



Board of Directors *Regular Meeting*



COLLABORATION
Working together towards a
common purpose

ENGAGEMENT
Building awareness and participation
within our organization, our community
and our industry

TEAMWORK
Connecting with each other to
advance the organization

RESILIENCE
Adapting well in the face
of adversity

ACCOUNTABILITY
Acting responsibly and with our
customers in mind

EXCELLENCE
Providing the very best for
our customers

January 10, 2023, at 6:00 p.m.

3021 Fullerton Road, Rowland Heights, CA 91748
(562) 697-1726 | RWD.org



AGENDA

Regular Meeting of the Board of Directors
3021 Fullerton Road
Rowland Heights, CA 91748
January 10, 2023 -- 6:00 PM

SPECIAL NOTICE OF TELECONFERENCE ACCESSIBILITY

Based on the fact that there is a continuing State of Emergency for COVID-19 and that state and local officials continue to recommend social distancing measures, the Rowland Water District Board of Directors is holding this meeting pursuant to AB 361 and the meeting may be attended virtually or in person. Any Director and member of the public who desires to participate in the open session items of this meeting may do so remotely by accessing the following options: **Zoom:** <https://us02web.zoom.us/j/8759899861> -- Meeting ID: 875 989 9861; **Dial-In:** (669) 900-6833 -- Passcode: 8759899861#

Agenda materials are available for public review at <https://www.rwd.org/agendas-minutes/>. Materials related to an item on this Agenda submitted after distribution of the Agenda packet are available for public review at the District office located at 3021 Fullerton Road, Rowland Heights, CA 91748.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

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

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) 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. **Adoption of RWD Resolution No. 1-2023, Authorizing Virtual Board Meetings and Committee Meetings Pursuant to AB 361**

Recommendation: The Board of Directors adopt RWD Resolution No. 1-2023.

2. **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.

2.1 **Approval of the Minutes of Regular Board Meeting held on December 13, 2022**

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

2.2 **Approval of the Minutes of Special Board Meeting held on December 20, 2022**

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

2.3 **Demands on General Fund Account for November 2022**

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

2.4 **Investment Report for November 2022**

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

2.5 **Water Purchases for November 2022** - For information only.

2.6 **California Reservoir Conditions** – For information only.

Next Special Board Meeting: January 24, 2023

Next Regular Board Meeting: February 14, 2023

3. **ACTION ITEMS**

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

3.1 **Review and Approve Directors' Meeting Reimbursement December 2022**

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

3.2 **Receive and Approve "Draft" Rowland Water District Financial Audit Report for Fiscal Year 2021-2022, Prepared by Nigro & Nigro, PC**

Recommendation: The Board of Directors receive and approve the District's "Draft" Financial Audit Report.

3.3 **Receive and File the Puente Basin Water Agency Audit Report for Fiscal Year 2021-2022 Prepared by Fedak & Brown LLP**

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

3.4 **Review and Approve Schedule of Monthly Salary Ranges Effective January 1, 2023**

Recommendation: The Board of Directors review and approve the schedule of monthly salary ranges included in the Board packet.

3.5 **Request additional funds for Reservoir 11 Project**

Recommendation: The Board of Directors receive Mr. Moisio's verbal report and approve an additional \$60,000 funds for the Reservoir 11 Project.

3.6 [Approve Changes in IRS Mileage Rate from 62.5 to 65.5 cents effective January 1, 2023](#)

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

4. PUBLIC RELATIONS

4.1 [Communications Outreach](#)

CV Strategies

4.2 [Education Update](#)

Brittnie Gildea

5. DISCUSSION OF UPCOMING CONFERENCES, WORKSHOPS, OR EVENTS

(Including items that may have arisen after posting of the agenda)

6. LEGISLATIVE INFORMATION

7. REVIEW OF CORRESPONDENCE

7.1 [Local Agency Formation Commission – Update on Election of Special District LAFCO Representative](#)

8. COMMITTEE & ORGANIZATION REPORTS *(verbal reports)*

8.1 Joint Powers Insurance Authority Directors Hsu/Lewis

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

8.3 Association of California Water Agencies Directors Lewis/Bellah

8.4 Puente Basin Water Agency Directors Lima/Lewis

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

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

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

8.8 Sheriff's Community Advisory Council Directors Lu-Yang

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

9. OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

9.1 [Finance Report](#) Mrs. Malner

9.2 Operations Report Mr. Davidson/Moisio

9.3 Personnel Report Mr. Coleman

10. ATTORNEY'S REPORT

Mr. Byrne

11. CLOSED SESSION

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

Property: Portion of Property Located at 839 S. Azusa Avenue
City of Industry, CA
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: City of Industry
Under Negotiation: Price and Terms

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

Property: Assessor Parcel Numbers 8266-002-900, 8266-002-901 and
8269-003-903
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: Puente Hills Habitat Authority
Under Negotiation: Price and Terms of Payment

12. RECONVENVE/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 SZU PEI LU-YANG, Presiding



**RESOLUTION NO. 1-2023
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, 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, state or local officials have imposed or recommended measures to promote social distancing; and

WHEREAS, such conditions now exist in the District, specifically, a state of emergency has been proclaimed related to COVID-19, and state and local officials are recommending measures to promote social distancing,

**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; and state and local officials have recommended measures to promote social distancing in connection with COVID-19. 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).

PASSED, APPROVED, AND ADOPTED at the regular meeting of the Board of Directors held January 10, 2023, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SZU PEI LU-YANG
President

ATTEST:

TOM COLEMAN
General Manager

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 January 10, 2023.

TOM COLEMAN
Board Secretary



Minutes of the Regular Meeting
of the Board of Directors of the Rowland Water District
December 13, 2022 – 6:00 p.m.
3021 Fullerton Road
Rowland Heights, CA 91748
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 (Arrived at 6:03 p.m.)
Director John Bellah
Director Vanessa Hsu
Director Robert W. Lewis

ABSENT:

None.

OTHERS PRESENT:

Joseph Byrne, Legal Counsel, Best, Best & Krieger
Tara Bravo, CV Strategies
Mike Ti, Director, TVMWD
Blake Ward

REMOTE PARTICIPATION:

Jody Roberto, TVMWD
Matt Litchfield, TVMWD
Brian Bowcock

ROWLAND WATER DISTRICT STAFF

Tom Coleman, General Manager
Dusty Moisio, Assistant General Manager
Myra Malner, Director of Finance
Allen Davidson, Director of Operations
Gabby Sanchez, Executive Assistant
Elisabeth Mendez, Compliance and Safety Coordinator
Brittnie Gildea, Education and Outreach Coordinator (Meeting host)

ADDITION(S) TO THE AGENDA

None.

PUBLIC COMMENT ON NON-AGENDA ITEM

None.

1. Adoption of RWD Resolution No. 12-2022, Authorizing Virtual Board Meetings and Committee Meetings Pursuant to AB 361

Upon motion by Director Lewis, seconded by Director Lu-Yang, the Board unanimously adopted RWD Resolution No 12-2022, Authorizing Virtual Board Meetings and Committee Meetings Pursuant to AB 361, by the following roll call vote:

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

(Motion pass 5-0)

2. Administer Oath of Office

Appointing Officer Tom Coleman, in his capacity as Board Secretary, administered oaths of office to the following four individuals for the offices of Director in Division 1, 3, 4, and 5 as listed below:

- Vanessa Hsu, Division 1, unexpired term ending December 6, 2024
- John Bellah, Division 3, full term ending December 4, 2026
- Robert Lewis, Division 4, full term ending December 4, 2026
- Szu Pei Lu-Yang, Division 5, full term ending December 4, 2026

3. Adoption and Presentation of RWD Resolution No. 12.1-2022, Honoring Brian Bowcock's Twenty Years of Distinguished Service as a Director of the Three Valleys Municipal Water District

General Manager Tom Coleman welcomed and introduced Mr. Brian Bowcock, former Board member of Three Valleys Municipal Water District. Board members took a moment to thank Mr. Bowcock for his years of dedicated service to the water industry.

Following discussion, upon motion by Director Lu-Yang, seconded by Director Hsu, the Board unanimously adopted RWD Resolution No. 12.1-2022, Honoring Brian Bowcock's Twenty Years of Distinguished Service as a Director of the Three Valleys Municipal Water District, by the following roll call vote:

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

(Motion pass 5-0)

4. CONSENT CALENDAR

Upon motion by Director Lu-Yang, seconded by Director Hsu, the Consent Calendar was unanimously approved (5-0) by the following roll call vote:

AYES: Directors Bellah, Hsu, Lewis, Lima, Lu-Yang
NOES: None
ABSENT: None
ABSTAIN: None
(Motion pass 5-0)

- 4.1 Approval of Minutes of Regular Board Meeting Held on November 8, 2022
- 4.2 Demands on General Fund Account for October 2022
- 4.3 Investment Report for October 2022
- 4.4 Water Purchases for October 2022
- 4.5 California Reservoir Conditions

Next Special Board Meeting: December 20, 2022, 6:00 p.m.
Next Regular Board Meeting: January 10, 2023, 6:00 p.m.

5. ACTION ITEMS

5.1 Review and Approve Directors' Meeting Reimbursements for November 2022

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

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

(Motion pass 5-0)

5.2 Consider Adoption of RWD Resolution No. 12.2-2022, Re-Appointing the District Treasurer and Delegating Authority for the Investment of Surplus Funds of the District to the General Manager/Treasurer

Upon motion by Director Bellah, seconded by Director Lu-Yang, the Board unanimously adopted RWD Resolution No. 12.2-2022, Re-Appointing the District Treasurer and Delegating Authority for the Investment of Surplus Funds of the District to the General Manager/Treasurer by the following roll call vote:

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

(Motion pass 5-0)

5.3 Approve Executive Officer Positions of the Board of Directors for 2023

Upon motion by Director Lewis, seconded by Director Hsu, the Board of Directors conducted is biennial rotation of officer positions and unanimously approved as follows:

Szu Pei Lu-Yang, to serve as Board President for the calendar years 2023 and 2024

John Bellah, to serve as Board Vice-President for the calendar years 2023 and 2024

The motion was carried (5-0) by the following roll call vote:

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

(Although the rotation of officer positions was conducted, Director Lima continued to chair the remainder of the meeting.)

5.4 Review and Approve Board of Directors Committee Assignments

Upon motion by Director Lu-Yang, seconded by Director Hsu, the Board unanimously approved Committee assignments for 2023, 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 by the following roll call vote:

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

(Motion pass 5-0)

5.5 Consider Adoption of RWD Resolution No. 12.3-2022 Appointing Representatives to the Puente Basin Water Agency

Upon motion by Director Lu-Yang, seconded by Director Hsu, the Board unanimously adopted RWD Resolution No. 12.3-2022, Appointing Anthony J. Lima and Robert W. Lewis as representatives and Tom Coleman as alternate representative of the RWD to serve on the Commission of the Puente Basin Water Agency by the following roll call vote:

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

(Motion pass 5-0)

5.6 Confirm Appointment of Representatives to the Pomona-Walnut-Rowland Joint Water Line Commission

Upon motion by Director Bellah, seconded by Director Lewis, the Board unanimously appointed Anthony J. Lima as Commissioner, and John Bellah as alternate, to serve on the Pomona-Walnut-Rowland Line Commission by the following roll call vote:

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

(Motion pass 5-0)

5.7 Approve Cost of Living Increase for all Employees Based on Merit

A motion was made by Director Hsu, and seconded by Director Lu-Yang, to approve the 6% Cost of Living Increase for all employees based on merit effective January 1, 2023, by the following roll-call vote:

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

(Motion pass 5-0)

6. PUBLIC RELATIONS

6.1 Communications Outreach (CV Strategies)

Ms. Bravo reported on CV Strategies' communications outreach activities performed on behalf of the District during the month of November 2022, highlighting in particular the publication of the drought op-ed, responses to the drought op-ed, and upcoming customer messaging campaigns.

6.2 Education Update

Education and Outreach Coordinator Brittne Gildea provided the Board with an update on community outreach and water education activities as listed in the Education Outreach Report included in the Board packet. She noted that the District selected participants for the first round of front yard residential landscape conversions.

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

The Board was informed of the February 23, 2023, Three Valleys Municipal Water District Leadership Breakfast and the Urban Water Institute February 22-24, 2023, Spring Water Conference.

8. LEGISLATIVE INFORMATION – None.

9. REVIEW OF CORRESPONDENCE – None.

The Board acknowledged receipt of ACWA/JPIA's "President's Special Recognition Award."

10. COMMITTEE REPORTS

10.1 Joint Powers Insurance Authority – Director Hsu apprised the Board of ACWA/JPIA business matters discussed during the November 28, 2022, conference.

10.2 Three Valleys Municipal Water District – Director Lima spoke on business matters from the November 16 and December 7, 2022, TVMWD Board meetings.

10.3 Association of California Water Agencies – Director Lewis reported on ACWA General Session Membership Meeting business matters held on November 30, 2022.

10.4 Puente Basin Water Agency (PBWA) – Director Lima highlighted discussion items from the December 8, 2022, PBWA meeting.

10.5 Project Ad-Hoc Committee – President Lu-Yang noted the Project Ad-Hoc Committee met on December 15, 2022, to discuss items for future Board consideration.

10.6 Regional Chamber of Commerce – Nothing to report.

10.7 P-W-R Joint Waterline Commission – Nothing to report.

10.8 Sheriff's Community Advisory Council - Nothing to report.

10.9 Rowland Heights Community Coordinating Council (RHCCC) – Nothing to report.

11. OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

11.1 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 October 2022.

11.2 Operations Report

Director of Operations, Allen Davidson, provided the Board with field operations tasks completed during the month of October (as listed below). Both he and Mr. Moision followed with presentations on the status of the Colima Road widening project and the purchase of a new portable generator.

- Water Samples – 136
- Site Inspections - 68
- Service Orders Completed - 318
- Meters Replaced - 43
- Modules Replaced - 0
- Dig Alerts – 288
- Service Lines Replaced- 4
- System Valves Replaced- 0
- Air Releases Inspections - 1
- Recycled Water Inspections – 18

11.3 Personnel Report

General Manager Tom Coleman provided updates on recruitment of the Project Manager and Maintenance I positions.

12. ATTORNEY’S REPORT – None.

13. CLOSED SESSION

A closed session was not held in connection with the items listed below:

a. Conference with Real Property Negotiator – [§54956.8]

Property: Portion of Property Located at
839 S. Azusa Ave., City of Industry, CA

District Negotiator: Tom Coleman, General Manager

Negotiating Parties: City of Industry

Under Negotiation: Price and Terms

b. Conference with Real Property Negotiator – [§54956.8]

Property: Assessor Parcel Numbers 8266-002-900, 8266-002-901 and
8269-003-903

District Negotiator: Tom Coleman, General Manager

Negotiating Parties: Puente Hills Habitat Authority

Under Negotiation: Price and Terms of Payment

General Manager’s and Directors’ Comments – General Manager Tom Coleman took a moment to highlight the District’s 2022 achievements while recognizing staff’s performance during the calendar year and thanking the Board for their guidance.

Future Agenda Item(s) – None.

Late Business – None.

A motion was made by Director Hsu, seconded by Director Bellah, and unanimously carried to adjourn the meeting. The meeting was adjourned at 7:54 p.m.

ANTHONY J. LIMA
Board President

Attest: _____
TOM COLEMAN
Board Secretary



**RESOLUTION NO. 12-2022
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, 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, state or local officials have imposed or recommended measures to promote social distancing; and

WHEREAS, such conditions now exist in the District, specifically, a state of emergency has been proclaimed related to COVID-19, and state and local officials are recommending measures to promote social distancing,

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; and state and local officials have recommended measures to promote social distancing in connection with COVID-19. Based on such facts, findings and determinations, the Board authorizes staff

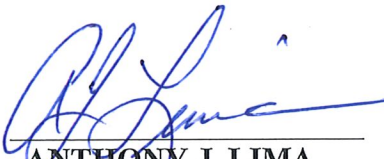
to conduct remote teleconference meetings of the Board of Directors, including Committee meetings, under the provisions of Government Code Section 54953(e).

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).

PASSED, APPROVED, AND ADOPTED at the regular meeting of the Board of Directors held December 13, 2022, by the following roll call vote:

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



ANTHONY J. LIMA
President

ATTEST:



TOM COLEMAN
General Manager

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 December 13, 2022.



TOM COLEMAN
Board Secretary



RESOLUTION NO. 12.1-2022

**ROWLAND WATER DISTRICT
RESOLUTION RECOGNIZING THREE VALLEYS MUNICIPAL WATER DISTRICT
DIRECTOR BRIAN BOWCOCK'S TWENTY YEARS OF DISTINGUISHED SERVICE
AS A DIRECTOR OF THE THREE VALLEYS MUNICIPAL WATER DISTRICT**

WHEREAS, Three Valleys Municipal Water District ("TVMWD") is a member agency of the Metropolitan Water District of Southern California ("MWD") and a wholesale water supplier that sells imported water to the Rowland Water District ("District") for distribution throughout the District's service area; and

WHEREAS, TVMWD is an essential partner of the District as they work very closely together on important regional and statewide water projections and issues; and

WHEREAS, Director Brian Bowcock commenced his career in local government in 1959 and continued as a leader with distinction on the TVMWD Board of Directors since he was elected in January 2003, exercising sound judgment and strong leadership throughout; and

WHEREAS, in his tenure on the TVMWD Board, Director Bowcock served as Board Vice President, Treasurer, and Secretary, and on behalf of TVMWD, served as a representative to the Main San Gabriel Basin Watermaster, ACWA Region 8, ACWA/JPIA, San Gabriel Basin Water Quality Authority, and Six Basins Watermaster, and provided irreplaceable contributions to associations such as the Southern California Water Utilities Agency; and

WHEREAS, Director Bowcock has always been an excellent leader, and partner to work with and has provided valuable service to the District and its customers throughout the years; and

NOW, THEREFORE, be it resolved that we, the Rowland Water District Board of Directors, hereby recognize and congratulate Director Bowcock for his 20 years of dedicated service to TVMWD and to the District.

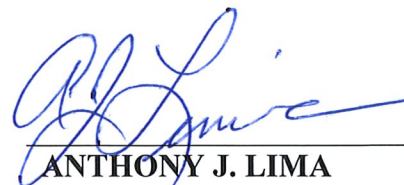
PASSED, APPROVED, AND ADOPTED at the regular meeting of the Board of Directors held December 13, 2022, by the following roll call vote:

AYES: Directors Bellah, Hsu, Lewis, Lima, and Lu-Yang

NOES: None

ABSENT: None

ABSTAIN: None


ANTHONY J. LIMA
President

ATTEST:

TOM COLEMAN
General Manager

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 December 13, 2022.



TOM COLEMAN
Board Secretary



RESOLUTION NO. 12.2-2022
Supersedes Resolution No. 12.2-2021

ROWLAND WATER DISTRICT

**RESOLUTION OF THE BOARD OF DIRECTORS
RE-APPOINTING THE DISTRICT TREASURER AND
DELEGATING AUTHORITY FOR THE INVESTMENT OF SURPLUS FUNDS
OF THE DISTRICT TO THE GENERAL MANAGER/TREASURER**

WHEREAS, the Board of Directors has adopted a Statement of Investment Policy governing the investment of surplus funds of the District not required for the immediate needs of the District as set forth in Resolution No. 12.1-2021; and,

WHEREAS, on December 8, 2014, the Board of Directors appointed General Manager, TOM COLEMAM, as the Treasurer of the District and delegated to the General Manager/ Treasurer the authority to invest and reinvest funds of the District, and to sell and exchange securities purchased on behalf of the District pursuant to Government Code Section 53607; and,

WHEREAS, the delegation of investment authority to the General Manager/Treasurer was for a period of one year from the date of delegation, and the Board of Directors desires to amend the delegation of investment authority to the current General Manager/Treasurer for a period of one year, which it has done every year since 2014.

NOW THEREFORE, be it resolved by the Board of Directors of the Rowland Water District as follows:

1. The Board of Directors hereby delegates to the General Manager/ Treasurer, TOM COLEMAN the authority and responsibility for the investment of District funds pursuant to the Statement of Investment Policy established by the Board of Directors.
2. In investing surplus funds of the District, the General Manager/Treasurer shall consult with the District's financial advisors and shall exercise judgment and care, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. The standard of prudence to be used by the General Manager/Treasurer shall be the "prudent investor" standard (Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. The General Manager/Treasurer, acting in accordance with the Investment Policy established by the Board of Directors and exercising due

diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. Within the limitations of the foregoing standard, the General Manager/Treasurer is authorized to invest surplus funds of the District in any of the types of investments permitted under Section 53601 and 53601.1 of the Government Code of the State of California as currently written, and as it may be amended in the future by the Legislature. The General Manager/Treasurer is expressly authorized to invest surplus funds of the District in the Local Agency Investment Fund of the California State Treasurer (Government Code Section 16429.1). All investments of surplus funds of the District shall comply with all of the limitations and requirements of Government Code Sections 53600 through 53609, inclusive and any other legal restrictions imposed by State or Federal law.


3. The General Manager/Treasurer shall establish written procedures for the operation of the investment program consistent with the Statement of Investment Policy which procedures shall include references to safekeeping; repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts as appropriate. The General Manager/Treasurer may delegate to District staff members authority to engage in specific investment transactions and shall institute such controls and restrictions as appropriate to ensure compliance with the Investment Policy. No person may engage in an investment transaction except as provided under the terms of the Investment Policy and the procedures established by the General Manager/Treasurer. The General Manager/Treasurer shall be ultimately responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, outside investment advisors and contracted managers.
4. The General Manager/Treasurer shall make monthly reports of investment transactions made with District funds to the Board of Directors. In addition, the General Manager/Treasurer shall submit to each member of the Board of Directors, a quarterly investment report within thirty (30) days following the end of the quarter covered by the report, which shall include the type of investment, issuer, date of maturity, par and dollar amount invested for all securities, investments and monies of the District, and shall additionally include a description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs and such other information as is required under Government Code Section 53646. With respect to all securities held by the District, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation. With respect to funds placed in the Local Agency Investment Fund, FDIC-Insured accounts and/or in a county investment pool, the foregoing information may be provided by including a copy of the latest statement from such institutions. The quarterly report shall include a statement that the portfolio is in compliance with this statement of Investment Policy, or shall identify in what respect it is not in compliance. The quarterly report shall include a statement that the District will be able to meet its

anticipated operating expenses and expenditure obligations for the following six months or provide an explanation as to why sufficient money shall or may not be available. The General Manager/Treasurer shall maintain a complete and up-to-date record of all investment transactions. The General Manager/Treasurer shall also report any additional information or data that may be requested by the Board of Directors.

5. The investment authority delegated to the General Manager/Treasurer herein shall continue for one year or until earlier revoked by the Board of Directors.

PASSED, APPROVED, AND ADOPTED at the regular meeting of the Board of Directors held December 13, 2022, by the following roll call vote:


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


ANTHONY J. LIMA
President

ATTEST:

TOM COLEMAN
General Manager

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 December 13, 2022.


TOM COLEMAN
Board Secretary



RESOLUTION NO. 12.3-2022
Supersedes Resolution No. 12-2021

ROWLAND WATER DISTRICT

**RESOLUTION OF THE BOARD OF DIRECTORS
APPOINTING REPRESENTATIVES TO THE
PUENTE BASIN WATER AGENCY**

WHEREAS, the Rowland Water District entered into an Amended Restated and Renewed Joint Powers Agreement creating the PUENTE BASIN WATER AGENCY, dated October 28, 2009, with Walnut Valley Water District, (the PBWA Agreement); and,

WHEREAS, the PBWA Agreement provides that the PUENTE BASIN WATER AGENCY shall be governed by a Commission consisting of four commissioners, and that the governing body of each of the members shall annually appoint two representatives to the Commission and one alternate to serve in the absence of either of the appointed representatives; and,

WHEREAS, the PBWA Agreement further provides that at least one of the appointed representatives of each member shall be a Director on the governing board of the appointing member; and,

WHEREAS, each Commissioner must file with the PUENTE BASIN WATER AGENCY a certified copy of the resolution of the member appointing him or her,

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Rowland Water District:

1. That ANTHONY J. LIMA, who is a member of the Board of Directors of the Rowland Water District, shall be appointed as a representative of the Rowland Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
2. That ROBERT W. LEWIS, who is a member of the Board of Directors of the Rowland Water District shall be appointed as a representative of the Rowland Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
3. That TOM COLEMAN, General Manager of Rowland Water District, shall be appointed as an alternate representative of the Rowland Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY in the absence of either of the appointed representatives.

4. That each of the representatives and alternate appointed herein shall serve for a term of one year unless removed and replaced at the pleasure of the Board of Directors, or unless such representative or alternate resigns or becomes incapacitated.

5. That a certified copy of this Resolution be provided to the PUENTE BASIN WATER AGENCY.

PASSED, APPROVED, AND ADOPTED at the regular meeting of the Board of Directors held December 13, 2022, by the following roll call vote:

AYES: Directors Bellah, Hsu, Lewis, Lima, and Lu-Yang

NOES: None

ABSENT: None

ABSTAIN: None



SZU PEI LU-YANG

President

ATTEST:



TOM COLEMAN

General Manager

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 December 13, 2022.



TOM COLEMAN

Board Secretary



Minutes of the Special Meeting
of the Board of Directors of the Rowland Water District
December 20, 2022 – 6:00 p.m.
3021 Fullerton Road
Rowland Heights, CA 91748
Zoom at: <https://us02web.zoom.us/j/8759899861>

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President Szu Pei Lu-Yang
Vice President John Bellah
Director Vanessa Hsu
Director Robert W. Lewis (Joined via Zoom)
Director Anthony J. Lima

ABSENT:

None.

OTHERS PRESENT:

Joseph Byrne, Legal Counsel, Best, Best & Krieger

ROWLAND WATER DISTRICT STAFF

Tom Coleman, General Manager
Dusty Moisio, Assistant General Manager (Meeting host)
Gabby Sanchez, Executive Assistant

ADDITION(S) TO THE AGENDA

None.

PUBLIC COMMENT ON NON-AGENDA ITEM

None.

1. CLOSED SESSION – 6:03 p.m.

A closed session was held in connection with the items listed below:

- a. PUBLIC EMPLOYEE PERFORMANCE EVALUATION - [§54957]**
Performance Review of General Manager.

- b. CONFERENCE WITH LABOR NEGOTIATORS**
Agency designated representatives: General Counsel
Unrepresented Employee: General Manager

Discussion was not held in connection with the items listed below:

- c. CONFERENCE WITH REAL PROPERTY NEGOTIATOR – [§54956.8]**

Property: Portion of Property Located at 839 S. Azusa Avenue
City of Industry, CA
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: City of Industry
Under Negotiation: Price and Terms

- d. CONFERENCE WITH REAL PROPERTY NEGOTIATOR – [§54956.8]**

Property: Assessor Parcel Numbers 8266-002-900, 8266-002-901 and
8269-003-903
District Negotiator: Tom Coleman, General Manager
Negotiating Parties: Puente Hills Habitat Authority
Under Negotiation: Price and Terms of Payment

2. RECONVENE/REPORT ON CLOSED SESSION - 6:44 p.m.

The Board met in closed session in accordance with Government Code [§54957] to conduct the performance evaluation of the General Manager. No reportable action under the Brown Act was taken. In addition, the Board held conference with labor negotiators to discuss matters pertaining to unrepresented employee: General Manager. No reportable action under the Brown Act was taken on this matter.

2.1 Consider Possible Amendment to the General Manager Agreement, Including Compensation Adjustment

Following discussion of possible compensation adjustment for the General Manager, upon motion by Director Bellah, seconded by Director Hsu, the Board unanimously approved a \$6,000 total merit increase to the General Manager's salary effective January 1, 2023, by the following roll call vote:

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

(Motion pass 5-0)

General Manager's and Directors' Comments – none.

Future Agenda Item(s) – None.

Late Business – None.

A motion was made by Director Hsu, seconded by Director Lima, and unanimously carried to adjourn the meeting. The meeting was adjourned at 7:00 p.m.

SZU PEI LU-YANG
Board President

Attest: _____
TOM COLEMAN
Board Secretary

UNAPPROVED MINUTES

Report Criteria:

Report type: GL detail

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
31104						
10/22	10/03/2022	31104	62622	AKM CONSULTING ENGINEERS	MCC STANDARDS	628.00
10/22	10/03/2022	31104	62622	AKM CONSULTING ENGINEERS	RESERVOIR 11 PLANS T&M NOT TO EXCEED	3,737.00
10/22	10/03/2022	31104	62622	AKM CONSULTING ENGINEERS	CUATRO BOOSTER STATION DESIGN	4,396.00
Total 31104:						8,761.00
31105						
10/22	10/03/2022	31105	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-GENERAL COUNSEL	7,434.69
10/22	10/03/2022	31105	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-ENVIRONMENTAL LAW	2,083.20
Total 31105:						9,517.89
31106						
10/22	10/03/2022	31106	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM-CIP	12,063.80
10/22	10/03/2022	31106	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM	38,899.60
Total 31106:						50,963.40
31107						
10/22	10/03/2022	31107	62439	CVSTRATEGIES	COMMUNICATION SERVICES-GENERAL	2,324.24
10/22	10/03/2022	31107	62439	CVSTRATEGIES	COMMUNICATION SERVICES-BOARD SUPPORT	3,907.50
10/22	10/03/2022	31107	62439	CVSTRATEGIES	COMMUNICATION SERVICES-OP ED	2,263.75
10/22	10/03/2022	31107	62439	CVSTRATEGIES	COMMUNICATION SERVICES-PRESS RELEASES	1,151.25
10/22	10/03/2022	31107	62439	CVSTRATEGIES	COMMUNICATION SERVICES-BUCKBOARD DAY	3,461.25
10/22	10/03/2022	31107	62439	CVSTRATEGIES	COMMUNICATION SERVICES-SOCIAL MEDIA	858.75
Total 31107:						13,966.74
31108						
10/22	10/03/2022	31108	62652	DAVID TAPIA	TOTAL EXPENSES-DISTRIBUTION CLASS	299.99
Total 31108:						299.99
31109						
10/22	10/03/2022	31109	5600	G M SAGER CONSTRUCTION	ASPHALT	6,066.24
10/22	10/03/2022	31109	5600	G M SAGER CONSTRUCTION	ASPHALT	3,461.92
10/22	10/03/2022	31109	5600	G M SAGER CONSTRUCTION	ASPHALT	9,578.85
10/22	10/03/2022	31109	5600	G M SAGER CONSTRUCTION	FRONT ENTRANCE PAVERS FOR RWD OFFICE (40	7,500.00
Total 31109:						26,607.01
31110						
10/22	10/03/2022	31110	24701	GRAINGER	SUPPLIES FOR PUMPS	115.95
Total 31110:						115.95
31111						
10/22	10/03/2022	31111	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	983.27
Total 31111:						983.27
31112						
10/22	10/03/2022	31112	62624	HASA INC	CHEMICALS FOR RCS	350.40

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
10/22	10/03/2022	31112	62624	HASA INC	CHEMICALS FOR RCS	233.60
10/22	10/03/2022	31112	62624	HASA INC	CHEMICALS FOR RCS	420.48
Total 31112:						1,004.48
31113						
10/22	10/03/2022	31113	379	HIGHROAD INFORMATION TECHNOL	APC UPS REPLACEMENT BATTER CARTRIDGE, SE	1,086.75
Total 31113:						1,086.75
31114						
10/22	10/03/2022	31114	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	557.08
Total 31114:						557.08
31115						
10/22	10/03/2022	31115	62811	IMS REFRIGERATION INC.	COMPLETE CLEANING & SANITIZING OF ICE MAK	253.84
Total 31115:						253.84
31116						
10/22	10/03/2022	31116	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR RC	23.01
10/22	10/03/2022	31116	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR FULLERTON BOOSTER STATION	195.90
10/22	10/03/2022	31116	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR RES	103.05
Total 31116:						321.96
31117						
10/22	10/03/2022	31117	62789	MY YUMMY TACOS	STAFF LUNCHEON	750.60
Total 31117:						750.60
31118						
10/22	10/03/2022	31118	62448	PARS	GASBY 45 MANAGEMENT FEE	1,419.05
Total 31118:						1,419.05
31119						
10/22	10/03/2022	31119	5000	PUENTE BASIN WATER AGENCY	SERVICE & REG FEE-1905 FAIRPLEX	25.50
10/22	10/03/2022	31119	5000	PUENTE BASIN WATER AGENCY	PACE ANALYTICAL DURWARD WELL	747.99
10/22	10/03/2022	31119	5000	PUENTE BASIN WATER AGENCY	PACE ANALYTICAL DURWARD WELL	800.92
10/22	10/03/2022	31119	5000	PUENTE BASIN WATER AGENCY	FEDAK & BROWN AUDIT FYE 6/30/22	1,628.00
10/22	10/03/2022	31119	5000	PUENTE BASIN WATER AGENCY	PACE ANALYTICAL DURWARD WELL	792.10
Total 31119:						3,994.51
31120						
10/22	10/03/2022	31120	4621	RESERVE ACCOUNT	REPLENISH POSTAGE METER	3,000.00
Total 31120:						3,000.00
31121						
10/22	10/03/2022	31121	62534	SHRED IT C/O STERICYCLE INC	SHREDDING SERVICE	53.77
10/22	10/03/2022	31121	62534	SHRED IT C/O STERICYCLE INC	SHREDDING SERVICE	129.44
10/22	10/03/2022	31121	62534	SHRED IT C/O STERICYCLE INC	SHREDDING SERVICE	194.16

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 31121:						377.37
31122						
10/22	10/03/2022	31122	62846	SKYLINE CONSTRUCTION & DESIGN I	REPAIR CRACKED AND CHIPPED STUCCO ON MAI	10,676.00
Total 31122:						10,676.00
31123						
10/22	10/03/2022	31123	382	W A RASIC CONSTRUCTION CO INC	JOB 22TX26-COLIMA WIDENING	296,391.22
Total 31123:						296,391.22
31124						
10/22	10/03/2022	31124	334	YO FIRE SUPPLY	1 inch x 3/4 inch AMS	2,680.00
10/22	10/03/2022	31124	334	YO FIRE SUPPLY	TAX	254.60
Total 31124:						2,934.60
31140						
10/22	10/12/2022	31140	1050	ACWA JOINT POWERS INSURANCE A	WORKERS' COMP QUARTERLY PREMIUM	16,816.95
Total 31140:						16,816.95
31141						
10/22	10/12/2022	31141	1000	ACWA JPIA	EMPLOYEE HEALTH BENEFITS	46,772.32
10/22	10/12/2022	31141	1000	ACWA JPIA	EMPLOYEE VISION BENEFITS	644.40
10/22	10/12/2022	31141	1000	ACWA JPIA	EMPLOYEE ASSISTANCE PROGRAM	57.12
10/22	10/12/2022	31141	1000	ACWA JPIA	EMPLOYEE DENTAL BENEFITS	3,210.26
10/22	10/12/2022	31141	1000	ACWA JPIA	RETIRES HEALTH BENEFITS	16,790.89
10/22	10/12/2022	31141	1000	ACWA JPIA	DIRECTORS HEALTH BENEFITS	9,319.21
Total 31141:						76,794.20
31142						
10/22	10/12/2022	31142	4600	AIRGAS USA LLC	OXY/ACETYLENE FOR TANK	273.09
Total 31142:						273.09
31143						
10/22	10/12/2022	31143	62704	ALEXANDRO ZARAGOZA	TOTAL EXPENSES-BOOT ALLOWANCE	193.94
Total 31143:						193.94
31144						
10/22	10/12/2022	31144	62631	CHARLES W WULFF JR	Water Distribution Certification Class	3,400.00
Total 31144:						3,400.00
31145						
10/22	10/12/2022	31145	62552	CINTAS	FIRST AID REFILL	470.28
Total 31145:						470.28
31146						
10/22	10/12/2022	31146	62700	CITIZENS TRUST C/O CITIZEN BUSIN	TRUSTEES FEES	1,712.83

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 31146:						1,712.83
31147						
10/22	10/12/2022	31147	2300	FEDERAL EXPRESS	POSTAGE	25.92
Total 31147:						25.92
31148						
10/22	10/12/2022	31148	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	428.70
10/22	10/12/2022	31148	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	2,274.46
10/22	10/12/2022	31148	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	1,680.16
Total 31148:						4,383.32
31149						
10/22	10/12/2022	31149	62624	HASA INC	CHEMICALS FOR RCS	350.40
10/22	10/12/2022	31149	62624	HASA INC	CHEMICALS FOR RCS	350.40
10/22	10/12/2022	31149	62624	HASA INC	CHEMICALS FOR RCS	584.00
10/22	10/12/2022	31149	62624	HASA INC	CHEMICALS FOR RCS	513.92
10/22	10/12/2022	31149	62624	HASA INC	CHEMICALS FOR RCS	280.32
10/22	10/12/2022	31149	62624	HASA INC	CHEMICALS FOR RCS	327.04
Total 31149:						2,406.08
31150						
10/22	10/12/2022	31150	2724	HOME DEPOT CREDIT SERVICES	TOOLS & SUPPLIES	352.79
10/22	10/12/2022	31150	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR HYDRANTS	184.37
10/22	10/12/2022	31150	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR SERVICES	140.73
Total 31150:						677.89
31151						
10/22	10/12/2022	31151	62834	HPS WEST, INC.	2" FLG ALLEGRO METER MS MULTI-JET LEAD FRE	3,419.76
10/22	10/12/2022	31151	62834	HPS WEST, INC.	TAX	324.87
Total 31151:						3,744.63
31152						
10/22	10/12/2022	31152	244	INFOSEND INC	BILLING SERVICE	3,257.15
Total 31152:						3,257.15
31153						
10/22	10/12/2022	31153	62748	JOEL DOUGLASS	TOTAL EXPENSES-D3 CERTIFICATION	100.00
10/22	10/12/2022	31153	62748	JOEL DOUGLASS	TOTAL EXPENSES-SCHOOL PREP CLASS	299.99
Total 31153:						399.99
31154						
10/22	10/12/2022	31154	62233	JOHN BELLAH	TOTAL EXPENSES-CSDA CONFERENCE	259.11
Total 31154:						259.11
31155						
10/22	10/12/2022	31155	62664	M & J TREE SERVICE	CLEAR WEEDS RES 13	2,200.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 31155:						2,200.00
31156						
10/22	10/12/2022	31156	233	MCCALL'S METER SALES & SVC	FLOWCOM DIGITAL REGISTER KIT/PULSE	1,663.02
Total 31156:						1,663.02
31157						
10/22	10/12/2022	31157	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR RC	28.04
Total 31157:						28.04
31158						
10/22	10/12/2022	31158	62533	NICOLAY CONSULTING GROUP	PY2022 ADC FUNDING AND FY 2022 GASB 75	9,000.00
Total 31158:						9,000.00
31159						
10/22	10/12/2022	31159	62839	PrintMyStuff.com	BUCKBOARD DAY BANNERS	775.87
Total 31159:						775.87
31160						
10/22	10/12/2022	31160	62771	PUBLIC WATER AGENCIES GROUP	PWAG CET PROGRAM	840.00
Total 31160:						840.00
31161						
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	BEST DRILLING-DURWARD WELL	40,420.25
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	SCE FEE- AUG 2022	16.02
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	LEGAL-AUG 2022	385.00
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	LASER-AUG 2022	2,300.00
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	CIVITEC-OLD BALDY	687.50
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	CIVILTEC-DURWARD WELL	3,378.13
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	REEB-SEP 2022	1,666.67
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	PACE ANALYTICAL DURWARD WELL	480.55
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	REEB-OCT 2022	1,666.67
10/22	10/12/2022	31161	5000	PUENTE BASIN WATER AGENCY	SCE 19846U COLIMA RD	17.88
Total 31161:						51,018.67
31162						
10/22	10/12/2022	31162	5100	PUENTE READY MIX INC	WASH CONCRETE SAND	947.01
Total 31162:						947.01
31163						
10/22	10/12/2022	31163	5740	QUINN COMPANY	EQUIPMENT EXPENSE	637.20
Total 31163:						637.20
31164						
10/22	10/12/2022	31164	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR COLIMA WIDENING	50,032.53
10/22	10/12/2022	31164	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	271.01

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 31164:						50,303.54
31165						
10/22	10/12/2022	31165	62691	SJ LYONS CONSTRUCTION INC	LOBBY ELECTRICAL	325.00
Total 31165:						325.00
31166						
10/22	10/12/2022	31166	5900	SOCALGAS	GAS UTILITY BILL	27.68
Total 31166:						27.68
31167						
10/22	10/12/2022	31167	62813	SOUTHLAND CIVIL ENGINEERING & S	ESTABLISH PROPERTY BOUNDARY	602.26
Total 31167:						602.26
31168						
10/22	10/12/2022	31168	62481	STAPLES BUSINESS CREDIT	OFFICE SUPPLIES	612.26
Total 31168:						612.26
31169						
10/22	10/12/2022	31169	62325	THE BANK OF NEW YORK MELLON	TRUSTEE FEES	1,500.00
Total 31169:						1,500.00
31170						
10/22	10/12/2022	31170	62406	UNITED RENTALS	10 WHEEL TRUCK RENTAL	2,680.00
10/22	10/12/2022	31170	62406	UNITED RENTALS	SERVICE CHARGE	53.60
10/22	10/12/2022	31170	62406	UNITED RENTALS	TAX	259.69
Total 31170:						2,993.29
31171						
10/22	10/12/2022	31171	62665	VERIZON	SCADA ALARM MODEM	21.39
Total 31171:						21.39
31172						
10/22	10/12/2022	31172	2900	VULCAN MATERIAL COMPANY	COLD MIX	2,101.75
Total 31172:						2,101.75
31173						
10/22	10/12/2022	31173	382	W A RASIC CONSTRUCTION CO INC	JOB 22TX26-COLIMA WIDENING	472,037.46
Total 31173:						472,037.46
31174						
10/22	10/12/2022	31174	62763	WESTERLY METER SERVICE CO	5/8"-1" METER TESTING	1,567.50
10/22	10/12/2022	31174	62763	WESTERLY METER SERVICE CO	5/8"-1" METER TESTING	1,496.25
Total 31174:						3,063.75

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
31175						661,515.46
10/22	10/14/2022	31175	4750	PWR JT WATER LINE COMMISSION	PM 15 Water Use	7,778.34
10/22	10/14/2022	31175	4750	PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	1,351.57
10/22	10/14/2022	31175	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	1,857.56
10/22	10/14/2022	31175	4750	PWR JT WATER LINE COMMISSION	TVMWD WATER USE CHARGE	
Total 31175:						672,502.93
31176						59.50
10/22	10/17/2022	31176	3375	ANTHONY J. LIMA	MILEAGE REIMBURSEMENT	
Total 31176:						59.50
31177						120.00
10/22	10/17/2022	31177	62554	APPLIED TECHNOLOGY GROUP	EMERGENCY RADIOS	
Total 31177:						120.00
31178						3,160.58
10/22	10/17/2022	31178	400	AT&T MOBILITY	MOBILE PHONES, IPADS & NEW DEVICES	
Total 31178:						3,160.58
31179						6,000.00
10/22	10/17/2022	31179	62810	BREAKING THE CHAIN CONSULTING	MANAGEMENT AND STAFF COACHING	750.00
10/22	10/17/2022	31179	62810	BREAKING THE CHAIN CONSULTING	BOARD LEADERSHIP TRAINING	299.94
10/22	10/17/2022	31179	62810	BREAKING THE CHAIN CONSULTING	STRENGTHFINDERS ASSESSMENTS (6)	
Total 31179:						7,049.94
31180						4,574.23
10/22	10/17/2022	31180	6966	CINTAS	UNIFORM RENTAL	
Total 31180:						4,574.23
31181						2,672.50
10/22	10/17/2022	31181	1900	CLINICAL LAB OF S B	WATER SAMPLES	
Total 31181:						2,672.50
31182						188.86
10/22	10/17/2022	31182	2125	DANIELS TIRE SERVICE	TIRES FOR TRUCK #30	
Total 31182:						188.86
31183						1,500.00
10/22	10/17/2022	31183	62731	EHS INTERNATIONAL INC	ASBESTOS CLASS	
Total 31183:						1,500.00
31184						353.52
10/22	10/17/2022	31184	62351	ELITE EQUIPMENT INC.	REPAIR WACKER TRASH PUMP	
Total 31184:						353.52
31185						128.68
10/22	10/17/2022	31185	62433	EMPLOYEE RELATIONS INC	BACKGROUND VERIFICATION	

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 31185:						128.68
31186						
10/22	10/17/2022	31186	2550	FRONTIER	INTERNET ACCESS	890.00
Total 31186:						890.00
31187						
10/22	10/17/2022	31187	62812	GROWING ROOTS LLC	MONTHLY PLANT CARE	320.00
Total 31187:						320.00
31188						
10/22	10/17/2022	31188	2600	HACH COMPANY	REPLACEMENT SENSOR FOR CLT10 SC, SS TIP	2,113.44
10/22	10/17/2022	31188	2600	HACH COMPANY	REPLACEMENT SENSOR FOR CLF10 SC, SS TIP	2,176.16
10/22	10/17/2022	31188	2600	HACH COMPANY	TAX	421.60
10/22	10/17/2022	31188	2600	HACH COMPANY	SHIPPING	148.44
Total 31188:						4,859.64
31189						
10/22	10/17/2022	31189	244	INFOSEND INC	BILLING SERVICE	846.38
10/22	10/17/2022	31189	244	INFOSEND INC	BILLING SERVICE	3,211.36
10/22	10/17/2022	31189	244	INFOSEND INC	BILLING SERVICE	2,185.66
Total 31189:						6,243.40
31190						
10/22	10/17/2022	31190	3360	ROBERT LEWIS	MILEAGE REIMBURSEMENT	51.25
Total 31190:						51.25
31191						
10/22	10/17/2022	31191	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR COLIMA WIDENING	253.25
10/22	10/17/2022	31191	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR COLIMA WIDENING	1,349.35
10/22	10/17/2022	31191	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	242.71
Total 31191:						1,845.31
31192						
10/22	10/17/2022	31192	62534	SHRED IT C/O STERICYCLE INC	SHREDDING SERVICE	129.44
Total 31192:						129.44
31193						
10/22	10/17/2022	31193	1165	TERMINIX PROCESSING CENTER	PEST CONTROL-747 ANAHEIM PUENTE	127.00
10/22	10/17/2022	31193	1165	TERMINIX PROCESSING CENTER	PEST CONTROL-2633 SALEROSO	70.00
Total 31193:						197.00
31194						
10/22	10/17/2022	31194	62626	TRI COUNTY PUMP COMPANY	WELL 1 PUMP REPAIR	10,145.00
10/22	10/17/2022	31194	62626	TRI COUNTY PUMP COMPANY	TAX	963.78
10/22	10/17/2022	31194	62626	TRI COUNTY PUMP COMPANY	LABOR	10,640.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 31194:						21,748.78
31195						
10/22	10/17/2022	31195	62831	VANESSA HSU	MILEAGE REIMBURSEMENT	26.50
Total 31195:						26.50
31196						
10/22	10/17/2022	31196	7950	WESTERN WATER WORKS SUPPLY	MATERIAL FOR FULLERTON RD GRADE SEP	182.64
10/22	10/17/2022	31196	7950	WESTERN WATER WORKS SUPPLY	MATERIAL FOR PUMPS	1,473.44
Total 31196:						1,656.08
31197						
10/22	10/17/2022	31197	62202	WIN-911 SOFTWARE	3 YEAR CUSTOMER CARE SUBSCRIPTION	2,822.00
Total 31197:						2,822.00
31198						
10/22	10/25/2022	31198	4600	AIRGAS USA LLC	TANK RENTAL	118.44
Total 31198:						118.44
31199						
10/22	10/25/2022	31199	62622	AKM CONSULTING ENGINEERS	RESERVOIR 11 PLANS T&M NOT TO EXCEED	314.00
10/22	10/25/2022	31199	62622	AKM CONSULTING ENGINEERS	CUATRO BOOSTER STATION DESIGN	4,984.00
10/22	10/25/2022	31199	62622	AKM CONSULTING ENGINEERS	POTABLE WATER AND RECYCLED WATER HYDRA	428.00
Total 31199:						5,726.00
31200						
10/22	10/25/2022	31200	1625	ANTHEM BLUE CROSS	RETIREE HEALTH BENEFITS	1,277.72
Total 31200:						1,277.72
31201						
10/22	10/25/2022	31201	62741	BEE REMOVERS	BEE REMOVAL	125.00
Total 31201:						125.00
31202						
10/22	10/25/2022	31202	62845	BELLFLOWER SOMERSET MUTUAL W	PROFESSIONAL SERVICES-JOHN POEHLER	8,439.84
Total 31202:						8,439.84
31203						
10/22	10/25/2022	31203	403	CASELLE INC	CONTRACT SUPPORT CHARGES	1,979.00
Total 31203:						1,979.00
31204						
10/22	10/25/2022	31204	62705	COMP	LIFT TEST	59.00
10/22	10/25/2022	31204	62705	COMP	QUICK TEST	52.00
10/22	10/25/2022	31204	62705	COMP	PHYSICAL EXAM	84.00
10/22	10/25/2022	31204	62705	COMP	BAT TEST	46.00
10/22	10/25/2022	31204	62705	COMP	PHYSICAL EXAM	84.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
10/22	10/25/2022	31204	62705	COMP	QUICK TEST	52.00
10/22	10/25/2022	31204	62705	COMP	BAT TEST	46.00
10/22	10/25/2022	31204	62705	COMP	LIFT TEST	59.00
Total 31204:						482.00
31205						242.25
10/22	10/25/2022	31205	1270	CORELOGIC SOLUTIONS LLC	PROPERTY DATA INFO	242.25
Total 31205:						242.25
31206						188,931.25
10/22	10/25/2022	31206	62826	G & A NELOS CONSTRUCTION INC	OLSON URBAN HOUSING PROJECT	188,931.25
Total 31206:						188,931.25
31207						10,307.00
10/22	10/25/2022	31207	5600	G M SAGER CONSTRUCTION	ASPHALT	2,533.90
10/22	10/25/2022	31207	5600	G M SAGER CONSTRUCTION	ASPHALT	18,765.18
10/22	10/25/2022	31207	5600	G M SAGER CONSTRUCTION	ASPHALT	31,606.08
Total 31207:						31,606.08
31208						922.17
10/22	10/25/2022	31208	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	56.64
10/22	10/25/2022	31208	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	978.81
Total 31208:						978.81
31209						782.99
10/22	10/25/2022	31209	62526	HARRINGTON INDUSTRIAL PLASTICS	SUPPLIES FOR RES	782.99
Total 31209:						782.99
31210						420.48
10/22	10/25/2022	31210	62624	HASA INC	CHEMICALS FOR RCS	210.24
10/22	10/25/2022	31210	62624	HASA INC	CHEMICALS FOR RCS	700.81
10/22	10/25/2022	31210	62624	HASA INC	CHEMICALS FOR RCS	467.20
10/22	10/25/2022	31210	62624	HASA INC	CHEMICALS FOR RCS	1,798.73
Total 31210:						1,798.73
31211						4,189.02
10/22	10/25/2022	31211	379	HIGHROAD INFORMATION TECHNOL	SONICWALL TZ470 & SECURITY SERVICES, RWD	6,930.00
10/22	10/25/2022	31211	379	HIGHROAD INFORMATION TECHNOL	MANAGED IT SERVICES	2,550.00
10/22	10/25/2022	31211	379	HIGHROAD INFORMATION TECHNOL	DATA CENTER	13,595.00
10/22	10/25/2022	31211	379	HIGHROAD INFORMATION TECHNOL	MAINTENANCE, SUPPORT AND SOFTWARE RENE	27,264.02
Total 31211:						27,264.02
31212						7,248.46
10/22	10/25/2022	31212	62435	INDUSTRY PUBLIC UTILITY COMMISSI	PUMPING POWER-PUMPSTATION 2A	7,248.46
Total 31212:						7,248.46
31213						151.60
10/22	10/25/2022	31213	244	INFOSEND INC	BILLING SERVICE	151.60

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 31213:						151.60
31214						
10/22	10/25/2022	31214	62703	IWATER INC.	VALVE SERVICE	6,731.00
Total 31214:						6,731.00
31215						
10/22	10/25/2022	31215	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	660.00
Total 31215:						660.00
31216						
10/22	10/25/2022	31216	62835	LOWE'S	TOOLS & SUPPLIES	294.05
Total 31216:						294.05
31217						
10/22	10/25/2022	31217	62664	M & J TREE SERVICE	MAINTENANCE SERVICE-6 SITES	6,600.00
10/22	10/25/2022	31217	62664	M & J TREE SERVICE	MAINTENANCE FOR SEPT-WBS	600.00
Total 31217:						7,200.00
31218						
10/22	10/25/2022	31218	62573	MANAGED MOBILE INC	INSPECTION TRUCK 28	476.69
Total 31218:						476.69
31219						
10/22	10/25/2022	31219	62078	MCKINNEY CONSTRUCTION CO INC	PHASE 4 VALVE REPLACEMENTS	59,494.00
Total 31219:						59,494.00
31220						
10/22	10/25/2022	31220	257	MCMASTER-CARR SUPPLY CO	SUPPLIES FOR RES	661.31
Total 31220:						661.31
31221						
10/22	10/25/2022	31221	62525	MORROW-MEADOWS CORPORATION	GENERATOR CONNECTION UPGRADE	88,499.81
10/22	10/25/2022	31221	62525	MORROW-MEADOWS CORPORATION	PUMP STATION 2-COI	966.10
Total 31221:						89,465.91
31222						
10/22	10/25/2022	31222	62649	OPARC	PAINTING FIRE HYDRANTS	3,014.52
Total 31222:						3,014.52
31223						
10/22	10/25/2022	31223	62771	PUBLIC WATER AGENCIES GROUP	ASSESSMENT FOR EMERGENCY PREPAREDNESS	1,541.92
10/22	10/25/2022	31223	62771	PUBLIC WATER AGENCIES GROUP	PWAG ASSESSMENT	875.00
Total 31223:						2,416.92

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
31224						25.50
10/22	10/25/2022	31224	5000	PUENTE BASIN WATER AGENCY	SERVICE & REG FEE-2525C	945.09
10/22	10/25/2022	31224	5000	PUENTE BASIN WATER AGENCY	PACE ANALYTICAL DURWARD WELL	355,869.52
10/22	10/25/2022	31224	5000	PUENTE BASIN WATER AGENCY	BEST DRILLING-DURWARD WELL	524.00
10/22	10/25/2022	31224	5000	PUENTE BASIN WATER AGENCY	PACE ANALYTICAL DURWARD WELL	2,166.67
10/22	10/25/2022	31224	5000	PUENTE BASIN WATER AGENCY	REEB-NOV 2022	175.00
10/22	10/25/2022	31224	5000	PUENTE BASIN WATER AGENCY	LEGAL-SEP 2022	16.43
10/22	10/25/2022	31224	5000	PUENTE BASIN WATER AGENCY	SCE FEE-SEP 2022	55.00
10/22	10/25/2022	31224	5000	PUENTE BASIN WATER AGENCY	CIVILTEC-OLD BALDY	1,050.00
10/22	10/25/2022	31224	5000	PUENTE BASIN WATER AGENCY	KEAR GROUNDWATER-OLD BALDY RETROFIT	
Total 31224:						360,827.21
31225						2,026.13
10/22	10/25/2022	31225	62660	PUENTE HILLS FORD	MAINTENANCE TRUCKS 1, 2, 29, 36, 45	
Total 31225:						2,026.13
31226						376.54
10/22	10/25/2022	31226	62829	RED WING BUSINESS ADVANTAGE A	BOOT ALLOWANCE	
Total 31226:						376.54
31227						856.84
10/22	10/25/2022	31227	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR VALVES	2,532.41
10/22	10/25/2022	31227	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR COLIMA WIDENING	574.09
10/22	10/25/2022	31227	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR FULLERTON RD GRADE SEP	4,328.67
10/22	10/25/2022	31227	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR COLIMA WIDENING	78.71
10/22	10/25/2022	31227	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR COLIMA WIDENING	
Total 31227:						8,370.72
31228						3,200.00
10/22	10/25/2022	31228	58002	SO CALIFORNIA EDISON	INFRARED, VIBRATION & MOTOR ANALYSIS. PRED	
Total 31228:						3,200.00
31229						607.32
10/22	10/25/2022	31229	215	SOUTH COAST AQMD	ANNUAL RENEWAL-FACILITY ID 328	151.85
10/22	10/25/2022	31229	215	SOUTH COAST AQMD	EMISSIONS FEES-FACILITY ID 328	
Total 31229:						759.17
31230						90.00
10/22	10/25/2022	31230	2180	SWRCB-DWOCF	T3 RENEWAL-A ZARAGOZA	
Total 31230:						90.00
31231						100.00
10/22	10/25/2022	31231	62711	TECHNOLOGY SYSTEMS	PROGRAMMING SUPPORT	
Total 31231:						100.00
31232						372.25
10/22	10/25/2022	31232	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 31232:						372.25
31233						
10/22	10/25/2022	31233	62355	USA BLUE BOOK	HACH FREE AMMONIA & MONOCHLORAMINE CHE	1,697.75
Total 31233:						1,697.75
31234						
10/22	10/25/2022	31234	62850	VALLEY VISTA SERVICES INC	TRASH SERVICE	247.61
Total 31234:						247.61
31235						
10/22	10/25/2022	31235	62353	VERIZON	CONFERENCE CALLS	15.16
Total 31235:						15.16
31236						
10/22	10/25/2022	31236	62476	VERIZON CONNECT NWF INC	MONTHLY SERVICE	378.82
Total 31236:						378.82
31237						
10/22	10/25/2022	31237	7700	WALNUT VALLEY WATER DISTRICT	RECYCLED WATER	1,084.56
Total 31237:						1,084.56
31238						
10/22	10/25/2022	31238	205	WARREN GRAPHICS	REG AND WINDOW ENVELOPES	664.56
Total 31238:						664.56
31239						
10/22	10/25/2022	31239	62432	WASTE MANAGEMENT COMPANY	HAUL DIRT	802.94
Total 31239:						802.94
31240						
10/22	10/25/2022	31240	7950	WESTERN WATER WORKS SUPPLY	1 INCH AIR RELEASE VALVES	2,510.00
10/22	10/25/2022	31240	7950	WESTERN WATER WORKS SUPPLY	TAX	238.46
Total 31240:						2,748.46
31241						
10/22	10/25/2022	31241	62735	MUTUAL OF OMAHA	LIFE INSURANCE	503.50
10/22	10/25/2022	31241	62735	MUTUAL OF OMAHA	SHORT/LONG TERM DISABILITY	1,300.35
10/22	10/25/2022	31241	62735	MUTUAL OF OMAHA	DIRECTORS LIFE INSURANCE	69.35
Total 31241:						1,873.20
31242						
10/22	10/25/2022	31242	62735	MUTUAL OF OMAHA	LIFE INSURANCE	541.50
10/22	10/25/2022	31242	62735	MUTUAL OF OMAHA	SHORT/LONG TERM DISABILITY	1,300.35
10/22	10/25/2022	31242	62735	MUTUAL OF OMAHA	DIRECTORS LIFE INSURANCE	69.35

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 31242:						1,911.20
10042022						
10/22	10/04/2022	100420	1476	BUSINESS CARD (VISA)	VEHICLE EXPENSE	79.14
10/22	10/04/2022	100420	1476	BUSINESS CARD (VISA)	CONFERENCE EXPENSE	59.26
10/22	10/04/2022	100420	1476	BUSINESS CARD (VISA)	MISC EXPENSES	69.16
10/22	10/04/2022	100420	1476	BUSINESS CARD (VISA)	SEMINAR AND TRAINING EXPENSE	90.00
Total 10042022:						297.56
10132022						
10/22	10/13/2022	101320	62558	PUENTE BASIN WATER AGENCY	PM 22/PM 9 CONNECTION	332,803.10
10/22	10/13/2022	101320	62558	PUENTE BASIN WATER AGENCY	TVMWD CONNECTION CAPACITY	1,675.49
10/22	10/13/2022	101320	62558	PUENTE BASIN WATER AGENCY	TVMWD EQUIVALENT SMALL METER	2,115.09
10/22	10/13/2022	101320	62558	PUENTE BASIN WATER AGENCY	TVMWD WATER USE CHARGE	1,357.20
10/22	10/13/2022	101320	62558	PUENTE BASIN WATER AGENCY	MWD CAPACITY CHARGE	12,619.47
Total 10132022:						350,570.35
10142022						
10/22	10/14/2022	101420	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	28,878.01
10/22	10/14/2022	101420	5800	SO CALIFORNIA EDISON	OFFICE & PUMPING POWER	3,208.67
Total 10142022:						32,086.68
10212022						
10/22	10/21/2022	102120	6300	STATE OF CALIFORNIA-EDD	UNEMPLOYMENT INSURANCE	278.60
Total 10212022:						278.60
Grand Totals:						3,100,942.48

Summary by General Ledger Account Number

GL Account	Debit	Credit	Proof
11505-0	1,185,505.92	.00	1,185,505.92
11506-0	4,189.02	.00	4,189.02
11507-0	403,410.04	.00	403,410.04
222100	.00	3,100,942.48	3,100,942.48
51310-0	994,318.56	.00	994,318.56
51410-1	3,214.76	.00	3,214.76
51410-2	3,027.06	.00	3,027.06
51410-3	2,115.09	.00	2,115.09
51410-5	20,397.81	.00	20,397.81
51510-0	52,047.96	.00	52,047.96
51910-0	11,870.35	.00	11,870.35
52210-0	26,538.17	.00	26,538.17
52310-0	36,126.47	.00	36,126.47
54209-0	51.05	.00	51.05
54210-0	19,121.70	.00	19,121.70
54211-0	32,850.18	.00	32,850.18
54212-0	5,998.35	.00	5,998.35
54213-0	5,410.37	.00	5,410.37

GL Account	Debit	Credit	Proof
54214-0	7,587.84	.00	7,587.84
54215-0	9,194.71	.00	9,194.71
54217-0	5,766.37	.00	5,766.37
54218-0	966.10	.00	966.10
54219-0	5,459.64	.00	5,459.64
56210-0	5,764.11	.00	5,764.11
56211-0	4,631.88	.00	4,631.88
56214-0	612.26	.00	612.26
56216-0	3,690.48	.00	3,690.48
56217-0	137.25	.00	137.25
56218-0	9,517.89	.00	9,517.89
56218-1	560.00	.00	560.00
56218-2	3,256.92	.00	3,256.92
56219-0	7,571.09	.00	7,571.09
56220-0	10,666.75	.00	10,666.75
56221-0	13,966.74	.00	13,966.74
56223-0	318.37	.00	318.37
56226-0	16,417.00	.00	16,417.00
56311-0	16,816.95	.00	16,816.95
56312-0	34,607.51	.00	34,607.51
56320-0	12,639.92	.00	12,639.92
56411-0	46,772.32	.00	46,772.32
56413-0	3,210.26	.00	3,210.26
56414-0	278.60	.00	278.60
56415-0	644.40	.00	644.40
56416-0	1,045.00	.00	1,045.00
56417-0	18,068.61	.00	18,068.61
56418-0	2,600.70	.00	2,600.70
56419-0	57.12	.00	57.12
56421-0	9,457.91	.00	9,457.91
56510-0	759.17	.00	759.17
56710-0	1,382.25	.00	1,382.25
56812-0	2,765.07	.00	2,765.07
57310-0	14,149.10	.00	14,149.10
57312-0	646.84	.00	646.84
57314-0	11,254.84	.00	11,254.84
57315-0	2,672.50	.00	2,672.50
57320-0	190.00	.00	190.00
57321-0	8,525.15	.00	8,525.15
57323-0	120.00	.00	120.00
Grand Totals:	3,100,942.48	3,100,942.48-	.00

Report Criteria:

Report type: GL detail

Report Criteria:
Detail Report

Check Number	Check Issue Date	Payee				
31125	10/06/2022	ANTHONY PARK				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1		PAYROLL 10/3/2022-10/6/2022	22210-0	553.74	553.74	
31126	10/12/2022	ARTHUR DEMIRCHYAN				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1		PROJECT REFUND	24110-0	14,676.28	14,676.28	
31127	10/12/2022	FLORINDA NOBLE				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	324031-36	CREDIT REFUND	15210-0	86.71	86.71	
31128	10/12/2022	MIAOJUN YUAN				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	789024-99	CREDIT REFUND	15210-0	52.75	52.75	
31129	10/12/2022	ROMEO ROA PUERTOLLANO				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	410529-41	CREDIT REFUND	15210-0	37.54	37.54	
31130	10/12/2022	VERONICA KYNCHA				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	209536-43	CREDIT REFUND	15210-0	150.77	150.77	
31131	10/12/2022	JAUH LIN DUH				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	981498-97	CREDIT REFUND	15210-0	127.81	127.81	
31132	10/12/2022	XIAOLING LI				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	171168-88	DEPOSIT REFUND	22810-0	77.06	77.06	

Check Number	Check Issue Date	Payee				
31133	10/12/2022	DEHUA CHEN				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	988324-75	DEPOSIT REFUND	22810-0	125.81	125.81	
31134	10/12/2022	QRS INVESTMENT LLC				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	18127-47	DEPOSIT REFUND	22810-0	125.00	125.00	
31135	10/12/2022	WEI WANG				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	233706-13	DEPOSIT REFUND	22810-0	196.82	196.82	
31136	10/12/2022	HU LIE				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	434598-67	DEPOSIT REFUND	22810-0	199.21	199.21	
31137	10/12/2022	QIANG WU				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	611714-11	DEPOSIT REFUND	22810-0	125.48	125.48	
31138	10/12/2022	VICTOR VALENCIA				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	979996-57	DEPOSIT REFUND	22810-0	274.00	274.00	
31139	10/12/2022	HARDY & HARPER INC				
Sequence	Source	Description	GL Account	Amount	Check Amount	
1	9600153-01	DEPOSIT REFUND	22810-0	2,797.00	2,797.00	
Grand Totals:					19,605.98	

Sequence	Source	Description	GL Account	Amount	Check Amount
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Report Criteria:
Detail Report



ROWLAND WATER DISTRICT

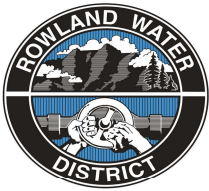
CASH INVESTMENTS

As of November 30, 2022

Description / Type	Term	Shares / Units Held	Purchase Price	Current Price	Maturity Date	Current Yield	Current Value	% of Portfolio
Cash								
Citizens Business Bank							\$ 8,891,124	
Total Cash							\$ 8,891,124	
Local Agency Investment Fund (LAIF)	N/A					2.01%	\$ 2,135,368	15.52%
Citizens Trust Investments (US Bank Custodian)								
Fed'l Home Loan Mtg. Corp. - WTK6	4 Year	500,000	96.8350	95.8570	11/3/2023	0.31%	\$ 479,285	3.48%
Fed'l Home Loan Mtg. Corp. - WVJ2	4 Year	300,000	100.0000	92.4440	9/30/2024	0.43%	\$ 277,332	2.02%
Fed'l National Mtg. Assn. - XP73	3 Year	300,000	100.0000	98.3290	5/28/2025	4.07%	\$ 294,987	2.14%
Fed'l National Mtg. Assn. - 06M0	4 Year	200,000	100.0000	91.9190	12/16/2024	0.54%	\$ 183,838	1.34%
Fed'l Home Loan Mtg. Corp. - 4C27	5 Year	350,000	100.0000	90.6140	7/29/2025	0.77%	\$ 317,149	2.31%
Fed'l National Mtg. Assn. - 4XZ1	5 Year	200,000	100.0000	90.9270	6/30/2025	0.81%	\$ 181,854	1.32%
Fed'l National Mtg. Assn. - 0U43	5 Year	250,000	99.6518	98.5100	9/12/2023	2.92%	\$ 246,275	1.79%
Fed'l Home Loan Bank - 0T94	5 Year	505,000	99.2492	99.7170	1/19/2023	2.38%	\$ 503,571	3.66%
Fed'l Home Loan Bank - MSE3	5 Year	500,000	99.9250	98.9210	3/1/2023	0.11%	\$ 494,605	3.60%
Fed'l Farm Cr Bks - MLT7	3 Year	200,000	99.9040	95.0000	12/28/2023	0.22%	\$ 190,000	1.38%
Fed'l Farm Cr Bks - MLT7	3 Year	25,000	99.7000	95.0000	12/28/2023	0.22%	\$ 23,750	0.17%
Fed'l Farm Cr Bks - MLV2	3 Year	150,000	99.6670	93.9970	4/5/2024	0.29%	\$ 140,996	1.02%
Fed'l Farm Cr Bks - MFP2	4 Year	500,000	99.9490	92.2890	11/4/2024	0.48%	\$ 461,445	3.35%
Fed'l Farm Cr Bks - L5S9	3 Year	350,000	99.9200	92.8550	9/3/2024	0.52%	\$ 324,993	2.36%
Fed'l Home Loan Banks - KMF0	4 Year	200,000	99.9540	91.9660	10/28/2024	0.33%	\$ 183,932	1.34%
Fed'l Home Loan Banks - JP45	3 Year	200,000	100.0000	94.4800	3/11/2024	0.53%	\$ 188,960	1.37%
Fed'l Home Loan Banks - L7D0	5 Year	200,000	99.7900	89.7800	8/26/2025	0.56%	\$ 179,560	1.31%
Fed'l Home Loan Banks - N6N5	4 Year	200,000	100.0000	91.1950	4/29/2025	0.77%	\$ 182,390	1.33%
Fed'l Home Loan Banks - LGR9	5 Year	500,000	100.0000	89.3020	2/26/2026	0.95%	\$ 446,510	3.25%
Fed'l Home Loan Banks - LLD4	5 Year	250,000	99.9250	89.2890	3/17/2026	0.98%	\$ 223,223	1.62%
Fed'l Home Loan Banks - MUX8	5 Year	200,000	99.9300	89.1950	3/30/2026	0.98%	\$ 178,390	1.30%
Fed'l Home Loan Banks - PUY9	4 Year	200,000	100.0000	92.3030	2/28/2025	1.08%	\$ 184,606	1.34%
Fed'l Home Loan Banks - P6M2	5 Year	200,000	100.0000	88.3910	9/30/2026	1.15%	\$ 176,782	1.29%
Fed'l Home Loan Banks - PS48	3 Year	165,000	98.8630	93.1650	11/18/2024	1.13%	\$ 153,722	1.12%
Fed'l Home Loan Banks - QP56	3 Year	350,000	100.0000	94.5250	6/21/2024	1.27%	\$ 330,838	2.40%
Fed'l Home Loan Bank - Q7E7	5 Year	200,000	99.9050	90.5190	6/30/2026	1.66%	\$ 181,038	1.32%
Fed'l Home Loan Bank - QJD6	4 Year	200,000	99.7190	89.8500	10/27/2026	1.67%	\$ 179,700	1.31%
Fed'l National Mtg. Assn. - 1BR5	5 Year	125,000	101.0674	99.9530	12/9/2022	1.88%	\$ 124,941	0.91%
Fed'l Home Loan Bank - S3H0	2 Year	300,000	100.0000	97.1220	2/26/2024	2.70%	\$ 291,366	2.12%
Fed'l National Mtg. Assn. - DRG9	5 Year	250,000	100.8232	99.5620	3/10/2023	2.76%	\$ 248,905	1.81%
Fed'l Home Loan Bank - 0F70	2 Year	125,000	104.3708	98.5570	12/8/2023	3.42%	\$ 123,196	0.90%
Air Prods & Chems Inc. - 8BB1	5 Year	255,000	104.1940	91.8260	10/15/2025	1.63%	\$ 234,156	1.70%
Apple Inc. - 3DT4	5 Year	200,000	102.4560	92.3950	5/11/2025	1.22%	\$ 184,790	1.34%
Apple Inc. - 3CU2	5 Year	150,000	103.6730	97.6340	5/11/2024	2.92%	\$ 146,451	1.06%
Apple Inc. - 3CG3	5 Year	400,000	104.3970	98.2430	2/9/2024	3.05%	\$ 392,972	2.86%
Bank of New York Mellon Corp. - RAE7	5 Year	250,000	99.8060	99.6970	1/29/2023	2.96%	\$ 249,243	1.81%
Caterpillar Finl Service - Q3B3	2 Year	200,000	96.7600	95.4720	11/8/2024	2.25%	\$ 190,944	1.39%
Florida Pwr & Lt Co - 1FZ5	5 Year	800,000	108.9188	95.9710	4/1/2025	2.97%	\$ 767,768	5.58%
Paccar Financial Corp. - RQ66	5 Year	500,000	104.7908	94.4650	2/6/2025	1.90%	\$ 472,325	3.43%
Paccar Financial Corp. - RP59	3 Year	170,000	105.0550	99.0620	8/9/2023	3.43%	\$ 168,405	1.22%
Schwab Charles Corp - 3BN4	2 Year	200,000	95.7870	94.9740	3/18/2024	0.79%	\$ 189,948	1.38%
US Bancorp Mtns. - HHV5	5 Year	200,000	102.1370	98.4050	2/5/2024	3.43%	\$ 196,810	1.43%
Inter American Development Bank - OCC0	3 Year	200,000	104.5920	98.5280	10/24/2023	3.04%	\$ 197,056	1.43%
Intl Bank for Recon & Dev - 8JB0	5 Year	400,000	98.7800	91.8390	4/22/2025	68.00%	\$ 367,356	2.67%
Cash Reserve Account						3.63%	\$ 165,378	1.20%
Total Citizens Trust Investments							\$ 11,621,740	84.48%
Total Investments							\$ 13,757,107	100.00%
Total Cash & Investments							\$ 22,648,231	

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.

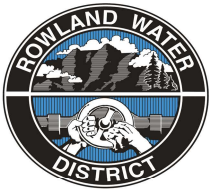


ROWLAND WATER DISTRICT

PROFIT & LOSS

November 2022

	Nov-22	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD
1 OPERATING REVENUE						
2 Water Sales	\$ 1,289,763	\$ 7,497,250	\$ 16,136,500	\$ 8,639,250	46%	\$ 7,442,757
3 Meter Charges	967,812	4,837,419	12,189,600	7,352,181	40%	4,955,393
4 Customer Fees	27,546	327,634	214,700	(112,934)	153%	74,624
5 Contract Income	11,694	76,857	218,400	141,543	35%	56,359
6 RWD Labor Sales/Reimbursements	7,501	134,074	120,000	(14,074)	112%	39,929
7 Capacity Fees	-	30,385	50,000	19,615	61%	88,605
8 Flow Tests	2,275	7,475	17,500	10,025	43%	8,400
9 Return Check Fees	870	5,250	4,500	(750)	117%	1,680
10 Uncollectable	-	-	(56,600)	(56,600)	0%	-
11 TOTAL OPERATING REVENUE	2,307,461	12,916,344	28,894,600	15,978,256	45%	12,667,746
12 NON-OPERATING REVENUE						
13 Property Taxes	3,606	22,496	393,800	371,304	6%	1,311
14 Shared Services	1,062	12,838	24,000	11,162	53%	19,682
15 Interest Income	11,422	91,690	245,000	153,310	37%	95,046
16 Miscellaneous Income	5,373	11,776	25,000	13,224	47%	17,121
17 TOTAL NON-OPERATING REVENUE	21,463	138,800	687,800	549,000	20%	133,159
18 TOTAL REVENUES	2,328,923	13,055,144	29,582,400	16,527,256	44%	12,800,905
19 OPERATING EXPENSES						
20 Source of Supply						
21 Water Purchases	707,066	4,613,243	11,591,300	6,978,057	40%	4,792,006
22 Pumping Power	31,648	168,326	336,600	168,274	50%	158,863
23 Fixed Charges	28,755	143,774	300,700	156,926	48%	125,737
24 Chemicals	9,680	45,272	65,000	19,728	70%	27,625
25 Total Source of Supply	777,148	4,970,615	12,293,600	7,322,985	40%	5,104,231
26 Maintenance of Water System	65,877	416,728	762,500	345,772	55%	265,540
27 Service Contracts	33,303	186,626	381,200	194,574	49%	194,938
28 Assessments	7,251	73,216	280,000	206,784	26%	62,483
29 Vehicle Expense	16,891	62,836	123,500	60,664	51%	47,240
30 Tools & Supplies	3,191	17,649	40,800	23,151	43%	16,972
31 Equipment Expense	1,310	19,596	35,300	15,704	56%	16,765
32 Maintenance & Operations	3,483	26,996	71,900	44,904	38%	29,623
33 Engineering	856	77,088	200,000	122,913	39%	91,014
34 Water Tests	-	10,049	24,000	13,952	42%	10,341
35 Conservation	4,753	18,873	50,000	31,127	38%	2,022
36 Community Outreach	11,313	50,286	223,600	173,314	22%	168,099
37 TOTAL OPERATING EXPENSES	925,377	5,930,558	14,486,400	8,555,842	41%	6,009,268
38 ADMINISTRATIVE EXPENSES						
39 Liability Insurance	-	157,127	137,100	(20,027)	115%	124,603
40 IT Support Services	10,764	61,776	158,200	96,424	39%	65,133
41 IT Licensing	14,435	125,115	325,600	200,485	38%	104,386
42 Director Expense	12,349	60,818	181,100	120,282	34%	64,033
43 Bank / Management Fees	15,751	79,913	178,200	98,287	45%	67,604



ROWLAND WATER DISTRICT

PROFIT & LOSS

November 2022

	Nov-22	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD
44 Legal Fees	5,573	53,603	116,500	62,898	46%	51,049
45 Compliance	4,738	41,165	156,100	114,935	26%	36,168
46 Auditing & Accounting	-	11,700	35,000	23,300	33%	24,857
47 Utility Services	16,461	49,382	125,100	75,718	39%	51,469
48 Dues & Memberships	95	42,103	49,200	7,098	86%	36,843
49 Conference & Meetings	2,125	13,752	45,000	31,248	31%	14,910
50 Office Expenses	1,174	11,172	37,700	26,528	30%	16,904
51 Seminars/Training	7,129	55,408	115,500	60,092	48%	39,477
52 Miscellaneous Expense	17,740	47,573	156,000	108,427	30%	37,648
53 TOTAL ADMINISTRATIVE EXPENSES	108,334	810,604	1,816,300	1,005,696	45%	735,083
54 PERSONNEL EXPENSES						
55 Wages						
56 Operations	67,464	312,012	1,167,500	855,488	27%	342,884
57 Distribution	75,786	374,230	1,203,400	829,170	31%	434,399
58 Administration	118,620	605,291	1,545,500	940,209	39%	610,210
59 Total Wages	261,870	1,291,532	3,916,400	2,624,868	33%	1,387,493
60 Payroll Taxes	15,835	84,280	273,300	189,020	31%	87,387
61 Workers Compensation	-	16,817	81,400	64,583	21%	15,429
62 Unemployment	-	279	900	621	31%	372
63 CalPERS	35,944	520,976	1,039,400	518,424	50%	2,380,581
64 OPEB Contributions	-	-	-	-	0%	-
65 EE & Retiree Health Insurance	70,380	355,735	1,059,500	703,765	34%	333,443
66 TOTAL PERSONNEL EXPENSES	384,030	2,269,619	6,370,900	4,101,281	36%	4,204,704
67 TOTAL EXPENSES	1,417,741	9,010,781	22,673,600	13,662,819	40%	10,949,055
68 NET INCOME / (LOSS) - BEFORE DEBT SERVICE & CAPITAL EXPENDITURES	911,182	4,044,362	6,908,800	2,864,438	59%	1,851,850
69 Less: Total Debt Service	(1,638)	(8,600)	(716,200)	707,600	1%	(14,571)
70 Less: CalPERS (Bond Debt Savings)	-	-	(1,750,900)	1,750,900	0%	-
71 Less: Capital Expenses (Current Year)	(56,747)	(597,328)	(5,637,700)	5,040,372	11%	(552,849)
72 CASH INCREASE / (DECREASE)	\$ 852,798	\$ 3,438,434	\$ (1,196,000)	\$ 4,634,434		\$ 1,284,430

**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 2022

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 46% due to consumption during warm months.
3. Meter Charges – the fixed monthly base rate charged to water customers each month (includes all customer types). YTD is at 40%.
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. YTD is at 153%.
5. Contract Income – contains revenues from tower lease contracts. YTD is currently at 35%.
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 112%.
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 currently high at 61% due to capacity fees for a new 2 inch meter.
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 43%.
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 high at 117%.
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 2022

13. Property Taxes – includes tax contributions from the County of Los Angeles. YTD is at 6% 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). YTD is at 53% due to the unpredictable nature of shared services.
15. Interest Income – includes interest and dividends received on District investments. YTD is at 37%.
16. Miscellaneous Income – includes income from various sources such as recycling and refunds. YTD is at 47%.
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 40%.
22. Pumping Power – the cost of electricity used for pumping water. YTD is at 50%.
23. Fixed Charges – includes fixed charges from TVMWD and CalDomestic. YTD is at 48%.
24. Chemicals – the cost of chemicals used to treat water sold to customers. YTD is at 70% due to an average 40% increase in rates.
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 high at 55% due to the unpredictable timing of repairs.
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 monitoring and maintenance, Caselle maintenance and support, Harmony renewal and other services. YTD is high at 49% due to timing of service contracts.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2022

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 low at 26% due to unpredictable timing of assessments.
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 at 51%.
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 43%.
31. Equipment Expense – various costs incurred related to District equipment. YTD can trend over/under budget due to the timing of equipment expenses. YTD is at 56%.
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 at 38%.
33. Engineering – general engineering costs related to District operations. YTD is currently at 39%.
34. Water Tests – laboratory testing and sampling of District water. YTD is at 42%.
35. Conservation – water conservation programs and efforts. YTD currently is at 38%.
36. Community Outreach – costs related to public relations and community outreach. YTD is low at 22% due to timing of community outreach expenses.
37. **TOTAL OPERATING EXPENSES**
38. **ADMINISTRATIVE EXPENSES**
39. Liability Insurance – coverage through ACWA JPIA for the District insurance package. YTD is high at 115% due to 20% increase in ACWA JPIA rates.
40. IT Support Services – information technology support services. YTD is at 39%.
41. IT Licensing – includes costs for various software licenses. YTD is at 38%.
42. Director Expense – costs for director compensation and benefits. YTD is at 34% of budget.
43. Bank/Management Fees – includes various banking fees, Paymentus fees (for processing customer payments) and investment administrative fees. YTD is currently at 45%.
44. Legal Fees – legal costs related to RWD, PBWA and Public Water Agencies Group (PWAG). YTD is at 46%.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2022

- 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 26%.
- 46. Auditing & Accounting – includes consulting services for complex accounting matters and annual audit assurance services related to District financial reporting. YTD is at 33%.
- 47. Utility Services – costs related to office electricity, office phones, gas and district cell phones. YTD is at 39%.
- 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 86% due the timing of these billings.
- 49. Conference & Meetings – conference attendance and meeting expenses. YTD is at 31% due to timing of conference and meeting costs for District personnel.
- 50. Office Expenses – costs for office supplies, postage, printing and stationery. YTD is at 30% due to timing of these expenses.
- 51. Seminars/Training – employee seminars and training. YTD is at 48%.
- 52. Miscellaneous Expense – includes costs for travel, books & subscriptions, and miscellaneous general expenses. YTD is low at 30% 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 low at 27% as the Director of Operations position was vacant from July through September 2022.
- 57. Distribution – wages expense (regular, standby, OT) attributable to Distribution. YTD is at 31%.
- 58. Administration – wages expense (regular) attributable to Administration. YTD is at 39%.
- 59. **TOTAL WAGES**
- 60. Payroll Taxes – employer payroll taxes paid by the District. YTD is trending at 31%.
- 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 at 21%.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2022

- 62. Unemployment – state unemployment insurance is paid quarterly which can cause this line to occasionally trend over/under expected budget. YTD is at 31%.
- 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. YTD is high at 50% due to payment timing of the unfunded payment (\$ 340.3K paid in July 2022).
- 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 2022.
- 69. Less: Total Debt Service – includes interest and principal payments on outstanding District debt as well as related administrative expenses. Interest payments on outstanding debt are made twice per year (December/June) and principal payments occur annually in December.
- 70. Less: CalPERS (Bond Debt Savings) – includes bond debt refunding savings for paying down the CalPERS unfunded accrued liability. Payments will be made in December and June.
- 71. 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 11%.
- 72. **CASH INCREASE / (DECREASE)**

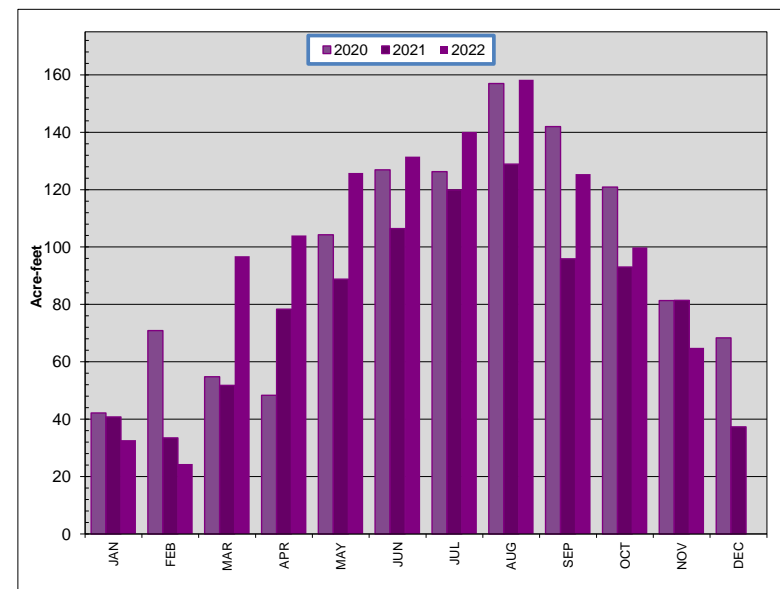
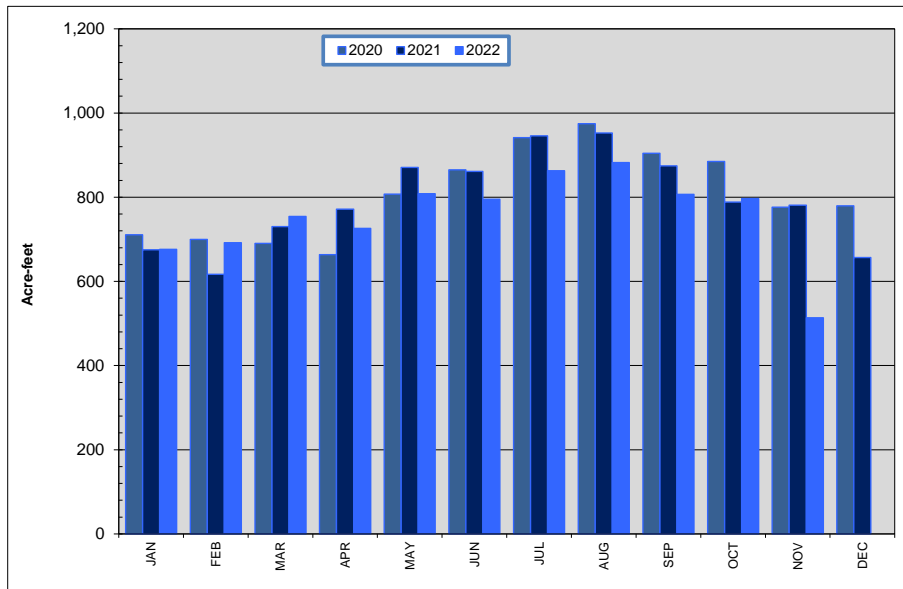


Water Purchases for CY 2022 (Acre-feet)



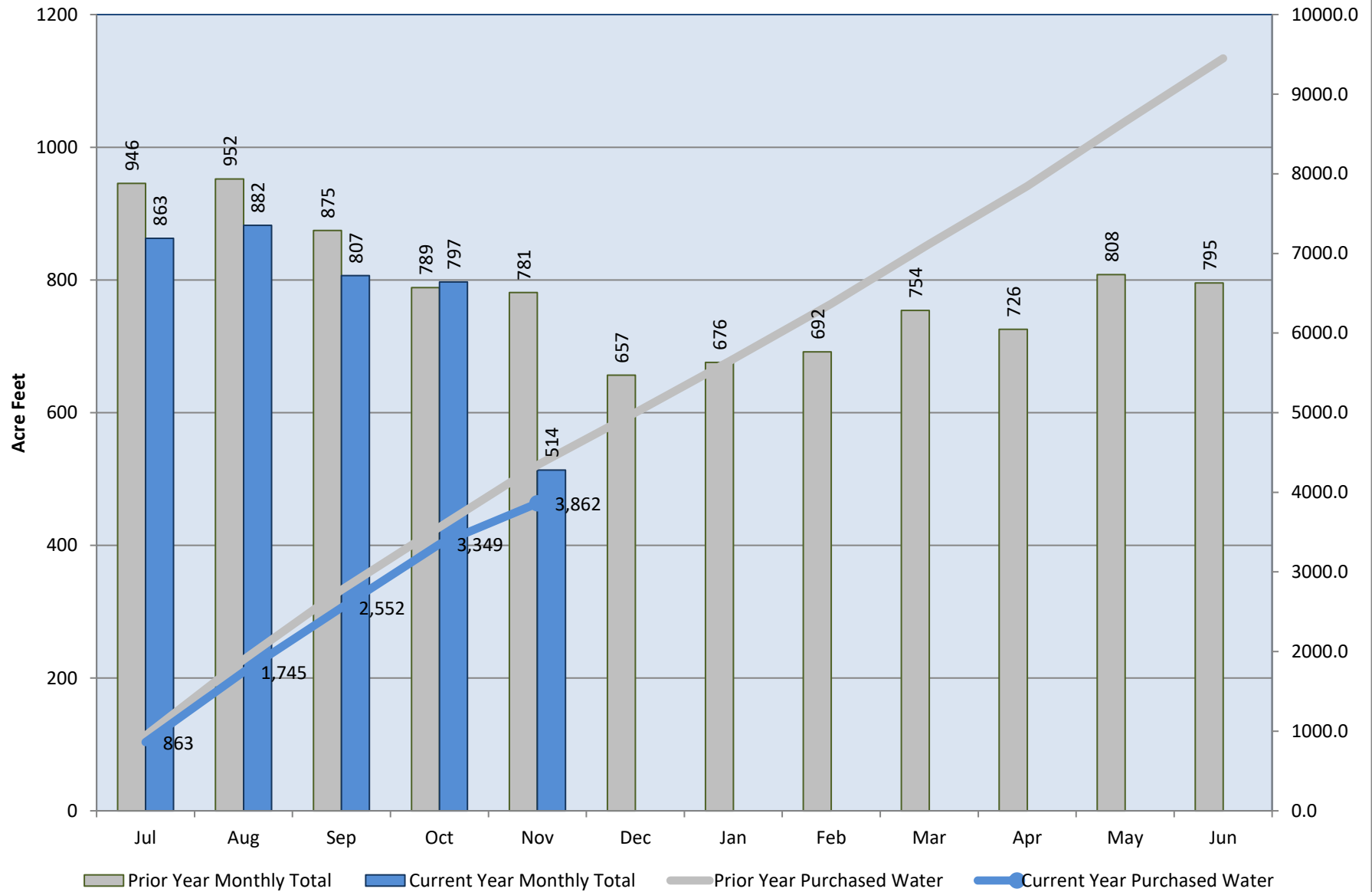
	POTABLE SYSTEM						TOTAL
	WBS	LHH	PM-9	PM-22	JWL		
					PM-15	Miramar	
JAN	173.8	0.0	0.0	228.3	133.5	140.3	675.9
FEB	56.8	0.0	0.0	222.6	391.9	20.4	691.7
MAR	0.0	0.0	0.0	236.0	347.6	170.5	754.1
APR	0.0	0.0	0.0	216.7	296.7	212.4	725.8
MAY	0.0	0.0	0.0	242.4	559.0	6.8	808.2
JUN	0.0	0.0	0.0	237.4	558.0	0.0	795.4
JUL	0.0	0.0	0.0	283.9	579.0	0.0	862.9
AUG	0.0	0.0	0.0	295.3	587.0	0.0	882.3
SEP	0.0	0.0	0.0	250.3	556.2	0.0	806.5
OCT	40.4	0.0	0.0	237.5	519.1	0.0	797.0
NOV	0.0	0.0	0.0	204.5	259.4	49.6	513.5
DEC							0.0
TOTAL	271.0	0.0	0.0	2,654.9	4,787.4	600.0	8,313.3

RECYCLED SYSTEM					TOTAL
Well 1	Wet Well	WVWD	Industry	Potable Make-up	
15.9	6.6	1.0	9.2	0.0	32.7
12.7	8.5	1.0	2.2	0.0	24.4
27.6	4.0	1.0	64.2	0.0	96.8
12.1	12.9	1.0	78.0	0.0	104.0
0.0	33.5	2.0	90.3	0.0	125.8
0.0	24.8	2.0	104.7	0.0	131.5
0.0	21.7	3.0	115.4	0.0	140.1
0.0	33.1	2.0	123.2	0.0	158.3
0.0	18.1	2.0	105.3	0.0	125.4
29.2	14.2	2.0	52.6	1.9	99.9
29.2	20.2	0.0	15.5	0.0	64.9
					0.0
126.7	197.6	17.0	760.6	1.9	1,103.8



Potable Water Purchases For FY 2022-2023

(Acre-feet)



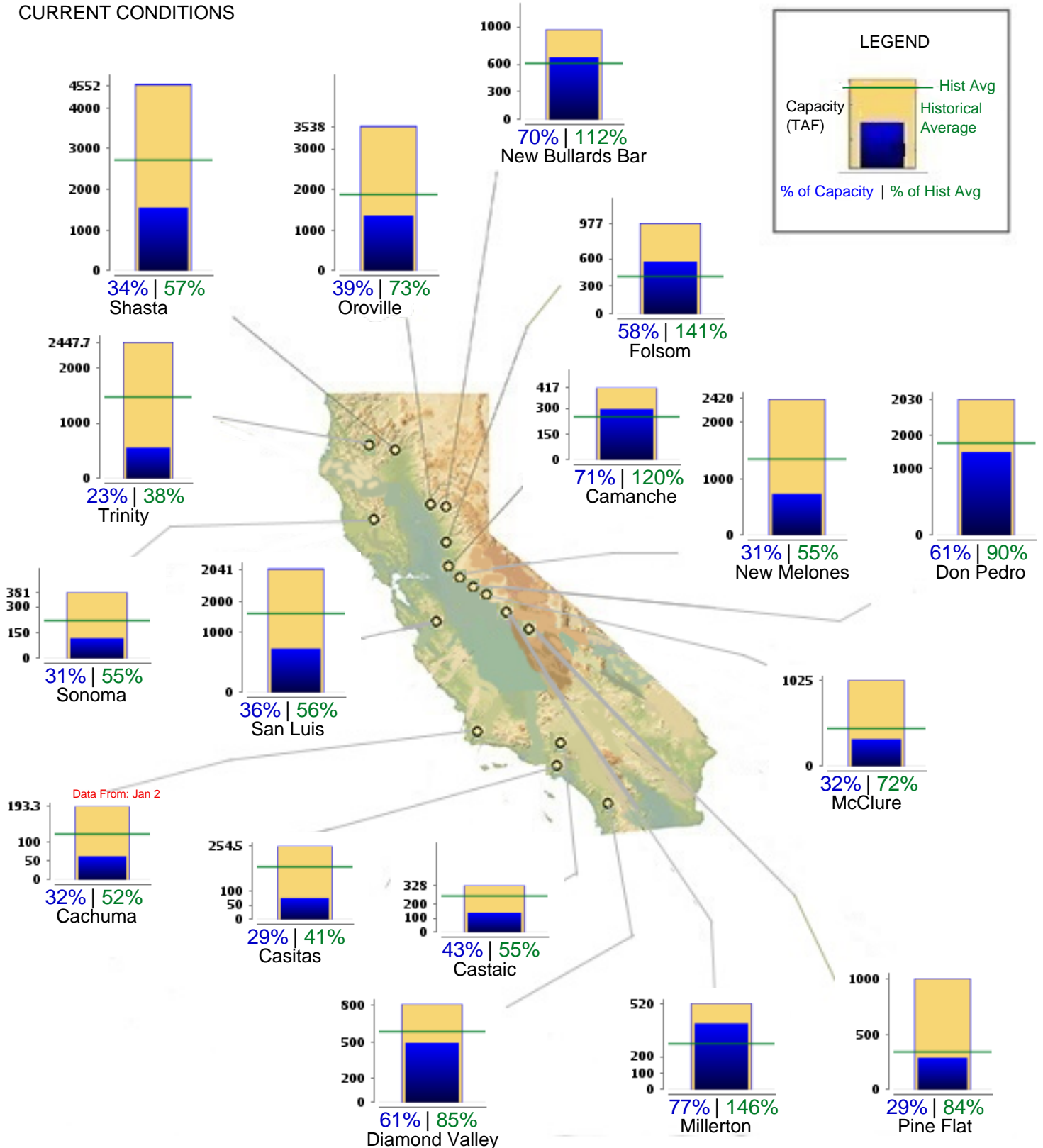


CURRENT RESERVOIR CONDITIONS

CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS

Midnight - January 3, 2023

CURRENT CONDITIONS





December 2022-DIRECTOR REIMBURSEMENTS

Director	Date of Meeting/Event	Meeting/Event Attended	Reimbursement	No Charge	Additional Comments (Submit expense report if claiming mileage and/or meal reimbursement)
Anthony J. Lima					
	12/1/2022	ACWA Fall Conference	\$185.00		Mileage/Meal
	12/7/2022	TVMWD Board Meeting	\$185.00		Mileage
	12/8/2022	PBWA Meeting (WebEx)	\$185.00		
	12/13/2022	RWD Board Meeting	\$185.00		
	12/15/2022	RWD Project Committee Meeting	\$185.00		
	12/20/2022	RWD Workshop	\$185.00		
	12/21/2022	TVMWD Board Meeting	\$185.00		Mileage
		TOTAL PAYMENT	\$1,295.00		
John Bellah					
	12/13/2022	RWD Board Meeting	\$185.00		
	12/20/2022	RWD Workshop	\$185.00		
		TOTAL PAYMENT	\$370.00		
Robert W. Lewis					
	12/1/2022	ACWA Fall Conference	\$185.00		Mileage
	12/13/2022	RWD Board Meeting	\$185.00		
	12/20/2022	RWD Special Board Meeting	\$185.00		
		TOTAL PAYMENT	\$555.00		
Szu Pei Lu-Yang					
	12/1/2022	ACWA Fall Conference	\$185.00		Mileage/Meal
	12/7/2022	TVMWD Board Meeting	\$185.00		
	12/13/2022	RWD Board Meeting	\$185.00		
	12/15/2022	RWD Project Committee Meeting	\$185.00		
	12/20/2022	RWD Special Board Meeting	\$185.00		
	12/21/2022	TVMWD Board Meeting	\$185.00		
		TOTAL PAYMENT	\$1,110.00		
Vanessa Hsu					
	12/1/2022	ACWA Fall Conference	\$185.00		Meal
	12/13/2022	RWD Board Meeting	\$185.00		
	12/20/2022	RWD Special Board Meeting	\$185.00		
		TOTAL PAYMENT	\$555.00		

APPROVED FOR PAYMENT:

Tom Coleman

**ROWLAND WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2022
(With Comparative Amounts as of June 30, 2021)**

NIGRO & NIGRO^{PC}

ROWLAND WATER DISTRICT

For the Fiscal Year Ended June 30, 2022

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Proprietary Fund:	
Balance Sheets	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows.....	12
Notes to Financial Statements	14

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net Pension Liability	46
Schedule of the District's Contributions to the Defined Benefit Pension Plan.....	47
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	48
Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan.....	49

SUPPLEMENTARY INFORMATION

Schedule of Other Operating Expenses	50
Schedule of General and Administrative Expenses.....	51

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 <i>Government Auditing Standards</i>	52
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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Rowland Water District
Rowland Heights, California

Opinion

We have audited the accompanying financial statements of the Rowland Water District (District), which comprise the balance sheet as of June 30, 2022, 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.

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, 2022 and 2021, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1 and 4 to the financial statements, as of July 1, 2020, the Agency adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Agency's Contributions to the Pension Plan, Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios, and Schedule of the Agency's Contributions to the 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.

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.

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, 2021, 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 January 10, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
January 10, 2023

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2022 (With Comparable Amounts as of June 30, 2021)

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, 2022. 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 2022, the District's net position increased 4.72%, or \$3,342,942 from the prior year's net position of \$70,796,975 to \$74,139,917, as a result of the year's operations.
- In fiscal year 2022, operating revenues increased by 1.18%, or \$329,313 from \$27,913,052 to \$28,242,365, from the prior year, primarily due to increases in residential, business, recycled water sales as well as other operating revenues.
- In fiscal year 2022, operating expenses before depreciation expense increased by 3.46% or \$684,872 from \$19,808,846 to \$20,493,718, from the prior year, primarily due to increases in costs for transmission and distribution, and general and administrative.

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 Year Ended June 30, 2022 (With Comparable Amounts as of June 30, 2021)

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, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Assets:			
Current assets	\$ 15,690,004	\$ 14,767,567	\$ 922,437
Non-current assets	34,878,643	35,013,031	(134,388)
Capital assets, net	<u>68,790,298</u>	<u>67,099,882</u>	<u>1,690,416</u>
Total assets	<u>119,358,945</u>	<u>116,880,480</u>	<u>2,478,465</u>
Deferred outflows of resources	<u>7,305,466</u>	<u>5,855,538</u>	<u>1,449,928</u>
Total assets and deferred outflows of resources	<u><u>\$ 126,664,411</u></u>	<u><u>\$ 122,736,018</u></u>	<u><u>\$ 3,928,393</u></u>
Liabilities:			
Current liabilities	\$ 7,431,155	\$ 8,020,196	\$ (589,041)
Non-current liabilities	<u>39,505,947</u>	<u>41,704,030</u>	<u>(2,198,083)</u>
Total liabilities	<u>46,937,102</u>	<u>49,724,226</u>	<u>(2,787,124)</u>
Deferred inflows of resources	<u>5,587,392</u>	<u>2,214,817</u>	<u>3,372,575</u>
Net position:			
Net investment in capital assets	32,620,298	31,867,906	752,392
Unrestricted	<u>41,519,619</u>	<u>38,929,069</u>	<u>2,590,550</u>
Total net position	<u>74,139,917</u>	<u>70,796,975</u>	<u>3,342,942</u>
Total liabilities, deferred outflows of resources and net position	<u><u>\$ 126,664,411</u></u>	<u><u>\$ 122,736,018</u></u>	<u><u>\$ 3,928,393</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 \$74,139,917 as of June 30, 2022.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2022 (With Comparable Amounts as of June 30, 2021)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (44% as of June 30, 2022) 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 2022, the District showed a positive balance in its unrestricted net position of \$41,519,619 which may be utilized in future years.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Operating revenues	\$ 28,242,365	\$ 27,913,052	\$ 329,313
Operating expenses	<u>(20,493,718)</u>	<u>(19,808,846)</u>	<u>(684,872)</u>
Operating income before depreciation	7,748,647	8,104,206	(355,559)
Depreciation expense	<u>(3,553,348)</u>	<u>(3,434,208)</u>	<u>(119,140)</u>
Operating income	4,195,299	4,669,998	(474,699)
Non-operating revenues(expenses), net	<u>(852,357)</u>	<u>(588,647)</u>	<u>(263,710)</u>
Change in net position	3,342,942	4,081,351	(738,409)
Net position:			
Beginning of year	<u>70,796,975</u>	<u>66,715,624</u>	<u>4,081,351</u>
End of year	<u><u>\$ 74,139,917</u></u>	<u><u>\$ 70,796,975</u></u>	<u><u>\$ 3,342,942</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 4.72%, or \$3,342,942 from the prior year's net position of \$70,796,975 to \$74,139,917, as a result of the year's operations.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Year Ended June 30, 2022 (With Comparable Amounts as of June 30, 2021)*

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Water sales	\$ 15,753,112	\$ 15,597,274	\$ 155,838
Water service charges	11,622,138	11,840,763	(218,625)
New service connections	166,842	156,194	10,648
Reimbursements	148,351	128,347	20,004
Other operating revenues	<u>551,922</u>	<u>190,474</u>	<u>361,448</u>
Total operating revenues	<u>28,242,365</u>	<u>27,913,052</u>	<u>329,313</u>
Non-operating revenues:			
Property taxes	502,421	490,250	12,171
Investment earnings	(462,229)	(318,995)	(143,234)
Rental and contract revenue	158,568	131,804	26,764
Grant revenue – Proposition No. 84 funding	-	408,500	(408,500)
Other non-operating revenues	<u>147,129</u>	<u>178,016</u>	<u>(30,887)</u>
Total non-operating revenues	<u>345,889</u>	<u>889,575</u>	<u>(543,686)</u>
Total revenues	<u>\$ 28,588,254</u>	<u>\$ 28,802,627</u>	<u>\$ (214,373)</u>

In fiscal year 2022, operating revenues increased by 1.18%, or \$329,313 from \$27,913,052 to \$28,242,365, from the prior year, primarily due to increases in residential, business, recycled water sales as well as other operating revenues.

Also, non-operating revenues decreased by 0.61%, or \$543,686 from \$889,575 to \$345,889 due to the \$408,500 grant revenue reimbursement funding from Proposition No. 84 in 2021 and a decrease in investment earnings.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Year Ended June 30, 2022 (With Comparable Amounts as of June 30, 2021)***FINANCIAL ANALYSIS OF THE DISTRICT (continued)****Total Expenses**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Source of supply	\$ 11,099,755	\$ 10,972,900	\$ 126,855
Pumping and power	1,204,751	1,175,185	29,566
Transmission and distribution	1,965,230	1,736,405	228,825
Customer services	110,174	81,834	28,340
Other operating expenses	513,275	473,839	39,436
General and administrative	5,600,533	5,368,683	231,850
Total operating expenses	<u>20,493,718</u>	<u>19,808,846</u>	<u>684,872</u>
Depreciation expense	<u>3,553,348</u>	<u>3,434,208</u>	<u>119,140</u>
Non-operating expenses:			
Interest expense	647,335	1,431,244	(783,909)
Transfer to jv	331,846	3,808,880	(3,477,034)
Change in investment in joint-ventures	1,942	(3,761,902)	3,763,844
Cost of bond issuance	217,123	-	217,123
Total non-operating expenses	<u>1,198,246</u>	<u>1,478,222</u>	<u>(279,976)</u>
Total expenses	<u>\$ 25,245,312</u>	<u>\$ 24,721,276</u>	<u>\$ 524,036</u>

In fiscal year 2022, operating expenses before depreciation expense increased by 3.46% or \$684,872 from \$19,808,846 to \$20,493,718, from the prior year, primarily due to increases in costs for transmission and distribution, and general and administrative.

Capital Assets

	<u>Balance June 30, 2022</u>	<u>Balance June 30, 2021</u>
Capital assets:		
Non-depreciable assets	\$ 7,860,368	\$ 5,697,770
Depreciable assets	102,305,751	100,671,796
Accumulated depreciation	<u>(41,375,819)</u>	<u>(39,269,684)</u>
Total capital assets, net	<u>\$ 68,790,300</u>	<u>\$ 67,099,882</u>

At the end of year 2022, the District's investment in capital assets amounted to \$68,790,300 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$5,243,766 for various projects and equipment. See Note 6 for further information.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2022 (With Comparable Amounts as of June 30, 2021)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

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

Long-term debt:	Balance	Balance
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contract and bonds payable	<u>\$ 36,170,000</u>	<u>\$ 35,231,976</u>

Long-term debt increased by a total of \$938,024 due to the refinance of debt for the year ended June 30, 2022. There were no principal payments due during the year. 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.

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, 2022 (With Comparative Amounts as of June 30, 2021)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2022</u>	<u>2021</u>
Current assets:		Restated
Cash and cash equivalents (Note 2)	\$ 11,470,536	\$ 10,296,597
Accrued interest receivable	54,949	59,247
Accounts receivable, net (Note 3)	3,523,761	3,830,187
Property taxes receivable	18,929	-
Lease receivable (Note 4)	143,931	166,370
Other receivables	110,571	32,815
Inventory – water-in-storage (Note 5)	99,518	103,512
Inventory – materials and supplies	180,382	192,443
Prepaid expenses	87,427	86,396
Total current assets	15,690,004	14,767,567
Non-current assets:		
Investments (Note 2)	11,744,841	12,691,980
Investments in joint-ventures (Note 5)	21,640,986	21,642,928
Lease receivable (Note 4)	534,192	678,123
Net OPEB asset (Note 10)	958,624	-
Capital assets – not being depreciated (Note 6)	7,860,368	5,697,770
Capital assets – being depreciated, net (Note 6)	60,929,930	61,402,112
Total non-current assets	103,668,941	102,112,913
Total assets	119,358,945	116,880,480
Deferred outflows of resources:		
Deferred amounts related to refunding of long-term debt (Note 9)	3,300,000	2,756,243
Deferred amounts related to net OPEB obligation(asset) (Note 10)	480,437	1,858,397
Deferred amounts related to net pension liability (Note 11)	3,525,029	1,240,898
Total deferred outflows of resources	7,305,466	5,855,538
Total assets and deferred outflows of resources	\$ 126,664,411	\$ 122,736,018
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,820,175	\$ 3,105,739
Deposits and unearned revenues	4,471,061	3,632,710
Accrued interest payable	56,746	109,760
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	83,173	91,987
Contract payable (Note 8)	-	495,000
Bonds payable (Note 9)	-	585,000
Total current liabilities	7,431,155	8,020,196
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	249,517	275,961
Contract payable (Note 8)	-	17,094,520
Bonds payable (Note 9)	36,170,000	17,057,456
Net OPEB obligation (Note 10)	-	1,905,587
Net pension liability (Note 11)	3,086,430	5,370,506
Total non-current liabilities	39,505,947	41,704,030
Total liabilities	46,937,102	49,724,226
Deferred inflows of resources:		
Deferred amounts related to leases (Note 4)	659,358	838,942
Deferred amounts related to net OPEB obligation(asset) (Note 10)	2,069,250	1,168,468
Deferred amounts related to net pension liability (Note 11)	2,858,784	207,407
Total deferred inflows of resources	5,587,392	2,214,817
Net position:		
Net investment in capital assets (Note 12)	32,620,298	31,867,906
Unrestricted	41,519,619	38,929,069
Total net position	74,139,917	70,796,975
Total liabilities, deferred inflows of resources and net position	\$ 126,664,411	\$ 122,736,018

The notes to financial statements are an integral part of this statement.

ROWLAND WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)*

	<u>2022</u>	<u>2021</u>
Operating revenues:		Restated
Water sales	\$ 15,753,112	\$ 15,597,274
Water service charges	11,622,138	11,840,763
New service connections	166,842	156,194
Reimbursements	148,351	128,347
Other operating revenues	551,922	190,474
Total operating revenues	<u>28,242,365</u>	<u>27,913,052</u>
Operating expenses:		
Source of supply	11,099,755	10,972,900
Pumping and power	1,204,751	1,175,185
Transmission and distribution	1,965,230	1,736,405
Customer services	110,174	81,834
Other operating	513,275	473,839
General and administrative	5,600,533	5,368,683
Total operating expenses	<u>20,493,718</u>	<u>19,808,846</u>
Operating income before depreciation	7,748,647	8,104,206
Depreciation expense	<u>(3,553,348)</u>	<u>(3,434,208)</u>
Operating income	<u>4,195,299</u>	<u>4,669,998</u>
Non-operating revenues(expenses):		
Property taxes	502,421	490,250
Investment earnings	(462,229)	(318,995)
Rental and contract revenue	158,568	131,804
Grant revenue – Propostion No. 84 funding	-	408,500
Other non-operating revenues	147,129	178,016
Interest expense	(647,335)	(1,431,244)
Cost of bond issuance	(217,123)	-
Contribution to joint-venture (Note 5)	(331,846)	(3,808,880)
Change in investment in joint-ventures (Note 5)	(1,942)	3,761,902
Total non-operating revenues(expenses), net	<u>(852,357)</u>	<u>(588,647)</u>
Change in net position	3,342,942	4,081,351
Net position:		
Beginning of year	<u>70,796,975</u>	<u>66,715,624</u>
End of year	<u><u>\$ 74,139,917</u></u>	<u><u>\$ 70,796,975</u></u>

ROWLAND WATER DISTRICT*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)*

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		Restated
Cash receipts from customers and others	\$ 29,601,869	\$ 29,410,429
Cash paid to employees for salaries and wages	(3,374,761)	(2,969,340)
Cash paid to vendors and suppliers for materials and services	<u>(19,927,054)</u>	<u>(19,395,260)</u>
Net cash provided by operating activities	<u>6,300,054</u>	<u>7,045,829</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	<u>483,492</u>	<u>498,088</u>
Net cash provided by non-capital financing activities	<u>483,492</u>	<u>498,088</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,243,764)	(6,765,526)
Principal paid on long-term debt	-	(1,035,000)
Interest paid on long-term debt	(740,327)	(1,405,932)
Proceeds from water revenue refunding bonds	36,170,000	-
Refunding escrow deposit for refunded bonds	(35,952,877)	-
Cost of bond issuance	<u>(217,123)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(5,984,091)</u>	<u>(9,206,458)</u>
Cash flows from investing activities:		
Change in investments	947,139	3,606,021
Investment earnings	220,979	239,370
Contributions to joint-ventures	<u>(793,634)</u>	<u>(790,960)</u>
Net cash provided by investing activities	<u>374,484</u>	<u>3,054,431</u>
Net increase in cash and cash equivalents	1,173,939	1,391,890
Cash and cash equivalents:		
Beginning of year	<u>10,296,597</u>	<u>8,904,707</u>
End of year	<u><u>\$ 11,470,536</u></u>	<u><u>\$ 10,296,597</u></u>

ROWLAND WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)*

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income to net cash provided by operating activities:		Restated
Operating income	\$ 4,195,299	\$ 4,669,998
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,553,348	3,434,208
Allowance for bad debt	155,610	220,587
Rental and contract revenue	158,568	131,804
Grant revenue – Proposition No. 84 funding	-	408,500
Other non-operating revenues	147,129	178,016
Change in assets – (increase)decrease:		
Accounts receivable, net	150,816	(1,078,026)
Lease receivable	166,370	(570,688)
Other receivables	(77,756)	428,757
Inventory – water-in-storage	3,994	(421)
Inventory – materials and supplies	12,061	(35,748)
Prepaid expenses	(1,031)	5,762
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB obligation	1,377,960	(1,208,206)
Deferred amounts related to net pension liability	(2,284,131)	23,088
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(285,564)	(1,220,928)
Deposits and unearned revenues	838,351	1,213,290
Compensated absences	(35,258)	20,188
Net OPEB obligation(asset)	(2,864,211)	(192,896)
Net pension liability	(2,284,076)	419,873
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to leases	(179,584)	565,137
Deferred amounts related to net OPEB obligation	900,782	(198,765)
Deferred amounts related to net pension liability	2,651,377	(167,701)
Total adjustments	<u>2,104,755</u>	<u>2,375,831</u>
Net cash provided by operating activities	<u>\$ 6,300,054</u>	<u>\$ 7,045,829</u>
Noncash investing, capital and financing transactions:		
Change in fair-value of investments	<u>\$ (678,910)</u>	<u>\$ (557,260)</u>
Amortization of bond discount	<u>\$ 19,876</u>	<u>\$ 119,253</u>
Amortization of deferred amounts related to refunding of long-term debt	<u>\$ (197,021)</u>	<u>\$ (147,845)</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

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, 2022

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, 2022

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. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. 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.

8. 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

9. 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.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

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. 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.

11. 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.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2020

Measurement Date June 30, 2021

Measurement Period July 1, 2020 to June 30, 2021

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.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

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. 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, 2021

Measurement Date June 30, 2021

Measurement Period July 1, 2020 to June 30, 2021

11. 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".

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.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

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

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

F. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2022, the District has implemented a new pronouncement as follows:

GASB 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. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 postponed its effective date by 18 months due to the COVID-19 pandemic and its effect on the audit/accounting industry. The District adopted the Statement as of July 1, 2020. See Note 4 for the effect of this Statement.

NOTE 2 – CASH AND INVESTMENTS

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

Description	June 30, 2022
Cash and cash equivalents	\$ 11,470,536
Investments	11,744,841
Total cash and investments	\$ 23,215,377

Cash and investments consisted of the following:

Description	June 30, 2022
Petty cash	\$ 400
Demand deposits held with financial institutions	9,369,876
Investments	13,845,101
Total cash and investments	\$ 23,215,377

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2022, the carrying amount of the District's demand deposits were \$9,369,876 and the financial institution's balances were \$9,246,975. 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, 2022, 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, 2022 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	\$ 250,150	\$ 250,150	\$ -	\$ -
U.S. government sponsored agency securities	Level 2	A to AAA	7,797,326	1,621,051	2,044,936	4,131,339
Medium-term notes	Level 2	A to AAA	3,431,342	249,735	1,117,313	2,064,294
Local Agency Investment Fund (LAIF)	N/A	N/A	2,100,260	2,100,260	-	-
Money-market mutual funds	N/A	AAA	266,023	266,023	-	-
Total investments			\$ 13,845,101	\$ 4,487,219	\$ 3,162,249	\$ 6,195,633

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2022*

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, 2022

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, 2022.

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, 2022. 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, 2022

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:

Issuer	Amount
U.S. government sponsored agency securities:	
Federal National Mortgage Association	\$ 1,454,946
Federal Farm Credit Banks Funding Corporation	\$ 1,650,408
Federal Home Loan Bank	\$ 3,926,018
Federal Home Loan Mortgage Corpotion	\$ 765,954
Corporate securities:	
Apple Inc.	\$ 735,643
Florida Power Light Co.	\$ 785,408

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, 2022 consists of the following;

Description	June 30, 2022
Accounts receivable	\$ 3,679,371
Allowance for doubtful accounts	(155,610)
Total accounts receivable, net	\$ 3,523,761

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable for the year ended June 30, 2022 was as follows:

Description	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Cellular antenna site rental 1	\$ 30,065	\$ -	\$ (19,943)	\$ 10,122
Cellular antenna site rental 2	119,365	-	(41,909)	77,456
Cellular antenna site rental 3	37,800	-	(28,185)	9,615
Cellular antenna site rental 4	232,291	-	(42,622)	189,669
Cellular antenna site rental 5	424,972	-	(33,711)	391,261
	<u>\$ 844,493</u>	<u>\$ -</u>	<u>\$ (166,370)</u>	<u>\$ 678,123</u>

Changes in the District's lease receivable for the year ended June 30, 2021 was as follows:

Description	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Cellular antenna site rental 1	\$ 49,612	\$ -	\$ (19,547)	\$ 30,065
Cellular antenna site rental 2	159,593	-	(40,228)	119,365
Cellular antenna site rental 3	64,600	-	(26,800)	37,800
Cellular antenna site rental 4	-	235,795	(3,504)	232,291
Cellular antenna site rental 5	-	430,536	(5,564)	424,972
	<u>\$ 273,805</u>	<u>\$ 666,331</u>	<u>\$ (95,643)</u>	<u>\$ 844,493</u>

The District is reporting a total lease receivable of \$678,123 and \$844,493 and a total related deferred inflows of resources of \$659,358 and \$838,942 for the years ending June 30, 2022 and 2021, respectively. Also, the District is reporting total lease revenue of \$166,370 and \$95,643 and interest revenue of \$15,648 and \$6,483 related to lease payments received for the years ending June 30, 2022 and 2021, respectively. The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The District's leases are summarized as follows:

Cellular Antenna Site Rental 1

The District, on July 1, 2020, renewed a continuous lease for 30 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$68,774. As of June 30, 2022 the value of the lease receivable was \$10,122. The lease is required to make monthly fixed payments of \$1,694 for the remaining 30 months, then increasing 10% every 5 years. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$9,922 as of June 30, 2022. The District recognized lease revenue of \$19,943 and interest revenue of \$780 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Cellular Antenna Site Rental 2

The District, on July 1, 2020, renewed a continuous lease for 45 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$159,593. As of June 30, 2022, the value of the lease receivable was \$77,456. The lease is required to make monthly fixed payments of \$3,570 for the first 9 months, then increasing 2.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$74,476 as of June 30, 2022. The District recognized lease revenue of \$41,909 and interest revenue of \$2,006 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 3

The District, on July 1, 2020, renewed a continuous lease for 28 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$64,600. As of June 30, 2022, the value of the lease receivable was \$9,615. The lease is required to make monthly fixed payments of \$2,275 for the first 4 months, then increasing 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$9,229 as of June 30, 2022. The District recognized lease revenue of \$28,185 and interest revenue of \$500 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 4

The District, on June 1, 2021, renewed a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$235,795. As of June 30, 2022, the value of the lease receivable was \$184,706. The lease is required to make monthly fixed payments of \$3,897 for the first 12 months, then increasing 3.0% per year. The lease had a monthly rental increase of \$1,212 effective as of March 2021 due to additional site rental space. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$189,669 as of June 30, 2022. The District recognized lease revenue of \$42,622 and interest revenue of \$4,258 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 5

The District, on May 1, 2021, signed a continuous lease for 120 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$430,536. As of June 30, 2022, the value of the lease receivable was \$391,261. The lease is required to make monthly fixed payments of \$3,500 for the first 12 months, then increasing 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$381,025 as of June 30, 2022. The District recognized lease revenue of \$33,711 and interest revenue of \$8,499 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Minimum future lease receipts for the next eight fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 143,931	\$ 12,444	\$ 156,375
2024	118,753	9,859	128,612
2025	89,495	7,856	97,351
2026	89,711	6,043	95,754
2027	44,208	4,725	48,933
2028-2031	192,025	9,427	201,452
Total	\$ 678,123	\$ 50,354	\$ 728,477
Current	(143,931)		
Long-term	\$ 534,192		

Changes in the District's deferred inflows of resources related to leases for June 30, 2022 is as follows:

<u>Description</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Cellular antenna site rental 1	\$ 29,767	\$ -	\$ (19,845)	\$ 9,922
Cellular antenna site rental 2	117,035	-	(42,559)	74,476
Cellular antenna site rental 3	36,914	-	(27,685)	9,229
Cellular antenna site rental 4	231,865	-	(47,159)	184,706
Cellular antenna site rental 5	423,361	-	(42,336)	381,025
	<u>\$ 838,942</u>	<u>\$ -</u>	<u>\$ (179,584)</u>	<u>\$ 659,358</u>

Changes in the District's deferred inflows of resources related to leases for June 30, 2021 is as follows:

<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Cellular antenna site rental 1	\$ 49,612	\$ -	\$ (19,845)	\$ 29,767
Cellular antenna site rental 2	159,593	-	(42,559)	117,034
Cellular antenna site rental 3	64,600	-	(27,685)	36,915
Cellular antenna site rental 4	-	235,795	(3,930)	231,865
Cellular antenna site rental 5	-	430,536	(7,175)	423,361
	<u>\$ 273,805</u>	<u>\$ 666,331</u>	<u>\$ (101,194)</u>	<u>\$ 838,942</u>

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2022, will be amortized in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 151,204
2024	121,414
2025	89,495
2026	85,565
2027	42,336
2028-2031	169,344
Total	<u>\$ 659,358</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 5 – INVESTMENTS IN JOINT-VENTURES

The balance at June 30, 2022 consists of the following;

<u>Investments in Joint-Ventures</u>	<u>PBWA</u>	<u>PWR-JWLC</u>	<u>Total</u>
Balance – beginning of year	\$ 20,737,090	\$ 905,838	21,642,928
Change in investment in joint-ventures	<u>(5,168)</u>	<u>3,226</u>	<u>(1,942)</u>
Balance – end of year	<u>\$ 20,731,922</u>	<u>\$ 909,064</u>	<u>\$ 21,640,986</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, 2022:

<u>Description</u>	<u>June 30, 2022</u>
Balance – beginning of year	\$ 20,737,090
Share of net income	<u>(5,168)</u>
Balance – end of year	<u>\$ 20,731,922</u>

The following is condensed financial information of the investment in Puente Basin Water Agency as of and for the year ended June 30, 2022, including the participants' approximate percentage shares:

<u>Description</u>	<u>June 30, 2022</u>	<u>District Share 50%</u>
Total assets	<u>\$ 78,795,024</u>	
Total liabilities	\$ 5,931,322	
Total net position	<u>41,463,844</u>	<u>\$ 20,731,922</u>
Total liabilities and net position	<u>\$ 47,395,166</u>	

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 5 – 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, 2022, the District remitted assessments totaling \$242,242 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, 2022:

<u>Description</u>	<u>June 30, 2022</u>
Balance – beginning of year	\$ 905,838
Share of net income	<u>3,226</u>
Balance – end of year	<u>\$ 909,064</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, 2022, including the participants' approximate percentage shares:

<u>Description</u>	<u>June 30, 2022</u>	<u>Member Share</u>		
		<u>City of Pomona</u> 25.8%	<u>WVWD</u> 45.1%	<u>RWD</u> 29.1%
Total assets	<u>\$ 6,515,509</u>			
Total liabilities	\$ 3,391,579			
Total net position	<u>3,123,930</u>	<u>\$ 805,974</u>	<u>\$ 1,408,892</u>	<u>\$ 909,064</u>
Total liabilities and net position	<u>\$ 6,515,509</u>			

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2022, were as follows:

Description	Balance July 1, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable assets:				
Land	\$ 261,340	\$ -	\$ -	\$ 261,340
Water rights	5,000	-	-	5,000
Construction-in-process	5,431,430	5,269,569	(3,106,971)	7,594,028
Total non-depreciable assets	5,697,770	5,269,569	(3,106,971)	7,860,368
Depreciable assets:				
Sources of supply	2,110,034	-	-	2,110,034
Pumping	10,740,101	105,253	-	10,845,354
Transmission and distribution system	74,863,055	1,969,610	(424,662)	76,408,003
Intangible assets	1,022,551	-	(1,022,551)	-
Telemetry equipment	1,805,919	591,053	-	2,396,972
Office building and equipment	7,546,877	213,782	-	7,760,659
General plant	1,306,725	201,470	-	1,508,195
Transportation equipment	1,276,534	-	-	1,276,534
Total depreciable assets	100,671,796	3,081,168	(1,447,213)	102,305,751
Accumulated depreciation:				
Sources of supply	(1,243,360)	(80,191)	-	(1,323,551)
Pumping	(5,043,997)	(382,087)	-	(5,426,084)
Transmission and distribution system	(27,316,402)	(1,948,516)	424,662	(28,840,256)
Intangible assets	(572,551)	(450,000)	1,022,551	-
Telemetry equipment	(1,052,753)	(106,712)	-	(1,159,465)
Office building and equipment	(2,971,879)	(364,068)	-	(3,335,947)
General plant	(472,329)	(67,095)	-	(539,424)
Transportation equipment	(596,413)	(154,679)	-	(751,092)
Total accumulated depreciation	(39,269,684)	(3,553,348)	1,447,213	(41,375,819)
Total depreciable assets, net	61,402,112	(472,180)	-	60,929,932
Total capital assets, net	\$ 67,099,882	\$ 4,797,389	\$ (3,106,971)	\$ 68,790,300

NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2022, were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
\$ 367,948	\$ 321,503	\$ (356,761)	\$ 332,690	\$ 83,173	\$ 249,517

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – 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 debt was refunded in the fiscal year ended June 30, 2022.

Description	Balance	Additions	Deductions	Balance
	July 1, 2021			June 30, 2022
2012 Series A Water Revenue Bonds	\$ 16,460,000	\$ -	\$(16,460,000)	\$ -
2012 Series A Water Revenue Bonds – Premium	1,129,520	-	(1,129,520)	-
	<u>\$ 17,589,520</u>	<u>\$ -</u>	<u>\$(17,589,520)</u>	<u>\$ -</u>

NOTE 9 – 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.

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, 2022:

Description	Balance	Additions	Deductions	Balance
	July 1, 2021			June 30, 2022
2014A Series Water Revenue Refunding Bonds	\$ 16,395,000	\$ -	\$(16,395,000)	\$ -
2014A Series Water Revenue Bonds – Premium	1,247,456	-	(1,247,456)	-
	<u>\$ 17,642,456</u>	<u>\$ -</u>	<u>\$(17,642,456)</u>	<u>\$ -</u>

The debt was refunded in the fiscal year ended June 30, 2022.

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2022***NOTE 9 – BONDS PAYABLE (continued)**

Water Revenue Refunding Bonds, Series 2021A were issued on September 7, 2021, in the amount of \$36,170,000 to refund \$16,460,000 of outstanding balance on the 2012 Series A Water Revenue Bonds and to refund \$16,395,000 of outstanding balance on the 2014 Series A Water Revenue Refunding Bonds. The prior obligations were issued to finance certain improvements and to finance a purchase contract. The bonds were issued at par. The refunding of the two debts provided the District with a net present value savings of \$3,926,597 and a cash flow savings of \$4,050,571.

These bonds mature in various amounts through December 1, 2042. Interest is payable semiannually on December 1 and June 1 at rates ranging from 0.317% to 2.863%. 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 2021A for the year ended June 30, 2022:

Description	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Current Portion	Long-term Portion
2021A Series Water Revenue Refunding Bonds	\$ -	\$ 36,170,000	\$ -	\$ 36,170,000	\$ -	\$ 36,170,000

Maturities of the Water Revenue Refunding Bonds, Series 2021A and interest payments subsequent to June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ -	\$ 716,173	\$ 716,173
2024	1,380,000	713,986	2,093,986
2025	1,735,000	706,784	2,441,784
2026	1,745,000	694,197	2,439,197
2027	1,770,000	677,172	2,447,172
2028-2032	9,235,000	3,002,657	12,237,657
2033-2037	10,220,000	2,032,806	12,252,806
2038-2042	8,950,000	699,320	9,649,320
2043	1,135,000	16,248	1,151,248
Total	36,170,000	\$ 9,259,343	\$ 45,429,343
Current	-		
Long-term	\$ 36,170,000		

The following is a summary of the changes in deferred amounts related to refunding for the year ended June 30, 2022:

Description	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Deferred amounts related to refunding	\$ 2,756,243	\$ 3,472,380	\$ (2,928,623)	\$ 3,300,000

The District will amortize this amount at \$165,000 per year until the fiscal year ended June 30, 2043.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

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

Description	2022
OPEB related deferred outflows	\$ 480,437
Net other post-employment benefits obligation(asset)	(958,624)
OPEB related deferred inflows	2,069,250

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, 2021. 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, 2021, the measurement period, the District's contributions totaling \$1,686,776 included \$1,420,000 placed in its PARS OPEB Trust, 227,720 in current year premium payments, and an implied subsidy of \$39,056.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 10 – 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, 2021 and was determined by an actuarial valuation as of June 30, 2021. 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
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, 2022

NOTE 10 – 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, 2021 (Measurement date July 1, 2020)	\$ 6,782,497	\$ 4,876,910	\$ 1,905,587
Changes for the year:			
Service cost	152,983	-	152,983
Interest	442,272	-	442,272
Differences in experience	(410,394)	-	(410,394)
Changes in assumption	(168,050)	-	(168,050)
Employer contributions	-	1,686,776	(1,686,776)
Net investment income	-	1,194,246	(1,194,246)
Benefit payments	(266,776)	(266,776)	-
Net changes	(249,965)	2,614,246	(2,864,211)
Balance at June 30, 2022 (Measurement date June 30, 2021)	\$ 6,532,532	\$ 7,491,156	\$ (958,624)

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2022***NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)****C. Changes in the Net OPEB Liability (continued)****Changes of Assumptions**

In fiscal year 2020-21, the census data from the plans participants was updated, which decreased the total OPEB liability by \$168,050.

Change of Benefit Terms

In fiscal year 2020-21, 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	Discount Rate	1% Increase
	5.5%	6.5%	7.5%
Net OPEB Liability	<u>\$ (105,375)</u>	<u>\$ (958,624)</u>	<u>\$ (1,660,525)</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	8.0% Decreasing	9.0% Decreasing
	to 4.0%	to 5.0%	to 6.0%
Net OPEB Liability	<u>\$ (1,719,335)</u>	<u>\$ (958,624)</u>	<u>\$ (13,537)</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense/(credit) of (\$168,498). At June 30, 2022, 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	\$ 432,067	\$ -
Changes in assumptions	-	(588,281)
Differences between expected and actual experience	48,370	(885,060)
Differences between projected and actual earnings on OPEB plan investments	-	(595,909)
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 480,437</u>	<u>\$ (2,069,250)</u>

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2022*

NOTE 10 – 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 \$2,020,880 as deferred inflows 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, 2022. 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
2023	\$ (381,752)
2024	(382,503)
2025	(379,182)
2026	(404,328)
2027	(183,178)
Thereafter	<u>(289,937)</u>
Total	<u>\$ (2,020,880)</u>

At June 30, 2022, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

NOTE 10 – PENSION PLAN**Summary**

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

Description	2022
Pension related deferred outflows	\$ 3,525,029
Net pension liability	3,086,430
Pension related deferred inflows	2,858,784

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, 2022

NOTE 11 – 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 2021	12.361%	7.732%

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, 2021 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, 2021 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	14	10	24
Transferred and terminated members	14	6	20
Retired members and beneficiaries	20	-	20
Total plan members	48	16	64

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, 2022***NOTE 11 – 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, 2022, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 2,990,888	\$ 81,941	\$ 3,072,829

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, 2021, 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, 2020, rolled forward to June 30, 2021, 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, 2022:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	
Measurement Date	June 30, 2021	June 30, 2020	
Percentage of Risk Pool Net Pension Liability	0.162546%	0.127321%	0.035225%
Percentage of Plan Net Pension Liability	0.057069%	0.049359%	0.007710%

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 11 – 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, 2021, 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, 2020 (Measurement Date)	\$ 20,719,771	\$ 15,349,265	\$ 5,370,506
Balance as of June 30, 2021 (Measurement Date)	\$ 22,346,370	\$ 19,259,940	\$ 3,086,430
Change in Plan Net Pension Liability	\$ 1,626,599	\$ 3,910,675	\$ (2,284,076)

For the year ended June 30, 2021, the District recognized pension expense of \$1,155,999. At June 30, 2022, 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	\$ 3,072,829	\$ -
Difference between actual and proportionate share of employer contributions		(164,494)
Adjustment due to differences in proportions	106,090	-
Differences between expected and actual experience	346,110	-
Differences between projected and actual earnings on pension plan investments	-	(2,694,290)
Changes in assumptions	-	-
Total Deferred Outflows/(Inflows) of Resources	\$ 3,525,029	\$ (2,858,784)

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, 2022

NOTE 11 – 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 \$3,072,829 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, 2022. 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
2023	\$ (506,158)
2024	(543,454)
2025	(612,409)
2026	(744,563)
Total	\$ (2,406,584)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020, total pension liability. The June 30, 2021, 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, 2022

NOTE 11 – 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%	Current Discount Rate 7.15%	Discount Rate + 1%
	6.15%		8.15%
CalPERS – Miscellaneous Plan	<u>6,036,841</u>	<u>\$ 3,086,430</u>	<u>\$ 647,367</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 11 – 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, 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2022.

NOTE 12 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30, 2022:

Description	June 30, 2022
Net investment in capital assets:	
Capital assets – not being depreciated	\$ 7,860,368
Capital assets, net – being depreciated	60,929,930
Bonds payable – non-current portion	<u>(36,170,000)</u>
Total net investment in capital assets	<u>\$ 32,620,298</u>

NOTE 13 – PRIOR PERIOD ADJUSTMENT

Beginning net position as of July 1, 2020 was restated by \$0, for the District's retroactive restatement for the adoption of *GASB No. 87 - Leases* as noted below as the lease started on July 1, 2020:

Description	Balance
Net position:	
June 30 2020, as previously stated	\$ 66,715,624
Lease receivable	273,805
Deferred amounts related to leases	<u>(273,805)</u>
Net adjustment	<u>-</u>
June 30 2020, as restated	<u>\$ 66,715,624</u>

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 13 – PRIOR PERIOD ADJUSTMENT (continued)

Beginning net position as of July 1, 2021 was restated by \$5,414, for the District’s restatement for the adoption of *GASB No. 87 - Leases* as noted below as the lease continued through July 1, 2021:

<u>Description</u>	<u>Balance</u>
Net position:	
June 30 2021, as previously stated	\$ 70,791,424
Lease receivable	844,493
Deferred amounts related to leases	<u>(838,942)</u>
Net adjustment	<u>5,551</u>
June 30 2021, as restated	<u><u>\$ 70,796,975</u></u>

NOTE 14 – 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, 2022

NOTE 15 – 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, 2021 – 396 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2021
Audit dated	March 30, 2022
Statement of financial position:	Sept 30, 2021
Total assets	<u>\$ 271,770,359</u>
Deferred outflows	<u>1,189,142</u>
Total liabilities	<u>123,558,690</u>
Deferred inflows	<u>(409,721)</u>
Net position	<u><u>\$ 149,810,532</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 200,883,781
Total expenses	<u>(174,760,456)</u>
Change in net position	26,123,325
Beginning – net position	<u>123,687,207</u>
Ending – net position	<u><u>\$ 149,810,532</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, 2022

NOTE 15 – 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, 2022, 2021, and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022, 2021, and 2020.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

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 17 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 10, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information

ROWLAND WATER DISTRICT*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2022***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%
June 30, 2021	0.05707%	3,086,430	2,715,233	113.67%	86.19%

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.

ROWLAND WATER DISTRICT*Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2022***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)	-	2,715,233	23.65%
June 30, 2022	710,829	(3,072,829)	-	3,023,183	101.64%

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%
June 30, 2022	June 30, 2020	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.

ROWLAND WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2022

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:					
Service cost	\$ 152,983	\$ 145,698	\$ 124,022	\$ 99,230	\$ 121,597
Interest	442,272	417,667	427,189	394,763	450,304
Changes of assumptions	(168,050)	-	(262,190)	-	(526,713)
Differences between expected and actual experience	(410,394)	51,531	(253,977)	11,333	(710,721)
Changes of benefit terms	-	-	-	151,163	-
Benefit payments	(266,776)	(221,224)	(185,776)	(179,152)	(154,372)
Net change in total OPEB liability	(249,965)	393,672	(150,732)	477,337	(819,905)
Total OPEB liability - beginning	6,782,497	6,388,825	6,539,557	6,062,220	6,882,125
Total OPEB liability - ending	6,532,532	6,782,497	6,388,825	6,539,557	6,062,220
Plan fiduciary net position:					
Contributions - employer	1,686,776	641,224	605,776	599,152	574,372
Net investment income	1,194,246	166,568	264,426	203,849	261,561
Administrative expense	-	-	-	(10,222)	(850)
Benefit payments	(266,776)	(221,224)	(185,776)	(179,152)	(154,372)
Net change in plan fiduciary net position	2,614,246	586,568	684,426	613,627	680,711
Plan fiduciary net position - beginning	4,876,910	4,290,342	3,605,916	2,992,289	2,311,578
Plan fiduciary net position - ending	7,491,156	4,876,910	4,290,342	3,605,916	2,992,289
District's net OPEB liability	\$ (958,624)	\$ 1,905,587	\$ 2,098,483	\$ 2,933,641	\$ 3,069,931
Plan fiduciary net position as a percentage of the total OPEB liability	114.67%	71.90%	67.15%	55.14%	49.36%
Covered-employee payroll	\$ 3,095,166	\$ 2,856,168	\$ 2,728,686	\$ 2,285,510	\$ 2,174,023
District's net OPEB liability as a percentage of covered-employee payroll	-30.97%	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 five years are shown.

ROWLAND WATER DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan For the Year Ended June 30, 2022

Fiscal Year Ended	Last Ten Fiscal Years*				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 296,665	\$ 308,417	\$ 354,481	\$ 343,260	\$ 343,260
Contributions in relation to the actuarially determined contributions	(1,686,776)	(641,224)	(605,776)	(599,152)	(599,152)
Contribution deficiency (excess)	\$ (1,390,111)	\$ (332,807)	\$ (251,295)	\$ (255,892)	\$ (255,892)
Covered payroll	\$ 3,095,166	\$ 2,856,168	\$ 2,728,686	\$ 2,285,510	\$ 2,174,023
Contributions as a percentage of covered payroll	54.50%	22.45%	22.20%	26.22%	27.56%

Notes to Schedule:

Valuation Date	June 30, 2021	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	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	6.50%	6.50%	6.50%	6.50%	6.50%
Inflation	2.26%	2.26%	2.26%	2.26%	2.26%
Payroll increases	3.25%	3.25%	3.25%	3.25%	3.25%
Mortality	(2)	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	80%	80%	80%	80%
Healthcare trend rates	(5)	(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 five years are shown.

Supplementary Information

ROWLAND WATER DISTRICT*Schedule of Other Operating Expenses**For the Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)*

	<u>2022</u>	<u>2021</u>
Other Operating Expenses:		
Certification, fees and permits	\$ 104,310	\$ 92,252
Engineering	271,696	239,782
Maintenance and operations	64,807	81,472
Small tools and supplies	45,252	36,704
Water tests	<u>27,210</u>	<u>23,629</u>
Total Other Operating Expenses	<u><u>\$ 513,275</u></u>	<u><u>\$ 473,839</u></u>

ROWLAND WATER DISTRICT*Schedule of General and Administrative Expenses**For the Year Ended June 30, 2022 (With Comparative Amounts as of June 30, 2021)*

	<u>2022</u>	<u>2021</u>
General and Administrative Expenses:		
Salaries and wages	\$ 1,438,795	\$ 1,473,595
Payroll taxes	227,177	221,906
Employee benefits	609,805	550,382
OPEB expenses	(362,575)	47,853
Pension expenses	1,372,972	1,066,792
Director's fees and expenses	156,700	151,899
Bank service charges	174,141	154,201
Community outreach	255,445	196,273
Conferences, training and travel	143,167	23,812
Conservation rebate program	37,865	32,238
Information technology	387,085	293,671
Insurance – liability and workers' compensation	187,529	192,022
Membership fees and dues	47,346	47,900
Miscellaneous	127,649	98,979
Office supplies	41,467	40,486
Professional services	129,245	140,156
Repairs and maintenance	35,130	17,460
Service contracts	410,111	274,986
Taxes, permits and fees	12,893	14,575
Uncollectable accounts	(67,516)	122,700
Utilities	115,444	118,062
Vehicle expenses	120,658	88,735
Total General and Administrative Expenses	<u>\$ 5,600,533</u>	<u>\$ 5,368,683</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, 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, and have issued our report thereon dated January 10, 2023.

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
January 10, 2023

Puente Basin Water Agency

Management Report

June 30, 2022



Fedak & Brown LLP
Certified Public Accountants

Puente Basin Water Agency

Management Report

Table of Contents

<u>Item</u>	<u>Page No.</u>
General Introduction	1-2
Appendix:	
Audit/Finance Committee Letter	1-4



Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Andy Beck, CPA

Fedak & Brown LLP

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CONFIDENTIAL

Board of Commissioners
Puente Basin Water Agency
Walnut, California

Dear Commissioners 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, 2022, 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, we considered the Agency's 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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 weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider 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, the 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. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

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

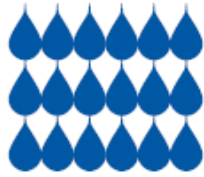
Fedak & Brown LLP
Cypress, California
December 8, 2022

APPENDIX

Puente Basin Water Agency

Audit/Finance Committee Letter

June 30, 2022



Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Andy Beck, CPA

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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, 2022 and have issued our report thereon dated December 8, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 16, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 8, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As auditors of the Agency, we are required per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”, to “ordinarily” presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on 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 markedly from management’s current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

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.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There was no material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 8, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

Conclusion

We appreciate the cooperation extended us by Erik Hitchman, Administrative Officer, Myra Malner, Treasurer, and the Agency's staff, in the performance of our audit testwork. We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the Agency.

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.

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

Fedak & Brown LLP
Cypress, California
December 8, 2022



Puente Basin Water Agency

Annual Financial Report

For the Fiscal Years Ended June 30, 2022 and 2021

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, 2022

<u>Name</u>	<u>Title</u>	<u>Member Agency</u>	<u>Elected*/ Appointed</u>
Anthony J. Lima	Chair	Rowland Water District	Appointed
Theresa Lee	Vice-Chair	Walnut Valley Water District	Appointed
Robert W. Lewis	Commissioner	Rowland Water District	Appointed
Jerry Tang	Commissioner	Walnut Valley 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, 2022 and 2021

**Puente Basin Water Agency
Annual Financial Report
For the Fiscal Years Ended June 30, 2022 and 2021**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
 Financial Section	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Notes to the Basic Financial Statements	15-31
 Report on Internal Controls and Compliance	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32-33

Financial Section



Christopher J. Brown, CPA, CGMA
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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), as of and for the years ended, June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, as of June 30, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Independent Auditor's Report, continued

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 4 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 8, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance. This report can be found on pages 32 and 33.

Fedak & Brown LLP

Fedak & Brown LLP

Cypress, California

December 8, 2022

**Puente Basin Water Agency
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2022 and 2021**

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, 2022 and 2021. 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 2022

- The Agency's net position as of June 30, 2022, was \$41,463,844, a decrease of \$10,336, or 0.02% from the prior year.
- Operating revenues totaled \$19,176,682 for the year, an increase of \$656,981 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 2022, the total of these pass-through costs were reflected in both the revenues amounting to \$18,324,933 and expenses amounting to \$18,322,873 of the Agency.
- Operating expenses including depreciation for the year totaled \$19,752,966 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 of \$9,989, were incurred related to the maintenance and management of the project facilities.
- During the year, the Cal Domestic water reliability project produced 595 acre-feet of water. The costs related to the production of water totaled \$915,016 for the year. These costs included the use of stored water in the amount of \$332,909, that was purchased and paid for in prior years.
- In 2022, the Agency recorded an additional \$153,677 and \$918,758 in construction costs related to the Pathfinder Intertie and Pomona Basin projects respectively, which were completed and are currently being constructed, respectively. These construction costs are reflected in the Agency's construction-in-process account. As of June 30, 2022, the Pathfinder Intertie project was completed and capitalized. As of June 30, 2022, the ending balance of the Pomona Basin project totaled \$6,852,265.
- 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. As of June 30, 2022, the value of the lease liability is recorded at the value of the future minimum lease payments in the amount of \$1,670,026.

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% from the prior year.
- Operating revenues totaled \$18,519,701 for the year, an increase of \$1,187,124 from the prior year.

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2022 and 2021**

Financial Highlights, continued

Fiscal Year 2021, continued

- 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 including depreciation 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 of \$2,480, were incurred related to the maintenance and management of the project facilities.
- During the year, the Cal Domestic water reliability project produced 1,105 acre-feet of water. The costs related to the production of 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's construction cost addition's related to the Pathfinder Intertie and Pomona Basin projects were \$668,594 and \$909,398, respectively. These construction costs are reflected in the Agency's construction-in-process account. As of June 30, 2021, the ending balance of the Pathfinder Intertie and Pomona Basin projects totaled \$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. As of June 30, 2021, the value of the lease liability is recorded at the value of the future minimum lease payments in the amount of \$1,711,257.

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, 2022 and 2021. 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, 2022 and 2021, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,463,844 and \$41,474,180, respectively.

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2022 and 2021**

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, 2022 and 2021, were \$10,336 and \$7,512,930, 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 year. 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, 2022, cash and cash equivalents totaled \$1,123,038, a decrease of \$460,448 from the previous fiscal year. As of June 30, 2021, cash and cash equivalents totaled \$1,583,486, a decrease of \$932,550 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 15 through 31.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2022 and 2021

Statements of Net Position

Condensed Statements of Net Position					
	2022	2021	Change	2020	Change
Assets:					
Cash & investments	\$ 1,123,038	1,583,486	(460,448)	2,516,036	(932,550)
Accrued interest receivable	1,292	141,188	(139,896)	145,688	(4,500)
Accounts receivable	3,855,973	5,110,644	(1,254,671)	4,170,761	939,883
Grants receivable	278,029	278,029	-	836,965	(558,936)
Prepaid expenses	-	-	-	6,000	(6,000)
Water-in-storage inventory	13,127,717	12,980,026	147,691	5,949,147	7,030,879
Installment purchase receivable	-	30,350,000	(30,350,000)	31,335,000	(985,000)
Capital assets, net	29,009,117	28,351,651	657,466	27,188,627	1,163,024
Total assets	47,395,166	78,795,024	(31,399,858)	72,148,224	6,646,800
Liabilities:					
Accounts payable	4,261,296	5,118,399	(857,103)	4,952,489	165,910
Unearned revenue	-	-	-	6,000	(6,000)
Accrued interest payable	-	141,188	(141,188)	145,688	(4,500)
Long-term debt	1,670,026	32,061,257	(30,391,231)	33,082,797	(1,021,540)
Total liabilities	5,931,322	37,320,844	(31,389,522)	38,186,974	(866,130)
Net position:					
Net investment in capital assets	27,339,091	26,640,394	698,697	25,440,830	1,199,564
Unrestricted	14,124,753	14,833,786	(709,033)	8,520,420	6,313,366
Total net position	\$ 41,463,844	41,474,180	(10,336)	33,961,250	7,512,930

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 \$41,463,844 and \$41,474,180 for the fiscal years ending June 30, 2022 and 2021, respectively.

By far, the largest component of net position is the Agency's net investment in capital assets. As of June 30, 2022 and 2021, net investment in capital assets increased by \$698,697 and \$1,199,564, 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, 2022 and 2021, the balance in construction-in-process amounted to \$6,852,265 and \$6,638,837, 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, 2022 and 2021, the balance of the installment purchase receivable and related liability was \$0 and \$30,350,000, respectively. In fiscal year 2022, RWD and WVWD refinanced (defeased) the 2012 and 2013 Series A Water Revenue Bonds, respectively, for the purpose of taking advantage of reduced interest rates. As part of the refinance, the refinanced bonds were issued in the name of each District. As a result, the Agency removed the bond debt, installment receivable, and related interest amounts. The 2012 and 2013 Series A Water Revenue Bond refinance (defeasance) is reported in the financial statements of Walnut Valley Water District and Rowland Water District, respectively.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2022 and 2021

Statements of Revenues, Expenses, and Changes in Net Position

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
Operating revenues:					
Sale of water (TVMWD)	\$ 18,324,933	17,211,751	1,113,182	16,233,060	978,691
Sale of water (Project)	583,439	967,896	(384,457)	890,300	77,596
Member assessments	173,810	155,668	18,142	179,884	(24,216)
Other revenue	94,500	184,386	(89,886)	29,333	155,053
Total operating revenues	<u>19,176,682</u>	<u>18,519,701</u>	<u>656,981</u>	<u>17,332,577</u>	<u>1,187,124</u>
Non-operating revenues:					
Investment income, net of fair market value	-	1,386,381	(1,386,381)	1,467,411	(81,030)
Total non-operating revenues	<u>-</u>	<u>1,386,381</u>	<u>(1,386,381)</u>	<u>1,467,411</u>	<u>(81,030)</u>
Total revenues	<u>19,176,682</u>	<u>19,906,082</u>	<u>(729,400)</u>	<u>18,799,988</u>	<u>1,106,094</u>
Operating expenses:					
Water supply (TVMWD)	18,322,873	17,209,691	1,113,182	16,231,000	978,691
Water supply (Project)	807,255	1,435,346	(628,091)	1,353,519	81,827
Engineering	1,200	1,460	(260)	1,396	64
Professional services	122,600	114,918	7,682	117,848	(2,930)
Legal	5,553	21,667	(16,114)	56,798	(35,131)
Administrative	69,280	54,858	14,422	40,008	14,850
Accounting	9,237	7,735	1,502	9,090	(1,355)
Depreciation and amortization	414,968	414,968	-	376,950	38,018
Total operating expenses	<u>19,752,966</u>	<u>19,260,643</u>	<u>492,323</u>	<u>18,186,609</u>	<u>1,074,034</u>
Non-operating expenses:					
Investment expense, net of fair market value	3,440	-	3,440	-	-
Interest expense	64,859	1,457,960	(1,393,101)	1,505,936	(47,976)
Total non-operating expenses	<u>68,299</u>	<u>1,457,960</u>	<u>(1,389,661)</u>	<u>1,505,936</u>	<u>(47,976)</u>
Total expenses	<u>19,821,265</u>	<u>20,718,603</u>	<u>(897,338)</u>	<u>19,692,545</u>	<u>1,026,058</u>
Net loss before capital contributions	<u>(644,583)</u>	<u>(812,521)</u>	<u>167,938</u>	<u>(892,557)</u>	<u>80,036</u>
Capital contributions	<u>634,247</u>	<u>8,325,451</u>	<u>(7,691,204)</u>	<u>1,568,658</u>	<u>6,756,793</u>
Changes in net position	<u>(10,336)</u>	<u>7,512,930</u>	<u>(7,523,266)</u>	<u>676,101</u>	<u>6,836,829</u>
Net position, beginning 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>
Net position, end of year	<u>\$ 41,463,844</u>	<u>41,474,180</u>	<u>(10,336)</u>	<u>33,961,250</u>	<u>7,512,930</u>

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2022 and 2021**

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

Fiscal Year 2022 – Revenues and Expenses

For fiscal year 2022, the Agency had total operating revenues of \$19,176,682, an increase of \$656,981 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 \$18,324,933, an increase of \$1,113,182 from the prior year. In addition, the Cal Domestic project produced 595 acre-feet of water during the year. The total costs related to the production of this water source totaled \$915,016, a decrease of \$517,666 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 \$173,810, an increase of \$18,142 over the prior year.

For fiscal year 2022, the Agency had total operating expenses of \$19,752,966, an increase of \$492,323 from the prior year. As discussed above, the most significant costs were attributable to the purchase and production of water, which totaled \$19,130,128 for the year, an increase of \$485,091 from the prior year.

Capital contributions for the year totaled \$634,247, a decrease of \$7,691,204 from the prior year, which was primarily due to decreases of \$7,137,160 in contributions sourcing from stored water from member agencies, \$554,044 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 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. The total costs related to the production of this water source totaled \$1,432,682, an increase of \$84,046 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 and \$244,187 in capital contributions from member agency assessments. 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, 2022 and 2021

Capital Asset Administration

Changes in capital assets for 2022, were as follows:

	<u>Balance</u> <u>2021</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>2022</u>
Capital assets:				
Non-depreciable assets	\$ 17,041,791	1,072,434	(859,006)	17,255,219
Depreciable and amortizable assets	12,995,610	859,006	-	13,854,616
Accumulated depreciation and amortization	<u>(1,685,750)</u>	<u>(414,968)</u>	<u>-</u>	<u>(2,100,718)</u>
Total capital assets, net	<u>\$ 28,351,651</u>	<u>1,516,472</u>	<u>(859,006)</u>	<u>29,009,117</u>

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 and amortizable assets	12,995,610	-	-	12,995,610
Accumulated depreciation and amortization	<u>(1,270,782)</u>	<u>(414,968)</u>	<u>-</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>

As of June 30, 2022 and 2021, the Agency had invested \$29,009,117 and \$28,351,651 in capital assets, a net increase from asset additions and deletions of \$657,466 and \$1,163,024 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>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
Long-term debt:					
2012 Series A Water Revenue Bonds (RWD Project)	\$ -	16,460,000	(16,460,000)	16,935,000	(475,000)
2013 Series A Water Revenue Bonds (WVWD Project)	-	13,890,000	(13,890,000)	14,400,000	(510,000)
Capital lease payable	<u>1,670,026</u>	<u>1,711,257</u>	<u>(41,231)</u>	<u>1,747,797</u>	<u>(36,540)</u>
Total	<u>\$ 1,670,026</u>	<u>32,061,257</u>	<u>(30,391,231)</u>	<u>33,082,797</u>	<u>(1,021,540)</u>

As of June 30, 2022, the Agency's long-term debt amounted to \$1,670,026, a decrease from debt defeasance and lease payment of \$30,391,231 from the prior fiscal year.

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

**Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2022 and 2021**

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 Assistant Treasurer, Myra Malner, 3021 Fullerton Road, Rowland Heights, California, 91748 or (562) 697-1726.

Basic Financial Statements

Puente Basin Water Agency
Statements of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,123,038	1,583,486
Accrued interest receivable	1,292	141,188
Accounts receivable	3,855,973	5,110,644
Grants receivable	278,029	278,029
Water-in-storage inventory	13,127,717	12,980,026
Long-term assets – due in one year:		
Installment purchase receivable (note 3)	-	1,030,000
Total current assets	<u>18,386,049</u>	<u>21,123,373</u>
Non-current assets:		
Long-term assets – due after one year:		
Installment purchase receivable (note 3)	-	29,320,000
Capital assets – not being depreciated and amortized (note 4)	17,255,219	17,041,791
Capital assets – being depreciated and amortized, net (note 4)	<u>11,753,898</u>	<u>11,309,860</u>
Total non-current assets	<u>29,009,117</u>	<u>57,671,651</u>
Total assets	<u>47,395,166</u>	<u>78,795,024</u>
Current liabilities:		
Accounts payable and accrued expenses	4,261,296	5,118,399
Accrued interest payable	-	141,188
Long-term liabilities – due in one year:		
Bond payable (note 5)	-	1,030,000
Capital lease payable (note 5)	<u>46,207</u>	<u>41,231</u>
Total current liabilities	<u>4,307,503</u>	<u>6,330,818</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Bond payable (note 5)	-	29,320,000
Capital lease payable (note 5)	<u>1,623,819</u>	<u>1,670,026</u>
Total non-current liabilities	<u>1,623,819</u>	<u>30,990,026</u>
Total liabilities	<u>5,931,322</u>	<u>37,320,844</u>
Net position: (note 6)		
Net investment in capital assets	27,339,091	26,640,394
Unrestricted	<u>14,124,753</u>	<u>14,833,786</u>
Total net position	<u>\$ 41,463,844</u>	<u>41,474,180</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Sale of water to member agencies – TVMWD	\$ 18,324,933	17,211,751
Sale of water to member agencies – Project	583,439	967,896
Member assessments	173,810	155,668
Water leases	62,500	50,000
Other water service charges	<u>32,000</u>	<u>134,386</u>
Total operating revenues	<u>19,176,682</u>	<u>18,519,701</u>
Operating expenses:		
Water supply – TVMWD	18,322,873	17,209,691
Water supply – Project	807,255	1,435,346
Engineering	1,200	1,460
Professional services	122,600	114,918
Legal	5,553	21,667
Administrative	69,280	54,858
Accounting	<u>9,237</u>	<u>7,735</u>
Total operating expenses	<u>19,337,998</u>	<u>18,845,675</u>
Operating loss before depreciation and amortization expense	(161,316)	(325,974)
Depreciation and amortization expense	<u>(414,968)</u>	<u>(414,968)</u>
Operating loss	<u>(576,284)</u>	<u>(740,942)</u>
Non-operating revenue(expense):		
Investment (expense) income, net of fair market value	(3,440)	1,386,381
Interest expense – long-term debt	<u>(64,859)</u>	<u>(1,457,960)</u>
Total non-operating revenue(expense), net	<u>(68,299)</u>	<u>(71,579)</u>
Net loss before capital contributions	<u>(644,583)</u>	<u>(812,521)</u>
Capital contributions:		
Capital contributions – member agency assessments	153,647	707,691
Contributions – stored water purchases from member agencies	<u>480,600</u>	<u>7,617,760</u>
Total capital contributions	<u>634,247</u>	<u>8,325,451</u>
Changes in net position	(10,336)	7,512,930
Net position, beginning of the year	<u>41,474,180</u>	<u>33,961,250</u>
Net position, end of year	<u>\$ 41,463,844</u>	<u>41,474,180</u>

See accompanying notes to the basic financial statements

Puente Basin Water Agency
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received for water sales and assessments	\$ 20,431,353	18,132,754
Cash paid to vendors and suppliers for materials and services	<u>(20,342,792)</u>	<u>(25,704,644)</u>
Net cash provided by (used in) operating activities	<u>88,561</u>	<u>(7,571,890)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,072,434)	(1,577,992)
Capital contributions	634,247	8,325,451
Payments received for loans receivable	30,350,000	985,000
Proceeds from capital grants	-	-
Principal paid on debt service	(30,391,231)	(1,021,540)
Interest paid on debt	<u>(206,047)</u>	<u>(1,462,460)</u>
Net cash (used in) provided by capital and related financing activities	<u>(685,465)</u>	<u>5,248,459</u>
Cash flows from investing activities:		
Interest and investment earnings	<u>136,456</u>	<u>1,390,881</u>
Net cash provided by investing activities	<u>136,456</u>	<u>1,390,881</u>
Net decrease in cash and cash equivalents	(460,448)	(932,550)
Cash and cash equivalents, beginning of year	<u>1,583,486</u>	<u>2,516,036</u>
Cash and cash equivalents, end of year	<u>\$ 1,123,038</u>	<u>1,583,486</u>
Reconciliation of operating loss to net cash (used in) provided by operating activities:		
Operating loss	\$ <u>(576,284)</u>	<u>(740,942)</u>
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	414,968	414,968
(Increase)Decrease in assets:		
Accounts receivable	1,254,671	(939,883)
Grants receivable	-	558,936
Prepaid expenses and other deposits	-	6,000
Inventory – water	(147,691)	(7,030,879)
Increase in liabilities:		
Accounts payable and accrued expenses	(857,103)	165,910
Unearned revenue	<u>-</u>	<u>(6,000)</u>
Total adjustments	<u>664,845</u>	<u>(6,830,948)</u>
Net cash (used in) provided by operating activities	<u>\$ 88,561</u>	<u>(7,571,890)</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, 2022 and 2021

(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. 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.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 89, continued

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.

Governmental Accounting Standards Board Statement No. 98

This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of Annual Comprehensive Financial Report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for Annual Comprehensive Financial Report sounds like a profoundly objectionable racial slur. This Statement’s introduction of the new term is founded on a commitment to promoting inclusiveness.

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. 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.

3. 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, 2022 and 2021

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

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

4. 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, 2022 and 2021, the Agency had no allowance for uncollectible accounts as management believes all accounts will be collected.

5. 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, which administers the Main San Gabriel Basin Judgment under which such storage is authorized.

In 2022, the Agency received 600 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, 2022, the Agency had a total of 21,666 acre-feet of water-in-storage valued using an average cost of \$606 per acre-foot.

In 2021, the Agency received 6,000 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, 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.

6. 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.

7. 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

Leased right-to-use assets are amortized on a straight-line basis over the life of the lease.

8. 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, 2022 and 2021

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

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

9. 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.

10. Water Sales and Services

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

11. Capital Contributions

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

12. 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>2022</u>	<u>2021</u>
Cash and investments		
Deposits with financial institutions	\$ 440,814	446,530
Deposits in Local Agency		
Investment Fund (LAIF)	<u>682,224</u>	<u>1,136,956</u>
Total cash and investments	<u>\$ 1,123,038</u>	<u>1,583,486</u>

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

	<u>2022</u>	<u>2021</u>
Deposits in Local Agency		
Inv Investment Fund (LAIF)	<u>311 days</u>	<u>291 days</u>

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

(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, 2022 and 2021

(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, 2022 and 2021, the Agency's deposit portfolio with a government-sponsored agency, LAIF, is 61% and 72%, 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.

In fiscal year 2022, RWD and WVWD refinanced (defeased) the 2012 and 2013 Series A Water Revenue Bonds, respectively, for the purpose of taking advantage of reduced interest rates. As part of the refinance, the refinanced bonds were issued in the name of each District. As a result, the Agency removed the bond debt, installment receivable, and related interest amounts. The 2012 and 2013 Series A Water Revenue Bond refinance (defeasance) are reported in the financial statements of Walnut Valley Water District and Rowland Water District, respectively.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

(3) Installment Purchase Receivable, continued

As of June 30, 2021, the total current portion was \$1,030,000, current amounts required to be paid by RWD and WVWD were \$495,000 and \$535,000, respectively. As of June 30, 2021, the total long-term portion amounted to \$29,320,000. Of this total amount, the long-term amounts required to be paid by RWD and WVWD were \$15,965,000 and \$13,355,000, respectively. Please also see note 5 for further detail.

(4) Capital Assets

Changes in capital assets for the year ended June 30, 2022, are as follows:

	<u>Balance 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Non-depreciable assets:				
Water rights	\$ 10,402,954	-	-	10,402,954
Construction-in-Process	<u>6,638,837</u>	<u>1,072,434</u>	<u>(859,006)</u>	<u>6,852,265</u>
Total non-depreciable assets	<u>17,041,791</u>	<u>1,072,434</u>	<u>(859,006)</u>	<u>17,255,219</u>
Depreciable and amortizable assets:				
Old Baldy well – facility lease	1,841,213	-	-	1,841,213
Pumping plant and equipment	<u>11,154,397</u>	<u>859,006</u>	<u>-</u>	<u>12,013,403</u>
Total depreciable and amortizable assets	<u>12,995,610</u>	<u>859,006</u>	<u>-</u>	<u>13,854,616</u>
Accumulated depreciation and amortization:				
Old Baldy well – facility lease	(294,593)	(88,378)	-	(382,971)
Pumping plant and equipment	<u>(1,391,157)</u>	<u>(326,590)</u>	<u>-</u>	<u>(1,717,747)</u>
Total accumulated depreciation and amortization	<u>(1,685,750)</u>	<u>(414,968)</u>	<u>-</u>	<u>(2,100,718)</u>
Total depreciable and amortizable assets, net	<u>11,309,860</u>	<u>444,038</u>	<u>-</u>	<u>11,753,898</u>
Total capital assets, net	<u>\$ 28,351,651</u>	<u>1,516,472</u>	<u>(859,006)</u>	<u>29,009,117</u>

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

(4) Capital Assets, continued

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 and amortizable assets:				
Old Baldy well – facility lease	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 and amortizable assets	<u>12,995,610</u>	<u>-</u>	<u>-</u>	<u>12,995,610</u>
Accumulated depreciation and amortization:				
Old Baldy well – facility lease	(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 and amortization	<u>(1,270,782)</u>	<u>(414,968)</u>	<u>-</u>	<u>(1,685,750)</u>
Total depreciable and amortizable 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>

For the fiscal year ending June 30, 2022, the Agency had additions of \$1,072,434 and deletions of \$859,006 in construction-in-process. For the fiscal year ending June 30, 2021, the Agency had additions of \$1,577,992 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>2022</u>	<u>2021</u>
20" Water Transmission Main Project \$	-	705,330
Six Basins Groundwater Project	<u>6,852,265</u>	<u>5,933,507</u>
Total construction-in-process \$	<u>6,852,265</u>	<u>6,638,837</u>

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

(5) Long-Term Debt

Changes in long-term debt for the year ended June 30, 2022, are as follows:

	<u>Balance 2021</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2022</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Bonds payable:						
2012 Series A Water Revenue Bonds:						
Rowland Water District	\$ 16,460,000	-	(16,460,000)	-	-	-
2013 Series A Water Revenue Bonds:						
West Valley Water District	13,890,000	-	(13,890,000)	-	-	-
	30,350,000	-	(30,350,000)	-	-	-
Capital lease payable	1,711,257	-	(41,231)	1,670,026	46,207	1,623,819
Total	32,061,257	-	(30,391,231)	1,670,026	46,207	1,623,819

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	14,400,000	-	(510,000)	13,890,000	535,000	13,355,000
Total bonds payable	31,335,000	-	(985,000)	30,350,000	1,030,000	29,320,000
Capital lease payable	1,747,797	-	(36,540)	1,711,257	41,231	1,670,026
Total	33,082,797	-	(1,021,540)	32,061,257	1,071,231	30,990,026

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.

In fiscal year 2022, RWD and WVWD refinanced (defeased) the 2012 and 2013 Series A Water Revenue Bonds, respectively, for the purpose of taking advantage of reduced interest rates. As part of the refinance, the refinanced bonds were issued in the name of each District. As a result, the Agency removed the bond debt, installment receivable, and related interest amounts. The 2012 and 2013 Series A Water Revenue Bond refinance (defeasance) is reported in the financial statements of Walnut Valley Water District and Rowland Water District, respectively.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

(5) Long-Term Debt, continued

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.

In fiscal year 2022, RWD and WVWD refinanced (defeased) the 2012 and 2013 Series A Water Revenue Bonds, respectively, for the purpose of taking advantage of reduced interest rates. As part of the refinance, the refinanced bonds were issued in the name of each District. As a result, the Agency removed the bond debt, installment receivable, and related interest amounts. The 2012 and 2013 Series A Water Revenue Bond refinance (defeasance) is reported in the financial statements of Walnut Valley Water District and Rowland Water District, respectively.

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:

Year	Principal	Interest	Total
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	69,273	57,404	126,677
2028-2032	453,871	238,851	692,722
2033-2037	673,796	129,258	803,054
2038-2040	255,318	10,339	265,657
Total	1,670,026	688,954	2,358,980
Current	(46,207)		
Non-current	\$ 1,623,819		

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

(6) Net Position

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

	<u>2022</u>	<u>2021</u>
Net investment in capital assets:		
Capital assets, net	\$ 29,009,117	28,351,651
Capital lease, current	(46,207)	(41,231)
Capital lease, non-current	<u>(1,623,819)</u>	<u>(1,670,026)</u>
Total investment in capital assets	<u>27,339,091</u>	<u>26,640,394</u>
Unrestricted net position	<u>14,124,753</u>	<u>14,833,786</u>
Total net position	<u><u>\$ 41,463,844</u></u>	<u><u>41,474,180</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, 2022, 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, 2022, 2021 and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2022, 2021 and 2020.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2022, that have effective dates that may impact future financial presentations.

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.

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.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

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

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.

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, 2022 and 2021

(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, 2022 and 2021

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

Governmental Accounting Standards Board Statement No. 98

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement’s introduction of the new term is founded on a commitment to promoting inclusiveness.

The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

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

Governmental Accounting Standards Board Statement No. 100, continued

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

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(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.

Puente Basin Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2022 and 2021

(9) Commitments and Contingencies, continued

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, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of December 8, 2022, which is the date the financial statements were available to be issued.

Report on Internal Controls and Compliance



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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, 2022, 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 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) 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.

Fedak & Brown LLP

Fedak & Brown LLP

Cypress, California

December 8, 2022

Rowland Water District
Schedule of Monthly Salary Ranges
Fiscal Year 2022-2023

Board Adopted/Revision Date: 1-10-2023

Effective Date: 1-1-2023

Job Description	Step 1	Step 5
OFFICE:		
General Manager	\$22,367	\$27,188
Assistant General Manager	\$18,396	\$22,361
Director of Finance	\$15,222	\$18,502
Director of Operations	\$15,734	\$19,125
Executive Assistant/Board Secretary	\$10,562	\$12,838
Accounting/Customer Service/HR Manager	\$12,206	\$14,837
Compliance and Safety Coordinator	\$11,266	\$13,693
Project Manager	\$11,608	\$14,110
Edu. & Community Outreach Coordinator	\$7,804	\$9,486
Customer Service Supervisor	\$8,367	\$10,170
Customer Service Representative	\$5,663	\$6,883
FIELD:		
Water Systems Supervisor	\$9,992	\$12,145
Field Operations Supervisor	\$9,992	\$12,145
Senior Water Systems Operator	\$8,629	\$10,489
Water Systems Operator II	\$7,195	\$8,746
Cross-Connection Control Specialist	\$8,230	\$10,003
Maintenance II	\$6,918	\$8,409
Water Systems Operator I	\$6,319	\$7,681
Maintenance I	\$6,013	\$7,309
Meter Reader I	\$5,966	\$7,251
Facility Maintenance	\$6,490	\$7,890



IRS issues standard mileage rates for 2023; business use increases 3 cents per mile

IR-2022-234, December 29, 2022

WASHINGTON — The Internal Revenue Service today issued the 2023 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, 2023, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 65.5 cents per mile driven for business use, up 3 cents from the midyear increase setting the rate for the second half of 2022.
- 22 cents per mile driven for medical or moving purposes for qualified active-duty members of the Armed Forces, consistent with the increased midyear rate set for the second half of 2022.
- 14 cents per mile driven in service of charitable organizations; the rate is set by statute and remains unchanged from 2022.

These rates apply to electric and hybrid-electric automobiles, as well as gasoline and diesel-powered vehicles.

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 generally 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 2023-03](#) [PDF](#) contains the optional 2023 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 2023 for which employers may use the fleet-average valuation rule in or the vehicle cents-per-mile valuation rule.

Page Last Reviewed or Updated: 29-Dec-2022



WHAT'S YOUR *Water Footprint?*

TAKING STEPS TO SAVE

Rowland Water District – Board Report

January 10, 2023



Customer Communications

- Water Quality/Perceptions of Tap Water
Customer Messaging Campaign (videos, editorials, etc.)
Nationwide AWWA survey on trust and satisfaction
(In Development)



District Outreach

- Board member profiles revised
- Branding style guide developed
- Water Supply Infrastructure Op-Ed
Released 12/1/22 (During ACWA Conference)
See attached for full list of publications
- Part Two being drafted (Recycled Water in California)
- Revising board member profiles
- Boardroom artwork development



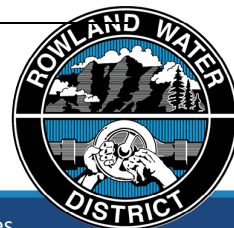
Website/Graphics Enhancements

- Updated videos and sliders as needed
- Branding elements revised



Press Releases/Earned Media

- Water Bottle Filling Stations
- Splash Cash
- Brian Bowcock Resolution
- Landscape Workshops



Mascot styles

Rowland Water District's has created a team of mascots that are symbolic of the services and programs provided. Utilizing these graphics on outreach communications and through animations creates better customer engagement. Leave a lasting impression by their continued use on social media and newsletters. To request a new design, please send an email to jenna@rowlandwater.com.



How to incorporate mascots

Quick tips:

- ✓ **DO** include a mascot on theme appropriate materials to highlight important details or bring attention to community events and call outs.
- ✓ **ALWAYS** incorporate the mascots on materials for children and family programs.
- ✓ **DO NOT** include mascots for items with a more serious tone, including Board materials, reports, or legislative outreach.
- ✓ **DO NOT** repeat the same mascot on the same page of a document.
- ✓ If there's a specific theme and new graphics are needed, please email jenna@rowlandwater.com to make a new request.



BRANDING IDENTITY

26

Additional graphic styles

Maintaining unity and balance are great design theories to practice when designing outreach and educational materials. The use of matching elements creates a sense of harmony and improves legibility. Over time, the consistent use of these principals on designed materials will establish a lasting impression. Below are examples and tips to help maintain the integrity of the brand.

Websites & digital tools

Quick tips:

- ✓ The website and affiliated sites must reflect the District's color palette, display approved logos, and should employ a clear layout design.
- ✓ Alternate between single column and double column paragraphs to add interest.
- ✓ Purposefully select focal points on web pages to create aesthetically pleasing and engaging page designs.
- ✓ **ALWAYS** be consistent with the size and color of text.



DIGITAL ELEMENTS

Wave graphics

Textures for depth

Themed infographics

Signage

Follow the steps below to ensure signage is consistent with the brand.

- ✓ Utilize the color and font guidelines provided on page 18-21 of this document.
- ✓ **ALWAYS** include the logo in a prominent area that can be seen from a distance.
- ✓ Include a call out for social media where applicable.
- ✓ **ALWAYS** get design approval before going to print.



27

BRANDING IDENTITY

Nameplate extensions/campaigns

As Rowland Water District continues to adapt to the ongoing topics affecting the world of water, it's important to come up with creative solutions that encourage public engagement. The following nameplates have been created for outreach collateral and e-newsletter updates. For materials that require a brand extension, please follow the three fundamental rules below.

ALWAYS ensure the District logo is included and is in a noticeable location.

ALWAYS include the District contact/footer information along with an appropriate website.

NEVER make up a nameplate and publish without prior approval internally.

Newsletters & E-mail Mats



The 'Rowland Quarterly' masthead has been established for the District's printed newsletter. This newsletter offers updates and provide a place for community event information and workshops.

The 'Rowland Water District Connections' masthead has been created for press releases and urgent updates that need to be distributed through e-mail blasts.

The 'Rowland Water District When in Drought' masthead has been created for e-mail blasts that provide information regarding the California drought, drought response planning and steps to help conserve water.

Conservation campaign

The "What's Your Water Footprint?" nameplate is a conservation campaign that was adopted for permanent use on conservation messaging and materials for Rowland Water District.

Please follow the steps below to maintain brand consistency:

- ✓ Even though the nameplate features the recognizable Wally mascot, the District logo must also be featured on all materials.
- ✓ Include the "footprints" graphics to tie in the nameplate with the design.
- ✓ Include a link to the website: yourwaterfootprint.org



CO-BRANDING BASICS

36

Buckboard Days parade nameplates

Rowland Water District has been participating in the Buckboard Days parade since 2011 and creates a new nameplate to tie into the parade's theme each year. The nameplate later is used for give-aways and to decorate the District's parade float. Below are some examples of nameplates and graphics done for this event.

Graphics usually include a mascot (or all mascots) and must include the District name or logo. The website must also be included on t-shirt designs.



37

CO-BRANDING BASICS





Community Outreach Update | January 10, 2023 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 via Twitter, Instagram, Facebook, LinkedIn, and YouTube when necessary. See below for our social media engagement.

Twitter:

Measurement	Total
Followers	732
Tweets	14
Tweet Impressions	763
Profile Visits	161
Mentions	12

Twitter Top Performing Post:

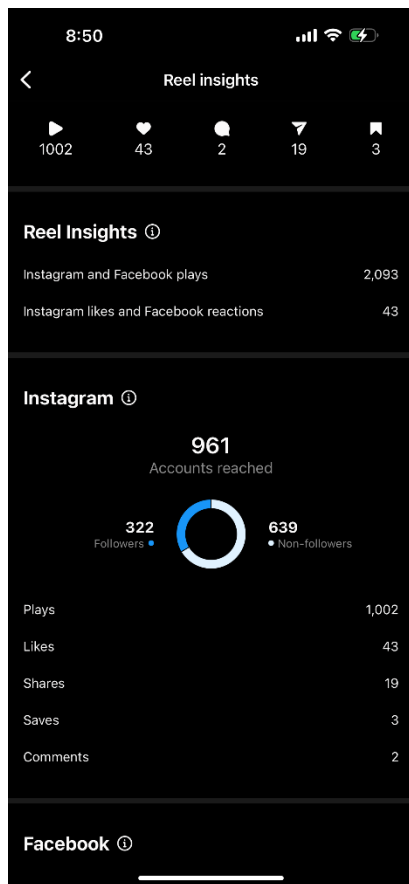
<div>Rowland Water District @RowlandWater ❄️ Did you know that snowflakes are made of millions & millions of droplets of water? ❄️ 💙 A standard snowflake is said to be comprised of 100,000,000,000,000,000 water droplets! #DiscoverRWD #Precipitation #WaterFacts pic.twitter.com/91dWAVV4LJ</div>	Impressions	112
	Media views	13
	Total engagements	8
	Likes	5
	Retweets	2
	Follows	1



Instagram:

Measurement	Total
Total Followers	1,117
Post Engagement	137
Impressions (Total number of times post have been seen)	1,348
Profile Impressions	4,479

Instagram Top Performing Post/Reel:





WEBSITE (December 6, 2022-January 3, 2023)

Measurement	Total
Users	2,743
New Users	2,060
Returning Visitor	984
Pageviews	8,956

CONSTANT CONTACT-(electronic information sent to customer emails)

Total Active Contacts-11,609

December 6th- Infrastructure Op-Ed: 52% Open Rate

December 21st- Holiday Office Closures: 50% Open Rate

EDUCATION OUTREACH:

- Yorbita Elementary School and Telesis Academy received water bottle filling stations this school year. These filling stations were installed over winter break and when students return to school, they will each receive reusable water bottles and stickers.
- Mrs. Gildea has booked landscape classes for customers starting February 2023. She will promote classes via bill inserts, social media posts, Constant Contact outreach and the website, in addition to providing the following flyer to customers entering the customer service lobby area:

ROWLAND WATER DISTRICT'S LANDSCAPE SERIES
- FREE in person landscape classes to our customers -

Edible Gardening for Beginners
February 9, 2023
4:30 - 6:30 p.m.

Residential Leak Detection
March 16, 2023
4:30 - 5:30 p.m.

Composting for a Healthy Garden
April 20, 2023
4:30 - 6:00 p.m.

Landscaping for Fire Prevention
May 18, 2023
4:30 - 6:00 p.m.

CA Native Plants
June 15, 2023
4:30 - 6:30 p.m.

Register for any of the above classes online at www.rwd.org
Classes are on a first-come, first-served basis. Customers attending the classes will receive a FREE CA Native plant.

SPACE IS LIMITED! For information and class descriptions visit rwd.org/classes



- The District's Residential Landscape Makeover Program is underway, and customers selected to participate in the program have been notified. Staff and the landscape professional will soon meet to prepare timeline and schedule of events. The remainder of the applications not selected for this first round of landscape conversions will remain on file until the end of the fiscal year.
- Rowland Water District awarded a total of 10 teachers who applied for the Splash Cash Program. The teachers were from Jellick Elementary School and Santana High School.
- A total of 530 4th-6th grade students are enrolled to participate in the Mini Science and Mini Solar Challenge programs. These students represent five (5) schools within Rowland Unified School District. Mini Solar Boat Races will be held at Nogales High School on March 23rd.
- Staff continues attending monthly Conservation and Education Team (CET) meetings.
- Staff continues attending Metropolitan Water District (MWD) education and Water Use Efficiency (WUE) meetings.



Voting Members

Donald Dear
Chair

Gerald McCallum
1st Vice-Chair

Margaret Finlay
2nd Vice-Chair

Kathryn Barger
John Lee
John Mirisch
Holly Mitchell
Francine Oschin
Vacant
(Independent
Special District)

Alternate Members

Anthony Bell
Michael Davitt
David Lesser
Mel Matthews
Hilda Solis
Vacant
(City of Los Angeles)

Staff

Paul Novak
Executive Officer

Adriana Romo
Deputy Executive Officer

Amber De La Torre
Doug Dorado
Adriana Flores
Taylor Morris
Alisha O'Brien

80 South Lake Avenue
Suite 870
Pasadena, CA 91101
Phone: 626.204.6500
Fax: 626.204.6507

www.lalafco.org

December 1, 2022

General Managers of Independent Special Districts in Los Angeles County:

As you may recall, LAFCO is conducting an election of the Independent Special District Selection Committee (by mail) to appoint a voting member of the Commission (LAFCO). The vacant position is for a term ending on DATE, 2026. Pursuant to Government Code Section 56332, the law requires that quorum of independent special districts cast votes for the appointment to be valid. The voting period closed yesterday (November 30, 2022), and a total of twenty-five (25) ballots were received by Bill Kruse, who is conducting the election on my behalf; this is one vote shy of a quorum; a quorum of independent special districts (which is twenty-six (26) districts) must cast votes for the results to be valid, pursuant to State law.

Pursuant to authority granted by Government Code Section 56332(f)(7), **I hereby extend the voting period until 5:00 p.m. on Friday, January 27, 2023. For those special districts which have yet to vote, please do so in advance of the deadline.** For your convenience, I am enclosing a copy of the voting materials package previously mailed to all independent special district general managers.

Bill Kruse and I plan to meet on Monday, January 30, 2023, at which time we will tally all votes, determine the outcome, and notify all candidates and special district general managers. Assuming that there is not a tie amongst the four (4) candidates (a plurality of votes cast determines the winner), the new voting member would be seated for the Commission Meeting on Wednesday, February 8, 2023.

Should you have any questions or concerns, please feel free to contact me or Bill directly.

Thank you.

Sincerely,

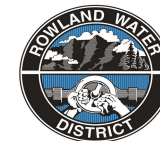
Paul A. Novak
Executive Officer

Enclosure

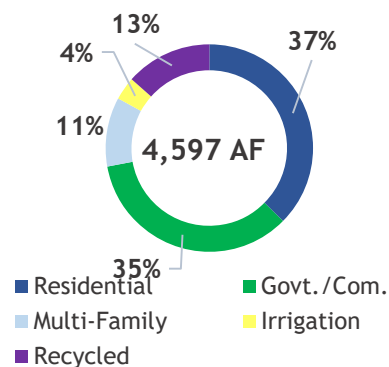


ROWLAND WATER DISTRICT FINANCIAL DASHBOARD

November 30, 2022



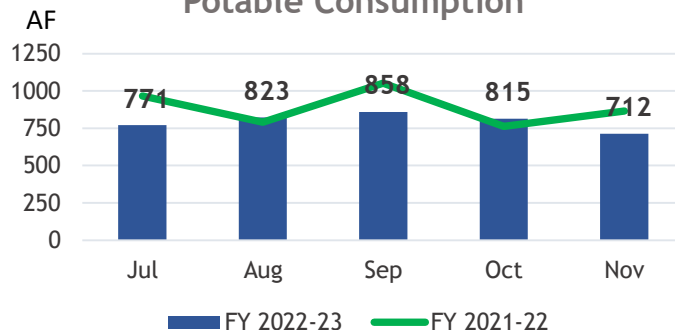
Consumption by Class ¹



90% of Prior Year

42% of Budget ²

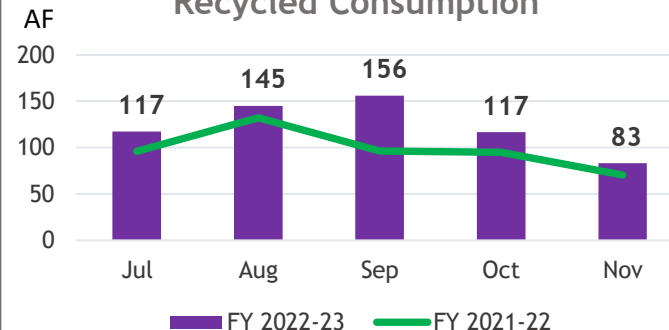
Potable Consumption



126% of Prior Year

60% of Budget ³

Recycled Consumption



YTD Revenue
Annual Budget

\$13,055,144
\$29,582,400

44% ⁴

YTD Expense
Annual Budget

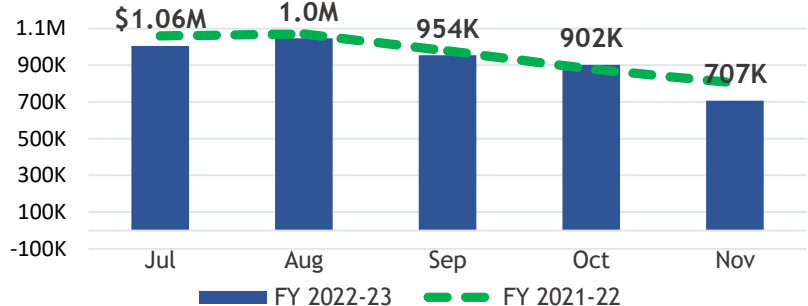
\$9,010,781
\$22,673,600

40% ⁵

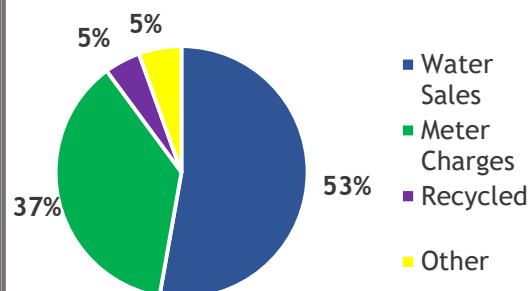
YTD Water Purchases
of \$4.6 M

51% of YTD Expense

Water Purchases ⁶



Revenues by Category ⁷



CIP Completion ⁸

