



Revenues by Category 7

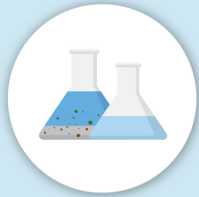


CIP Completion 8



FIELD OPERATIONS

COMPLETED TASKS FOR DECEMBER 2021



158

WATER SAMPLES



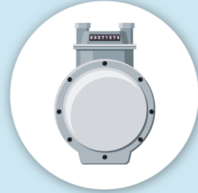
78

SITE INSPECTIONS



210

SERVICE ORDERS
COMPLETED



64

METERS REPLACED



3

MODULES REPLACED



263

DIG ALERTS



4

SERVICE LINES
REPLACED



0

SYSTEM VALVES
REPLACED



76

AIR RELEASE
INSPECTIONS



22

RECYCLED WATER
INSPECTIONS



FIELD OPERATIONS

COMPLETED TASKS FOR CY 2021



1,878

WATER SAMPLES



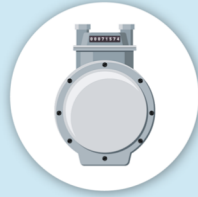
958

SITE INSPECTIONS



2,994

SERVICE ORDERS
COMPLETED



2,197

METERS REPLACED



4,007

MODULES REPLACED



3,884

DIG ALERTS



91

SERVICE LINES
REPLACED



154

SYSTEM VALVES
REPLACED



292

AIR RELEASE
INSPECTIONS



105

RECYCLED WATER
INSPECTIONS



AMI CONVERSION PROJECT



13,807 [**TOTAL METERS
ON AMI**

99.9% [**TOTAL %
CONVERTED**

99.5% [**ACCURACY
(PERCENTAGE)**

