

WALNUT VALLEY WATER DISTRICT  
271 South Brea Canyon Road  
Walnut, California 91789

REGULAR BOARD MEETING  
MONDAY, DECEMBER 13, 2021, 5:00 P.M.  
AGENDA

Pursuant to the provisions of Government Code Section 54953(e), as amended by AB 361, any Board member and any member of the public who desires to participate in the open session items of this meeting may do so by accessing the Webex link below without otherwise complying with the Brown Act's teleconference requirements:

<https://walnutvalley.webex.com/meet/bmeeting>

(Computer and Telephone Audio Accessible)

Any member of the public wishing to make any comments to the Board may do so by accessing the above-referenced link where they may select the option to join via webcam or teleconference. The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making his or her comment. **Members of the public will be disconnected from the meeting prior to the Closed Session.**

***NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Board meeting, please contact the General Manager's office at least 4 hours prior to a Board meeting to inform the District of your needs and to determine if accommodation is feasible.***

***Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item.***

***Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review during regular business hours at the District office, located at: 271 S. Brea Canyon Road, Walnut, California.***

1. Flag Salute
2. Roll Call: Mr. Hayakawa\_\_ Mr. Hilden\_\_ Ms. Kwong\_\_ Ms. Lee\_\_ Mr. Tang\_\_
3. Public Comment President Kwong  
The Presiding Officer of the Board of Directors may impose reasonable limitations on public comments to assure an orderly and timely meeting.
  - A. **Agenda Items** - Any person desiring to address the Board of Directors on any Agenda item may do so at the time the item is considered on the Agenda by requesting the privilege of doing so at this time and stating the Agenda item to be addressed. At the time the item is discussed, those requesting to speak will be called to do so.
  - B. **Non-Agenda Items** - At this time, the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the District. Reasonable time limits on each topic and on each speaker are imposed in accordance with Board policy.
4. Additions to Agenda President Kwong
  - A. Discussion
  - B. Action Taken
5. Reorder of Agenda President Kwong
  - A. Discussion
  - B. Action Taken

6. Consider Approval of Consent Calendar (Items 1-5)
- A. Discussion B. Action Taken
- (1) [Minutes of the Regular Board Meeting held November 15, 2021](#)
- (2) [Minutes of the Special Board Meeting held November 18, 2021](#)
- (3) [Check Register](#)
- (4) [Employee Expense Reimbursement Report](#)
- (5) [Community Outreach Update](#)
7. [Consider Approval of Director Expense Reports](#)  
 Provided are Expense Reports disclosing per diem requests for Director meeting attendance and an itemization of expenses incurred by the District on behalf of each Director.
- A. Discussion B. Action Taken
8. Treasurer's Report Mr. Byerrum
- A. [Financial Dashboard as of October 31, 2021](#)
- B. [District Statement of Revenues, Expenses, and Change in Net Positions as of October 31, 2021](#)
- C. [District Statement of Net Positions as of October 31, 2021](#)
- D. [Summary of Cash and Investments as of October 31, 2021](#)
- (1) Discussion (2) Action Taken

### **COMMITTEE REPORTS**

Standing Committee Reports (The Chair of each committee that has met will report to the full Board)

9. Engineering and Special Projects President Kwong
- A. [57/60 Freeway and Grand Avenue Improvements \(P.N. 20-3681\) Utility Agreement No. 07279121](#)
- (1) Discussion (2) Action Taken
- B. [Operations Report](#) (Information Only)
10. Personnel Committee Director Tang
- A. [Proposed Telecommuting Policy](#)
- (1) Discussion (2) Action Taken
- B. [Records Management Program – Review of Revisions](#)
- (1) Discussion (2) Action Taken
11. Finance Committee Director Lee
- A. [Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2021](#)
- (1) Discussion (2) Action Taken
- B. [Wholesale Potable Water Rate Adjustment](#)
- (1) Discussion (2) Action Taken
- C. [Receive, Approve, and File Investment Transactions Report for Month Ending November 30, 2021](#)
- (1) Discussion (2) Action Taken
- D. [Revenue Bond – East West Bank](#) (Information Only)
12. Public Information/Community Relations/Legislative Action Committee Director Hilden
- A. [WVWD Demography Study and Redistricting](#) (Information Only)

### **OTHER ITEMS**

13. TVMWD/MWD Director Hilden
14. P-W-R Joint Water Line Commission Mr. Monk
- A. [P-W-R JWL Report for Water Purchases for the Month of October 2021](#)
- B. Other Items

15. Puente Basin Water Agency Director Lee
16. Spadra Basin Groundwater Sustainability Agency Director Tang
17. General Manager's Report Mr. Hitchman  
 A. [District Activities Calendars for January, February, and March 2022](#)  
 B. [ACWA/JPIA Professional Development Program](#)  
 C. Other Items
18. Water Supply and Conservation Mr. Hitchman  
 A. [District Water Supply and Conservation Update](#)  
 B. [Statewide Water Supply Conditions](#)
19. Directors' Oral Reports All Directors
20. Legal Reports Mr. Ciampa  
 ▪ Report on matters of interest or having an effect on the District
21. Board members and staff will be given an opportunity to request and suggest subjects for discussion at a future meeting
22. Board of Directors Business President Kwong  
 A. [Proposed Amendment to the General Manager's Employment Contract](#)  
 (1) Discussion (2) Action Taken  
 B. [Proposed 2022 Board and Workshop Meeting Dates](#)  
 (1) Discussion (2) Action Taken  
 C. [Consideration of Annual Board Reorganization/Appointments of Officers/Committee Selections for Calendar Year 2022](#)  
 (1) Discussion (2) Action Taken  
 D. [2022 Key Conferences/Events](#) (Information Only)  
 E. [Flexible Benefits Plan Amendment](#)  
 (1) Discussion (2) Action Taken  
 F. [Consider Adoption of Subsequent Resolution No. 12-21-689 Authorizing Remote Teleconference Meetings for the Period December 17, 2021 to January 16, 2022](#)  
 (1) Discussion (2) Action Taken
23. Public Comment on Closed Session
24. Adjourn to Closed Session
25. Closed Session  
 A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION [§54956.9(a)]  
 Name of Case: Bonnie Kessner et al vs. City of Santa Clara et al; Santa Clara County Superior Court Case No. 20CV364054  
 B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION [§54956.9(d)(2)]  
 Initiation of Litigation – One Potential Case
26. Reconvene in Open Session  
 A. Report of Action, if any, Taken in Closed Session

Adjournment

**MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF  
WALNUT VALLEY WATER DISTRICT**

**November 15, 2021  
MEETING CONDUCTED VIA WEBEX  
AT:**

<https://walnutvalley.webex.com/meet/bmeeting>

**DIRECTORS PRESENT:**

Kevin Hayakawa  
Edwin Hilden  
Scarlett Kwong  
Theresa Lee  
Jerry Tang

**DIRECTORS ABSENT:**

None

**STAFF PRESENT:**

Erik Hitchman, General Manager/Chief Engineer  
Josh Byerrum, Director of Finance  
Alanna Diaz, Director of Administrative Services  
Lily Lopez, Director of External Affairs  
Sherry Shaw, Director of Engineering & Planning  
Tom Monk, Director of Operations  
Melanie Trevino, Executive Assistant  
James Ciampa, Legal Counsel  
Ron Woodruff, Information Systems Specialist  
(Meeting Host)

The meeting was called to order at 5:00 p.m. with President Kwong presiding. All Board meeting participants and guests joined the meeting via the Webex link:

<https://walnutvalley.webex.com/meet/bmeeting>

Guests and others in attendance: Three Valleys Municipal Water District (TVMWD) Directors Mike Ti, Jody Roberto, David De Jesus, and General Manager Matt Litchfield. Also, in attendance was Mr. Jayson Schmitt of Chandler Asset Management; WVWD employees, Tai Diep, Teofilo Pasillas, Dillon Carrillo, and Sean Evans; and Ms. Linda Kuo, a local resident.

**Item 3: Public Comment**

- ◆ The Board was addressed with a comment from Ms. Linda Kuo, a resident of Rowland Heights, concerning the issuance of a will-serve letter for the proposed housing development at the Royal Vista Golf Course. She expressed her concern with adding more demands for water at a time when people are being asked to conserve in light of the current drought. She urged the Board to be opposed to the development of the new homes. (Item 3)

**Item 4: Additions to the Agenda**

- ◆ There were no requests for additions to the agenda. (Item 4)

**Item 5: Reorder of the Agenda**

- ◆ There were no requests for reorder of the agenda. (Item 5)

**Item 6: Introduction of New District Employees**

- ◆ Mr. Pasillas introduced Mr. Dillon Carrillo, Utility Service Worker I – DOT, on the occasion of his completion of the probationary period for new employees. (Item 6-A)
- ◆ Mr. Pasillas introduced Mr. Sean Evans, Utility Service Worker I, on the occasion of his completion of the probationary period for new employees. (Item 6-B)

**Item 7: Consider Approval of Consent Calendar**

- ◆ The Board was asked to approve the Consent Calendar, consisting of the minutes of the Regular Board meeting held October 18, 2021, minutes of the Special Board meeting held October 19, 2021,



the Check Register, the Employee Expense Reimbursement Report, and the Community Outreach Report. (Items 7-1, 2, 3, 4, 5)

**Motion No. 21-11-1713: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Tang, and unanimously carried (5-0) by the roll call vote noted below, to approve the Consent Calendar, consisting of the minutes of the Regular Board meeting held October 18, 2021, minutes of the Special Board meeting held October 19, 2021, the Check Register, the Employee Expense Reimbursement Report, and the Community Outreach Report. (Items 7-1, 2, 3, 4, 5)**

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1713, approving the consent calendar was approved by a (5-0) roll call vote**

#### **Item 8: Director Expense Reports**

- ◆ The Board was asked to receive, approve, and file the Board member expense reports indicating per diem requests for meeting attendance and individual reports of additional expenses incurred by the District on behalf of each Director for events occurring during the month of October 2021. (Item 8)

**Motion No. 21-11-1714: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Hayakawa and unanimously carried (5-0) by the roll call vote noted below, to receive, approve, and file the Board member expense reports for meeting attendance and additional expenses incurred by the District on behalf of each Director for events occurring during the month of October 2021. (Item 8)**

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1714 was approved by a (5-0) roll call vote**

#### **Item 9: Treasurer's Report**

- ◆ Mr. Byerrum presented the Financial Dashboard as of September 30, 2021, the District Statement of Revenue, Expenses, and Change in Net Positions as of September 30, 2021, the District Statement of Net Positions as of September 30, 2021, and Summary of Cash and Investments as of September 30, 2021. (Items 9-A, B, C, D)

**Motion No. 21-11-1715: Upon consideration thereof, it was moved by Director Lee, seconded by Director Hilden and unanimously carried (5-0) by the roll call vote noted below, to receive, approve, and file the Financial Dashboard as of September 30, 2021, the District Statement of Revenue, Expenses, and Change in Net Positions as of September 30, 2021, the District Statement of Net Positions as of September 30, 2021, and Summary of Cash and Investments as of September 30, 2021. (Items 9-A, B, C, D)**

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1715 was approved by a (5-0) roll call vote**

## Committee Chair Reports

### Item 10: Engineering Committee – Director Kwong

- ◆ The Board was asked to adopt Resolution No. 11-21-687 adopting policies and procedures for water service for affordable housing. (Item 10-A)

**Motion No. 21-11-1716: Upon consideration thereof, it was moved by Director Hayakawa, seconded by Director Lee and unanimously carried (5-0) by the roll call vote noted below, to adopt Resolution No. 11-21-687 adopting policies and procedures for water service for affordable housing. (Item 10-A)**

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1716 was approved by a (5-0) roll call vote**

- ◆ The Board was asked to authorize the General Manager to execute a contract in the amount of \$1,930,700.00 to Pascal & Ludwig Constructors, Inc. for Diamond Bar (P-1) Pump Station; find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to Categorical Exemption Section 15301; Authorize staff to file a Notice of CEQA Exemption for the subject project with the Office of Los Angeles County Registrar-Recorder/County Clerk; and to authorize the appropriation of an additional \$1,075,000 from the Reserve for Replacement Fund for that project. (Item 10-B)

**Motion No. 21-11-1717: Upon consideration thereof, it was moved by Director Lee, seconded by Director Hilden and unanimously carried (5-0) by the roll call vote noted below, to authorize the General Manager to execute a contract in the amount of \$1,930,700.00 to Pascal & Ludwig Constructors, Inc. for Diamond Bar (P1) Pump Station; find that the project is exempt from CEQA pursuant to Categorical Exemption Section 15301; Authorize staff to file a Notice of CEQA Exemption for the subject project with the Office of Los Angeles County Registrar-Recorder/County Clerk; and to authorize the appropriation of an additional \$1,075,000 from the Reserve for Replacement Fund for that project. (Item 10-B)**

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1717 was approved by a (5-0) roll call vote**

- ◆ The Board was asked to authorize the General Manager to execute a change order no. 3 for IBC Recycled Reservoir in the amount of \$558,449.06 for the subject project. (Item 10-C)

**Motion No. 21-11-1718: Upon consideration thereof, it was moved by Director Tang, seconded by Director Lee and unanimously carried (5-0) by the roll call vote noted below, to authorize the General Manager to execute a change order no. 3 for IBC Recycled Reservoir in the amount of \$558,449.06 for the subject project. (Item 10-C)**

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1718 was approved by a (5-0) roll call vote**

- ◆ The Board was asked to authorize the award of contract to GM Sager Construction Co., Inc. for Armitos Reservoir Paving, in the amount of \$109,500; and Prestige Paving Company for Ambushers Reservoir Paving, in the amount of \$62,427. (Item 10-D)

**Motion No. 21-11-1719: Upon consideration thereof, it was moved by Director Hayakawa, seconded by Director Lee and unanimously carried (5-0) by the roll call vote noted below, to authorize the award of contract to GM Sager Construction Co., Inc. for Armitos Reservoir Paving, in the amount of \$109,500; and Prestige Paving Company for Ambushers Reservoir Paving, in the amount of \$62,427. (Item 10-D)**

**Ayes: Hayakawa, Hilden, Kwong, Lee, Tang**  
**Noes: None**  
**Absent: None**  
**Abstain: None**

**President Kwong indicated Motion No. 21-11-1719 was approved by a (5-0) roll call vote**

- ◆ Mr. Monk reviewed the Operations Report included in the Board Packet. No action was taken by the Board. (Item 10-E)

**Item 11: Personnel Committee – Director Tang**

- ◆ There were no Personnel Committee matters to come before the Board at this time. (Item 11)

**Item 12: Finance Committee – Director Lee**

- ◆ Mr. Jayson Schmitt of Chandler Asset Management presented an update on the firm's investment activities on behalf of the District. The Board was then asked to receive and file the investment report. (Item 12-A)

**Motion No. 21-11-1720: Upon consideration thereof, it was moved by Director Lee, seconded by Director Tang and unanimously carried (5-0) by the roll call vote noted below, to receive and file the District's investment report for the period ending October 31, 2021. (Item 12-A)**

**Ayes: Hayakawa, Hilden, Kwong, Lee, Tang**  
**Noes: None**  
**Absent: None**  
**Abstain: None**

**President Kwong indicated Motion No. 21-11-1720 was approved by a (5-0) roll call vote**

- ◆ The Board was asked to receive, approve, and file the District's Consolidated Investment Transactions Report for the month ending October 31, 2021. (Item 12-B)

**Motion No. 21-11-1721: Upon consideration thereof, it was moved by Director Lee, seconded by Director Hilden and unanimously carried (5-0) by the roll call vote noted below, to receive, approve, and file the District's Consolidated Investment Transactions Report for the month ending October 31, 2021. (Item 12-B)**

**Ayes: Hayakawa, Hilden, Kwong, Lee, Tang**  
**Noes: None**  
**Absent: None**  
**Abstain: None**

**President Kwong indicated Motion No. 21-11-1721 was approved by a (5-0) roll call vote**

- ◆ The Board was asked to review the District's Cash Reserve Policy and then to receive, approve, and file that policy. (Item 12-C)

**Motion No. 21-11-1722: Upon consideration thereof, it was moved by Director Lee, seconded by Director Hilden and unanimously carried (5-0) by the roll call vote noted below, to review the District's Cash Reserve Policy and then to receive, approve, and file that policy. (Item 12-C)**

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1722 was approved by a (5-0) roll call vote**

- ◆ The Board was asked to approve staff's recommendation for the FY 2020-21 Source and Application of Funds, to transfer the following from the District's general account: \$121,949 to the operating reserve; \$375,000 to the employees liabilities reserve related to the employer OPEB liability and authorize the transfer of these funds to the OPEB Trust; \$375,000 to the other employee liabilities; \$441,400 to the stored water reserve; \$1,100,000 to the capital improvement reserve; and \$3,652,368 to the reserve for replacement. (Item 12-D)

**Motion No. 21-11-1723: Upon consideration thereof, it was moved by Director Lee, seconded by Director Hilden and unanimously carried (5-0) by the roll call vote noted below, to approve staff's recommendation for the FY 2020-21 Source and Application of Funds, to transfer the following from the District's general account: \$121,949 to the operating reserve; \$375,000 to the employees liabilities reserve related to the employer OPEB liability and authorize the transfer of these funds to the OPEB Trust; \$375,000 to the other employee liabilities; \$441,400 to the stored water reserve; \$1,100,000 to the capital improvement reserve; and \$3,652,368 to the reserve for replacement. (Item 12-D)**

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1723 was approved by a (5-0) roll call vote**

- ◆ As a matter of information only, the Board received a Revenue Bond Funds Held in Trust report. (Item 12-E)

**Item 13: Public Information/Community Relations/Legislative Action Committee – Director Hilden**

- ◆ As a matter of information only, the Board received a report of the District's Strategic Communications Plan. (Item 13-A)

**Item 14: TVMWD/MWD**

- ◆ Updates on TVMWD and MWD business matters were provided by TVMWD General Manager, Matt Litchfield and TVMWD and MWD Director David De Jesus, respectively. (Item 14)

**Item 15: The P-W-R Joint Water Line Commission**

- ◆ Mr. Hitchman indicated that the report for October 2021 will be presented at the December Board meeting. (Item 15)

**Item 16: Puente Basin Water Agency (PBWA)**

- ◆ The next PBWA meeting is scheduled for December 2, 2021. (Item 16)

### **Item 17: Spadra Basin Groundwater Sustainability Agency**

- ◆ Director Tang reported on the November 10, 2021, Spadra Basin GSA Advisory Committee meeting. (Item 17)

### **Item 18: General Manager's Report**

- ◆ The Board received the District's activities calendars for December 2021, and January and February 2022. (Item 18-A)

### **Item 19: Water Supply and Conservation**

- ◆ The Board received reports and graphs of the following items: District potable and recycled water use, Calendar Year 2021 purchased water estimate, conservation goal summary, climate summary, and 2021 monthly water consumption versus the 2013 and 2020 baseline years. The report noted that the District's water usage for October 2021 was 22% lower than usage in October 2020 and 36% lower than usage in October 2013. (Item 19-A)
- ◆ The Board viewed reports on California's water supply and reservoir conditions as of November 8, 2021. (Item 19-B)

### **Item 20: Directors' Oral Reports**

(NOTE: Board meeting minutes provide written reports of Board meeting activities and committee meeting reports are given during the course of regular Board meeting activities. Directors include reports of their participation in non-expense/per diem paid community events as a matter of information.) (Item 20)

- ◆ Director Hayakawa reported that during the month of September he attended the District's regular and Special Board meetings, all District committee meetings, a TVMWD Board meeting, and Diamond Bar's State of the City Address.
- ◆ Director Hilden reported his participation in the District's Regular and Special Board meetings in addition to the committee meetings previously reported on, a District Firescaping webinar, both TVMWD Board meetings, a P-W-R JWL meeting, and Diamond Bar's State of the City Address.
- ◆ In addition to the District Board and committee meetings previously reported on, Director Lee reported her participation in a PBWA Commission meeting and the Walnut Family Festival.
- ◆ Director Tang reported on his participation in District Board and committee meetings, the PBWA meeting and signing documents, and participated in the District's Firescaping webinar, the Walnut Family Festival, and Diamond Bar's State of the City Address.
- ◆ Director Kwong advised that she attended District Board and committee meetings in addition to participating in the Walnut Family Festival and presenting a certificate to the City, the P-W-R JWL Commission meeting, Diamond Bar's State of the City Address, and the Regional Chambers Government Affairs committee meeting.

### **Item 21: Legal Reports**

- ◆ Mr. Ciampa did not have a report. (Item 21)

### **Item 22: Items for Future Discussion**

- ◆ There were no requests for future discussion items. (Item 22)

### **Item 23: Board of Directors Business**

- ◆ The Board was asked to authorize the General Manager to execute a professional services contract with La Canada Design Group for the Architectural Design of the District Headquarters Facility in the amount of \$699,630. (Item 23-A)

***Motion No. 21-11-1724: Upon consideration thereof, it was moved by Director Lee, seconded by Director Tang and unanimously carried (5-0) by the roll call vote noted below, to authorize the General Manager to execute a professional services contract with La Canada Design Group for the Architectural Design of the District Headquarters Facility in the amount of \$699,630. (Item 23-A)***

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1724 was approved by a (5-0) roll call vote**

- ◆ The Board was asked to adopt WVWD Resolution No. 11-21-688, authorizing remote teleconference meetings for the period November 17, 2021 to December 17, 2021. (Item 23-B)

**Motion No. 21-11-1725: Upon consideration thereof, it was moved by Director Lee, seconded by Director Hilden and unanimously carried (5-0) by the roll call vote noted below, to adopt WVWD Resolution No. 10-21-686, authorizing remote teleconference meetings for the period October 18, 2021 to November 17, 2021. (Item 23-B)**

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

**President Kwong indicated Motion No. 21-11-1725, adopting Resolution No. 11-21-686, was approved by a (5-0) roll call vote**

**Adjourn to Closed Session – 6:31 p.m.**

**Item 24: Closed Session – 6:31 p.m.**

- A. The Board met in closed session in accordance with Government Code (§54957) to conduct the annual performance evaluation for the General Manager. (Item 24)

**Item 26: Reconvene in Open Session/Report of Action Taken in Closed Session – 6:36 p.m.**

- A. The Board met in closed session in accordance with Government Code [§54957] to conduct a performance evaluation for the General Manager. That evaluation occurred, and no reportable action under the Brown Act was taken on this item. (Item 26-A)
- B. Following discussion of the General Manager’s overall performance, the Board was asked to consider at its discretion a salary or compensation adjustment to be effective January 1, 2022. Ms. Diaz noted that the General Manager’s contract allows him to join the other District employees with the Cost of Living Adjustments (COLA) previously approved, and any further salary adjustment in the Board’s discretion. (Item 26-B)

**Motion No. 21-11-1726: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Lee and unanimously carried (5-0) by the roll call vote noted below, to approve a 3% merit increase for the General Manager, along with the Cost-of-Living Adjustment given to all other District employees stipulated in the Terms and Conditions of Employment effective January 1, 2021. (Item 26-B)**

**President Kwong indicated Motion No. 21-11-1726 was approved by a (5-0) roll call vote**

**Adjournment at 6:58 p.m.**

**RESOLUTION NO. 11-21-687**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF WALNUT VALLEY WATER DISTRICT  
ADOPTING POLICIES AND PROCEDURES FOR  
WATER SERVICE TO DEVELOPMENTS WITH AFFORDABLE HOUSING**

**WHEREAS**, Government Code Section 65589.7 requires that public agencies providing water service grant priority for service connections to developments which contain housing units affordable to lower income households and, further, requires that such agencies adopt written policies and procedures with specific objective standards for the provision of water service in accordance with said statute; and

**WHEREAS**, Walnut Valley Water District ("District") is a district formed under Division 13 of the California Water Code, and subject to the requirements of Government Code Section 65589.7; and

**WHEREAS**, the Board of Directors of the District previously adopted its Resolution No. 11-16-633 on November 21, 2016 with respect to compliance with the requirements of Government Code Section 65589.7 and now wishes to again adopt such policies and procedures to continue the District's compliance with the requirements of that statute by providing for priority to be given to new developments within its service area that include housing units affordable to lower income households should it become necessary for applications for new service connections to be restricted in the future due to unforeseen and unanticipated water supply interruptions.

**NOW THEREFORE BE IT RESOLVED** that, should a short or long-term disruption of water supply or water shortages require that the District impose restrictions or limitations on new connections to its water system, or impose a moratorium thereon, the District's actions shall be governed by California Water Code Section 350, et seq., and, in the exercise of such powers, the District shall grant priority to those developments seeking new connections to the system which include housing units affordable to lower income households as identified in the applicable general plan of the planning agency with jurisdiction over the area served by the District, or as defined by applicable provisions of the Health and Safety Code, including Sections 50079.5, 50052.5 and 50053 thereof; and

**BE IT FURTHER RESOLVED**, that upon receipt of the housing element of the general plan applicable to the area served by the District, and any amendment to such plan, District staff shall verify the water demand for that element and the amount of water supply necessary to meet that demand to the extent the demand arises from housing units affordable to lower income households, and, based upon the information provided to it at a duly-noticed public meeting, the Board of Directors of District shall designate a portion of its water supply to be available to provide water service to developments with housing units affordable to lower income households; and

**BE IT FURTHER RESOLVED**, that District staff shall require developers to specify in their written application for water service from the District the number of housing units affordable to lower income households in the development, and the number of persons expected to reside in said units, and such other information and data as may be reasonably required for staff to confirm entitlement to priority under Government Code Section 65589.7.

**BE IT FURTHER RESOLVED**, that the District shall allocate new water service connections to applicants based on the following criteria:

- a) First, applications for service to property owned or leased by public agencies or investor-owned utilities;
- b) Second, applications for service to private property within the District's service area where housing units affordable to lower income households are provided;
- c) Third, other applications for service to private property within the District's service area where no housing units affordable to lower income households are provided; and
- d) Fourth, applications for service where the property is outside the service area of the District, and then only if the water supply is adequate to service pending and potential applications for service within the District's service area.



**BE IT FURTHER RESOLVED**, that any new development within the area served by the District which includes housing units affordable to lower income households as identified in the housing element of the applicable general plan, shall not be denied service or be made subject to special restrictions or conditions unless the Board of Directors of the District makes written findings at a duly-noticed public meeting that the denial, condition, limitation or reduction in service is necessary due to the existence of one or more of the following circumstances:

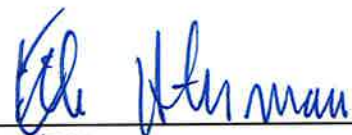
- 1) The District does not have a “sufficient water supply,” as defined in Government Code Section 66473.7(a)(2), to meet its demand, is operating under a water shortage emergency declared under and in accordance with California Water Code Section 350, or does not have sufficient water treatment or distribution capacity, to meet or serve the water needs of the proposed development, as supported by reasonable evidence and a written engineering analysis and report provided to the District;
- 2) The District is subject to a compliance order issued by the State Water Resources Control Board Division of Drinking Water which prohibits new water connections;
- 3) The applicant for service has failed to comply with the District’s reasonable rules, regulations, terms and conditions relating to water service to new developments within the District’s service area, including but not limited to the payment of any and all appropriate charges, fees and expenses required by the District under its rules and regulations; and

**FURTHER RESOLVED** that District staff is hereby authorized and directed to take such further actions and implement such further procedures as may be necessary and appropriate to carry out the purpose and intent of this resolution.

**PASSED AND ADOPTED** at a regular meeting of the Board of Directors held on November 15, 2021.

**AYES:** Hayakawa, Hilden, Kwong, Lee, Tang  
**NOES:** None  
**ABSENT:** None  
**ABSTAIN:** None

  
\_\_\_\_\_  
President  
Board of Directors

ATTEST:  
  
\_\_\_\_\_  
Secretary

**RESOLUTION NO. 11-21-688 (SUBSEQUENT)**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WALNUT VALLEY WATER DISTRICT PROCLAIMING A STATE OF EMERGENCY PERSISTS, RE-RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM, AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD OF DIRECTORS OF WALNUT VALLEY WATER DISTRICT FOR THE PERIOD NOVEMBER 17, 2021 TO DECEMBER 17, 2021 PURSUANT TO BROWN ACT PROVISIONS.**

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

**WHEREAS**, all meetings of the District's Board of Directors and its standing committees are open and public, as required by the Ralph M. Brown Act (California Government Code Sections 54950 – 54963), so that any member of the public may attend, participate, and watch those bodies conduct their business; and

**WHEREAS**, the Brown Act, in Government Code Section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

**WHEREAS**, a required condition for application of Section 54953(e) is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code Section 8558; and

**WHEREAS**, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District's boundaries, caused by natural, technological or human-caused disasters; and

**WHEREAS**, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

**WHEREAS**, the Board of Directors previously adopted a Resolution, Resolution No. 10-21-686 on October 18, 2021 finding that the requisite conditions exist for the District's Board of Directors and standing committees to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of Section 54953; and

**WHEREAS**, as a condition of extending the use of the provisions found in Section 54953(e), the Board of Directors must reconsider the circumstances of the state of emergency that exists in the District, and the Board of Directors has done so; and

**WHEREAS**, emergency conditions persist in the District, specifically, COVID-19, and its Delta variant, remain highly contagious and, therefore, a threat to the health, safety and well-being of the District's employees, directors, vendors, contractors, customers and residents; and

**WHEREAS**, orders from the Los Angeles County Department of Public Health and regulations from the State of California impose limitations on gatherings and provide guidance on best practices with respect to actions to reduce the spread of COVID-19; and

**WHEREAS**, the District's Board of Directors does hereby find that a state of emergency continues to exist within the District's service area as a result of the continuing presence of COVID-19 and resulting local, state and federal orders and guidance, which has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and the Board of Directors desires to affirm a local emergency exists and re-ratify the proclamation of state of emergency by the Governor of the State of California; and

**WHEREAS**, as a consequence of the local emergency persisting, the Board of Directors does hereby find that the District's Board of Directors and all standing committees shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of Section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Section 54953; and

**WHEREAS**, the District will continue to provide proper notice to the public regarding all District of Board of Directors' and standing committee meetings, in accordance with Government Code Section 54953(e)(2)(A) and shall provide notice to the public of how they may access any such meeting via call-in number and/or internet link.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF WALNUT VALLEY 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. Affirmation that Local Emergency Persists. The Board of Directors hereby considers the conditions of the state of emergency in the District and proclaims that a local emergency persists throughout the District, and that conducting District Board of Directors and standing committee meetings virtually will minimize the possible spread COVID-19 and any variant thereof.

Section 3. Re-ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency regarding COVID-19, dated March 4, 2020.

Section 4. Remote Teleconference Meetings. The District's General Manager, or his or her delegee, and the Board of Directors and standing committees of the District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) the expiration of thirty (30) days from the date this Resolution was adopted, as set forth below, or (ii) such time as the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the Board of Directors and standing committees of the District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

**PASSED AND ADOPTED by the Board of Directors of Walnut Valley Water District this 15th day of November 2021, by the following vote:**

**AYES:** Hayakawa, Hilden, Kwong, Lee, Tang  
**NOES:** None  
**ABSENT:** None  
**ABSTAIN:** None

  
\_\_\_\_\_  
Scarlett Kwong  
President Board of Directors

ATTEST:

  
\_\_\_\_\_  
Erik Hitchman  
Secretary, Board of Directors

MINUTES OF SPECIAL MEETING  
OF THE BOARD OF DIRECTORS OF  
WALNUT VALLEY WATER DISTRICT

November 18, 2021  
MEETING CONDUCTED VIA WEBEX  
AT:

<https://walnutvalley.webex.com/join/bmeeting>

**DIRECTORS PRESENT:**

Kevin Hayakawa (joined at 4:12 p.m.)  
Edwin Hilden  
Scarlett Kwong  
Theresa Lee  
Jerry Tang

**STAFF PRESENT:**

Erik Hitchman, General Manager/Chief Engineer  
Alanna Diaz, Director of Administrative Services  
Sherry Shaw, Director of Engineering  
Josh Byerrum, Director of Finance  
Lily Lopez, Director of External Affairs  
Melanie Trevino, Executive Assistant  
Tom Monk, Director of Operations  
James Ciampa, Legal Counsel

**DIRECTORS ABSENT:**

None

The meeting was called to order at 4:00 p.m. with President Kwong presiding. All Board meeting participants and guests joined the meeting via the Webex link:

<https://walnutvalley.webex.com/join/bmeeting>

Guests and others in attendance: WVWD employee, Katrina Lumague

**Item 3: Public Comment**

- ◆ There were no requests for public comment. (Item 3)

**Item 4: Discussion, Consideration, and action on Possible Water Rate Adjustment, Effective January 1, 2022, with all Proposed Adjustments within the Parameters of the Previously Approved Rate Structure**

- ◆ The Board was asked to consider and approve an increase in water rates of approximately 6%, and an increase in the recycled commodity rate of approximately 5%, as shown in the Water Rate Sheet included in the agenda packet and attached to these minutes, to be effective January 1, 2022. (Item 4)

***Motion No. 21-11-1727: Upon consideration thereof, it was moved by Director Tang seconded by Director Hilden and unanimously carried (5-0) by the roll call vote noted below, to adopt an increase in the water rates of approximately 6%, and an increase in the recycled commodity rate of approximately 5%, as reflected in the Water Rate Sheet attached to these minutes, effective January 1, 2022. (Item 4)***

**Ayes:** Hayakawa, Hilden, Kwong, Lee, Tang  
**Noes:** None  
**Absent:** None  
**Abstain:** None

President Kwong indicated Motion No. 21-11-1727 was approved by a (5-0) roll call vote

**Adjournment at 4:36 p.m.**

Walnut Valley Water District  
Check Register For the Month of November 2021

CHECK NUMBER	DATE	PAYEE	AMOUNT
EFT00000000528	11/18/2021	U.S. Bank National Association - Voided	\$ -
5984	11/3/2021	California Society of Municipal Finance Officers	\$ 110.00
5985	11/3/2021	Federal Express	\$ 26.98
5986	11/3/2021	Graybar Electric Company, Inc.	\$ 3,137.34
5987	11/3/2021	McMaster-Carr Supply Company	\$ 1,526.15
5988	11/3/2021	Vulcan Materials Company	\$ 2,673.26
5989	11/3/2021	Western Water Works	\$ 4,977.21
5990	11/3/2021	Grainger	\$ 406.80
5991	11/3/2021	Cintas Corporation #150	\$ 230.21
5992	11/3/2021	Applied Technology Group, Inc.	\$ 677.79
5993	11/3/2021	Genesis Computer Systems, Inc.	\$ 206.01
5994	11/3/2021	Ferguson Waterworks - Santa Ana	\$ 3,707.89
5995	11/3/2021	The Bank of New York Mellon	\$ 300.00
5996	11/3/2021	Office Solutions Business Prod. & Svcs, LLC	\$ 284.48
5997	11/3/2021	Cintas First Aid & Safety LOC#168	\$ 216.81
5998	11/3/2021	Safety Kleen System, Inc.	\$ 177.00
5999	11/3/2021	Frontier Communications	\$ 359.54
6000	11/3/2021	Hill Brothers Chemical Company	\$ 2,407.33
6001	11/3/2021	ConvergeOne, Inc.	\$ 1,410.00
6002	11/3/2021	Star Brite Building Maintenance, Inc.	\$ 1,881.16
6003	11/3/2021	Premier Family Medicine Associates, Inc.	\$ 352.00
6004	11/3/2021	HASA, Inc.	\$ 1,717.94
6005	11/3/2021	Spadra Basin Groundwater Sustainability Agency	\$ 568.75
6006	11/3/2021	ALS Group USA, Corp.	\$ 530.00
6007	11/3/2021	Knight Industrial Supply	\$ 36.48
6008	11/3/2021	GNA - Brook Fire Protection, Inc.	\$ 206.00
6009	11/3/2021	Autonovation Mobile Auto Repair	\$ 50.00
6010	11/3/2021	Quadient, Inc.	\$ 178.49
6011	11/3/2021	Aqua Backflow, Inc	\$ 2,318.00
6012	11/3/2021	Amazon Capital Services, Inc.	\$ 1,801.97
6013	11/3/2021	Frank, Samantha	\$ 500.00
6014	11/10/2021	ACWA Services Corporation	\$ 149,359.59
6015	11/10/2021	AmeriComp Group Imaging, LLC	\$ 325.22
6016	11/10/2021	HDR Engineering, Inc.	\$ 4,350.00
6017	11/10/2021	Pomona City Clerk	\$ 1,958.10
6018	11/10/2021	Southern California Edison Company	\$ 21,798.97
6019	11/10/2021	Underground Service Alert	\$ 605.65
6020	11/10/2021	Home Depot Credit Services	\$ 892.75
6021	11/10/2021	Rowland Water District	\$ 317.65
6022	11/10/2021	Fuel Pros, Inc.	\$ 350.00
6023	11/10/2021	Chandler Asset Management, Inc.	\$ 3,050.79
6024	11/10/2021	InfoSend, Inc.	\$ 12,083.88
6025	11/10/2021	Applied Technology Group, Inc.	\$ 23,316.80
6026	11/10/2021	Genesis Computer Systems, Inc.	\$ 636.49

Walnut Valley Water District  
Check Register For the Month of November 2021

CHECK NUMBER	DATE	PAYEE	AMOUNT
6027	11/10/2021	Ferguson Waterworks - Santa Ana	\$ 429.02
6028	11/10/2021	Online Information Services, Inc.	\$ 408.22
6029	11/10/2021	East West Bank - Visa	\$ 6,127.92
6030	11/10/2021	Office Solutions Business Prod. & Svcs,LLC	\$ 64.33
6031	11/10/2021	Cintas First Aid & Safety LOC#168	\$ 667.18
6032	11/10/2021	Safety Kleen System, Inc.	\$ 152.00
6033	11/10/2021	Puente Hills Ford	\$ 89.59
6034	11/10/2021	TelePacific Corp.	\$ 893.46
6035	11/10/2021	Governmentjobs.com, Inc	\$ 884.76
6036	11/10/2021	Flyers Energy, LLC	\$ 16,708.13
6037	11/10/2021	ALS Group USA, Corp.	\$ 270.00
6038	11/10/2021	Board of Certified Safety Professionals	\$ 180.00
6039	11/10/2021	SoCal SCADA Solutions, LLC	\$ 265.00
6040	11/10/2021	Interstate Battery System of Inland Valley	\$ 276.77
6041	11/10/2021	IB Consulting, LLC	\$ 6,240.00
6042	11/10/2021	Central Communications	\$ 312.40
6043	11/10/2021	West Yost & Associates, Inc.	\$ 51,329.75
6044	11/17/2021	American Water Works Association	\$ 7,266.00
6045	11/17/2021	Badger Meter, Inc.	\$ 3,068.96
6046	11/17/2021	Civiltec Engineering, Inc.	\$ 24,066.25
6047	11/17/2021	LA County Registrar-Recorder/County Clerk	\$ 75.00
6048	11/17/2021	Graybar Electric Company, Inc.	\$ 4,908.53
6049	11/17/2021	Ken's Ace Hardware	\$ 129.72
6050	11/17/2021	McMaster-Carr Supply Company	\$ 206.57
6051	11/17/2021	Western Water Works	\$ 4,469.61
6052	11/17/2021	Cintas Corporation #150	\$ 500.42
6053	11/17/2021	L.A. County Department of Public Works	\$ 1,131.63
6054	11/17/2021	Paso Robles Tank, Inc.	\$ 474,002.73
6055	11/17/2021	Fuel Pros, Inc.	\$ 386.76
6056	11/17/2021	County Sanitation Districts of LA County	\$ 269,814.03
6057	11/17/2021	Genesis Computer Systems, Inc.	\$ 2,613.70
6058	11/17/2021	Ferguson Waterworks - Santa Ana	\$ 876.89
6059	11/17/2021	D & H Water Systems, Inc.	\$ 709.15
6060	11/17/2021	Office Solutions Business Prod. & Svcs,LLC	\$ 834.03
6061	11/17/2021	Crossfire Services, Inc	\$ 417.19
6062	11/17/2021	Frontier Communications	\$ 1,060.98
6063	11/17/2021	Everbrite West LLC	\$ 287.18
6064	11/17/2021	Paramount Safety Supply	\$ 144.97
6065	11/17/2021	HQ Enterprises Inc.	\$ 96.40
6066	11/17/2021	ConvergeOne, Inc.	\$ 4,532.94
6067	11/17/2021	OPARC, Inc.	\$ 3,390.21
6068	11/17/2021	HASA, Inc.	\$ 2,768.80
6069	11/17/2021	Canon Solutions America, Inc.	\$ 2,090.82



Walnut Valley Water District  
Check Register For the Month of November 2021

CHECK NUMBER	DATE	PAYEE	AMOUNT
6070	11/17/2021	SoCal SCADA Solutions, LLC	\$ 4,780.00
6071	11/17/2021	Knight Industrial Supply	\$ 419.93
6072	11/17/2021	GNA - Brook Fire Protection, Inc.	\$ 128.00
6073	11/17/2021	Public Water Agencies Group	\$ 1,927.42
6074	11/17/2021	Right of Way, Inc.	\$ 1,791.12
6075	11/17/2021	The Neighborhood Sign Store	\$ 1,715.97
6076	11/17/2021	FMT Consultants, LLC	\$ 41.25
6077	11/17/2021	Association of Women in Water, Energy and Environment	\$ 1,000.00
6078	11/17/2021	La Verne Power Equipment, Inc.	\$ 111.42
6079	11/17/2021	Fill Good LLC	\$ 400.00
6080	11/17/2021	Women of AT&T, Inc	\$ 500.00
6081	11/18/2021	AT&T Mobility II, LLC	\$ 643.84
6082	11/18/2021	Southern Calif Gas Company	\$ 324.21
6083	11/18/2021	Verizon Wireless	\$ 922.82
6084	11/18/2021	Azusa Land Reclamation, Inc.	\$ 11,851.68
6085	11/18/2021	Spadra Basin Groundwater Sustainability Agency	\$ 1,127.50
6086	11/24/2021	Azteca Landscape	\$ 14,250.00
6087	11/24/2021	Badger Meter, Inc.	\$ 9,018.86
6088	11/24/2021	Graybar Electric Company, Inc.	\$ 6,020.09
6089	11/24/2021	Hach Company	\$ 399.92
6090	11/24/2021	McMaster-Carr Supply Company	\$ 185.39
6091	11/24/2021	Mission Paving and Sealing, Inc.	\$ 13,500.00
6092	11/24/2021	Pomona City Clerk	\$ 5.10
6093	11/24/2021	Pumping Solutions	\$ 1,991.84
6094	11/24/2021	San Gabriel Valley Tribune	\$ 615.63
6095	11/24/2021	U S Postal Service (Hasler TMS)	\$ 2,000.00
6096	11/24/2021	Vulcan Materials Company	\$ 1,288.75
6097	11/24/2021	Western Water Works	\$ 5,919.35
6098	11/24/2021	Cintas Corporation #150	\$ 250.21
6099	11/24/2021	Ewing Irrigation Products Inc.	\$ 1,149.76
6100	11/24/2021	Genesis Computer Systems, Inc.	\$ 6,047.33
6101	11/24/2021	Ferguson Waterworks - Santa Ana	\$ 149.49
6102	11/24/2021	Morrow-Meadows Corporation	\$ 26,500.00
6103	11/24/2021	Sheakley Pension Administration, Inc.	\$ 168.30
6104	11/24/2021	Western Exterminator Company	\$ 88.00
6105	11/24/2021	Office Solutions Business Prod. & Svcs,LLC	\$ 143.88
6106	11/24/2021	Iga Printing	\$ 201.34
6107	11/24/2021	ConvergeOne, Inc.	\$ 17,728.00
6108	11/24/2021	HASA, Inc.	\$ 1,233.62
6109	11/24/2021	ALS Group USA, Corp.	\$ 260.00
6110	11/24/2021	Healthequity, Inc.	\$ 8.85
6111	11/24/2021	Autonovation Mobile Auto Repair	\$ 1,345.60
6112	11/24/2021	Paper Recycling & Shredding Specialists, Inc.	\$ 90.00



Walnut Valley Water District  
Check Register For the Month of November 2021

CHECK NUMBER	DATE	PAYEE	AMOUNT
6113	11/24/2021	Public Water Agencies Group	\$ 2,500.00
6114	11/24/2021	Lagerlof, LLP	\$ 1,724.25
6115	11/24/2021	FMT Consultants, LLC	\$ 1,045.00
6116	11/24/2021	GE Digital LLC	\$ 11,418.72
6117	11/29/2021	LA County Registrar-Recorder/County Clerk	\$ 75.00
EFT000000000522	11/2/2021	Puente Basin Water Agency	\$ 1,173,053.62
EFT000000000523	11/2/2021	Pomona-Walnut-Rowland JWL Commission	\$ 989,098.07
EFT000000000524	11/4/2021	Doty Bros Equipment Co, Inc.	\$ 10,233.23
EFT000000000525	11/4/2021	Puente Basin Water Agency	\$ 146.25
EFT000000000526	11/12/2021	Doty Bros Equipment Co, Inc.	\$ 37,456.24
EFT000000000527	11/18/2021	Doty Bros Equipment Co, Inc.	\$ 14,183.32
EFT000000000529	11/19/2021	Puente Basin Water Agency	\$ 27,932.58
EFT000000000530	11/19/2021	Reliance Standard Life Insurance Co.	\$ 6,562.87
EFT000000000531	11/19/2021	U.S. Bank National Association	\$ 78,597.79
EFT000000000532	11/26/2021	Doty Bros Equipment Co, Inc.	\$ 34,899.39
XFR000006700	11/4/2021	PAYROLL	\$ 194,814.46
XFR000006711	11/23/2021	PAYROLL	\$ 393,063.92
XFR000006713	11/23/2021	WATER REFUND	\$ 17,311.70
		TOTAL	\$ 4,279,530.36

Reviewed by: *Josh Byers* Director of Finance 12/7/21 Date

Reviewed by: *Mike Hummer* General Manager Dec. 8, 2021 Date



# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Director of External Affairs  
**DATE:** December 13, 2021  
**SUBJECT:** Community Outreach Update

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Action/Discussion     Fiscal Impact     Resolution     Information Only

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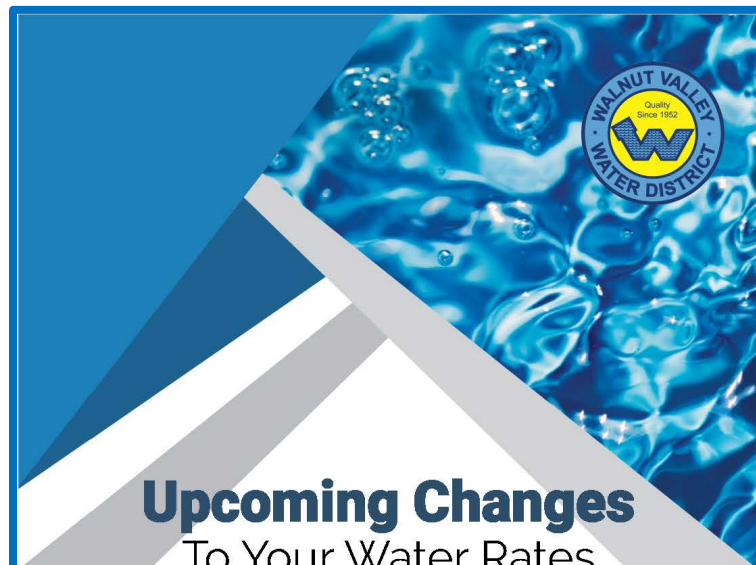
## **RECOMMENDATION**

For information only.

## **BACKGROUND INFORMATION:**

### **Conservation and Education Outreach Updates**

1. December Bill Insert  
District customers received the bill insert noted below (front/back) with their monthly bill statement.



**Upcoming Changes  
To Your Water Rates**

WVWD has approved rate increases effective January 1, 2022. Changes in your monthly water bill will be reflected in your February 2022 statement.

The Board of Directors approved a Rate Study in January of 2020. Since then, WVWD has worked to mitigate costs while meeting necessary investment in the pipes, pumps, and plants that keep clean water flowing to your home.






Visit [www.wvwd.com/conservation](http://www.wvwd.com/conservation) for rebates and tips to save on your monthly water bill.

**A Message to Our Valued Customers:**  
Notice of Rate Increase Effective January 1, 2022

Commodity Rates			
Residential	Current Charge (per unit)	Rate Study Proposed Rate	Approved Rate
Tier I (0-9 Units)	\$ 3.03	\$ 3.25	<b>\$ 3.22</b>
Tier II (10-40 Units)	\$ 4.05	\$ 4.34	<b>\$ 4.30</b>
Tier III (41+ Units)	\$ 4.66	\$ 4.99	<b>\$ 4.94</b>
<b>Multi-Family</b>	\$ 3.47	\$ 3.71	<b>\$ 3.68</b>
<b>Non-Residential</b>	\$ 3.67	\$ 3.93	<b>\$ 3.90</b>
<b>Recycled</b>	\$ 1.97	\$ 2.07	<b>\$ 2.07</b>

- One unit of water = 748 gallons of water
- Commodity rates cover the rate of purchased water imported from the District's wholesaler and costs to deliver drinking water directly to your tap.
- Recycled commodity rates were approved at a 5% increase.

Walnut Valley Water District  
271 S Brea Canyon Rd., Walnut, CA 91789  
(909) 595-7554 | [www.wvwd.com](http://www.wvwd.com) |    @WVWDH2O



**A Message to Our Valued Customers:**

Notice of Rate Increase Effective January 1, 2022

Meter Charge			
Meter Size	Current Charge	Rate Study Proposed Rate	Approved Rate
5/8" or 3/4"	\$ 21.30	\$ 22.80	<b>\$ 22.58</b>
1"	\$ 33.58	\$ 35.95	<b>\$ 35.60</b>
1 ½"	\$ 64.30	\$ 68.83	<b>\$ 68.16</b>
2"	\$ 101.15	\$ 108.27	<b>\$ 107.22</b>
3"	\$ 199.45	\$ 213.50	<b>\$ 211.42</b>
4"	\$ 310.03	\$ 331.86	<b>\$ 328.64</b>
6"	\$ 617.20	\$ 660.65	<b>\$ 654.24</b>
8"	\$ 985.81	\$ 1,055.20	<b>\$ 1,044.96</b>

- Meter charges are used to cover expenses associated with billing, collection, service calls, meter reading, and regular maintenance.

Pump Zone Charge			
Zone	Current Charge	Rate Study Proposed Rate	Approved Rate
Zone 1	\$ 0.00	\$ 0.00	<b>\$ 0.00</b>
Zone 2	\$ 0.25	\$ 0.28	<b>\$ 0.27</b>
Zone 3	\$ 0.46	\$ 0.50	<b>\$ 0.49</b>

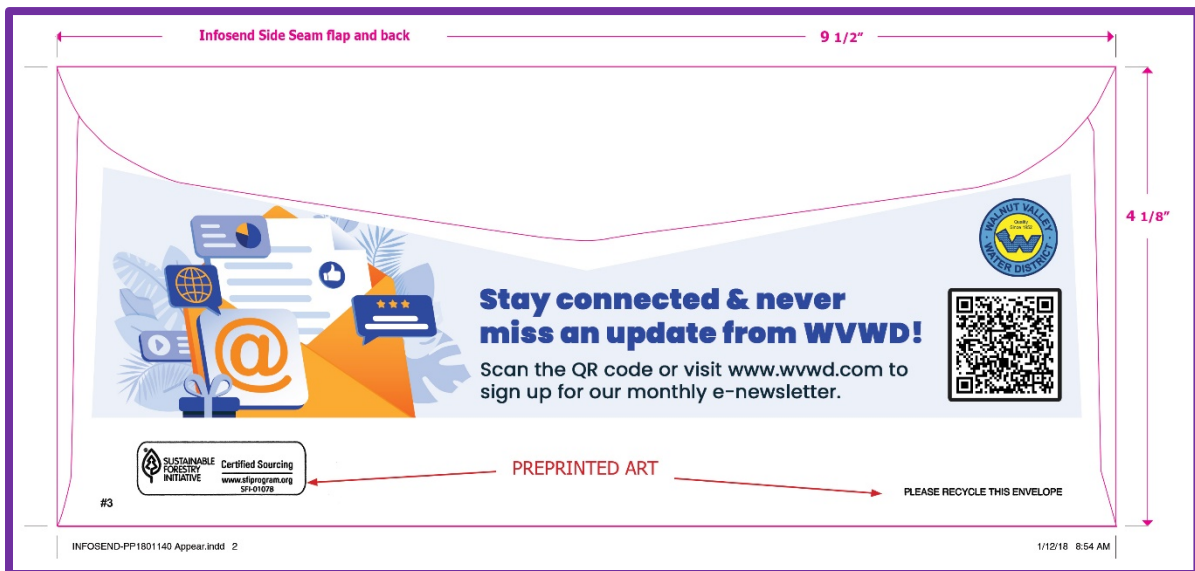
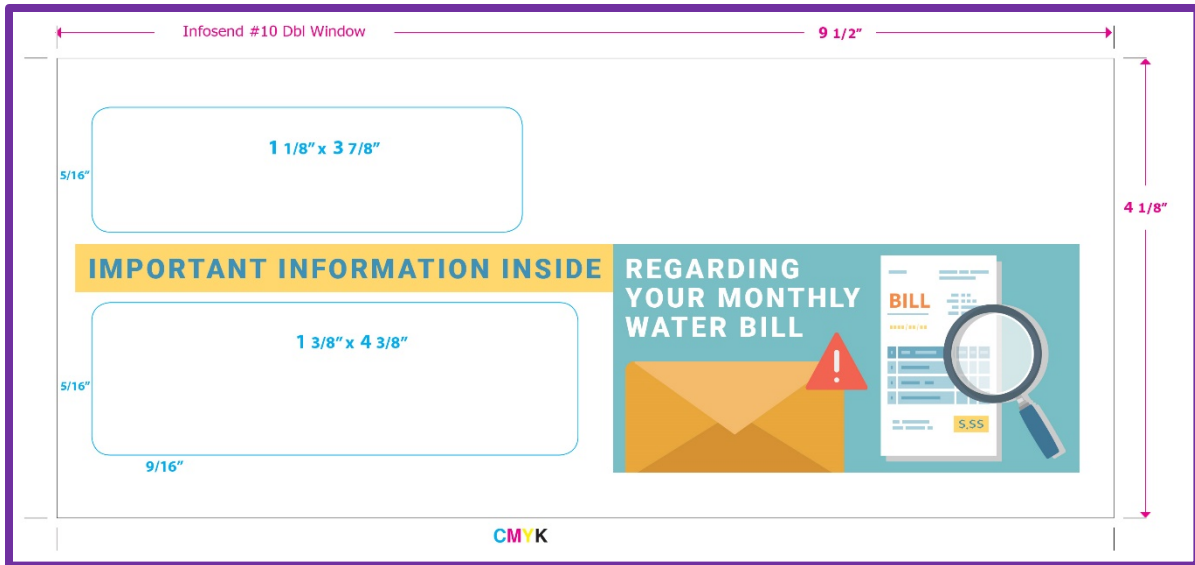
- Your zone is listed on your monthly water bill.
- Pump zone charges cover the energy and maintenance costs to pump water to customers in higher elevation zones.

Fire Protection Rate			
Size	Current Charge	Rate Study Proposed Rate	Approved Rate
1"	\$ 9.37	\$ 10.03	<b>\$ 9.94</b>
1 ½"	\$ 10.06	\$ 10.77	<b>\$ 10.67</b>
2"	\$ 11.25	\$ 12.05	<b>\$ 11.93</b>
4"	\$ 22.95	\$ 24.57	<b>\$ 24.33</b>
6"	\$ 49.52	\$ 53.01	<b>\$ 52.50</b>
8"	\$ 95.35	\$ 102.06	<b>\$ 101.08</b>
10"	\$ 164.29	\$ 175.86	<b>\$ 174.15</b>
Private Hydrant	\$ 49.52	\$ 53.01	<b>\$ 52.50</b>

- These charges do not apply to most customers.
- Based on connection size for private fire services and hydrants.

2. December Bill Snipe

District customers received the bill snipe design noted below (front/back) with their monthly bill statement.



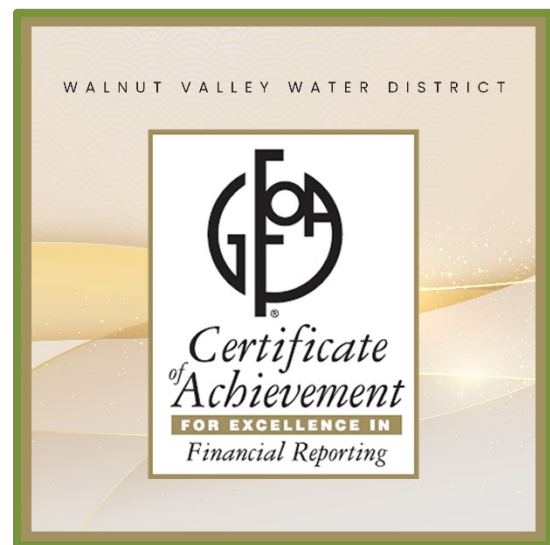
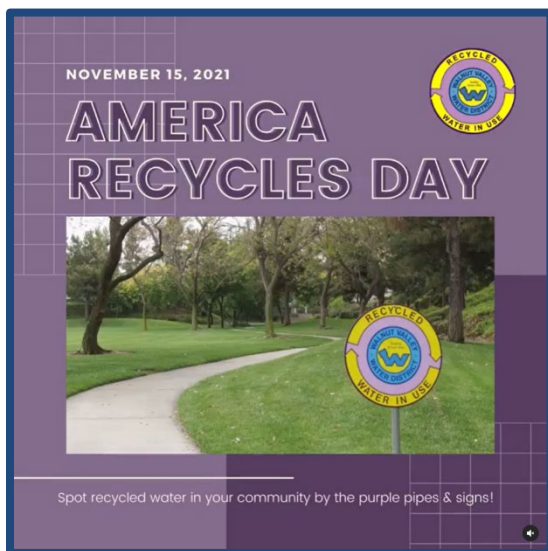


3. Facebook, Twitter, Instagram, and YouTube

The District regularly posts updates and promotions of external affairs activities, conservation tips, and education materials to Facebook, Twitter, Instagram, and YouTube.

During the month of November, the District shared the following:

- Daylight Savings time change reminder
- Veterans Day
- America Recycles Day
- Thanksgiving
- We Are Hiring
- GFOA Award
- Holiday water saving tips
- And more





4. November E-Newsletter

The November E-Newsletter is available here: <https://conta.cc/3nttxEn>

The District shared information about Thanksgiving holiday water-saving tips, America Recycles Day, "Ask WWWD" monthly Q&A, office closures, upcoming virtual workshops, and more.

### External Affairs Activities (Upcoming & Current)

1. MWD "Water Is Life" Calendar Student Winners Virtual Awards Ceremony

MWD selected 3 student winners who participated in the District's Annual Poster Art Contest to have their artwork featured in the 2022 "Water Is Life" Calendar. A virtual awards ceremony will be held on Monday, December 6<sup>th</sup> at 4 PM via Zoom to celebrate the contest winners.

2. Holiday Soups & Succulents Workshop

The District will be hosting a Holiday Soups & Succulents workshop on Tuesday, December 7<sup>th</sup> at 6 PM. The workshop will take place at the District's Commerce Point building.

Customers will learn how to create a water-efficient holiday wreath. In addition, the District will be hosting a holiday canned food drive that will benefit a local food bank.

3. Fall Soups & Succulents Workshop

The District hosted two Soups & Succulent workshops on Wednesday, November 10<sup>th</sup>, and Tuesday, November 16<sup>th</sup> at 6 PM. The workshop took place at the District's Commerce Point building. In addition, numerous customers participated in the canned food drive that will benefit a local food bank.

4. Operation Holiday Salute

In honor of Veterans Day, District employees participated in Operation Holiday Salute, a program designed to deliver handwritten holiday cards to veterans in hospice or receiving end-of-life care. This year, the District contributed 130-holiday cards.

5. Free Virtual Indoor and Outdoor Water Survey Program

The District has launched a Free Virtual Indoor and Outdoor Water Survey Program for residential customers. The survey includes:

- **Water Meter Check**
- **Indoor Survey:** A leak detection survey of toilets, showers, sinks, washing machines, reverse osmosis, water softeners, water heaters, and dishwashers
- **Outdoor Survey:** A review of active irrigation programs and recommendations to enhance efficiency (start times, station run times, and days per week).
- **Personalized Report:** Identification of areas of concerns and recommendations to increase water savings which may result in lower monthly bills

Customers can schedule a survey by calling 1-888-987-9473 or emailing [info@waterwise-consulting.com](mailto:info@waterwise-consulting.com).

## Upcoming Community Events

### 1. Winter Virtual Landscape Workshops

The District will be offering virtual landscape workshops during the winter season to District customers. Virtual workshops are available in English and Mandarin. Classes offered:

- Sustainable Landscape Design
- Composting for a Healthy Garden
- Lawn Conversion
- CA Friendly Landscape Training
- Garden Design
- Turf Removal

District customers can visit [www.wvwd.com/events/](http://www.wvwd.com/events/) to view class dates and to register.

### 2. MWD Landscape Online Classes

The Metropolitan Water District of Southern California (MWD) provides free landscape classes online for residents within our service area. District customers can visit [www.wvwd.com/events/](http://www.wvwd.com/events/) to view class dates and to register.

### 3. Waterwise Community Center Online Workshops

The Chino Basin Water Conservation District provides free online workshops for residents within our service area. Topics include Irrigation and Water Basics, Drip Irrigation System Design and Installation, Retrofitting Lawn Sprinklers, Rainwater Harvesting, and more. District customers can visit [www.wvwd.com/events/](http://www.wvwd.com/events/) to view class dates and to register.

## Local Sponsorships (New & Ongoing)

1. Girls In Future Tech (GIFT) Sponsorship  
The District is sponsoring the Southern California Chapter of the Women of AT&T (WOA) event, GIFT Day (Girls In Future Technologies). GIFT Day is dedicated to introducing young girls to the possibilities of pursuing STEM careers. The event will be held on December 9<sup>th</sup> at Suzanne Middle School. The District donated conservation giveaway items to include in the GIFT Day goodie bags.
2. AWWEE Mentoring Program Supporter Sponsorship  
The District is sponsoring the Association of Women in Water, Energy, & Environment (AWWEE)'s mentoring program.
3. Diamond Bar Evergreen Club Sponsorship  
The District is sponsoring the Diamond Bar Evergreen Club, which includes a full-page color ad that will run quarterly. The ad running from November-February contains information regarding our Mandarin Landscape Workshops.
4. CIE-SoCal Future City Competition Sponsorship  
The District sponsored CIE-SoCal's Future City Competition at the "Silver" level. The sponsorship includes the District's logo on the event program, website, and awards ceremony.
5. SCCAEPA 30<sup>th</sup> Anniversary Convention Sponsorship  
The District sponsored the Southern California Chinese-American Environmental Protection Association's Anniversary Convention at the "Silver" level. The event was held on Saturday, November 6<sup>th</sup>. The sponsorship included a half-page ad and recognition of the District at the event and website.
6. OPARC Heart Beat Festival Sponsorship  
The District sponsored OPARC's Heart Beat Festival at the "On-Pitch" level. The event was held on Saturday, November 6<sup>th</sup>. The sponsorship included a quarter-page ad, recognition of the District at the event, magazine, and annual report, as well as 2 ticket admissions to the event.
7. Diamond Ranch High School Football Team  
The District sponsored Diamond Ranch's football team, which includes a full-page color ad in their football program.
8. Walnut High School Football Team  
The District sponsored Walnut High School's football team at the "Blue Donation" level. The sponsorship includes a full-page ad in their football program and the District's name on their banner.

# DIRECTOR EXPENSE FORM



**NAME: Kevin Hayakawa**

**DATE: November 2021**

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	11/3/2021	TVMWD Regular Board Meeting	<input checked="" type="checkbox"/>				\$ -
2	11/8/2021	Public Information Committee Meeting	<input checked="" type="checkbox"/>				\$ -
3	11/8/2021	Finance Committee Meeting	<input type="checkbox"/>				\$ -
4	11/9/2021	Engineering Committee Meeting	<input checked="" type="checkbox"/>				\$ -
5	11/9/2021	Personnel Committee Meeting	<input type="checkbox"/>				\$ -
6	11/15/2021	WVWD Regular Board Meeting	<input checked="" type="checkbox"/>				\$ -
7	11/17/2021	TVMWD Regular Board Meeting	<input checked="" type="checkbox"/>				\$ -
8	11/18/2021	WVWD Special Board Meeting	<input checked="" type="checkbox"/>				\$ -
9			<input type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.56 \$ -

Total Reimbursable Expenses \$ -

Total Meeting Compensation 6 X \$150.00 per day \$ 900.00

**TOTAL** **\$ 900.00**

*I certify the above is correct and accurate to the best of my knowledge*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.560

\*\*Directors are eligible for seven meeting days per month at \$150 per day.

# DIRECTOR EXPENSE FORM



**NAME: Edwin Hilden**

**DATE: November 2021**

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	11/3/2021	TVMWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
2	11/6/2021	SCCAEPA 30th Anniversary Zoom Event	<input checked="" type="checkbox"/>				\$ -
3	11/8/2021	Public Info Meeting	<input checked="" type="checkbox"/>				\$ -
4	11/8/2021	Finance Committee Meeting	<input type="checkbox"/>				\$ -
5	11/10/2021	City of DB Veterans Recognition Event	<input checked="" type="checkbox"/>				\$ -
6	11/15/2021	WVWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
7	11/17/2021	TVMWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
8	11/18/2021	Board Workshop	<input checked="" type="checkbox"/>				\$ -
9			<input type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -


Total Number of Miles: 0 X \$0.56     \$ -

Total Reimbursable Expenses     \$ -

Total Meeting Compensation 7 X \$150.00 per day     \$ 1,050.00

**TOTAL**     \$ 1,050.00

I certify the above is correct and accurate to the best of my knowledge

  
Signature

NOV 19 2021  
Date

\* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.560  
 \*\*Directors are eligible for seven meeting days per month at \$150 per day.

# DIRECTOR EXPENSE FORM



**NAME: Kwong**

**DATE: November 2021**

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	11/1/2021	WaterNow Alliance Interview	<input checked="" type="checkbox"/>				\$ -
2	11/6/2021	SCCAEPA 30th Annual Convention (VIP speech)	<input checked="" type="checkbox"/>				\$ -
3	11/9/2021	Engineering Committee	<input checked="" type="checkbox"/>				\$ -
4	11/9/2021	Personnel Committee	<input type="checkbox"/>				\$ -
5	11/15/2021	Board Meeting	<input checked="" type="checkbox"/>				\$ -
6	11/16/2021	President's Duty-resolution signing	<input checked="" type="checkbox"/>				\$ -
7	11/18/2021	Board workshop	<input checked="" type="checkbox"/>				\$ -
8			<input type="checkbox"/>				\$ -
9			<input type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.56      \$ -

Total Reimbursable Expenses      \$ -

Total Meeting Compensation 6 X \$150.00 per day      \$ 900.00

**TOTAL**      \$ 900.00

*I certify the above is correct and accurate to the best of my knowledge*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.560

\*\*Directors are eligible for seven meeting days per month at \$150 per day.

# DIRECTOR EXPENSE FORM



**NAME: Theresa Lee**

**DATE: Nov. 2021**

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	11/8/2021	WVWD Finance Committee Meeting via Webex	<input checked="" type="checkbox"/>				\$ -
2	11/9/2021	WVWD Engineering Committee Meeting via Webex	<input checked="" type="checkbox"/>				\$ -
3	11/10/2021	Spadra Basin Advisory Committee Meeting via Webex	<input checked="" type="checkbox"/>				\$ -
4	11/15/2021	WVWD Board Meeting via Webex	<input checked="" type="checkbox"/>				\$ -
5	11/16/2021	Spadra Basin Executive Committee Meeting via Webex	<input checked="" type="checkbox"/>				\$ -
6	11/18/2021	WVWD Board Workshop via Webex	<input checked="" type="checkbox"/>				\$ -
7			<input type="checkbox"/>				\$ -
8			<input type="checkbox"/>				\$ -
9			<input type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.56      \$ -

Total Reimbursable Expenses      \$ -

Total Meeting Compensation 6 X \$150.00 per day      \$ 900.00

**TOTAL**      \$ 900.00

*I certify the above is correct and accurate to the best of my knowledge*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.560

\*\*Directors are eligible for seven meeting days per month at \$150 per day.



# DIRECTOR EXPENSE FORM



**NAME: Jerry C. Tang**

**DATE: November 2021**

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	11/8/2021	WVWD Public Information and Legislative Committee Meeting	<input checked="" type="checkbox"/>				\$ -
2	11/8/2021	WVWD Finance Committee Meeting	<input type="checkbox"/>				\$ -
3	11/9/2021	WVWD Engineering Committee Meeting	<input type="checkbox"/>				\$ -
4	11/9/2021	WVWD Personnel Committee Meeting	<input checked="" type="checkbox"/>				\$ -
5	11/10/2021	Soup and Succulent (in-person) Workshop	<input checked="" type="checkbox"/>				\$ -
6	11/11/2021	WaterNow Alliance Interview	<input checked="" type="checkbox"/>				\$ -
7	11/15/2021	WVWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
8	11/16/2021	Spadra Groundwater Sustainability Agency Executive Meeting	<input checked="" type="checkbox"/>				\$ -
9	11/18/2021	WVWD Director's Workshop	<input checked="" type="checkbox"/>				\$ -
10	11/19/2021	Spadra Groundwater Sustainability Agency Chair's Duty to Sign Documents	<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.56      \$ -

Total Reimbursable Expenses      \$ -

Total Meeting Compensation 7 X \$150.00 per day      \$ 1,050.00

**TOTAL**      \$ 1,050.00

I certify the above is correct and accurate to the best of my knowledge

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.560

\*\*Directors are eligible for seven meeting days per month at \$150 per day.

**Monthly Board Expense Detail**  
 Kevin Hayakawa  
 November 30, 2021

Payment Date/Charge Date	Type	Description	Conference/Meeting	Payment Type	Check Number	Payment	Reimbursed By Director	District Expense	GL Acct.
11/08/21	1	Conference Registration	American Water Works Association Annual Conference	Visa		895.00		895.00	10-5520-5720
11/26/21	3	Air Fare	American Water Works Association Annual Conference	Visa		465.83		465.83	10-5520-5720
<b>Total Districts Charges</b>						1,360.83		1,360.83	

Kevin Hayakawa \_\_\_\_\_ Date

Melinda Pave \_\_\_\_\_ Date 12/8/21  
 Executive Assistant

John Brewer \_\_\_\_\_ Date 12/7/21  
 Director of Finance

Kyle Hutchinson \_\_\_\_\_ Date Dec. 8, 2021  
 General Manager

**Monthly Board Expense Detail**  
 Edwin Hilden  
 November 30, 2021

Payment Date/Charge Date	Type	Description	Conference/Meeting	Payment Type	Check Number	Payment	Reimbursed By Director	District Expense	GL Acct.
		No Activity						-	
								-	
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<b>Total Districts Charges</b>						-	-	0.00	

Edwin M. Hilden \_\_\_\_\_ Date \_\_\_\_\_

*Melinda [Signature]* \_\_\_\_\_ Date 12/8/21

Executive Assistant \_\_\_\_\_ Date \_\_\_\_\_

*Josh [Signature]* \_\_\_\_\_ Date \_\_\_\_\_

Director of Finance \_\_\_\_\_ Date \_\_\_\_\_

*Kyle [Signature]* \_\_\_\_\_ Date Dec 8, 2021

General Manager \_\_\_\_\_ Date \_\_\_\_\_

**Monthly Board Expense Detail**  
 Scarlett Kwong  
 November 30, 2021

Payment Date/Charge Date	Type	Description	Conference/Meeting	Payment Type	Check Number	Payment	Reimbursed By Director	District Expense	GL Acct.
		No Activity						-	
								-	
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<b>Total Districts Charges</b>						-	-	0.00	

\_\_\_\_\_  
 Scarlett Kwong  
 Executive Assistant

\_\_\_\_\_  
 Date  
 12/8/21

\_\_\_\_\_  
 [Signature]  
 Director of Finance

\_\_\_\_\_  
 Date  
 12/7/21

\_\_\_\_\_  
 [Signature]  
 General Manager

\_\_\_\_\_  
 Date  
 Dec 8, 2021

**Monthly Board Expense Detail**  
 Theresa Lee  
 November 30, 2021

Payment Date/Charge Date	Type	Description	Conference/Meeting	Payment Type	Check Number	Payment	Reimbursed By Director	District Expense	GL Acct.
		No Activity						-	
								-	
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<b>Total Districts Charges</b>						-	-	0.00	

Theresa Lee \_\_\_\_\_ Date \_\_\_\_\_

*Melanee Lee* \_\_\_\_\_ Date 12/8/21

Executive Assistant

*Josh Boyer* \_\_\_\_\_ Date 12/7/21

Director of Finance

*Kyle Hummer* \_\_\_\_\_ Date Dec. 8, 2021

General Manager

**Monthly Board Expense Detail**  
 Jerry Tang  
 November 30, 2021

Payment Date/Charge Date	Type	Description	Conference/Meeting	Payment Type	Check Number	Payment	Reimbursed By Director	District Expense	GL Acct.
		No Activity						-	
								-	
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<b>Total Districts Charges</b>						-	-	0.00	

Jerry Tang \_\_\_\_\_ Date \_\_\_\_\_

*John B. ...* \_\_\_\_\_ *12/7/21*  
 Director of Finance \_\_\_\_\_ Date \_\_\_\_\_

*Melinda ...* \_\_\_\_\_ *12/8/21*  
 Executive Assistant \_\_\_\_\_ Date \_\_\_\_\_

*Ed ...* \_\_\_\_\_ *Dec 8, 2021*  
 General Manager \_\_\_\_\_ Date \_\_\_\_\_

**WALNUT VALLEY WATER DISTRICT  
TREASURER'S REPORT  
December 13, 2021**



- 1) Financial Dashboard as of October 31, 2021
- 2) District Statement of Revenues, Expenses, and Change in Net Position as of October 31, 2021
- 3) District Statement of Net Position as of October 31, 2021
- 4) Summary of Cash Investments as of October 31, 2021

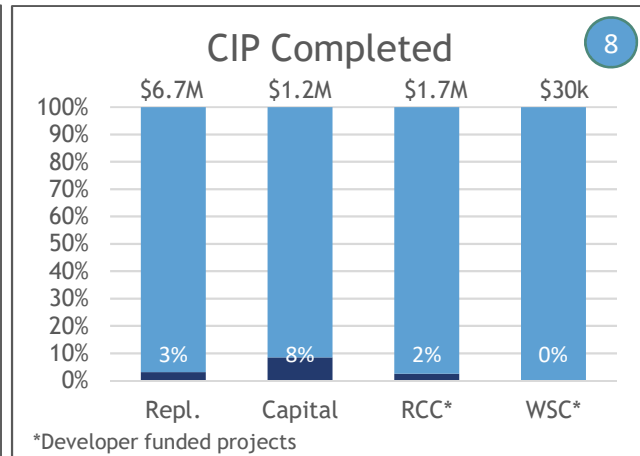
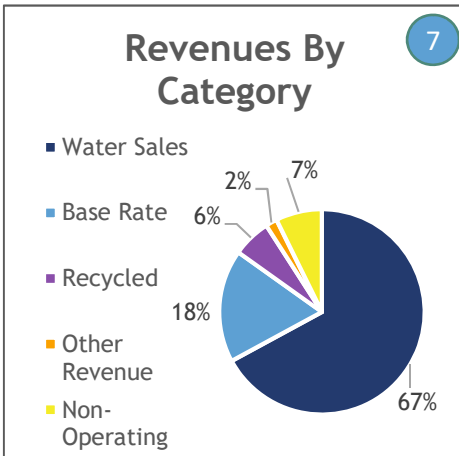
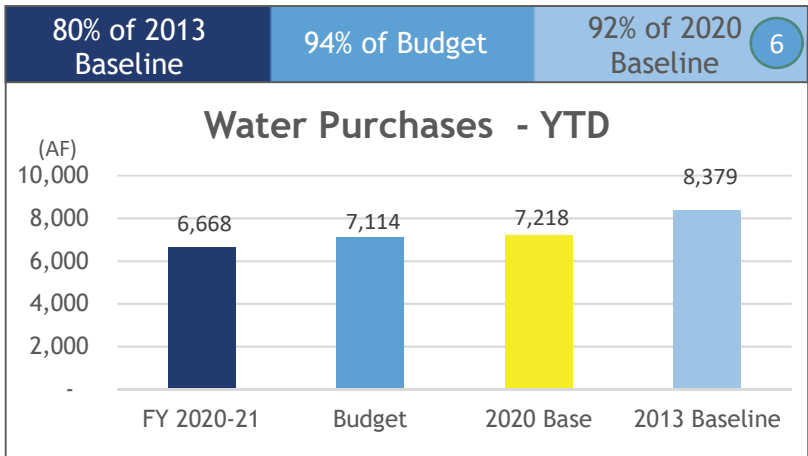
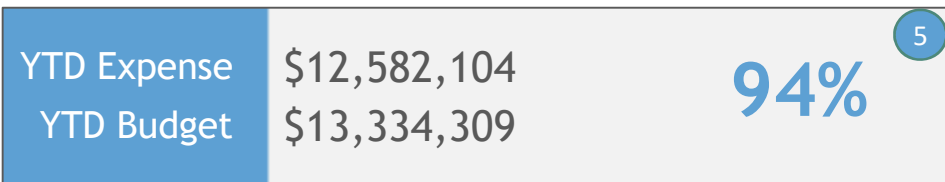
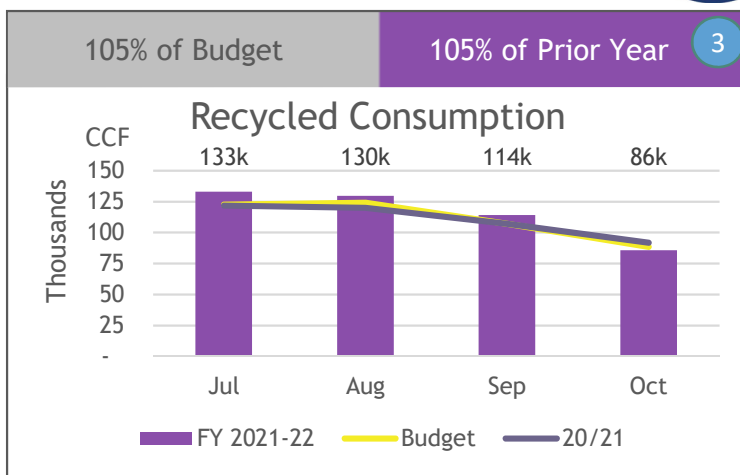
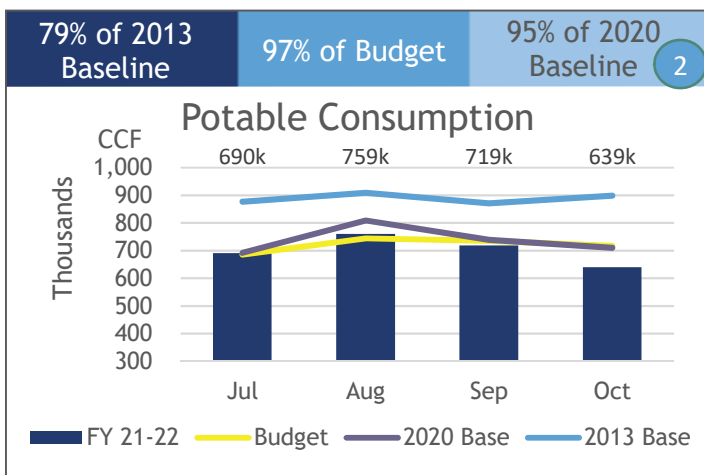
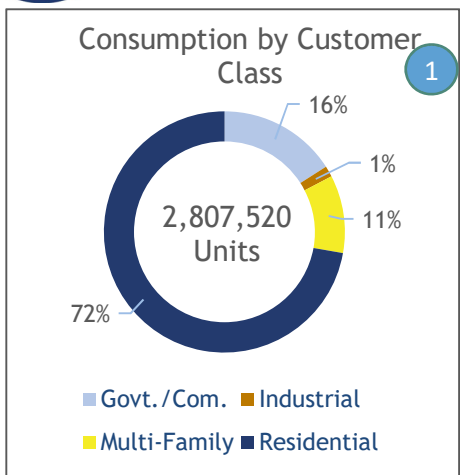




# Walnut Valley Water District Financial Dashboard



October 31, 2021



**1,026** ↑  
Overdue Notice

**0**  
Turn-Offs

**5,368** ↑  
E-Bills - Customers

**773** ↓  
Afford. Rate - Customers

**1,338** ↓  
Phone Calls - Monthly

\* Consumption revenue and expense data excludes wholesale water

Walnut Valley Water District  
Statement of Revenues, Expenses & Changes in Net Position  
Summary by Division  
For the Four Months Ending Sunday, October 31, 2021

	October			YTD		
	Actual	Budget	% of Budget	Actual	Budget	Annual % of Budget
<b>Operating Revenues</b>						
Water Sales	\$3,217,969.65	\$3,531,944.00	91.11%	\$13,902,138.56	\$36,756,761.00	37.82%
Wholesale Sales	160,317.45	0.00	0.00%	2,429,836.44	0.00	0.00%
Water Sales - Recycled	186,229.30	199,715.00	93.25%	972,043.96	2,083,217.00	46.66%
Hydroelectric Sales	3,389.72	3,333.00	101.70%	18,260.61	40,000.00	45.65%
Stand-by Charges	4,687.42	35,934.00	13.04%	18,755.89	825,000.00	2.27%
<b>Total Operating Revenues</b>	<b>3,572,593.54</b>	<b>3,770,926.00</b>	<b>94.74%</b>	<b>17,341,035.46</b>	<b>39,704,978.00</b>	<b>43.67%</b>
<b>Operating Expenses</b>						
Operations	431,398.07	495,233.00	87.11%	1,997,168.52	6,356,202.00	31.42%
Engineering	111,869.84	110,414.00	101.32%	453,633.36	1,462,560.00	31.02%
Finance	150,673.40	174,229.00	86.48%	685,613.83	2,267,618.00	30.23%
Board of Directors/GM Office	87,453.64	115,633.00	75.63%	461,783.88	1,554,796.00	29.70%
Administrative Services	164,206.73	211,533.00	77.63%	788,704.88	2,812,636.00	28.04%
General Administration	113,190.28	118,562.00	95.47%	463,005.75	1,258,250.00	36.80%
<b>Total Operating Expenses</b>	<b>1,058,791.96</b>	<b>1,225,604.00</b>	<b>86.39%</b>	<b>4,849,910.22</b>	<b>15,712,062.00</b>	<b>30.87%</b>
Purchased Water & Related	1,855,625.68	1,787,129.00	103.83%	10,162,030.06	20,700,922.00	49.09%
<b>Total Expenses</b>	<b>2,914,417.64</b>	<b>3,012,733.00</b>	<b>96.74%</b>	<b>15,011,940.28</b>	<b>36,412,984.00</b>	<b>41.23%</b>
<b>Income (Loss) From Operations</b>	<b>658,175.90</b>	<b>758,193.00</b>	<b>86.81%</b>	<b>2,329,095.18</b>	<b>3,291,994.00</b>	<b>70.75%</b>
Nonoperating Revenues/(Expenses)	725,161.58	48,152.00	1505.98%	1,173,353.31	1,195,920.00	98.11%
<b>Income (Loss) Before Res. Rev &amp; Deprec.</b>	<b>1,383,337.48</b>	<b>806,345.00</b>	<b>171.56%</b>	<b>3,502,448.49</b>	<b>4,487,914.00</b>	<b>78.04%</b>
Restricted/Desig Rev & Other Exp.	(97,810.17)	0.00	0.00%	(18,834.16)	0.00	0.00%
<b>Income (Loss) Before Depreciation</b>	<b>1,285,527.31</b>	<b>806,345.00</b>	<b>159.43%</b>	<b>3,483,614.33</b>	<b>4,487,914.00</b>	<b>77.62%</b>
Depreciation & Amortization	457,885.83	0.00	0.00%	1,831,631.37	0.00	0.00%
<b>Income Before Capital Contributions</b>	<b>827,641.48</b>	<b>806,345.00</b>	<b>102.64%</b>	<b>1,651,982.96</b>	<b>4,487,914.00</b>	<b>36.81%</b>
Capital Contributions	620,691.17	0.00	0.00%	1,328,698.32	0.00	0.00%
<b>Net Increase (Decrease) in Net Position</b>	<b>1,448,332.65</b>	<b>806,345.00</b>	<b>179.62%</b>	<b>2,980,681.28</b>	<b>4,487,914.00</b>	<b>66.42%</b>

Walnut Valley Water District  
Statement of Net Position  
Sunday, October 31, 2021

**ASSETS**

**CURRENT ASSETS:**

Cash & Investments - Unrestricted	\$33,451,449.93	
Accounts Receivable:		
Water	4,660,993.95	
Taxes	55,910.91	
Accrued Interest	151,528.83	
Other	1,254,939.47	
Standby Charges	77,010.61	
Materials Inventory	921,038.24	
Prepaid Expenses	374,364.65	
TOTAL CURRENT ASSETS		40,947,236.59

**RESTRICTED ASSETS**

Cash & Investments - Restricted	14,539,899.21	
Interest Receivable	1,017.67	
Investment in Joint Venture	20,823,863.51	
TOTAL RESTRICTED ASSETS		35,364,780.39

**OTHER ASSETS**

**CAPITAL ASSETS**

Capital Assets	228,414,083.20	
Construction in Progress	4,600,102.28	
Less: Accumulated Depreciation	(121,698,636.41)	
NET CAPITAL ASSETS		111,315,549.07
TOTAL ASSETS		187,627,566.05

Walnut Valley Water District  
Statement of Net Position  
Sunday, October 31, 2021

**DEFERRED OUTFLOW OF RESOURCES**

Deferred Pension Contributions		1,623,306.00
Deferred Outflow - Actuarial		1,589,293.00
Deferred Outflow - OPEB		3,705,955.00
TOTAL DEFERRED OUTFLOW OF RESOURCES		<u>6,918,554.00</u>

**LIABILITIES & FUND EQUITY**

**CURRENT LIABILITIES**

Accounts Payable	(4,787,065.89)	
Other Current Liabilities	23,206.01	
TOTAL CURRENT LIABILITIES	<u></u>	(4,763,859.88)

**RESTRICTED LIABILITIES**

Accounts Payable	(16,769.32)	
Deposits	(2,076,549.60)	
Construction Advances	(5,006,898.06)	
TOTAL RESTRICTED LIABILITIES	<u></u>	(7,100,216.98)

**LONG TERM DEBT & RELATED**

Deferred Bond Premium	(15,380,000.00)	
Net Pension Liability	(15,420,693.00)	
Other Long-term Debt	(6,065,395.82)	
TOTAL LONG TERM DEBT & RELATED	<u></u>	(36,866,088.82)
TOTAL LIABILITIES		<u>(48,730,165.68)</u>

**DEFERRED INFLOW OF RESOURCES**

Deferred Inflow of Resources - Actuarial		(656,849.00)
TOTAL DEFERRED INFLOW OF RESOURCES		<u>(656,849.00)</u>

Walnut Valley Water District  
Statement of Net Position  
Sunday, October 31, 2021

**NET POSITION**

Invested in Capital Assets, Net of Related Debt	111,315,549.07	
Restricted	12,884,563.41	
Unrestricted	20,958,992.89	
TOTAL NET POSITION	<u>145,159,105.37</u>	
TOTAL NET POSITION		<u><u>145,159,105.37</u></u>

Walnut Valley Water District  
Summary of Cash and Investments  
10/31/2021

**CASH & CASH EQUIVALENTS**

Cash on Hand		\$3,200.00	
<u>Cash in Bank</u>			
East West Bank - General	\$4,578,984.36		
East West Bank - Payroll	341,963.17		
East West Bank - Water Refund	17,688.30		
East West Bank - Revolving	24,935.97		
East West Bank - Credit Card	209,745.13		
East West Bank - Badillo Grand	300,585.16		
East West Bank - Payroll Reimbursement	23,345.97		
Total Cash in Bank	<hr/>	5,497,248.06	
<b>TOTAL CASH</b>		<hr/>	<b>\$5,500,448.06</b>

**INVESTMENTS**

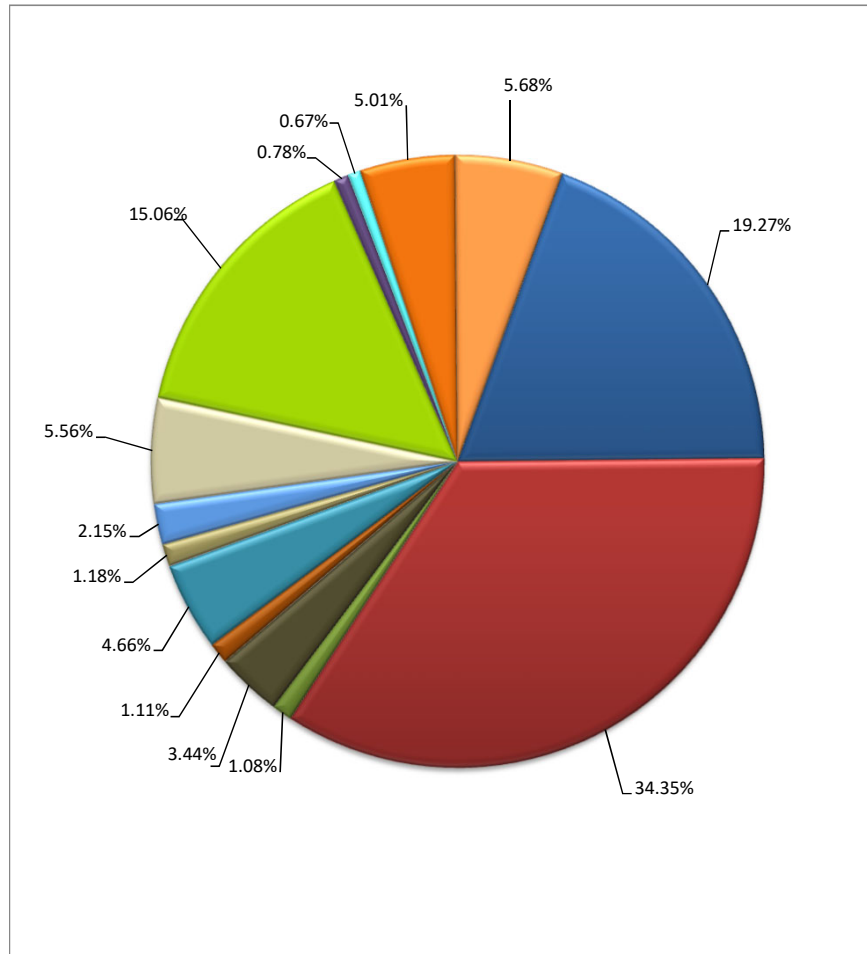
Certificates of Deposit		991,000.00	
Corporate Notes		8,000,000.00	
Supranational		2,100,000.00	
Local Agency Investment Fund (LAIF)		5,057,863.77	
BNY Mellon - Money Market (Sweep)		8,875.00	
US Agency		11,775,000.00	
US Treasury		11,465,000.00	
TOTAL INVESTMENTS		<hr/>	39,397,738.77
<b>TOTAL CASH &amp; INVESTMENTS</b>			<hr/> <hr/> <b>\$44,898,186.83</b>

I certify that this report accurately reflects all investments of the Walnut Valley Water District and that all investments are in full compliance with State law and District's Investment Policy.

  
\_\_\_\_\_  
Josh Byerrum, CPA

Director of Finance

## Walnut Valley Water District Summary of Cash and Investments by Reserve Fund October 31, 2021



ALLOCATION OF CASH AND INVESTMENTS			
<b>Unrestricted</b>			
<b>Category 1</b>			
General Account	\$ 8,653,173.63		19.27%
	<b>\$ 8,653,173.63</b>		<b>19.27%</b>
<b>Designated</b>			
<b>Category 2</b>			
Operating Reserve	\$ 2,496,760.00		5.56%
Replacement	\$ 15,420,851.09		34.35%
Capital Improvement	\$ 483,782.51		1.08%
Rate Stabilization	\$ 1,543,125.39		3.44%
B/G Catastrophic Ins	\$ 500,000.00		1.11%
Employee Liabilities	\$ 2,093,168.78		4.66%
Stored Water	\$ 530,200.00		1.18%
Project Reserve	\$ 967,231.99		2.15%
	<b>\$ 24,035,119.76</b>		<b>53.53%</b>

Restricted Reserves			
<b>Category 3</b>			
Customer/Developer Deposits	\$ 6,755,487.68		15.06%
	<b>\$ 6,755,487.68</b>		<b>15.06%</b>
<b>Category 4</b>			
ASC	\$ 352,417.93		0.78%
Badillo/Grand-Maintenance	\$ 300,585.16		0.67%
RCC	\$ 2,251,204.48		5.01%
WSC	\$ 2,550,198.19		5.68%
	<b>\$ 5,454,405.76</b>		<b>12.14%</b>

**Total \$ 44,898,186.83      100.00%**

**Category 1** - These are funds that accumulate from day-to-day operations and represent the net equity in the District's General Fund. All interest earned is retained in the General Fund.

**Category 2** - These funds, although not legally or externally restricted, have been reserved pursuant to the Board's desire to provide a stable and equitable rate structure. All interest earned related to these funds is retained by each designated fund.

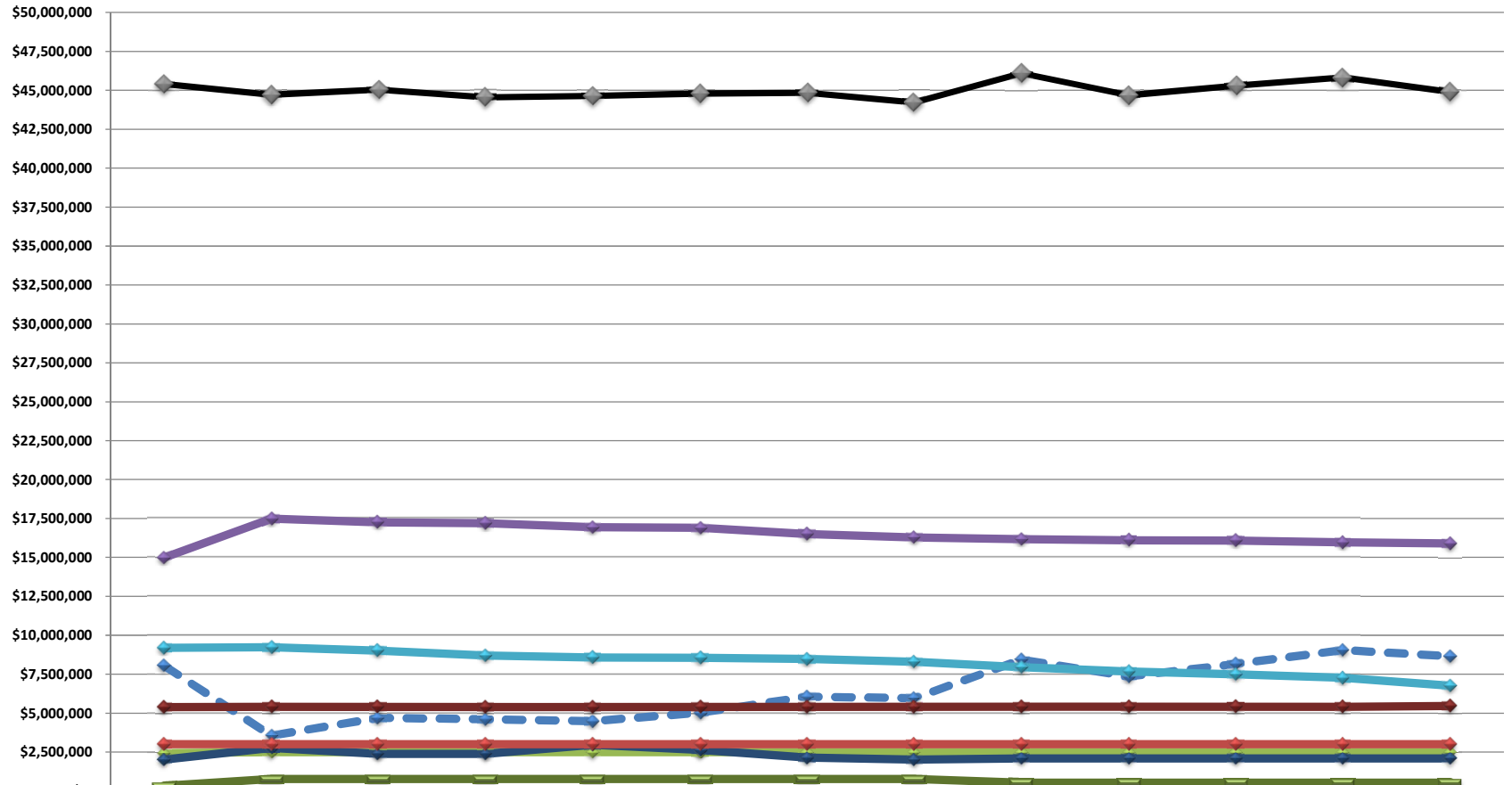
**Category 3** - These funds have legal or external restrictions. These Restricted Funds can only be used for the specific purposes established for the fund. All interest earned is retained in the General Fund.

**Category 4** - These funds have legal or external restrictions. All interest earned must be retained by each Restricted Fund and can only be used for the specific purposes established for the fund.

Note: Effective 6/30/12, the Badillo Grand Catastrophic Insurance Fund was reclassified from a Restricted Fund to a Designated Fund.



**Walnut Valley Water District  
Cash Balances  
October 2020 - October 2021**



	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sept 2021	Oct 2021
General Account	\$8,048,536	\$3,550,917	\$4,690,309	\$4,609,897	\$4,494,340	\$5,026,165	\$6,060,641	\$5,955,437	\$8,431,791	\$7,358,144	\$8,156,438	\$9,049,042	\$8,653,174
Operating Reserve	\$2,431,000	\$2,496,760	\$2,496,760	\$2,496,760	\$2,496,760	\$2,496,760	\$2,496,760	\$2,496,760	\$2,496,760	\$2,496,760	\$2,496,760	\$2,496,760	\$2,496,760
Capital/Replacement Reserve	\$14,981,022	\$17,491,653	\$17,263,472	\$17,199,376	\$16,937,144	\$16,900,826	\$16,501,199	\$16,276,067	\$16,168,467	\$16,107,257	\$16,082,306	\$15,964,505	\$15,904,634
Employee Liabilities Reserve	\$2,012,024	\$2,762,024	\$2,387,024	\$2,387,786	\$2,969,077	\$2,644,946	\$2,146,936	\$2,012,024	\$2,093,169	\$2,093,169	\$2,093,169	\$2,093,169	\$2,093,169
Stored Water Reserve	\$332,000	\$763,900	\$763,900	\$763,900	\$763,900	\$763,900	\$763,900	\$763,900	\$530,200	\$530,200	\$530,200	\$530,200	\$530,200
Other Designated Reserves	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357	\$3,010,357
Customer/Dev. Deposits	\$9,200,645	\$9,232,054	\$9,013,020	\$8,704,499	\$8,578,958	\$8,551,608	\$8,466,643	\$8,305,311	\$7,952,119	\$7,679,924	\$7,502,112	\$7,273,227	\$6,755,488
Developer & Other Restricted	\$5,393,360	\$5,412,154	\$5,414,058	\$5,386,467	\$5,391,462	\$5,398,205	\$5,397,870	\$5,403,917	\$5,414,322	\$5,416,402	\$5,428,986	\$5,409,073	\$5,454,406
Grand Total	\$45,408,943	\$44,719,819	\$45,038,900	\$44,559,042	\$44,641,998	\$44,792,767	\$44,844,307	\$44,223,773	\$46,097,185	\$44,692,214	\$45,300,327	\$45,826,333	\$44,898,187

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Director of Engineering  
**DATE:** December 13, 2021  
**SUBJECT:** 57/60 Freeway and Grand Avenue Improvements (P.N. 20-3681)  
Utility Agreement No. 07279121

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Action/Discussion     Fiscal Impact     Resolution     Information Only

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## **Recommendation**

Request the Board of Directors authorize the General Manager to execute Utility Agreement No. 07279121 with Los Angeles Metropolitan Transportation Authority (Metro).

## **Background Information**

The Los Angeles Metropolitan Transportation Authority (Metro) is proposing a widening of the SR-60 freeway with reconfigurations to ramps and lanes and the replacement and raising of the Grand Avenue bridge. To accommodate the State's project, the District is relocating facilities within the project limits.

The District's design includes the abandonment of the existing domestic and recycled mains and their casings within the existing bridge, the installation of new domestic and recycled mains and casings in the newly widened and elevated bridge, as well as, the relocation and abandonment of appurtenances. Per the Utility Agreement, Metro has agreed to pay for the abandonment of the existing piping and casings, install the new casings (furnished by the District) within the new bridge, and provide reimbursement for the second relocation of a recycled blow-off initially moved by the District for preceding Caltrans work.

Metro will reimburse the District's project costs in accordance with the Utility Agreement. It is recommended that the Board of Directors authorize the General Manager to execute the Utility Agreement.

*Attachment:*  
*Utility Agreement*

Exhibit 14-F Utility Agreements

UTILITY AGREEMENTS

Walnut Valley Water District

UTILITY AGREEMENT

County	Route	P.M.	Project #
County of Los Angeles	SR 57-SR-60	SR57 PM R4.3/R4.5 SR60 PM R20.3/R26.1	07-279121
<b>Fed. Aid. No. 07150000761</b>			
<b>Owner's File: Work Project No. 20-3681</b>			
<b>FEDERAL PARTICIPATION: On the Project: Yes X No</b>			
<b>On the Utilities: Yes X No</b>			

UTILITY AGREEMENT NO. 07279121

The Los Angeles Metropolitan Transportation Authority (Metro), hereinafter called "LOCAL AGENCY" proposes widening SR-60 in the EB direction, replacement of the Grand Avenue bridge and construction of an EB SR-60 bypass connector located in the Cities of Diamond Bar and Industry, County of Los Angeles, California, And:

Walnut Valley Water District hereinafter called "OWNER", owns and maintains recycled water and domestic water facilities within the limits of the LOCAL AGENCY's project that requires relocation of said facilities to accommodate LOCAL AGENCY's project.

It is hereby mutually agreed that:

I. WORK TO BE DONE: (Work Performed by Both Owner and Local Agency per Owner's Plans)

In accordance with Notice to Owner No. 07279121 dated September 30, 2021, OWNER shall excavate and cap existing 12- inch domestic water line and existing 12-inch recycled water line and install replacement 12-inch domestic and 12-inch recycled water lines in Grand Avenue OC bridge, relocate existing 4-inch blow off assembly and 1-inch recycled meter along east side of Grand Avenue, abandon existing fire hydrant, existing 8-inch fire service, and 2-inch domestic meter along west side of Grand Avenue, and temporarily remove and reinstall existing 2-inch recycled meter along west side of Grand Avenue per Project Number 20-3681. All work shall be performed substantially in accordance with the OWNER's Plan No. 20-3681, dated XX/XX/XX, consisting of four sheets, a copy of which is on file in the Office of the LOCAL AGENCY at 4900 Rivergrade Road, Suite A 120, Irwindale, CA 91706. Deviations from the OWNER's plan described above initiated by either the LOCAL AGENCY or the OWNER, shall be agreed upon by both parties hereto under a Revised Notice to Owner. Such Revised Notices to Owner, approved by the LOCAL AGENCY and agreed to/ acknowledged by the OWNER, will constitute an approved revision of the OWNER's plan described above and are hereby made a part hereof. No work under said deviation shall commence prior to written execution by the OWNER of the Revised Notice to Owner. Changes in the scope of the work will require an amendment to this Agreement in addition to the revised Notice to Owner.

It is mutually agreed that the LOCAL AGENCY will include the work of removing abandoned 12-inch domestic and 12-inch recycled water line including the abandoned casings and installing 20-inch diameter steel casing pipe, furnished by OWNER, for both 12-inch recycled water line and 12-inch domestic water line in the Grand Avenue OC Bridge Structure as part of LOCAL AGENCY's highway construction contract. OWNER shall have access to all phases of the work to be performed by the LOCAL AGENCY for the purpose of inspection to ensure that the work being performed for the OWNER is in accordance with the specifications contained in the highway contract. Upon completion of the work performed by LOCAL AGENCY,

OWNER agrees to accept ownership and maintenance of the constructed facilities and relinquishes to LOCAL AGENCY ownership of the replaced facilities, except in the case of liability determined pursuant to Water Code 7034 or 7035.

## II. LIABILITY FOR WORK: (Prorated Expense-No Master Contract)

The existing facilities described in Section I above will be relocated at 1.3% LOCAL AGENCY's expense and 98.7% OWNER's expense in accordance with the following proration: 12-inch recycled water line and 12-inch domestic water line are located within LOCAL AGENCY's right of way under permit and will be relocated at OWNER's expense under the provisions of Sections (673) and (680) of the Streets and Highway Code at an estimate cost of \$12,120.00. The relocation of the existing 4-inch blow-off assembly is a second or subsequent relocation of existing facilities within a period of ten years; therefore, relocation is at LOCAL AGENCY's expense under the provisions of Section 704 of the Streets and Highways Code at an estimated cost of \$12,120.00. The LOCAL AGENCY's 1.3% expense is based upon \$12,120.00 divided by the total cost of \$945,815.00. The OWNER's 98.7% expense is based upon \$933,695.00 divided by the total cost of \$945.815.00.

## III. PERFORMANCE OF WORK: (Owner performs Work by Competitive Bid Process AND Local Agency's Contractor Performs All or Portion of Work)

OWNER agrees to cause the herein described work to be performed by a contract with the lowest qualified bidder, selected pursuant to a valid competitive bidding procedure, and to furnish or cause to be furnished all necessary labor, materials, tools, and equipment required therefore, and to prosecute said work diligently to completion.

OWNER shall have access to all phases of the relocation work to be performed by LOCAL AGENCY, as described in Section I above, for the purpose of inspection to ensure that the work is in accordance with the specifications contained in the Highway Construction Contract; however, all questions regarding the work being performed will be directed to LOCAL AGENCY's Resident Engineer for their evaluation and final disposition.

Use of personnel requiring lodging and meal "per diem" expenses will not be allowed without prior written authorization by LOCAL AGENCY's representative. Requests for such authorization must be contained in OWNER's estimate of actual and necessary relocation costs. OWNER shall include an explanation why local employee or contract labor is not considered adequate for the relocation work proposed. Per Diem expenses shall not exceed the per diem expense amounts allowed under the California Department of Human Resources travel expense guidelines.

Work performed by OWNER's contractor is a public work under the definition of Labor Code Section 1720(a) and is therefore subject to prevailing wage requirements; but, work performed directly by Owner's employees falls within the exception of Labor Code Section 1720(a)(1) and does not constitute a public work under Section 1720(a)(2) and is not subject to prevailing wages. OWNER shall verify compliance with this requirement in the administration of its contracts referenced above.

## IV. PAYMENT FOR WORK: (Owner Does Not Operates Under PUC Rules and )

The LOCAL AGENCY shall pay its share of the actual and necessary cost of the herein described work within 90 days after receipt of OWNER's itemized bill in quintuplicate, signed by a responsible official of OWNER's organization and prepared on OWNER's letterhead, compiled on the basis of the actual and necessary cost and expense. The OWNER shall maintain records of the actual costs incurred and charged or allocated to the project in accordance with recognized accounting principles.

It is understood and agreed that the LOCAL AGENCY will not pay for any betterment or increase in capacity of OWNER's facilities in the new location and that OWNER shall give credit to the LOCAL AGENCY for all accrued depreciation of the replaced facilities and for the salvage value of any material or parts salvaged and retained or sold by OWNER.

Not more frequently than once a month, but at least quarterly, OWNER will prepare and submit itemized progress bills for costs incurred not to exceed OWNER's recorded costs as of the billing date less estimated credits applicable to completed work. Payment of progress bills not to exceed the amount of this Agreement may be made under the terms of this Agreement. Payment of progress bills which exceed the amount of this Agreement may be made after receipt and approval by LOCAL AGENCY of documentation supporting the cost increase and after an Amendment to this Agreement has been executed by the parties to this Agreement.

The OWNER shall submit a final bill to the LOCAL AGENCY within 180 days after the completion of the work described in Section I above. If the LOCAL AGENCY has not received a final bill within 180 days after notification of completion of OWNER's work described in Section I of this Agreement, and LOCAL AGENCY has delivered to OWNER fully executed Director's Deeds, Consents to Common Use or Joint Use Agreements as required for OWNER's facilities; LOCAL AGENCY will provide written notification to OWNER of its intent to close its file within 30 days. OWNER hereby acknowledges, to the extent allowed by law that all remaining costs will be deemed to have been abandoned.

The final billing shall be in the form of an itemized statement of the total costs charged to the project, less the credits provided for in this Agreement, and less any amounts covered by progress billings. However, the LOCAL AGENCY shall not pay final bills, which exceed the estimated cost of this Agreement without documentation of the reason for the increase of said cost from the OWNER and approval of documentation by LOCAL AGENCY. Except, if the final bill exceeds the OWNER's estimated costs solely as the result of a revised Notice to Owner as provided for in Section I, a copy of said revised Notice to Owner shall suffice as documentation.

In any event if the final bill exceeds 125% of the estimated cost of this Agreement, an amended Agreement shall be executed by the parties to this Agreement prior to the payment of the OWNERS final bill. Any and all increases in costs that are the direct result of deviations from the work described in Section I of this Agreement shall have the prior concurrence of LOCAL AGENCY.

Detailed records from which the billing is compiled shall be retained by the OWNER for a period of three years from the date of the final payment and will be available for audit in accordance with Contract Cost Principals and Procedures as set forth in 48 CFR, Chapter 1, Subpart E, Part 31 by LOCAL AGENCY and/or Federal Auditors. In performing work under this Agreement, OWNER agrees to comply with the Uniform System of Accounts for Public Utilities found at 18 CFR, Parts 101, 201, et al., to the extent they are applicable to OWNER doing work on the project that is the subject of this agreement, the contract cost principles and procedures as set forth in 48 CFR, Chapter 1, Part 31, et seq., 23 CFR, Chapter 1, Part 645 and 2 CFR, Part 200, et al. If a subsequent State and/or Federal audit determines payments to be unallowable, OWNER agrees to reimburse AGENCY upon receipt of AGENCY billing. If OWNER is subject to repayment due to failure by Local Public Agency (LPA) to comply with applicable laws, regulations, and ordinances, then LPA will ensure that OWNER is compensated for actual cost in performing work under this agreement.

**V. GENERAL CONDITIONS:** (Local Agency design costs, For All Owners-Notice of Completion, Federal Aid Clause-No Master Contract and NEPA document on project)

All costs accrued by OWNER as a result of LOCAL AGENCY's request of February 10, 2021, to review, study and/or prepare relocation plans and estimates for the project associated with this Agreement may be billed pursuant to the terms and conditions of this Agreement.

If LOCAL AGENCY's project which precipitated this Agreement is canceled or modified so as to

eliminate the necessity of work by OWNER, LOCAL AGENCY will notify OWNER in writing, and LOCAL AGENCY reserves the right to terminate this Agreement by Amendment. The Amendment shall provide mutually acceptable terms and conditions for terminating the Agreement.

All obligations of Local Programs Accounting Branch (LPA) under the terms of this Agreement are subject to the acceptance of the Agreement by the LPA Board of Directors of the Delegated Authority (as applicable), the passage of annual Budget Act by the State Legislature, and allocation of the funds by the California Transportation Commission.

OWNER shall submit a Notice of Completion to the LOCAL AGENCY within 30 days of the completion of the work described herein.

It is understood that said highway is a Federal aid highway and accordingly, 23 CFR, Chapter 1 Part 645 is hereby incorporated into this Agreement.

In addition, the provisions of 23 CFR 635.410, Buy America, are also incorporated into this agreement. The Buy America requirements are further specified in Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21), section 1518; 23 CFR 635.410 requires that all manufacturing processes have occurred in the United States for steel and iron products (including the application of coatings) installed on a project receiving funding from the FHWA.

If, in connection with OWNER's performance of the Work hereunder, LOCAL AGENCY provides to OWNER any materials that are subject to the Buy America Rule, LOCAL AGENCY acknowledges and agrees that LOCAL AGENCY shall be solely responsible for satisfying any and all requirements relative to the Buy America Rule concerning the materials thus provided (including, but not limited to, ensuring and certifying that said materials comply with the requirements of the Buy America Rule).

LOCAL AGENCY further acknowledges that OWNER, in complying with the Buy America Rule, is expressly relying upon the instructions and guidance (collectively, "Guidance") issued by LOCAL AGENCY and its representatives concerning the Buy America Rule requirements for utility relocations within the State of California. Notwithstanding any provision herein to the contrary, OWNER shall not be deemed in breach of this Agreement for any violations of the Buy America Rule if OWNER's actions are in compliance with the Guidance.

IN WITNESS WHEREOF, the above parties have executed this Agreement the day and year above written.

**Los Angeles Metropolitan Transportation Authority**

**Walnut Valley Water District**

By:

By:

\_\_\_\_\_  
Robert Machuca  
Sr. Director, Project Management

\_\_\_\_\_  
Erik Hitchman  
General Manager

APPROVAL RECOMMENDED:

By:

\_\_\_\_\_  
John Ballas  
Utility Coordinator

**Distribution:** 1) Owner, 2) Utility Coordinator, 3) DLAE –File, 4) District Utility Coordinator – File



**OPERATIONS DEPARTMENT REPORT  
November, Monthly Report**

PROJECT NO.	PROJECT DESCRIPTION	STATUS
N/A	Watermain and water service repair	<p><u>Repair Water Service Leaks:</u> 24030 Falcons View Drive, 2557 Indian Creek Road, Diamond Bar. 19530 Springport Drive, 2181 Alexdale Lane, Rowland Heights. 1340 Dubuque Avenue, 19949 East Country Hollow Drive, 328 Eola Drive, Walnut.</p> <p><u>Replaced Copper Setters:</u> 1734, 1736, 1738, 1738-1/4 Nogales Street, Rowland Heights. 21825 Oakwood Way, Walnut.</p> <p><u>Replaced Angle Meter Stops:</u> 221 Amber Ridge Lane, 1444 S. Lemon Ave, 21825 Oakwood Way Walnut.</p> <p><u>Water Main Break:</u> None for November.</p> <p><u>Water System/Miscellaneous Work:</u> Quarterly Equipment &amp; Tool Inspections, New Fuel Trailer &amp; UST Safety Meeting.</p> <p>Oparc completed Fire Hydrant Routes: 009-03, 09-04, 09-05, 09-06.</p> <p>Completed Valve routes: 13-02, 13-03, 13-04, 09-01.</p> <p>Get Reads: W1/27, W2/258, W3/206, W4/39, M1/40, R1/10.</p>
N/A	Repair of sheared blowoffs, fire hydrants and air-vac assemblies	<p>1. 21650 Bluebell Court, Walnut. Hit blowoff.</p> <p>2. Lemon Avenue at Meadowpass Road, Walnut. Hit Fire Hydrant.</p>
21-3701	Iron Saddle Replacement Chirping Sparrow	Completed - Grind & Cap and Slurry Seal. Pending USA Removal.
20-3669	Valve Replacement	403 Willapa Lane, Diamond Bar. Fire Hydrant Valve Replacement.
19-3608	Analyzers, Active Mixing systems	Hillrise A and B installation, Ongoing.
N/A	Production Facility Maintenance	<p><u>Pump and Motor Maintenance:</u> None in November.</p> <p><u>Pump Station Maintenance:</u> Pathfinder 1050 zone, replaced Nos. 1 &amp; 3 pump isolation gate valves. Pathfinder 1050 zone No. 3 CLA VAL rebuild was completed.</p> <p><u>Facility/Miscellaneous Work:</u> Glenbrook, Replaced CLA VAL X144 flow meter. PWR Meter calibrations completed. CATERPILLAR completed annual generator service at 235 Brea Canyon Road Warehouse, Terminal Storage, Snowcreek, Eldertree, Fernhollow and Pathfinder. Pathfinder, repaired reverse float on Cl2 storage tank. Eastgate, replaced 100 amp breakers at SCE pedestal. PWR monthly inspection completed.</p>
N/A	Total trihalomethanes (TTHMs) Graph	Water quality meets all state and federal standards.

**Hit Blow Off**

**21650 Bluebell Court, Walnut**





## Hit Fire Hydrant

Lemon Avenue at Meadowpass Road, Walnut



# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Director of Administrative Services  
**DATE:** December 13, 2021  
**SUBJECT:** Proposed Telecommuting Policy

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Action/Discussion     Fiscal Impact     Resolution     Information Only

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## **Recommendation**

That the Board of Directors adopt the Telecommuting Policy as drafted by District staff and reviewed by labor counsel.

## **Background**

The ongoing Covid-19 pandemic forced the majority of our employees to conduct work from an alternate worksite and it subsequently allowed the District to explore implementing a Telecommuting Policy. The purpose of the Telecommuting Policy is to establish rules and procedures that will reasonably and effectively ensure that District functions can continue to be performed at an alternative location. Telecommuting is voluntary and is considered and approved on a case-by-case basis consistent with the mission of the District and the respective department.

The District provides essential services to members of the community, and as a result there are positions at the District that require employees to be physically present at District facilities. All Telecommuting requests must be pre-approved by the employee's supervisor, Department Head, and the General Manager.

Staff and Legal Counsel have reviewed the proposed policy and recommend that the Board of Directors adopt the new Telecommuting Policy. If the proposed policy is adopted by the Board of Directors, they will be distributed to, and reviewed with, all of the employees.

Attachment:  
*Draft Telecommuting Policy*

## **WALNUT VALLEY WATER DISTRICT TELECOMMUTING POLICY**

### **1. INTRODUCTION:**

Walnut Valley Water District (the “District”) considers working from an Alternative Worksite a viable alternative work arrangement (hereinafter “Telecommuting Policy”) for certain District employees whose job duties are suited to such an arrangement. Telework is a voluntary work alternative that may be appropriate for certain employees and certain jobs. Telework is not an entitlement, is not a District-wide benefit, and does not change the District’s employees’ Terms and Conditions of Employment with the District. The success of the program will be evaluated based on productivity, seamlessness to our members and staff, and impact on our collaborative culture.

### **2. PURPOSE**

The purpose of the Telecommuting Policy is to allow certain employees, subject to their execution of a Teleworking Agreement, to Telecommute from an Alternative Worksite for some work hours and to ensure that, for the duration of such Telework, employees perform their job duties, and in so doing provide quality work in a timely manner, and to the benefit of the public.

Telecommuting is voluntary and is considered on a case-by-case basis consistent with the mission of the District and the needs of the respective department. The District is not obligated to approve Telecommuting requests or assignments. The District, at its sole discretion, may require employees to return to their District worksite at any time.

The District provides essential services to members of the community, and as a result there are positions at the District that require employees be physically present at District facilities. All Telecommuting requests must be pre-approved by the employee's supervisor, Department Head, and the General Manager.

### **3. DEFINITIONS**

“Alternative Worksite” means the employee’s home/place of residence other than the employee’s normal workplace at a District worksite or facility.

“Telework(ing)/Telecommuting” means a work arrangement under which an employee works from their home/place of residence (“Alternative Worksite”) for a portion of their regularly scheduled work hours.

“Work Schedule” means the days and hours determined by supervisors and Department Heads during which non-exempt, overtime eligible employees should be in attendance at the Alternative Worksite. The Work Schedule shall provide for and include meal breaks required under applicable federal and state law as well as under contract.

“Central Workplace ” means the District’s worksite or facilities and includes District offices.

#### **4. ELIGIBILITY CRITERIA:**

The Department Head and supervisor possesses the discretionary authority to determine the job classifications, positions, and employees who are eligible to Telework under this policy. The employee's supervisor and the Department Head may make such determination using criteria including, but not limited to, the following:

1. The employee's length of employment of no less than one (1) year and their status as a Regular full-time employee;
2. The ability of the employee to perform their job duties from an Alternative Worksite does not impede other employees or work groups from performing their job duties, impact the District's business needs, or diminish the operations of the District;
3. Telecommuting does not reduce service to internal or external customers;
4. Prior annual job performance evaluation and/or job performance that meets or exceeds standards across all listed performance measures and demonstrates employee ability to work independently;
5. Employee is self-motivated and demonstrates high dependability;
6. The operational needs of the department and the District;
7. The ability of the employee to perform their job duties from Alternative Worksite Location without diminishing the quantity or quality of the work performed;
8. Whether the job can be done remotely without disruption to the flow of work and communication (e.g., availability by virtual meeting, phone, email, and shared servers can be accessed remotely);
9. The employee's ability to create a functional, reliable, safe, and secure remote location;
10. The employee's accessibility during their designated work schedule;
11. The employee's supervisory responsibilities;
12. The employee's need for supervision;
13. Employee is not currently on a Performance Improvement Plan (PIP);
14. Duration of the request to Telecommute;
15. Other considerations deemed necessary and appropriate by the employee's supervisor or the District.

It is essential that each department be staffed during normal business hours Monday thru Friday (except during the hour for lunch).



Telecommuting is voluntary and is approved and denied at the sole discretion of the District. Telecommuting is not permanent and may be discontinued at any time by the District without prior notice and is not a privilege, or a right. The decision to terminate Telecommuting is not subject to any grievance procedure or appeal process. A supervisor and/or Department Head may determine that some positions and/or individuals are not well suited for Telecommuting.

**5. PROCEDURE:**

- A. To make a request for a teleworking arrangement, employees must complete and submit a Telecommuting Agreement (Appendix A) to their immediate supervisor for consideration and approval. The employee's supervisor will provide the requested form to the Department Head and will discuss the employee's request with the Department Head.
- B. Employees are encouraged to discuss expectations of working from an Alternative Workplace with other inhabitants of their residence, if any, prior to entering into a Teleworking trial period, if the request is approved. The employee's supervisor, Department Head, and the General Manager must approve and sign off on the requested Work Schedule. Following approval by the employee, the employee's supervisor, the Department Head, and the General Manager, the Telecommuting Agreement shall be signed by the employee's supervisor, the Department Head and the General Manager signifying approval, and a 90-day trial period will commence.
- C. Evaluation of employee's performance during the Teleworking trial period will include interaction by phone and e-mail between the employee and the employee's supervisor, and face-to-face meetings to discuss work progress and problems, if any. At the conclusion of the 90-day trial period, the employee and employee's supervisor will each complete an evaluation of the Teleworking arrangement and make recommendations for continuance or modifications. Following the 90-day evaluation, the employee shall be evaluated during their Teleworking Work Schedule consistent with Quarterly and Annual Employee Performance and Development Plans.
- D. Telecommuting is limited to no more than 2 days per week for an employee on a 5-day work week (Monday-Friday) and no more than 1 day per week for an employee on a 4-day work week (Monday-Thursday), and shall be the same day each week. Telecommuting is not allowed on Mondays or Fridays or on the day before or after a paid holiday.
- E. District employees whose Teleworking request is approved must add the approved Work Schedule to the District Outlook calendar so that others can easily determine if the employee has taken a day off, is out of the office, is attending a virtual meeting, or working remotely. If you do not have access to the District calendar, please email the Executive Assistants and ask them to add it for you.



## **6. EMPLOYEE RESPONSIBILITIES:**

### **A. Performance Expectations**

1. Expectations must be pre-established between Teleworking employees and supervisors regarding work assignment(s), productivity level, and productivity measurements to be used when employee is telecommuting. Timeliness, quality, and quantity of work must be maintained.
2. Attendance and punctuality that is observant of scheduled hours on a regular basis is an essential function of each classification and must be maintained during telecommuting.
3. Teleworking is not designed to be a replacement for appropriate childcare. The focus of the arrangement shall remain on job performance and meeting operational needs.
4. Employee agrees not to engage in employment activities other than District assignments during telecommuting hours.
5. Working from an Alternative Work Location inherently changes the workplace dynamic for employees. Teleworking employees must adhere to all District policies, practices, procedures, rules and regulations and applicable Terms and Conditions of Employment. All existing duties, obligations, responsibilities and conditions of employment remain the same.
6. Telecommuting must be approved before it commences. Each Telecommuting Agreement is only valid for the time period specified in the agreement. The agreement is invalid after this time unless the employee's supervisor approves an extension in writing.

### **B. Telecommuting Location**

Telecommuting work will be performed from the employee's home/place of residence. The Alternate Worksite must be maintained in a safe condition, free from hazards and obstructions.

Telecommuting employees must have access to an Alternative Worksite that is quiet and free of distractions and which has reliable and secure power, internet and/or wireless access. Telecommuting employees shall ensure that all official District documents are retained and maintained according to the normal operating procedures in the same manner as if working at a District worksite or facility. The Alternative Worksite shall be conducive to nine (9) hours of productive work time.

### **C. Work Schedules and Time Worked**

1. Teleworking employees must be available during the business hours of 7:00 a.m. to 5:00 p.m. to answer calls, respond to email, attend virtual meetings, etc.
2. Teleworking employees must report to the office if requested to do so by their supervisor or the District.

3. Non-exempt employees must take meal and rest breaks while working remotely, just as they would if they were reporting to work at the Central Workplace. Non-exempt employees may not Telework outside their Work Schedule.
4. Requests to work overtime or take a leave of absence from work must be pre-approved in writing by each employee's supervisor. Failure to comply with this requirement may result in the immediate cessation of the Telecommuting Agreement and/or disciplinary action.
5. All periods of an employee's unavailability must be approved in advance by the supervisor and in accordance with District policy.
6. Employees must promptly notify their supervisor when unable to perform work assignments because of equipment failure or other unforeseen circumstances.
7. Employees shall continue to abide by District policies, practices, procedures and applicable Terms and Conditions of Employment for requests of sick, vacation and other leaves of absences. If an employee becomes ill while Teleworking, they shall notify their supervisor immediately and record on their timesheet any hours not worked due to incapacitation.
8. Employees must be accessible via telephone, email, and/or network access to their supervisor and other District employees while Teleworking, as if working at the Central Workplace. Employees shall check their District-related business phone messages and emails on a consistent basis, as if working at the Central Workplace.
9. Employees shall work on a full-time basis, according to their assigned Work Schedule. Employees are required to maintain an accurate record of all hours worked at their Alternative Work Location. Upon the request of their supervisor, an employee should be able to provide a detailed accounting of all hours worked.

#### **D. Employee Wages and Benefits**

The duties, obligations, responsibilities, and conditions of a District employee are not changed by telecommuting. Employee's wages, retirement, benefits, and insurance coverage remain unchanged.

The telecommuting employee remains obligated to comply with all District rules, policies, practices, and instructions. Violations may result in preclusion from telecommuting and/or disciplinary action, up to and including termination of employment.

Workers' Compensation benefits will apply only to injuries arising out of and in the course of employment as defined by Workers' Compensation law. The District shall not be responsible for injuries or property damage unrelated to such work activities, including injuries to third persons when said injuries occur at the Alternative Worksite. The District will not be liable for any injuries sustained by visitors or other third-persons at an employee's Alternative Worksite.

#### **7. EQUIPMENT:**

- A. Electronic equipment needed for employees to perform their work at the Alternative Worksite will be supplied by the District to the extent resources are available and based

on operational need. Equipment supplied by the District is to be used for business purposes only and in accordance with District policies, practices, procedures and applicable Terms and Conditions of Employment.

- B. The employee is responsible for ensuring that equipment is used properly. Employees will report to their supervisor any loss, damage, or unauthorized access to District-owned equipment immediately upon discovery of such loss, damage, or unauthorized access.
- C. The District will provide for maintenance and repairs to District equipment and retains ownership of all equipment and/or licenses provided.
- D. In the event of delay in repair or replacement of equipment or any other circumstance under which it would be ineffective for the employee to telecommute, the employee will return to the District work place.
- E. All District-owned equipment issued to an employee must be returned when requested by the District and in good working order, when the Telecommuting Agreement ends, or upon employment separation. Additional equipment needed by the employee to Telework shall be supplied by the employee and at the employee's expense.
- F. Should it be required, employees may receive approval to use personal phones, computers, or other equipment at the discretion of the District. Equipment supplied by the employee, if deemed appropriate by the District, will be maintained by the employee. The District accepts no responsibility for damage or repairs to employee-owned equipment and reserves the right to make determinations as to appropriate equipment, subject to change at any time. Personal equipment used for District work purposes, may be subject to applicable state and federal law.
- G. The employee must complete the Authorization to Use District Property at an Alternative Worksite (Appendix B) and thereby agree to take appropriate action to protect the items from damage or theft.
- H. The District will provide employees with appropriate office supplies (pens, paper, etc.) as deemed necessary. Employees may obtain the needed supplies when at the District worksite or facility.
- I. The District will not be responsible for costs associated with the setup of the employee's home office or Alternative Worksite, such as remodeling, furniture or lighting, nor for repairs or modifications to the home office space. Normal household expenses associated with the Alternative Worksite, such as internet services and utilities (heat, electricity, etc.) are the sole responsibility of the employee and shall be non-reimbursable.
- J. Employee's Alternative Worksite must have internet and cell service with sufficient speed/capacity to conduct work via computer and phone.
- K. Employees should seek advice from a tax advisor if they have questions concerning the tax implications of teleworking. The District is not responsible for substantiating any employee's claim of tax deductions for operation of a Teleworking office used to perform District work.

## 8. SECURITY:

- A. Consistent with the District's expectations of information security for employees working at a District worksite or facility, Telecommuting employees must ensure the protection of proprietary District and customer information accessible from their Alternative Worksite.
- B. Employees shall exercise the same precautions to safeguard electronic and paper information, protect confidentiality, and adhere to the District's records retention policy, especially as it pertains to the California Public Records Act. Employees must safeguard all sensitive and confidential information (both on paper and in electronic form) relating to District work they access from their Alternative Worksite or transport from the Central Workplace to their Alternative Worksite. Employees must also take reasonable precautions to prevent third parties from accessing or handling sensitive and confidential District information the employee accesses from their Alternative Worksite or transport from the Central Workplace to their Alternative Worksite through the use of locked file cabinets and desks, regular password maintenance, and any other measures appropriate for the job and the environment.
- C. Employees shall ensure that all official District documents are retained and maintained according to District policy and procedure in the same manner as if working at the Central Workplace.
- D. Employees must return all records, documents, and correspondence to the District upon request from the District.
- E. Employees may receive a virtual private network ("VPN") account, as approved by the District. Employees shall take reasonable precautions to ensure their devices (e.g., computers, laptops, tablets, smart phones, etc.) are secure before connecting remotely to the District's network and shall close or secure all connections to District desktop or system resources (e.g., remote desktop, VPN connections, etc.) when not conducting work for the District.

# **Telecommuting Policy**

## **Appendices**

- A. Voluntary Telecommuting Agreement
- B. Authorization to Use District Property at an Alternative Worksite

## Appendix A

### Voluntary Telecommuting Agreement

I, the undersigned Employee ("Employee"), have read the foregoing District's Telecommuting Policy and this Voluntary Telecommuting Agreement ("Agreement") in their entirety and I agree to abide by all of the terms and conditions they contain.

I understand and agree that the Agreement is temporary and time-limited, is contingent upon approval from my supervisor, the Department Head, and the General Manager. I understand that approval does not imply entitlement to a permanent change to my normal (i.e., non-telecommuting) working arrangement or a continued Telecommuting arrangement. I understand this Agreement does not change my obligation to report to my normal work location at the District if my supervisor requests that I do so.

I understand and agree that the Agreement is voluntary and may be terminated at any time at the sole discretion of the District. I understand that the District is not requiring that I telecommute as a term or condition of my employment with the District. I further understand that the District may, at any time, change any or all of the conditions under which approval to participate in the Agreement is granted, with or without notice and at the District's exclusive discretion may modify the terms and conditions of my telecommuting arrangement.

I agree and understand my duties, obligations, and responsibilities as outlined in this Agreement, in the Telecommuting Policy generally, and specifically elsewhere, are unchanged and are the same as they are in my normal working arrangement. I agree to and understand that while I am telecommuting, I am subject to the same job responsibilities and standards of performance and productivity as if I am working at the District worksite; and all obligations, responsibilities, codes of conduct, laws, District policies, practices, procedures, and Terms and Conditions of Employment. I also understand it is my responsibility to provide adequate advance notification to my supervisor if I am unable to keep any of the agreed upon commitments and/or deliverables. If I fail to do so, I understand that the District may immediately terminate this Agreement at its sole discretion.

The Agreement is valid from \_\_\_\_\_ to \_\_\_\_\_. I understand this Agreement expires on \_\_\_\_\_ and may not continue unless the District approves a new Agreement or an extension to this Agreement in writing.

The District may rescind this Agreement at any time. I understand that in the event the District terminates the Agreement, the decision is final and there is no grievance procedure or appeal process.

I agree to the following work schedule while telecommuting:

**Central Workplace:** The days and hours that the District expects and/or permits the Employee to be physically present at the **Central Workplace** are the following:

Day	Morning		Lunch	Afternoon		Total Hours
	Start	End		Start	End	
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						

Day	Morning		Lunch	Afternoon		Total Hours
	Start	End		Start	End	
Monday						
Tuesday						
Wednesday						
Thursday						

**Alternative Worksite:** The days and hours that the District expects and/or permits the Employee to be physically present at the **Alternative Worksite** are the following:

Day	Morning		Lunch	Afternoon		Total Hours
	Start	End		Start	End	
Monday						
Tuesday						
Wednesday						
Thursday						
Friday						

Day	Morning		Lunch	Afternoon		Total Hours
	Start	End		Start	End	
Monday						
Tuesday						
Wednesday						
Thursday						

The address of the Alternative Worksite is:

\_\_\_\_\_

Street

\_\_\_\_\_

City

State

Zip Code

The phone number to reach Employee at the Alternative Worksite is:

\_\_\_\_\_.

I hereby affirm by my signature that I have read this Voluntary Telecommuting Agreement and understand and agree to all its provisions.

\_\_\_\_\_

Employee Name and Signature

Date

\_\_\_\_\_

Department Head Name and Signature

Date

\_\_\_\_\_

General Manager's Signature

Date

**SUBMIT THE COMPLETED AGREEMENT TO HUMAN RESOURCES**



## Appendix B

### Authorization to Use District Property at an Alternative Worksite

**TERMS OF LOAN:** The District property described below is loaned to the employee named below for the mutual benefit of the employee and the District. The District property on loan to the employee is to be used primarily for official District business. Said property is subject to return at the end of the authorization period noted below. The District will not pay any transportation charges in connection with this authorization.

<b>Employee Name</b>		
<b>Location of Equipment (Address, City, State, Zip)</b>		
<b>Computer Name</b>	<b>Equipment Serial No.</b>	<b>Equipment Description: make, model, condition of equipment</b>

I understand that this equipment is to be used primarily for official District business, and that any personal use of the equipment will be incidental in nature. I will exercise appropriate care and caution when using the equipment and in accordance with District policies, practices, procedures and applicable Terms and Conditions of Employment. In addition, I understand that all records related to the purchase, use, and disposition of this District-owned equipment, including cell phone statements, are the property of the District and potentially subject to disclosure under the California Public Records Act.

I further understand that I am responsible for safeguarding the equipment, including any data on the equipment, and controlling its use in accordance with District policies, practices, procedures and applicable Terms and Conditions of Employment. If the District determines that there is no longer an operational need for me to possess any of the listed equipment, or if I separate from employment with the District, I agree to return all equipment on or before my last day of employment.

\_\_\_\_\_  
Employee Name and Signature Date

\_\_\_\_\_  
Department Head Name and Signature Date

\_\_\_\_\_  
General Manager's Signature Date

**SUBMIT THE COMPLETED AUTHORIZATION TO HUMAN RESOURCES**

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Director of Administrative Services  
**DATE:** December 13, 2021  
**SUBJECT:** Records Management Program- Review of Revisions

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Action/Discussion     Fiscal Impact     Resolution     Information Only

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## **Recommendation**

That the Board of Directors review the proposed amendments, which have been reviewed by Legal Counsel, to the District's Records Retention Schedule and adopt any proposed amendments.

## **Background Information**

Attached for your review and consideration are Legal Counsel's comments regarding staff's suggested changes, and a copy of the Records Retention Schedule that is redlined to identify the proposed changes as approved by Legal Counsel.

Please review the suggested changes and advise of any additional changes you feel are needed. Once a comprehensive retention schedule is finalized and approved, staff will finalize the preparation of their department list of documents to be purged in compliance with the Records Retention Program.

*Attachment as noted*

EXHIBIT 1



WALNUT VALLEY WATER DISTRICT  
RECORDS RETENTION SCHEDULE

ADMINISTRATION		
TYPE OF RECORD	RECORD DESCRIPTION	RETENTION PERIOD
General	Board of Directors Biographies and Pictures	Permanent
	Board of Directors Salary Records (Maintained in Finance Dept.)	Permanent
	Board of Directors Personnel Files (Maintained in HR)	Lv. Office + 5 years
	Board of Directors General Information Files (Maintained in Admin.)	Lv. Office + 5 years
	Board Meeting Agenda Packets <i>(A permanent record of all Board meeting agenda packets is maintained electronically)</i>	Current + 2 years
	Board Meeting Audio <u>and Video</u> Recording	30 days or until Approved
	Campaign Financing – <u>FPPC Campaign Disclosure Forms 460 &amp; 470 – may be kept in electronic format after 2 years</u>	<u>Election + 5 years 7 years</u>
	Correspondence ( <i>Limited situation</i> ) - originating department	Current + <del>5</del> 3 years
	Correspondence ( <i>Continuing situation</i> )-originating department	Closure + 5 years
	Departmental Reports – special or final summary, review or evaluation	Current + 2 years
	District Election <u>Files Records – Candidate Statements; nomination papers</u>	<u>Current + 6 years Election + 4 years</u>
	Formation Records, Bylaws (District/Building Corporation)	Permanent
	Legal Advertising – includes public notices, legal publications	Current + 4 years
	Litigation Files – resolved	Completed + 7 years
	Minutes – official minutes and hearing proceedings of governing board and committee meetings ( <i>Minutes are available electronically and printed form. The printed copies are kept in the fireproof vault.</i> )	Permanent
	Notices of Special Meetings	Current + 2 years
	Oaths of Office	Lv. Office + 6 years
	Redistricting Records	Permanent
	Resolutions <u>and –(Ordinances</u> ( <i>Resolutions &amp; Ordinances are available electronically and printed form. The printed copies are kept in the fireproof vault.</i> )	Permanent ( <u>may destroy 5 years after superseded, repealed, invalid, or unenforceable</u> )
	Staff Reports – non-agenda related including supporting documentation	Current + 5 years

ADMINISTRATION		
TYPE OF RECORD	RECORD DESCRIPTION	RETENTION PERIOD
	<i>(Limited situation)</i>	
	Staff Reports – non-agenda related including supporting documentation <i>(Continuing situation)</i>	Closure + 5 years
	Standing Committee, Meetings – agendas/packets <i>(A permanent record of all Standing Committee meeting packets is maintained electronically)</i>	Current + 2 years
	Statement of Economic Interests <a href="#">Form 700</a> – <del>e</del> Conflict of <del>i</del> Interest FPPC filings – <u>may be kept in electronic format after 2 years</u>	<del>Lv. Office</del> + 7 years
	Statement of Facts – <del>r</del> Roster of <del>p</del> Public <del>a</del> Agencies	Permanent
	<a href="#">Training Records (Ethics) – Board of Directors</a>	<a href="#">7 years</a>
	Travel Records – <a href="#">Board of Directors</a>	Current + 2 years
Grants	Federal and State – refer to grant application close-out procedures for completion	Completion + 5 years
	Financial Records – refer to grant application close out procedures for completion	Completion + 5 years
	Unsuccessful grant applications	2 years

**COMMUNITY-EXTERNAL AFFAIRS**

TYPE OF RECORD	RECORD DESCRIPTION	RETENTION PERIOD
<u>Community Relations</u> <u>Outreach</u>	Plaques	5 years
	Special Events (e.g. 50 <sup>th</sup> anniversary, semi-annual open house, etc.)	3 years
	<u>ULFT Program Documentation</u>	<u>Current + 3 years</u>
	<u>Employee Retirements</u>	<u>Permanent</u>
	Water Awareness Activities – poster/essay contest winners (historical)	5 years
	Waterline Newsletters and Bill Inserts (historical)	Current + 5 years
	General correspondence, donations backup	Current + 2 years
Public Information	<u>Water Quality and PHG Reports</u>	<u>Permanent</u>
	Brochures	Current + 5 years
	Media Articles (Historical)	Permanent
<u>Conservation</u>	<u>Pool Rebate Applications (Digital and hard copy)</u>	<u>Current + 3 years</u>
	<u>Ultra Low Flow Toilet Giveaway Program Documentation</u>	<u>Current + 3 years</u>
	<u>Extra Copies of UWMP's (Separate from library copies)</u>	<u>Current + 3 years</u>
	<u>Hard Copy Proposals (RFPs) for Urban Water Management Plan</u>	<u>Current + 3 years</u>
	<u>Hard Copy Proposals (RFPs) for Water Use Efficiency Plans</u>	<u>Current + 3 years</u>
	<u>Water Conservation Give-Away Program Documentation (i.e. Sprinkler Nozzles, Rain Barrels, Moisture Meters)</u>	<u>Current + 3 years</u>
	<u>Virtual and In-Person Workshop Documentation (Registrations and Handouts)</u>	<u>Current + 3 years</u>
	<u>Direct Installation Program Documentation</u>	<u>Current + 3 years</u>
<u>Management Analyst</u>	<u>Water Quality and PHG Reports</u>	<u>Permanent</u>
	<u>Urban Water Management Plans (UWMPs)</u>	<u>Permanent</u>

ENGINEERING		
TYPE OF RECORD	RECORD DESCRIPTION	RETENTION PERIOD
General	Annexation Files	Permanent
	Connection Records – maps, water line connections	Permanent
	Locations – mains, valves, hydrants, wells	Permanent
	Maps – line location, easements	Permanent
	Master Plans – general district and recycled	Permanent
	Plans and Specifications – as-builts (completed)	Permanent
	Work Order/Project Files, including winning bids and recap, winning RFP's, RFQ's (in work order file). <i>(Upon closing of a project file, the Engineering and Finance files are comingled prior to moving them to appropriate closed file storage area.)</i>	Permanent
	Well Records	Permanent
	<del>Unaccepted bid proposals,</del> Pending construction records that the District has not accepted or to which a stop notice claim may legally be presented. <i>(Kept in a separate file and reviewed quarterly.)</i>	<u>Permanent Completion of construction plus 3 years</u>

FINANCE		
TYPE OF RECORD	RECORD DESCRIPTION	RETENTION PERIOD
Finance	Budget – annual <del>operating</del> -budget approved by legislative body ( <u>Operating Capital, Personnel</u> )	Permanent
	<u>Budget adjustments – account transfers</u>	<u>Permanent</u>
	<u>Budget – development, drafts, etc.</u>	<u>When no longer required (minimum 5 years)</u>
Accounting	Accounts Payable – invoices, check copies, supporting documents	Audit + 7 years
	<u>Accounts Payable – vendor files</u>	<u>Until terminated +3 years</u>
	Accounts Receivable – <u>invoices, supporting documentation, check copies</u>	Audit + 4 years
	<u>Audit Work papers</u>	<u>Audit +10 years</u>
	Bank Reconciliation – statements, summaries of receipts, disbursements and reconciliation	Audit + 7 years
	<del>Customer Billing Records—customer name, service address, meter reading, usage, payments, applications, cancellations</del>	<del>Until terminated +3 years</del>
	<del>Budget adjustments, journal entries—account transfers</del>	<del>Permanent (due to previous year’s research problems and incorrect JE’s)</del>
	Checks – includes payroll, cancelled and voided checks	Audit + 7 years
	Check Register - <u>annual</u>	<u>Audit +3 years</u> <u>Permanent</u>
	Deposits, Receipts (not imaged) – checks, developer fees, interest checks, etc.	Audit + 7 years
	<u>Grants (including FEMA claims)</u>	<u>2 years after funding</u> <u>Agency Audit—As required under applicable Grant Agreement;</u> <u>Minimum 7 years</u>
	<del>Invoices—copies sent for fees owed, billing, related documents</del>	<del>Audit + 3 years</del>
	<del>Journals, Utility Billing—billing including monthly activity</del>	<del>Current + 3 years</del>
	Ledger, General – C.C.P. §337	Permanent
	Ledger, <del>Voucher Journals</del> – Account postings with supporting documents	Audit + 7 years
	Petty Cash Reports and Vouchers	Audit + 3 years
	<u>Reconciliations – Monthly</u>	<u>Audit +7 years</u>
	Taxes, Receivable	Audit + <u>37</u> years
	<u>Standby Charge, Receivable</u>	<u>Audit +7 years</u>

## FINANCE

<u>Customer Service</u>	<u>Journals, Utility Billing – billing including monthly activity</u>	<u>Current +3 years</u>
	<u>Customer Billing Records – customer name, service address, meter reading, usage, payments, applications, cancellations</u>	<u>Audit +7 years</u>
	<u>Collections</u>	<u>Audit +10 years</u>
	<u>Liens</u>	<u>Permanent</u>
Fixed Assets	Inventory – reflects purchase date, cost, account number	<u>Life + 5 years</u> <u>Audit +7 years</u>
	<u>Depreciation schedules</u>	<u>Audit +7 years</u>
Payroll	<u>Adjustments— audit purposes</u>	<u>Audit +7 years</u>
	<u>Deferred Compensation – Records of employee contributions</u>	<u>Termination +7 years</u>
	<u>Deferred Compensation Reports</u>	<u>Permanent</u>
	Employee Time Sheets – signed by employee for audit and FEMA reports	Audit + 7 years
	PERS Employee Deduction Reports	<u>Termination +7 years</u> <u>Permanent</u>
	Register – labor costs by employee and program	Permanent
	<u>Reports – Biweekly processing</u>	<u>Audit +7 years</u>
	Salary Records, HR & Acct. – deduction authorization, unemployment claims, garnishments	Termination + 7 years
	Salary History, Salary Records	Permanent
Purchasing	Requests for Qualifications and Proposals, Successful – regarding goods and services	Audit + 5 years
	Requests for Qualifications and Proposals, Unsuccessful – regarding goods and services	Audit + 2 years
	Purchase Orders – Original documents	Audit + 4 years
	Vendor Register – alpha vendor listing of purchase orders, invoices, account numbers and check date	Permanent
	Surplus Equipment Disposal Records	5 years
	<u>Contracts – Non-Infrastructure</u>	<u>Completion +10 years</u>
Reports	Audits (Annual Financial Report – independent auditor analysis)	Permanent
	IRS Reports, Records	Audit + 7 years
	<u>Deferred Compensation—Records of employee contributions</u>	<u>Termination +7 years</u>
	<u>Deferred Compensation Reports</u>	<u>Permanent</u>
	Federal and State Tax – Forms 1096, 1099, W-4's, W-2's	Audit + 7 years



FINANCE		
	<a href="#">Labor Distribution— costs by employee and program</a>	<a href="#">Audit + 2 years</a>
	<a href="#">Meter Reading</a>	<a href="#">Current + 3 years</a>
	State Controller	Permanent
	<a href="#">Standby Charge Assessment – Engineer’s Report</a>	<a href="#">Permanent</a>
Treasurer	<a href="#">Investment Reports &amp; Statements</a>	Permanent
Bonds	Account Statements – monthly statement of transactions	Closed + 10 years
	<a href="#">Administration – records of issuance, continuing disclosure, filings</a>	Closed + 10 years
	Bonds and Coupons – paid/cancelled	Closed + 2 years
Water Rates	Schedule of Water Rates	Supersede + 5 years
	<a href="#">Prop 218 Water Rate Study</a>	<a href="#">Permanent</a>

## HUMAN RESOURCES/RISK MANAGEMENT

TYPE OF RECORD	RECORD DESCRIPTION	RETENTION PERIOD
General	<a href="#">Part-time, Full-time, Seasonal, Temporary Employee Personnel files</a> – includes <a href="#">applications, resumes, job descriptions, records of hiring, promotion, discipline &amp; termination, Annual/Quarterly Evaluations, PAF's, leave (digital), medical records, -jury duty, SDI, accident reports, injury claims, /incident/DMV reports, etc.</a>	Termination + 7 years
	<a href="#">Pulmonary Function Test's (PFT's) and questionnaire responses</a>	<a href="#">Termination +30 years</a>
	<a href="#">Employment applications – not hired</a>	<a href="#">Closed +2 years</a>
	<a href="#">Workers Compensation/OSHA Disability Claim, Unemployment claim</a>	Termination + 7 years
	<a href="#">Workers Compensation Records</a>	<a href="#">Permanent or Term +7 years? Until case is settled + 5 years</a>
	Risk Management Claims against District	Closed + 3 years
	Applications ( <a href="#">NeoGov Digital Copy</a> )/Recruitment records	Closing date of recruitment + 3 years
	<a href="#">HR and Safety Policies</a>	<a href="#">Supersede +3 years</a>
	<a href="#">Insurance/Benefits/COBRA (policies)</a>	Supersede + 3 years
	<a href="#">Insurance Policy</a>	<a href="#">Permanent</a>
	<a href="#">Employee Discipline</a>	<a href="#">Termination + 7 years</a>
	Tuition Reimbursement	Audit + 3 years
	Labor Negotiations, Terms and Conditions of Employment (historical)	Permanent
	<a href="#">Pension Records</a>	<a href="#">Permanent</a>
	Discrimination Complaint	Termination + 5 years
	General Correspondence	Audit + 3 years
	<a href="#">Employee licenses/certifications (filed in Employee Personnel files)</a>	Termination + 7 years <del>or</del> <a href="#">Termination +1 year</a>
	Training Documentation	Termination + <del>5</del> 7 years
	<a href="#">Tailgate Meetings</a>	<a href="#">Current +2 years</a>
	Safety <a href="#">Committee Meeting Records (agenda and minutes)</a>	Current + 2 years
	<a href="#">Immigration I-9 Records</a>	<a href="#">Termination +3 years</a>
	<a href="#">Employee Retirement – Farewell Celebrations</a>	<a href="#">Permanent</a>
	<a href="#">Board of Directors – Personnel files with Human Resources</a>	<a href="#">Lv. Office +5 years</a>
	<a href="#">Medical Open Enrollment Materials</a>	<a href="#">?Termination + 7 years</a>
	<a href="#">Retiree Medicare Reimbursement Files</a>	<a href="#">?Payment + 7 years</a>

OPERATIONS		
TYPE OF RECORD	RECORD DESCRIPTION	RETENTION PERIOD
General	Inventory, Equipment – Mains, valves, hydrants, wells	Ongoing
	District Maintenance and Operations – includes inspection, time and materials, reports, customer complaints, <a href="#">and flushing reports</a>	Current + 2 years
	Well and Pumping – times operational, power used and quantity	Current + 2 years
	Vehicle Maintenance Records	Life + 2 years
	Meter Operations – reader reports, orders, tests, maintenance reports	Current + 2 years
	Backflow Maintenance	Current + 2 years
	Maintenance/Vendor Contracts (operations secretary maintains)	Termination + 2 years
	Recycled Water Permits	Life + 10 years
	CEQA Records	Permanent
Reports	Water Consumption	Current + 2 years
	Discharge Monitoring – average amount of pollution discharged into waters of municipality	Current + 5 years
	Emergency Response Plan	Supersede + 2 years
	Lead, Service Line – compliance documentation	Current + 12 years
	Underground Storage Tank Records (soil reports)	Current + 12 years
	Well Level	Current + 2 years
	<a href="#">DOHS-DDW</a> Annual Drinking Water Report	Permanent
	<a href="#">DOHS-DDW</a> Drinking Water Corrections	Current + 10 years
	<a href="#">DOHS-DDW</a> Water Quality Parameters – compliance documentation	Current + 12 years
	<a href="#">DOHS-DDW</a> Sanitary Surveys – statistics, reports, correspondence	Current + 10 years
	<a href="#">DOHS-DDW</a> State Certification – compliance documentation	Current + 12 years
	<a href="#">DOHS-DDW</a> Variances, Water System	Current + 5 years
	Urban Water Management Plan	Supersede + 5 years
	Underground Service Alert (USA) Tickets	Current + 12 years
	<a href="#">Asbestos Air Sampling</a>	<a href="#">Collection date +30 years</a>
	Tests	<a href="#">DOHS-DDW</a> Bacteriological Analysis – compliance records include location, date, method and results, corrections, analysis of bacterial count
<a href="#">DOHS-DDW</a> Chemical Analysis – compliance records include location, date, method used and results, corrections analysis of chemical content		Current + 10 years
<a href="#">DOHS-DDW</a> Water Quality – compliance documentation including sampling data, analysis, reports, surveys, documents, evaluation, schedules, valves, etc.		Current + 12 years
<a href="#">DOHS-DDW</a> Drinking Water Violations – retention applies to each violation		Current + 3 years

RECORDS MANAGEMENT		
TYPE OF RECORD	RECORD DESCRIPTION	RETENTION PERIOD
General	Public Records Request	Request Granted or Request Denied + 2 years
	Certificates of Insurance. ( <i>Contractor certificates are filed in work order/project files</i> )	Duration of Project + 1 year
	Policies and Procedures – listed by department	<a href="#">Supersede</a> + 2 years
	Insurance Policies – Liability, Property, Workers’ Compensation. ( <i>JPIA updates all policy information on an annual basis, maintaining originals at their offices.</i> )	Current
Legal	Contracts. ( <i>Upon contract award, copies of contract documents are placed in the work order file and contract originals are kept in a separate fireproof file and reviewed quarterly; after seven (7) years, the originals are placed in the work order file and the copies destroyed.</i> )	Permanent
	Deeds	Permanent
	Vehicle Ownership Documents. ( <i>Maintained and reviewed in Finance.</i> )	Life of Vehicle + 2 years
	Judgments and Agreements pertaining to WVWD	Permanent
Records Management	Easements & Miscellaneous Documents. ( <i>Files are monitored and added to on an as-needed basis. All legal documents having an effect upon District aboveground and underground facilities are scanned upon completion and added to the District’s GIS mapping system and can be reviewed and retrieved therefrom.</i> )	Permanent
	Records Management Documentation	Completion + 2 years
	Records Retention Schedules	Supersede + 4 years
	Records Management Disposition Certification – documentation of final disposition of records	Permanent

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Director of Finance  
**DATE:** December 13, 2021  
**SUBJECT:** Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2021

---

Action/Discussion     Fiscal Impact     Resolution     Information Only

---

## **Recommendation**

That the Board of Directors receive, approve, and file the Annual Comprehensive Financial Report for the Fiscal Year ending June 30, 2021.

## **Discussion**

The Fiscal Year (FY) 2020/2021 District audit comprises eight parts, which are provided as attachments:

- **Introductory Section:** An overview of the District providing readers with information on the District, the economy, and future initiatives.
- **Independent Auditor's Report:** An audit report cover letter from Fedak & Brown, LLP, outlining the auditor's professional responsibilities, accounting basis, and opinion on whether the financial statements comply with Generally Accepted Accounting Practices (GAAP).
- **Management's Discussion and Analysis:** This section summarizes the financial statements and explains any major changes from the prior fiscal year to the current fiscal year.
- **Financial Statements:** A depiction of the District's activities for FY 2020/2021.
- **Notes to the Basic Financial Statements:** The footnotes provide information in greater detail on the District's financial policies, accounting, retirement plan, and other financial matters.
- **Statistical Section:** Selected financial and demographic information, on a multi-year basis
- **Auditor Report on Internal Controls:** A report identifying and disclosing any material weaknesses or significant deficiencies in internal controls.
- **Debt Service Coverage Requirement Agreed Upon Procedures:** A report ensuring the District meets its debt coverage ratio.

The auditor found the District's financial reporting to comply with Generally Accepted Accounting Principles, and as such, issued an Unqualified Opinion, the highest-level opinion an entity can receive. Additionally, the Report on Internal Controls noted that the District had no significant deficiencies or material weaknesses in internal controls. Further, the auditor noted no transactions that were both significant and unusual, and no misstatements were identified during the audit.

This is the second year that the District will apply for the Government Finance Officers Association's Certificate of Achievement for Excellence award, which encourages state and local governments to prepare and publish expanded financial reports in conformity with generally accepted accounting principles (GAAP) and provides awards to recognize contributions to the practice of government

finance that exemplify outstanding financial management. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance.

Attachments:

*2020-21 Audited Annual Comprehensive Financial Report*

*Report on Internal Controls and Compliance*

*Summary of Audit Results*

*Independent Accounts' Report on Applying Agreed-Upon Procedures*



**Walnut Valley Water District**  
Walnut, California



*Working For*

# Annual Comprehensive Financial Report

Fiscal Years Ended  
June 30, 2021 and 2020



*Working Draft Subject To Review*



## Our Mission Statement

*“Dedicated to meeting the water supply needs of the communities we serve.”*

### Walnut Valley Water District Board of Directors as of June 30, 2021



**Scarlett P. Kwong**  
President  
2020-2024



**Jerry Tang**  
1st Vice President  
2020-2024



**Edwin M. Hiden**  
2nd Vice President  
2018-2022



**Kevin Hayakawa**  
Assistant Treasurer  
2020-2024



**Theresa Lee**  
Director  
2020-2022

### District Management

**Erik Hitchman**  
General Manger/Chief Engineer  
Secretary

**Josh Byerrum**  
Director of Finance

Walnut Valley Water District  
271 S Brea Canyon Road  
Walnut, CA 91789  
(909) 595-7554 | [www.wvwd.com](http://www.wvwd.com)



# Annual Comprehensive Financial Statement

Fiscal Years Ended  
June 30, 2021 and 2020

Prepared by:  
Finance Department

Walnut Valley Water District  
271 S Brea Canyon Road  
Walnut, CA 91789

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## **Introductory Section**

*Working Draft Subject To Review*

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*Working Draft Subject To Review*

# WALNUT VALLEY WATER DISTRICT



271 South Brea Canyon Road Walnut, California 91789-3002  
(909) 595-7554 • (626) 964-6551  
www.wvwd.com • Fax: (909) 444-5521

## BOARD OF DIRECTORS

**Scarlett P. Kwong**  
President  
Election Division V

**Jerry Tang**  
First Vice President  
Election Division I

**Edwin M. Hilden**  
Second Vice President  
Election Division II

**Kevin Hayakawa**  
Assistant Treasurer  
Election Division IV

**Theresa Lee**  
Director  
Election Division III

## STAFF

**Erik Hitchman, P.E.**  
General Manager  
Chief Engineer  
Secretary

**Sheryl L. Shaw, P.E.**  
Director of Engineering

**Lily Lopez**  
Director of External Affairs

**Joshua Byerrum**  
Director of Finance  
Treasurer

**Alanna Diaz**  
Director of Administrative  
Services

**Thomas M. Monk**  
Director of Operations

## LEGAL COUNSEL

**James D. Ciampa**

**December 15, 2021**

## To the Honorable Board of Directors and Customers of Walnut Valley Water District:

It is our pleasure to submit Walnut Valley Water District's (District) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This report meets the requirements set forth by the Governmental Accounting Standards Board for an annual report prepared in accordance with accounting principles generally accepted in the United States and contains information to help readers gain a reasonable understanding of the District's financial position and activities.

The District is responsible for both the accuracy of the data and the completeness and fairness of its presentation, including all disclosures in this financial report. District staff certifies that the data presented to you in this report is accurate in all material respects.

Generally Accepted Accounting Principles (GAAP) require that District management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A) section. This letter of transmittal complements the MD&A and should be read in conjunction with it.

The District's financial statements have been audited by Fedak & Brown, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021, are free of material misstatement.

The independent audit is a test basis examination of the evidence supporting the District's financial statements, an assessment of the accounting principles used by District management, and an evaluation of the overall financial statement presentation. The auditor's report is included as the first component of the financial section of this report. Based on the report's findings, it is concluded that there is a reasonable basis for rendering an unmodified opinion for the fiscal year ended June 30, 2021, and that the District's financial statements are fairly presented in conformity with GAAP.

Sincerely,

---

Erik Hitchman  
General Manager  
Walnut Valley Water District



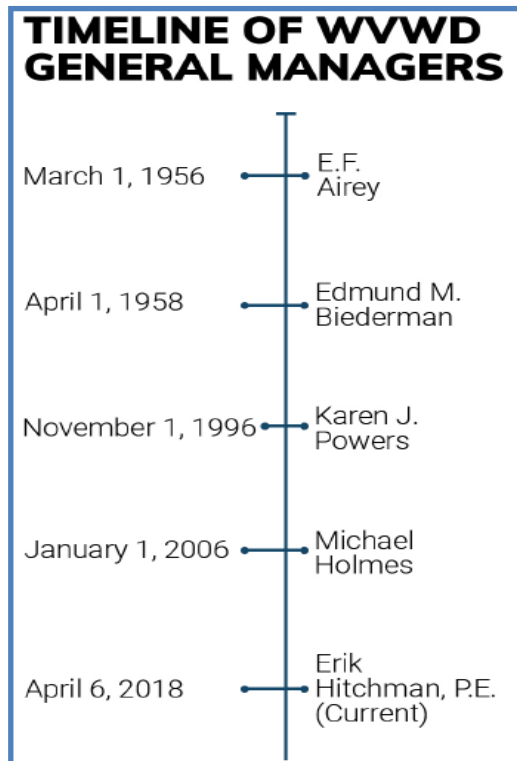


## STRUCTURE AND LEADERSHIP PROFILE

Formed in 1952, the Walnut Valley Water District (District), an independent special district, operates under the authority of Division 13 of the California Water Code. The District provides water service to customers in the City of Diamond Bar, portions of the cities of Industry, Pomona, Walnut, West Covina, and the easterly section of the unincorporated area of Rowland Heights. WVWD is governed by a five-member Board of Directors who are elected to overlapping four-year terms in even-numbered years. The District has five separate election divisions, each represented by a Director residing in, and elected by the voters, of the division. The Board of Directors is responsible for setting District policy and establishing long-range goals and direction for the

District to ensure that its operations continue to run efficiently and effectively, both today and in the decades to come. The District’s Board of Directors meets on the third Monday of each month, meetings are publicly noticed and citizens are encouraged to attend.

The Board of Directors oversees the appointment of the General Manager. As the Chief Executive Officer of the District, the General Manager is responsible for the daily operations of the District and works with the Board of Directors to develop long-range plans for the betterment of the District. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The General Manager oversees and manages District staff that includes up to 55 full-time employees.







## STRATEGIC VISION

The goals, objectives, and activities of the Board and District staff are driven by its Mission Statement: “Dedicated to meeting the water supply needs of the communities we serve.” In support of its mission, in June 2019, the Board of Directors adopted the District’s first comprehensive Strategic Plan, which represented a disciplined effort to identify initiatives and tactics to advance the District’s vision and address the ongoing water supply issues plaguing California. Initiatives laid out in the District’s Strategic Vision are based on six core principles as outlined below.

1. **Thriving Workforce:** Foster a culture of employee empowerment and continuous innovation
2. **Financial Strength:** Agile fiscal management supporting District needs
3. **System Resilience:** Achieve system readiness under any circumstance
4. **Supply Reliability:** Transform the water supply portfolio
5. **Collaborative Leadership:** Match industry influence with regional relevance
6. **Customer Engagement:** Elevate the community conversation

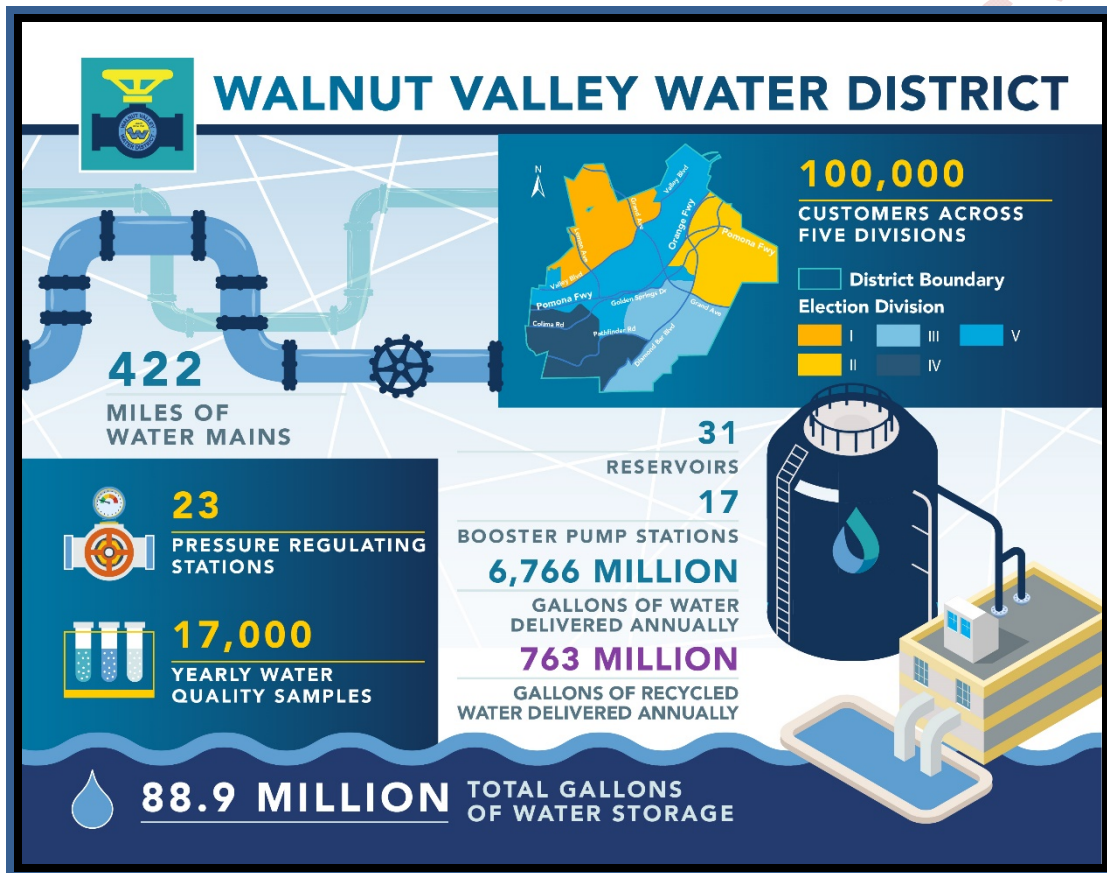




## WATER SYSTEM OVERVIEW

The District is located about 20 miles east of Los Angeles in the San Gabriel Valley and encompasses an area of approximately 17,900 acres of land, comprising 29 square miles. The District serves a population of approximately 100,000 and currently provides service to 27,000 residential, multi-family, commercial, and industrial connections.

With almost seven decades of service to the community, the District operates and maintains two large imported water pipelines, 382 miles of distribution mains (ranging in size from 4 inches to 51 inches), 15 pump plants, and 28 reservoirs with a storage capacity of 89 million gallons of water. The District delivers an average of 5 billion gallons of water to its customers every year.



Recycled water, used for irrigation and to decrease reliance on imported water, is delivered through a separate distribution system comprised of approximately 40 miles of water mains, 5 production wells, 2 pump plants, and 3 reservoirs with a combined capacity of 5.2 million gallons.

The District’s entire service area is monitored by a supervisory control and data acquisition (SCADA) system that records reservoir levels, system pressures, and pump operations. The District owns and operates a 182-kilowatt hydroelectric generating station. The power generated by this station is sold to Southern California Edison Company.



## WATER SYSTEM OVERVIEW, continued

### Potable Water Supply

Due to the limited availability of local groundwater sources, the District is almost 100% dependent on treated imported water obtained from the Metropolitan Water District of Southern California (MWD) through its member agency Three Valleys Municipal Water District (TVMWD). MWD's primary sources of water include imports from the Colorado River and the State Water Project. All the District's potable water is treated at either MWD's Weymouth Treatment Plant, or TVMWD's Miramar Treatment Plant. Annually the District purchases approximately 17,000 acre-feet of water from MWD/TVMWD.

Unlike other regional water districts, the District is unique in that it is nearly 100% reliant on imported water. Because of the demand and pressure placed on water systems throughout California, the District has invested in several water supply reliability projects to decrease our reliance on treated imported water. The District, along with Rowland Water District (RWD), through a joint powers agreement, formed the Puente Basin Water Agency (PBWA). Through the PBWA, the Districts identified, and have completed or are in the process of completing the La Habra Heights Pipeline Project, California Domestic Water Project, and the Pomona Basin Project. In total these projects are expected to provide the District up to 4,000-acre feet of water per annum, decreasing the District's dependence on treated imported water supplies, and enhancing overall water supply reliability.



- La Habra Heights Project (Completed) - The District in partnership with the Rowland Water District (RWD) entered into a project agreement to construct and operate the La Habra Heights County Water District Pipeline Project. The project is expected to yield up to 2,000-acre feet per year of potable water from the Central Basin. Water from the project is shared equally by the District and RWD.
- Cal Domestic Project/Pathfinder Pipeline Project (Completed) - The Walnut Valley Water District (WVWD) in partnership with the RWD has entered into a Water Production and Delivery agreement with the California Domestic Water Company for the delivery of up to approximately 5,000-acre feet per year of potable water from the Main San Gabriel Basin. Water produced from the project is dependent on the agencies purchasing and storing untreated imported water in the basin. Water produced will be shared by the District and RWD.





## WATER SYSTEM OVERVIEW, continued

### Potable Water Supply, continued

- Pomona Basin Project (Expected Completion 2022) - The Project involves the production of water from Six Basins. Once completed, the project will provide approximately 1,250 acre-feet per year of local groundwater. Water produced from the project will be shared equally by the District and RWD.

### Recycled Water Supply

The District operates a recycled water system that provides nearly three million gallons of water each day to irrigate landscape areas such as parks, medians, and school grounds. Investment in recycled water adds a low-cost water supply to our water portfolio and lessens our dependence on imported water. The District purchases recycled water from the Los Angeles County Sanitation District’s Pomona Water Reclamation Plant. These supplies are augmented by groundwater from the District’s recycled water wells.



On average the District delivers 2,300 acre-feet of recycled water per year, representing 12% of total water demand. The District continues to promote the use of recycled water and is committed to identifying further opportunities to expand the system.

## WATER RATES & CHARGES

The District is dedicated to providing safe and reliable water and excellence in customer service under the guiding principles of affordability, customer fairness, and transparency. The rates customers are charged are impacted by several factors that include operation and maintenance expenses, infrastructure, expenditures, and administrative costs. In January 2020, the Board approved a detailed cost of service study and a proposed schedule of rate adjustments covering a five-year period beginning February 2020. The average rate adjustment for the 5-year period is 5% per year. The Board of Directors, in light of COVID-19 and the economic hardship caused by it, elected a 3% rate increase January 2021 instead of the proposed 5%.





## WATER RATES & CHARGES, continued

Water rates are user charges imposed on customers for services and are the major source of revenue for the District. Water rates include a monthly meter charge, commodity charge, pump zone charge, and fire protection charge.

## ECONOMIC CONDITIONS AND OUTLOOK

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment in which the District operates.

### Economy/COVID-19 Pandemic

A new coronavirus disease began spreading across the world at the end of 2019. The first confirmed cases in both the United States and the state of California occurred in January 2020, and by March, the World Health Organization declared the new coronavirus disease a pandemic. As an essential service, the District's initial priority was to ensure safe and reliable service to our customers. Throughout the pandemic, the District has maintained a continuity of service throughout its service area, avoiding any service interruptions, and ensuring the highest level of water quality and customer service.

In late 2020, the first vaccines against the COVID-19 virus began to roll out across the nation. Through the first half of 2021, mass distribution of inoculations progressed and will continue with the goal of reaching herd immunity. The restrictions imposed in early 2020 were slowly lifted in a phased approach with most all restrictions eliminated in California by mid-June 2021, allowing individuals and businesses to resume some sort of normalcy. The economic impacts of the pandemic have been highly variable depending on the segment of the population and economy involved. Economic recovery will be a slow process and may take years for a full recovery, especially for those industries and individuals that have been hit hardest by the pandemic. Los Angeles County (the County) was at the height of nearly ten years of strong economic growth prior to the pandemic. The unemployment rate had been on a steady decline reaching a low of 4.5% through early 2020. There were strong gains in average wages, GDP growth was a little slow but consistently positive, and the chance for a recession was low.



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Visit our website at [www.wvwd.com](http://www.wvwd.com) or call us at (909) 595-7554.





## ECONOMIC CONDITIONS AND OUTLOOK, continued

### Economy/COVID-19 Pandemic, continued

The County's population was hard hit by the pandemic with some of the highest reported infection rates with about 1 in every 10 Angelinos having contracted the virus. There have been over 1.2 million confirmed cases and nearly 25 thousand deaths in the County through June 2021. The high infection rate and business restrictions caused dramatic spikes in unemployment. Some of the County's industries that were most impacted include hospitality and tourism, the motion picture and television industry, non-essential retail, personal care services, arts and entertainment, recreation, and commercial aviation.

As a result of the pandemic, and the resulting economic shutdown, unemployment surged to 20.8% in May 2020, and as of June 2021 improved to 10.6%.

In compliance with Governor Newsom's Executive Order N-42-20, the District has temporarily suspended the levy of all late charges and fees, and has placed a moratorium on all service disconnections for residential and business customers. The District continues to work with its customers in managing their accounts, arranging payment extensions, or scheduling alternative payment arrangements. Since the executive order went into effect, the District has seen an increase in the amount and number of past due accounts, but the overall financial impact has remained relatively minor. As of June 30, 2021, the balance for accounts more than 60 days past due was \$160,813, or 0.7% of the total receivable balance.

The COVID-19 Pandemic has had a profound impact on the national, state, and local economy. Recent progress with vaccines and treatment have lifted expectations, but managing the pandemic is expected to impose strains in the near term. Many economists believe the California economy, and in particular, Los Angeles County will underperform in the next year. According to the U.S. Bureau of Labor Statistics, the unemployment rate for Los Angeles County was 4.5% as of February 2020.

### Industry Outlook

California continues to face a decreasing water supply due to significantly dry conditions year over year. The hot and dry weather have not only contributed to a decrease in water supply, but also an increase in wildfires. Per the Metropolitan Water District, the amount of California's Sierra Nevada Snowpack was measured at 59% of the April 1 average, when it is historically at its peak. The mountain snowpack normally provides California with 30% of its freshwater supply. The state received approximately 50% of precipitation in the current year and its major reservoirs are a little over half full. California is now experiencing a second consecutive year of severe drought only a few years after the 2012-2016 drought.

Along with looming drought conditions, California legislation has enacted Assembly Bill 1668 and Senate Bill 606, which will reduce the amount of water allocated to residents in California. The current standard to meet is 55 gallons per person per day (GPD). This number is reduced to 52.5 GPD and 50 GPD on January 1, 2025 and January 1, 2030 respectively.



## ECONOMIC CONDITIONS AND OUTLOOK, continued

### Water Use Efficiency

In 2016, Governor Brown issued an Executive Order calling for Californians to build on the actions taken during the recent statewide drought, and to “Make Conservation a Way of Life in California”. In response, legislation requiring statewide long-term water use efficiency passed in 2018. As a result, the state will establish new long-term water efficiency objectives by June 30, 2022. The District has a long history of implementing cost-effective water efficiency programs and recently completed a comprehensive water use efficiency strategic plan to help ensure the District is well prepared to meet future efficiency standards.

### Water Supply

California’s water supply continues to pose many new and complex challenges for water agencies throughout the state. In recent years, the District has been an active participant and leader in addressing these concerns. Through coordination and planning with other local and regional water agencies, the District continues to engage in developing long-term solutions to the various water supply challenges, inclusive of drought resiliency efforts.

Although the District seeks to increase local water supplies, as evidenced by the District’s water supply reliability projects, it remains heavily dependent upon MWD for its potable water. MWD continues to experience increases in the cost of acquiring water and delivering water to its member agencies. As a result, MWD’s Tier 1 rate will increase from \$1,104 per acre-foot to \$1,134 per acre-foot on January 1, 2022, a 2.7% increase. Since 2011, the cost of imported water has increased by 54%. Managing these costs and ensuring supply reliability remains a strategic focus of the District.

## FISCAL MANAGEMENT & FINANCIAL POLICIES

### Internal Control Structure

District management is responsible for the internal control structure established to protect its assets from theft or loss, ensure compliance with District policies, and allow for accurate and reliable financial statements. When establishing and implementing controls, management must consider the cost of the control and the value of the benefit derived. Management maintains only those controls for which value exceeds its costs.

### Budgetary Control

The District’s Board of Directors annually adopts an operating budget and capital expenditure budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and controlling financial operations and accountability for the District’s enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.





## FISCAL MANAGEMENT & FINANCIAL POLICIES

### Debt Administration

The District has one bonded indebtedness and additional obligations under three separate agreements. Additional information regarding these issues can be found in the District’s audited financial statements and accompanying notes.

Description	Purpose
2013 Series A Water Revenue Bonds	Provided to finance certain capital facilities of the District, as well as the District’s share of capital facilities to be owned by the Puente Basin Water Agency.

### Investment Policy

The investment policy is adopted annually and provides guiding objectives of safety, liquidity, and yield. The policy lists, in detail, the investment types, percentage of each type, and rating of the investment type. It applies to all cash and investment assets of the District, except those held in a non-revocable trust.

### Reserve Policy

The policy states the purpose, source, minimum/maximum funding levels for each of its designated reserves. These reserves have been established to meet internal requirements and/or external legal requirements. These policy guidelines enable restricting funds for further infrastructure needs, replacement of aging facilities, bond compliance, and to mitigate unexpected occurrences.

### Audit and Financial Reporting

State law and District bylaws require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Fedak & Brown, LLP, has conducted the audit of the District’s financial statements. Their unmodified Independent Auditor’s Report appears in the Financial Section.

### Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). The purpose of the ACWA/JPIA is to arrange and administer risk management programs for the pooling of self-insured losses and the purchase of excess insurance and workers’ compensation coverage.





## MAJOR INITIATIVES AND PROJECTS

### Meter Replacement Program

The District’s Advanced Metering Infrastructure (AMI) project started in FY 2015/2016 and is planned to be completed by FY 2024/2025. To date, approximately 54% of the District’s 27,000 water meters have been replaced with automated “smart” meters. The goal of the project is to modernize existing infrastructure to increase water conservation through accurate and automated real-time meter readings that will further aid in leak detection and system loss reporting. AMI technology provides a link from the customer’s meter to the District, allowing almost near real-time monitoring to occur. The technology eliminates the need to manually read water meters therefore reducing District costs and environmental impacts by minimizing mileage driven by District vehicles.



### Asset Replacement & Refurbishment Plan

The District developed a 20-year ARR plan that addresses the need to repair and rehabilitate its water system infrastructure. The plan includes various programs totaling 81 million dollars over the next 20 years. Through proper long-term planning, the District can collect the necessary funding over time, avoiding significant financial fluctuations, while ensuring overall system reliability.

### Water Use Efficiency Programs & Conservation

The District is committed to providing its customers with the tools and resources they need to lead a water-efficient lifestyle. The District has been implementing water-efficient and demand management practices for decades. Details of the District’s water use efficiency programs and activities can be found in the District’s 2021 Strategic Communications Plan, 2020 Urban Water Management Plan, and 2020 Water Use Efficiency Strategic Plan. The District manages a variety of water education and awareness activities through various mediums to further promote water use efficiency. Conservation messaging, program information, and events are available on the District’s website at [www.wvwd.com/conservation](http://www.wvwd.com/conservation), TikTok, Facebook, Twitter, YouTube, and Instagram as well as its monthly bill inserts, snipes, and e-newsletter.

**You're Invited!**

**Drought Resilient Programs for Your Business**

As a customer within WVWD's service area, there are a number of programs available to help you save water and make a difference in the local community. This webinar is an introduction to the water savings incentives currently available to your business and an overview of the rebate application process.

**13 OCT 2:00 PM**  
**JOIN US VIRTUALLY**

**Webinar**

**FEATURED Speaker**

**Krista Guerrero**  
Water Efficiency Team Member  
Metropolitan Water District

A Southern California native, Krista Guerrero has over 17 years of experience in the drinking water industry. She specializes in outdoor conservation and is currently the program manager for Metropolitan Water District's turf replacement program.

**REGISTER AT**  
**WWW.WVWD.COM**

Logos for Walnut Valley Water District and Metropolitan Water District are visible at the bottom.



## MAJOR INITIATIVES AND PROJECTS, continued

### Water Use Efficiency Programs & Conservation

The District conducts multiple conservation programs that are available at no cost to customers within its service area. These programs include District specific classes, workshops, webinars, distributions, and giveaways as well as rebates and retrofits through industry partnerships. Conservation goodie bags are provided to customers who participate in the District's varied conservation programs and include items such as water-efficient showerheads, hose nozzles, rain buckets, and moisture meters.

#### ➤ Landscape & Garden Design Workshops

The District offers several landscape classes with topics focused on "Fire Resistant Landscaping," "California Friendly & Native Plant Landscaping," and "Turf Removal & Garden Transformation." These events are held in-person and online. Participation in this conservation program includes a conservation goodie bag, landscape design worksheets, and manuals to provide continued support.

#### ➤ Fix-A-Leak Week

The District participates in the Environmental Protection Agency's (EPA) annual Fix a Leak Week. This WaterSense program serves to educate customers about water savings in and around their homes. The District offers a free leak detection virtual and in-person class to customers in English and Mandarin and distributes leak detection kits throughout the year for customers to effectively manage their water savings efforts.

#### ➤ Turf Removal Program

Turf grass is a common and expensive landscape covering which often consumes a large percentage of a property's water use and requires regular maintenance. The District offers turf removal workshops in-person and online and assists customers in applying for and submitting turf replacement rebate.

#### ➤ High-Efficiency Device Rebates

The District promotes rebates for high-efficiency devices for both residential and commercial customers within its service area. Applicable devices include water-efficient clothes washers, premium high-efficiency toilets, sprinkler nozzles, rain barrels, weather-based irrigation controllers (WBIC), moisture sensors, plumbing fixtures, landscaping equipment, food equipment, and more. In 2021, the District launched new rebate offerings that includes pool covers, urinals for commercial customers, and leak detection devices such as the Flume water sensor. Detailed information for each device, qualifying products, and access to the application portal is available on the District's website.





## MAJOR INITIATIVES AND PROJECTS, continued

### Public Education & Outreach

Walnut Valley Water District recently completed its 2021 Strategic Communications Plan. The plan details the District’s efforts to revolutionize water conservation programs and outreach in order to achieve a sustainable water future.

Programs to connect customers, students and the local community with drought resilient resources are ever growing as water supply demand grows and water supply resources decrease. The District offers multiple programs through various medium to customers, students, elected officials, and the public.

#### ➤ Education Programs

Education programs are available to students in grades 3 through 12 attending school within the WVWD service area. Utilizing the theme “Use Water Wisely, It’s a Way of Life”, students are given the opportunity to demonstrate their artistic abilities while learning the value of water through an annual poster contest. Each year WVWD establishes a unique theme based on the current climate and state of water to host a high school digital and broadcast media contest. Classroom

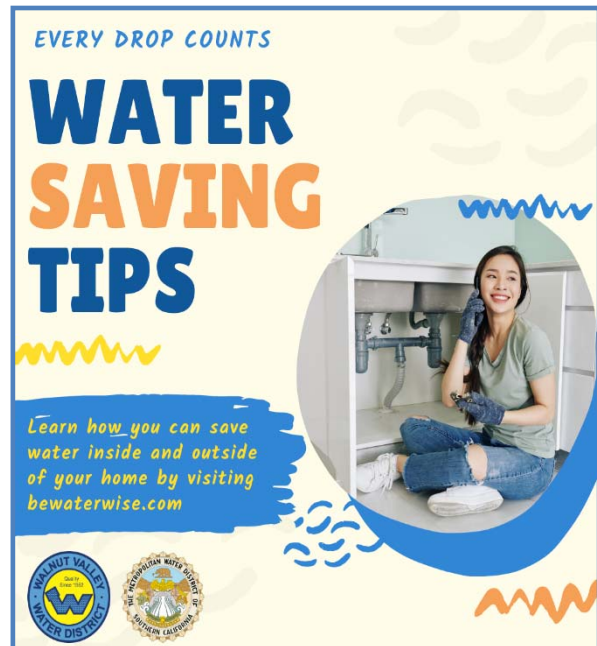
presentations are available to teachers throughout the service area which includes audience participation and information on water distribution and treatment, the water cycle, and conservation techniques. Classroom and community presentations are accompanied by water awareness goodie bags to bring the conservation conversation home.



#### ➤ Outreach/Communications

Constant communication with customers through various mediums creates a unique opportunity to foster relationships, meeting customers where they are most comfortable. WVWD maintains a robust social media presence on TikTok, Facebook, Instagram, Twitter, and YouTube to promote water conservation in and around their home.

Monthly billing inserts, monthly e-newsletters, community newspaper ads, local event sponsorship, participation in numerous community events and club meetings, water awareness giveaways, online and in-person workshops/events, virtual tours, and an interactive website further serve to promote water use efficiency.







## MAJOR INITIATIVES AND PROJECTS, continued

### Public Education & Outreach, continued

#### ➤ WaterNow Project Accelerator Diversity & Inclusion

The District is a recipient of the WaterNow Project Accelerator program. Every year the WaterNow Alliance partners with cities and water agencies to champion sustainable, innovative water solutions. This program will support the District’s Asian American and Pacific Islanders (AAPI) & Mandarin Language Water Use Efficiency Program Enhancements. WVWD and WaterNow will collaborate to develop outreach tools and enhance communications specifically for AAPI communities. The District’s service area population, based on census data, identifies over 65% of community members as AAPI. Efforts to ensure all community members receive equitable tools to enhance their water conservation toolbox include diversity and inclusion.

#### ➤ Workforce Recruitment & Education

An integral part of the District’s education and communications programs include



industry education. Not only is the District committed to informing the public about all things water, the District is equally committed to professional awareness and engagement. In non-pandemic years, the District hosted an annual high school internship program and currently provides internships in various departments such as operations, general services, and IT. To attract and retain talent, the District participates in the California Water Professionals Appreciation Week (WPAW), hosts booths at in-person and virtual career fairs, presents internship opportunities in the classroom, and highlights employees.



## MAJOR INITIATIVES AND PROJECTS, continued

### Risk and Resiliency Plan/Emergency Response Plan

In early 2020 the District completed a Risk and Resilience Assessment (RRA) in accordance with America's Water Infrastructure Act of 2018 (AWIA). The results of the RRA were used to review and update the District's Emergency Response Plan (ERP). With a rapidly changing climate, the District's service area is regularly faced with public safety power shutoff (PSPS) warnings, wildfires, extreme weather advisories, earthquakes, and other natural disasters. The District's completed RRA and ERP paired with a crisis communications plan outline a detailed response to planned and unplanned disasters. The District's commitment to reliable water service is unfaltering, these efforts ensure the District is adequately prepared to respond to any situation with minimal, to no disruption in service and quality.



### OTHER REFERENCES

Detailed information is contained in the *Management's Discussion and Analysis* and the *Notes to the Basic Financial Statements* found in the Financial Section of this report.

### AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to WWWD for its ACFR for the fiscal year ended June 30, 2020. This was the first year that WWWD has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



## ACKNOWLEDGEMENTS



planning and implementation of Walnut Valley Water District’s fiscal policies.

Respectfully submitted,

Erik Hitchman  
General Manager

Josh Byerrum  
Director of Finance

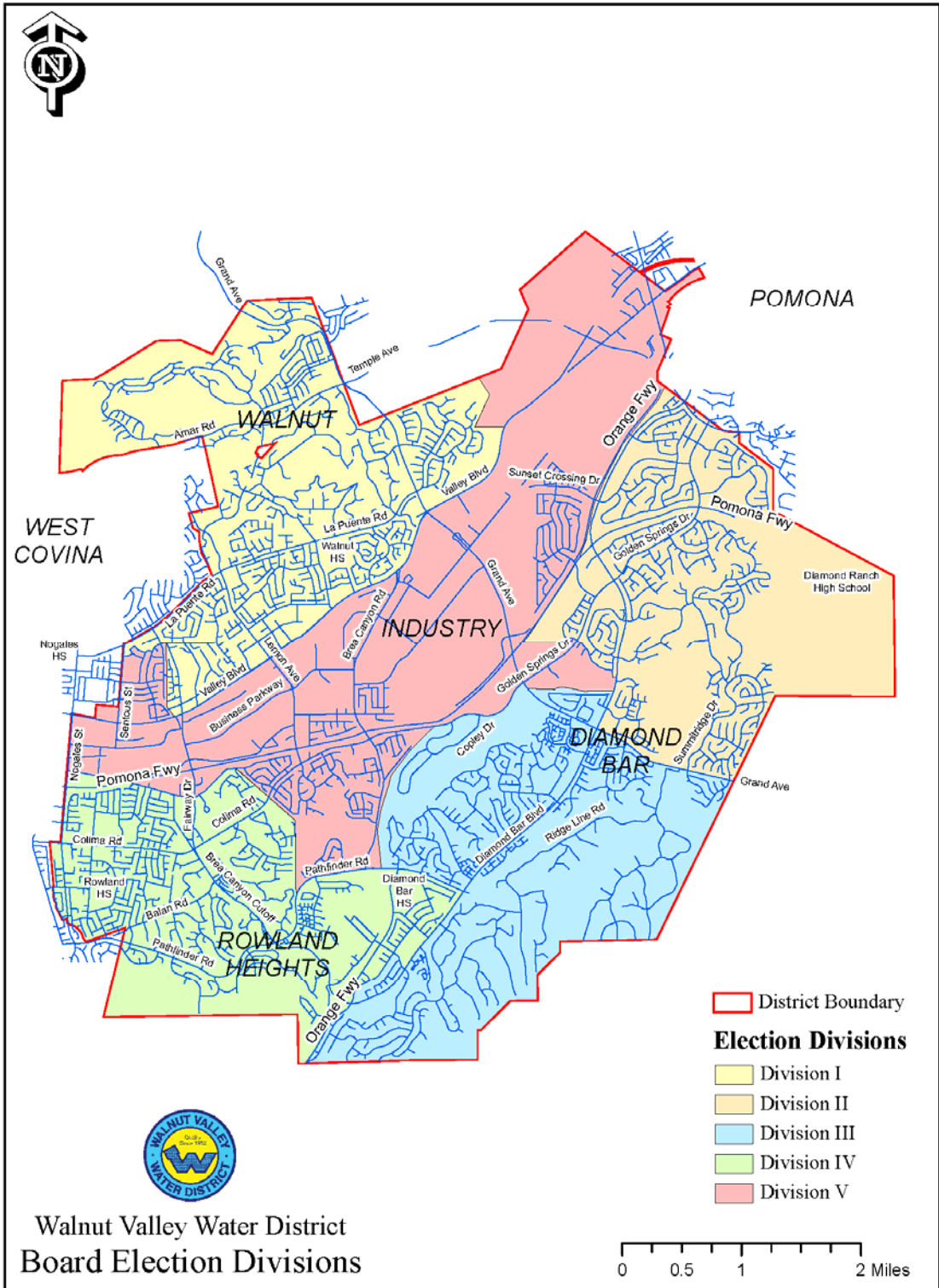
Working Draft Subject

# Walnut Valley Water District Organizational Chart *As of June 30, 2021*





# Walnut Valley Water District District Service Area







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Walnut Valley Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

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*Working Draft Subject To Review*

**Financial Section**

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## Independent Auditor's Report

Board of Directors  
Walnut Valley Water District  
Walnut, California

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

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

## 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 22 through 30 and the required supplementary information on pages 77 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section on pages 1 through 19, and statistical section on pages 82 through 95, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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. This report can be found on pages 96 and 97.

**Fedak & Brown LLP**  
Cypress, California  
December 13, 2021

**Walnut Valley Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
**With Comparative Amounts for June 30, 2019**  
**Provided for Illustrative Purposes**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Walnut Valley Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

### **Financial Highlights**

- In fiscal year 2021, the District's net position increased 0.87% or \$1,227,442 to \$142,178,426, primarily due to a decrease of \$176,278 from ongoing operations and \$1,403,720 in capital contributions. In fiscal year 2020, the District's net position increased 1.35% or \$1,878,575 to \$140,950,984, primarily due to income of \$303,984 from ongoing operations and \$1,574,591 in capital contributions.
- Total revenues increased 3.29% or \$1,468,676 to \$46,108,598. In fiscal year 2020, the District's total revenues increased 4.82% or \$2,052,917 to \$44,639,922.
- Operating revenues increased 9.40% or \$3,804,185 to \$44,260,619. In fiscal year 2020, the District's operating revenues increased 6.71% or \$2,543,926 to \$40,456,434.
- Non-operating revenues decreased by 55.83% or \$2,335,509 to \$1,847,979. In fiscal year 2020, the District's non-operating revenues decreased by 10.50% or \$491,009 to \$4,183,488.
- Total expenses including depreciation increased 4.40% or \$1,948,938 to \$46,284,876. In fiscal year 2020, the District's total expenses including depreciation increased 10.76% or \$4,307,550 to \$44,335,938.
- Operating expenses before depreciation increased 4.87% or \$1,859,349 to \$40,065,073. In fiscal year 2020, the District's operating expenses before depreciation increased 11.88% or \$4,055,969 to \$38,205,724.
- Depreciation expense increased by 0.24% or \$13,251 to \$5,468,374. In fiscal year 2020, the District's depreciation expense increased by 4.51% or \$235,187 to \$5,455,123.
- Non-operating expenses increased by 11.31% or \$76,338 to \$751,429. In fiscal year 2020, the District's non-operating expenses increased by 2.49% or \$16,394 to \$675,091.
- Capital contributions from developers decreased 10.85% or \$170,871 to \$1,403,720. In fiscal year 2020, the District's capital contributions from developers decreased 49.48% or \$1,542,223 to \$1,574,591.

### **Required Financial Statements**

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

**Walnut Valley Water District**  
***Management's Discussion and Analysis, continued***  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
***With Comparative Amounts for June 30, 2019***  
***Provided for Illustrative Purposes***

**Required Financial Statements, continued**

The Statements of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements 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 fiscal stability and credit worthiness. The final required financial statement is the Statements of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statements 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.

**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 Statements of Net Position and the Statements 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, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting 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 it. One can think of the District's net position – the difference between assets plus deferred outflows of resources, less liabilities plus deferred inflows of resources – as a way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed government legislation, such as changes in Federal and State water quality standards.

**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 36 through 76.



**Walnut Valley Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
**With Comparative Amounts for June 30, 2019**  
**Provided for Illustrative Purposes**

**Statements of Net Position**

<b>Condensed Statements of Net Position</b>					
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 26,987,118	29,071,118	(2,084,000)	28,917,465	153,653
Non-current assets	50,795,791	47,934,906	2,860,885	45,600,804	2,334,102
Capital assets, net	<u>111,425,215</u>	<u>112,601,859</u>	<u>(1,176,644)</u>	<u>112,828,300</u>	<u>(226,441)</u>
<b>Total assets</b>	<u>189,208,124</u>	<u>189,607,883</u>	<u>(399,759)</u>	<u>187,346,569</u>	<u>2,261,314</u>
<b>Deferred outflows of resources</b>	<u>6,918,554</u>	<u>5,194,644</u>	<u>1,723,910</u>	<u>5,379,241</u>	<u>(184,597)</u>
<b>Liabilities:</b>					
Current liabilities	16,776,241	16,829,537	(53,296)	16,428,091	401,446
Non-current liabilities	<u>36,515,162</u>	<u>36,313,399</u>	<u>201,763</u>	<u>36,683,534</u>	<u>(370,135)</u>
<b>Total liabilities</b>	<u>53,291,403</u>	<u>53,142,936</u>	<u>148,467</u>	<u>53,111,625</u>	<u>31,311</u>
<b>Deferred inflows of resources:</b>	<u>656,849</u>	<u>708,607</u>	<u>(51,758)</u>	<u>541,776</u>	<u>166,831</u>
<b>Net position:</b>					
Net investment in capital assets	103,734,985	104,609,392	(874,407)	104,543,390	66,002
Restricted	26,199,369	22,367,499	3,831,870	24,163,164	(1,795,665)
Unrestricted	<u>12,244,072</u>	<u>13,974,093</u>	<u>(1,730,021)</u>	<u>10,365,855</u>	<u>3,608,238</u>
<b>Total net position</b>	<u>\$ 142,178,426</u>	<u>140,950,984</u>	<u>1,227,442</u>	<u>139,072,409</u>	<u>1,878,575</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 the District by \$142,178,426 and \$140,950,984 as of June 30, 2021 and 2020, respectively.

Compared to the prior year, net position of the District increased 0.87% or \$1,227,442 to \$142,178,426, primarily due to a decrease of \$176,278 in from ongoing operations and \$1,403,720 in capital contributions. In fiscal year 2020, the District's net position increased 1.35% or \$1,878,575 to \$140,950,984, primarily due to income of \$303,984 from ongoing operations and \$1,574,591 in capital contributions. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted net position and (2) unrestricted net position.

By far the largest portion of the District's net position (73% and 74% as of June 30, 2021 and 2020, respectively) reflects its investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

Restricted net position represents assets restricted for use by statutory requirements or contractual agreements. At the end of fiscal years 2021 and 2020, the District showed a positive balance in its unrestricted net position of \$12,244,072 and \$13,974,093, respectively, which may be utilized in future years.

The Board of Directors has taken action to reserve aspects of the unrestricted net position for specified purposes such as asset replacement, growth accommodation and emergency reserves.

**Walnut Valley Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
**With Comparative Amounts for June 30, 2019**  
**Provided for Illustrative Purposes**

**Statements of Net Position, continued**

The District has committed to the following funds and objectives:

- Replacement Reserve – Established for the funding of the replacement of capital assets when they reach the end of their useful lives.
- Capital Improvement Reserve – Established for the funding of new capital assets necessary to improve or maintain the District's water infrastructure.
- Project Reserve – Established to provide future funding derived from connection fees collected on new development resulting in increased service demand to the District's operating and distribution system.
- Badillo Grand Catastrophic Insurance Reserve – Established to provide self-insurance for the funding emergency repair and maintenance of the Badillo Grand Line.
- Rate Stabilization Reserve – Established for the purpose of funding the development, improvement, or acquisition of local water resource projects or efforts. This fund is designated by the Board to reduce the District's reliance on costly imported water. The District may use funds herein for either capital or operating purposes in accordance with Board approval.
- Stored Water Reserve – Established for the purpose of obtaining stored water to offset the cost and availability of water reserves for the coming year.
- Operating Fund Reserve – Established to cover temporary cash flow deficiencies that occur as a result of timing differences between the receipt of operating revenue and expenditure requirements and unexpected expenditures occurring as a result of doing business.
- Employee Liabilities Fund Reserve – Established to accumulate funds for repayment of employee legacy liabilities such as pension benefits or other post-employment benefits.

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

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
<b>Revenues:</b>					
Operating revenues	\$ 44,260,619	40,456,434	3,804,185	37,912,508	2,543,926
Non-operating revenues	1,847,979	4,183,488	(2,335,509)	4,674,497	(491,009)
<b>Total revenues</b>	<u>46,108,598</u>	<u>44,639,922</u>	<u>1,468,676</u>	<u>42,587,005</u>	<u>2,052,917</u>
<b>Expenses:</b>					
Operating expenses	40,065,073	38,205,724	1,859,349	34,149,755	4,055,969
Depreciation expense	5,468,374	5,455,123	13,251	5,219,936	235,187
Non-operating expenses	751,429	675,091	76,338	658,697	16,394
<b>Total expenses</b>	<u>46,284,876</u>	<u>44,335,938</u>	<u>1,948,938</u>	<u>40,028,388</u>	<u>4,307,550</u>
<b>Net (loss) income before capital contributions</b>	(176,278)	303,984	(480,262)	2,558,617	(2,254,633)
<b>Capital contributions</b>	<u>1,403,720</u>	<u>1,574,591</u>	<u>(170,871)</u>	<u>3,116,814</u>	<u>(1,542,223)</u>
<b>Changes in net position</b>	1,227,442	1,878,575	(651,133)	5,675,431	(3,796,856)
<b>Net position, beginning of year</b>	<u>140,950,984</u>	<u>139,072,409</u>	<u>1,878,575</u>	<u>133,396,978</u>	<u>5,675,431</u>
<b>Net position, end of year</b>	<u>\$ 142,178,426</u>	<u>140,950,984</u>	<u>1,227,442</u>	<u>139,072,409</u>	<u>1,878,575</u>

**Walnut Valley Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
**With Comparative Amounts for June 30, 2019**  
**Provided for Illustrative Purposes**

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

The statements of revenues, expenses and changes in net position show how the District's net position changed during the fiscal years. In the case of the District, net position increased 0.87% or \$1,227,442 to \$142,178,426, in fiscal year 2021, primarily due to a decrease of \$176,278 from ongoing operations and \$1,403,720 in capital contributions. In fiscal year 2020, the District's net position increased 1.35% or \$1,878,575 to \$140,950,984, primarily due to income of \$303,984 from ongoing operations and \$1,574,591 in capital contributions.

**Financial Analysis for Fiscal Year 2021**

A closer examination of the sources of changes in net position:

In 2021, the District's total revenues increased 3.29% or \$1,468,676 to \$46,108,598. The District's operating revenues increased 9.40% or \$3,804,185 to \$44,260,619, primarily due to increases of \$3,039,208 in water sales, \$424,083 in meter charges, \$383,108 in recycled water sales, which were offset by decreases of \$28,776 in standby charges and \$13,887 in other water charges as compared to the previous year.

In 2021, the District's non-operating revenues decreased by 55.83% or \$2,335,509 to \$1,847,979, primarily due to decreases of \$1,946,320 in investment earnings, \$180,329 in share of joint venture income, \$255,492 in other non-operating revenues, which were offset by increases of \$36,981 in property taxes and \$9,651 in rental revenue from cellular site leases as compared to the previous year.

In 2021, the District's total expenses including depreciation increased 4.40% or \$1,948,938 to \$46,284,876. The District's operating expenses before depreciation increased 4.87% or \$1,859,349 to \$40,065,073, primarily due to increases of \$2,182,162 in source of supply, \$115,505 in pumping, \$99,997 in operating expenses capitalized during the construction period, and \$63,124 in transmission and distribution expenses, which were offset by decreases of \$306,572 in consumer accounts and \$294,867 in general and administrative as compared to the previous year.

In 2021, the District's depreciation expense increased by 0.24% or \$13,251 to \$5,468,374, due to the ongoing maturation on existing depreciable assets.

In 2021, the District's non-operating expenses increased by 11.31% or \$76,338 to \$751,429, primarily due to increases of \$59,892 in loss on disposition of capital assets and \$41,029 in share of joint venture loss, which were offset by a decrease of \$24,583 in interest expense related to long-term debt.

In 2021, the District's capital contributions from developers decreased 10.85% or \$170,871 to \$1,403,720, primarily due a decrease in developer contributed assets as compared to the previous year.

**Financial Analysis for Fiscal Year 2020**

A closer examination of the sources of changes in net position:

In 2020, the District's total revenues increased 4.82% or \$2,052,917 to \$44,639,922. In 2020, District's operating revenues increased 6.71% or \$2,543,926 to \$40,456,434, primarily due to increases of \$2,085,498 in water sales, \$281,232 in meter charges, \$182,377 in recycled water sales, \$19,588 in other water charges, and \$16,642 in hydroelectric sales, which were offset by a decrease of \$41,411 in standby charges as compared to the previous year.

In 2020, the District's non-operating revenues decreased by 10.50% or \$491,009 to \$4,183,488, primarily due to decreases of \$693,769 in share of joint venture income, \$59,507 in investment earnings and \$18,098 in gain on disposition of assets, which were offset by increases of \$196,232 in other non-operating revenues, \$64,089 in property taxes, and \$20,044 in rental revenue from cellular site leases as compared to the previous year.

**Walnut Valley Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
**With Comparative Amounts for June 30, 2019**  
**Provided for Illustrative Purposes**

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

**Financial Analysis for Fiscal Year 2020, continued**

In 2020, the District's total expenses including depreciation increased 10.76% or \$4,307,550 to \$44,335,938. The District's operating expenses before depreciation increased 11.88% or \$4,055,969 to \$38,205,724, primarily due to increases of \$2,156,670 in source of supply, \$778,854 in transmission and distribution, \$642,520 in general and administrative, \$200,291 in consumer accounts, and a decrease of \$246,019 in operating expenses capitalized during the construction period as compared to the previous year.

In 2020, the District's depreciation expense increased by 4.51% or \$235,187 to \$5,455,123, due to the ongoing maturation on existing depreciable assets.

In 2020, the District's non-operating expenses increased by 2.49% or \$16,394 to \$675,091, primarily due to increases of \$39,748 in loss on disposition of capital assets, offset by a decrease of \$23,354 in interest expense related to long-term debt.

**Total District Revenues**

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
<b>Operating revenues:</b>					
Water sales	\$ 32,236,607	29,197,399	3,039,208	27,111,901	2,085,498
Meter charges	8,406,618	7,982,535	424,083	7,701,303	281,232
Recycled water sales	2,199,928	1,816,820	383,108	1,634,443	182,377
Standby charges	766,999	795,775	(28,776)	837,186	(41,411)
Hydroelectric sales	39,341	38,892	449	22,250	16,642
Other water charges	611,126	625,013	(13,887)	605,425	19,588
<b>Total operating revenues</b>	<u>44,260,619</u>	<u>40,456,434</u>	<u>3,804,185</u>	<u>37,912,508</u>	<u>2,543,926</u>
<b>Non-operating revenues:</b>					
Property taxes	1,199,446	1,162,465	36,981	1,098,376	64,089
Rental income – cellular site leases	327,799	318,148	9,651	298,104	20,044
Investment earnings	63,284	2,009,604	(1,946,320)	2,069,111	(59,507)
Share of joint venture income	-	180,329	(180,329)	874,098	(693,769)
Gain on disposition of capital assets	-	-	-	18,098	(18,098)
Other non-operating income	257,450	512,942	(255,492)	316,710	196,232
<b>Total non-operating revenues</b>	<u>1,847,979</u>	<u>4,183,488</u>	<u>(2,335,509)</u>	<u>4,674,497</u>	<u>(491,009)</u>
<b>Total revenues</b>	<u>\$ 46,108,598</u>	<u>44,639,922</u>	<u>1,468,676</u>	<u>42,587,005</u>	<u>2,052,917</u>

In 2021 and 2020, total District revenues increased \$1,468,676 and \$2,052,917, respectively.

**Walnut Valley Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
**With Comparative Amounts for June 30, 2019**  
**Provided for Illustrative Purposes**

**Total District Expenses**

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
<b>Operating expenses including depreciation expense:</b>					
Source of supply	\$ 25,338,762	23,156,600	2,182,162	20,999,930	2,156,670
Pumping	1,819,324	1,703,819	115,505	1,672,204	31,615
Transmission and distribution	6,181,794	6,118,670	63,124	5,339,816	778,854
Consumer accounts	1,804,476	2,111,048	(306,572)	1,910,757	200,291
General and administrative	5,240,165	5,535,032	(294,867)	4,892,512	642,520
Operating expenses capitalized during construction period	(319,448)	(419,445)	99,997	(665,464)	246,019
Depreciation and amortization	5,468,374	5,455,123	13,251	5,219,936	235,187
<b>Total operating expenses including depreciation expense</b>	<u>45,533,447</u>	<u>43,660,847</u>	<u>1,872,600</u>	<u>39,369,691</u>	<u>4,291,156</u>
<b>Non-operating expenses:</b>					
Share of joint venture loss	41,029	-	41,029	-	-
Loss on disposition of capital assets	99,640	39,748	59,892	-	39,748
Interest expense – long-term debt	610,760	635,343	(24,583)	658,697	(23,354)
<b>Total non-operating expenses</b>	<u>751,429</u>	<u>675,091</u>	<u>76,338</u>	<u>658,697</u>	<u>16,394</u>
<b>Total expenses</b>	<u>\$ 46,284,876</u>	<u>44,335,938</u>	<u>1,948,938</u>	<u>40,028,388</u>	<u>4,307,550</u>

In 2021 and 2020, total District expenses increased \$1,948,938 and \$4,307,550, respectively.

**Capital Asset Administration**

Changes in capital assets for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2021</u>
Capital assets:				
Non-depreciable assets	\$ 9,645,608	4,416,709	(6,029,541)	8,032,776
Depreciable assets	218,714,792	5,963,578	(1,418,926)	223,259,444
Accumulated depreciation	<u>(115,758,541)</u>	<u>(5,468,374)</u>	<u>1,359,910</u>	<u>(119,867,005)</u>
Total capital assets, net	<u>\$ 112,601,859</u>	<u>4,911,913</u>	<u>(6,088,557)</u>	<u>111,425,215</u>

At the end of fiscal year 2021 the District's investment in capital assets amounted to \$111,425,215 (net of accumulated depreciation). This investment in capital assets includes master plan, terminal storage, pumping equipment, transmission and distribution systems, PWR capacity, hydroelectric system, recycled water system and general plant. Major capital asset additions during the year include the acquisition of pumping equipment, transmission and distribution systems, recycled water systems, and general plant assets. See Note 5 to the basic financial statements for further detailed information on the District's capital assets.

**Walnut Valley Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
**With Comparative Amounts for June 30, 2019**  
**Provided for Illustrative Purposes**

**Capital Asset Administration, continued**

Changes in capital assets for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2020</u>
Capital assets:				
Non-depreciable assets	\$ 11,931,783	5,277,649	(7,563,824)	9,645,608
Depreciable assets	211,204,794	7,523,666	(13,668)	218,714,792
Accumulated depreciation	<u>(110,308,277)</u>	<u>(5,455,123)</u>	<u>4,859</u>	<u>(115,758,541)</u>
Total capital assets, net	<u>\$ 112,828,300</u>	<u>7,346,192</u>	<u>(7,572,633)</u>	<u>112,601,859</u>

At the end of fiscal year 2020 the District's investment in capital assets amounted to \$112,601,859 (net of accumulated depreciation). This investment in capital assets includes master plan, terminal storage, pumping equipment, transmission and distribution systems, PWR capacity, hydroelectric system, recycled water system and general plant. Major capital asset additions during the year include the acquisition of pumping equipment, transmission and distribution systems, PWR capacity, recycled water systems, and general plant assets. See Note 5 to the basic financial statements for further detailed information on the District's capital assets.

**Debt Administration**

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

	<u>Balance 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2021</u>
Long-term debt:				
Bonds payable	\$ 16,319,151	-	(617,115)	15,702,036
Less: current portion	<u>(510,000)</u>			<u>(535,000)</u>
Non-current portion	<u>\$ 15,809,151</u>			<u>15,167,036</u>

In 2021, long-term debt decreased by \$617,115, due to scheduled principal payments. See further detailed information in Note 7.

Changes in long-term debt amounts for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2020</u>
Long-term debt:				
Bonds payable	\$ 16,916,266	-	(597,115)	16,319,151
Less: current portion	<u>490,000</u>			<u>(510,000)</u>
Non-current portion	<u>\$ 17,406,266</u>			<u>15,809,151</u>

In 2020, long-term debt decreased by \$597,115, due to scheduled principal payments. See further detailed information in Note 7.



**Walnut Valley Water District**  
*Management's Discussion and Analysis, continued*  
**For the Fiscal Years Ended June 30, 2021 and 2020**  
*With Comparative Amounts for June 30, 2019*  
*Provided for Illustrative Purposes*

**Conditions Affecting Current Financial Position**

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

**Requests for Information**

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability 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 Finance Director, Josh Byerrum at Walnut Valley Water District at 271 South Brea Canyon Road, Walnut, California 91789 or (909) 595-7554.

Working Draft Subject To Review



## **Basic Financial Statements**

*Working Draft Subject To Review*

**Walnut Valley Water District**  
**Statements of Net Position**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 11,114,867	9,814,695
Restricted – cash and cash equivalents (note 2)	2,628,623	2,649,327
Investments (note 2)	2,869,465	2,281,574
Restricted – investments (note 2)	2,607,383	2,744,838
Accrued interest receivable	164,810	212,894
Restricted – accrued interest receivable	1,018	4,161
Accounts receivable – water sales and services	4,836,233	4,489,548
Accounts receivable – other	1,495,035	1,836,239
Property tax receivable	132,922	132,901
Prepaid expenses	411,840	424,923
Inventory – materials and supplies	724,922	904,838
Inventory – water-in-storage (note 4)	-	3,575,180
<b>Total current assets</b>	<b>26,987,118</b>	<b>29,071,118</b>
<b>Non-current assets:</b>		
Investments (note 2)	19,534,762	19,447,238
Restricted – Investments (note 2)	10,459,213	11,494,673
Restricted – Investment in joint ventures (note 3)	20,801,816	16,992,995
Capital assets – not being depreciated (note 5)	8,032,776	9,645,608
Capital assets – being depreciated, net (note 5)	103,392,439	102,956,251
<b>Total non-current assets</b>	<b>162,221,006</b>	<b>160,536,765</b>
<b>Total assets</b>	<b>189,208,124</b>	<b>189,607,883</b>
<b>Deferred outflows of resources:</b>		
Deferred OPEB outflows (note 8)	3,705,955	2,195,979
Deferred pension outflows (note 9)	3,212,599	2,998,665
<b>Total deferred outflows of resources</b>	<b>\$ 6,918,554</b>	<b>5,194,644</b>

Continued on next page

See accompanying notes to the basic financial statements

**Walnut Valley Water District**  
**Statements of Net Position, continued**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 7,088,506	6,225,039
Accrued payroll and employee benefits	341,478	352,461
Customer and developer deposits	2,083,318	1,782,706
Construction advances	6,194,605	7,396,250
Unearned revenue	157,385	192,687
Accrued interest payable	57,875	60,000
Long-term liabilities – due in one year:		
Compensated absences (note 6)	318,074	310,394
Bonds payable (note 7)	535,000	510,000
	<b>16,776,241</b>	<b>16,829,537</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	954,222	888,037
Bonds payable (note 7)	15,167,036	15,809,151
Net OPEB liability (note 8)	4,973,211	5,314,868
Net pension liability (note 9)	15,420,693	14,301,343
	<b>36,515,162</b>	<b>36,313,399</b>
	<b>53,291,403</b>	<b>53,142,936</b>
<b>Deferred inflows of resources:</b>		
Deferred pension inflows (note 9)	656,849	708,607
	<b>656,849</b>	<b>708,607</b>
<b>Net position: (note 10)</b>		
Net investment in capital assets	103,734,985	104,609,392
Restricted:		
Reservoir capacity charge	2,277,066	2,427,650
Acreage supply charge	340,513	332,096
Investment in joint venture – PBWA	20,737,091	16,980,625
Investment in joint venture – Spadra	64,725	12,370
Badillo Grand surcharge	283,076	291,636
Water supply charge	2,496,898	2,323,122
Unrestricted	12,244,072	13,974,093
	<b>142,178,426</b>	<b>140,950,984</b>

See accompanying notes to the basic financial statements

**Walnut Valley Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Operating revenues:</b>		
Water sales	\$ 32,236,607	29,197,399
Meter charges	8,406,618	7,982,535
Recycled water sales	2,199,928	1,816,820
Standby charges	766,999	795,775
Hydroelectric sales	39,341	38,892
Other water charges	611,126	625,013
	<b>44,260,619</b>	<b>40,456,434</b>
<b>Operating expenses:</b>		
Source of supply	25,338,762	23,156,600
Pumping	1,819,324	1,703,819
Transmission and distribution	6,181,794	6,118,670
Consumer accounts	1,804,476	2,111,048
General and administrative	5,240,165	5,535,032
Operating expenses capitalized during construction period	(319,448)	(419,445)
	<b>40,065,073</b>	<b>38,205,724</b>
<b>Operating income before depreciation expense</b>	<b>4,195,546</b>	<b>2,250,710</b>
Depreciation expense	(5,468,374)	(5,455,123)
	<b>(1,272,828)</b>	<b>(3,204,413)</b>
<b>Non-operating revenue(expense):</b>		
Property taxes	1,199,446	1,162,465
Rental income – cellular site leases	327,799	318,148
Investment earnings	63,284	2,009,604
Share of joint venture (loss) income	(41,029)	180,329
Loss on disposition of capital assets	(99,640)	(39,748)
Interest expense – long-term debt	(610,760)	(635,343)
Other non-operating income	257,450	512,942
	<b>1,096,550</b>	<b>3,508,397</b>
<b>Total non-operating revenues(expense), net</b>	<b>1,096,550</b>	<b>3,508,397</b>
<b>Net (loss) income before capital contributions</b>	<b>(176,278)</b>	<b>303,984</b>
<b>Capital contributions:</b>		
Contributed capital	1,403,720	1,574,591
	<b>1,403,720</b>	<b>1,574,591</b>
<b>Total capital contributions</b>	<b>1,403,720</b>	<b>1,574,591</b>
<b>Change in net position</b>	<b>1,227,442</b>	<b>1,878,575</b>
<b>Net position, beginning of the year</b>	<b>140,950,984</b>	<b>139,072,409</b>
<b>Net position, end of year</b>	<b>\$ 142,178,426</b>	<b>140,950,984</b>

See accompanying notes to the basic financial statements

**Walnut Valley Water District**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers for sales and services	\$ 44,777,898	40,218,350
Cash paid to vendors and suppliers	(28,830,722)	(30,284,066)
Cash paid to employees for salaries and wages	(5,826,722)	(5,697,844)
Cash paid to OPEB trust	(1,711,076)	(750,969)
<b>Net cash provided by operating activities</b>	<b>8,409,378</b>	<b>3,485,471</b>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes	1,199,425	1,124,809
Payments to joint ventures	(3,849,850)	(167,591)
<b>Net cash (used in) provided by non-capital financing activities</b>	<b>(2,650,425)</b>	<b>957,218</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(4,416,708)	(5,277,650)
Proceeds from the sale of capital assets	-	13,768
Proceeds from capital contributions	202,075	838,032
Principal paid on long-term debt	(510,000)	(490,000)
Interest paid on long-term debt	(612,885)	(744,500)
<b>Net cash used in capital and related financing activities</b>	<b>(5,337,518)</b>	<b>(5,660,350)</b>
<b>Cash flows from investing activities:</b>		
Interest and investment earnings	442,310	2,369,584
Purchase of securities	(9,390,000)	(6,922,253)
Proceeds from sale of securities	9,805,723	7,428,489
<b>Net cash provided by investing activities</b>	<b>858,033</b>	<b>2,875,820</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,279,468</b>	<b>1,658,159</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>12,464,022</b>	<b>10,805,863</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 13,743,490</b>	<b>12,464,022</b>
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>		
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 11,114,867	9,814,695
Cash and cash equivalents – restricted	2,628,623	2,649,327
<b>Total cash and cash equivalents</b>	<b>\$ 13,743,490</b>	<b>12,464,022</b>

Continued on next page

See accompanying notes to the basic financial statements

**Walnut Valley Water District**  
**Statements of Cash Flows, continued**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ (1,272,828)	(3,204,413)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>		
Depreciation expense	5,468,374	5,455,123
Other non-operating income	257,450	512,942
<b>Change in assets, deferred outflows, liabilities, and deferred inflows:</b>		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services	(346,685)	(74,883)
Accounts receivable – other	341,204	(646,008)
Prepaid expenses and other deposits	13,083	(25,935)
Materials and supplies inventory	179,916	(249,810)
Water-in-storage inventory	3,575,180	-
(Increase)Decrease in deferred outflows of resources:		
Deferred OPEB outflows	(1,509,976)	279,473
Deferred pension outflows	(213,934)	(94,876)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	863,467	1,099,748
Accrued payroll and employee benefits	(10,983)	45,998
Deposits for work-orders	300,612	(31,908)
Unearned revenues	(35,302)	1,773
Compensated absences	73,865	16,942
Net OPEB liability	(341,657)	(910,503)
Net pension liability	1,119,350	1,144,977
Increase(Decrease) in deferred inflows of resources:		
Deferred OPEB inflows	-	(140,075)
Deferred pension inflows	(51,758)	306,906
Total adjustments	9,682,206	6,689,884
<b>Net cash provided by operating activities</b>	<b>\$ 8,409,378</b>	<b>3,485,471</b>
<b>Non-cash investing, capital, and financing transaction:</b>		
Changes in fair value of investments	\$ 750,891	(1,044,552)

See accompanying notes to the basic financial statements

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Walnut Valley Water District (District) is an independent special district formed in July 1952, which operates under the authority of Division 12 of the California Water Code. The District's service area includes the communities of Diamond Bar, portion of the cities of Walnut, Industry, West Covina and Pomona, as well as the easterly unincorporated area of Rowland Heights. The District is governed by a five-member Board of Directors who serve overlapping four-year terms in even-numbered years.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. 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.

Complete financial statements for the Walnut Valley Water District are available at the District's office or upon request of the District's Assistant General Manager, Thomas Monk at Walnut Valley Water District at 271 South Brea Canyon Road, Walnut, California 91789.

**B. Basis of Accounting and Measurement Focus**

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 of providing water to its customers on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants 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 along with water purchases, result from exchange transactions associated with the principal activity of the District. 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. Non-operating revenues and expenses, such as grant funding, investment income and interest expense, result from non-exchange transactions, in which the District gives (receives) value without directly receiving (giving) value in exchange.

**C. Financial Reporting**

The District'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 District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

The District has adopted the following GASB pronouncement in the current year:

*Governmental Accounting Standards Board Statement No. 84*

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



**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

**C. Financial Reporting, continued**

*Governmental Accounting Standards Board Statement No. 84, continued*

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

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

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; 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. 90*

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

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

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

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

**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, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**2. Uncertainty**

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

**3. Cash and Cash Equivalents**

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

For purposes of the statement of cash flows, cash and cash equivalents have been defined as demand deposits, money market mutual funds, and external cash management pools (local agency investment fund).

**4. Investments and Investment Policy**

The District has adopted an investment policy directing the Assistant General Manager to deposit and invest funds in financial institutions in accordance with California Government Code section 53600. The investment policy applies to all financial assets and investment activities of the District.

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.

**5. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

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

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

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

**6. Restricted Assets**

Restricted assets are financial resources generated for a specific purpose such as capital projects or debt service. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

**7. Accounts Receivable and Allowance for doubtful accounts**

The District extends credit to customers in the normal course of operations. Management evaluates all accounts receivable, and if determined that they are uncollectable, the District uses the allowance method for the reservation and write-off of those accounts.

**8. Materials and Supplies Inventory**

Materials and supplies inventory consist primarily of water meters, pipe and pipefittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at lower of cost or market. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

**9. Water-in-Storage Inventory**

Water in storage inventory consists of purchased water supplies available to the District. Water in storage is valued using the first-in-first-out (FIFO) methodology. Stored water is reported at cost.

**10. Prepaid Expenses**

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

**11. Property Taxes**

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

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

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

**12. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value rather than fair value at the date of donation. 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.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

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

**12. Capital Assets, continued**

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Wells	30 years
Terminal storage	30 years
Telemetry SCADA equipment	20 years
Pumping, transmission facilities and meters	20 – 60 years
PWR capacity	75 years
Recycled water system	30 years
General structures	30 years
Office equipment/GIS	5 – 7 years
Vehicles and equipment	7 years
Master plan	7 years

**13. Deferred Outflows of Resources**

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following items that qualify for reporting in this category:

*Post-Employment Benefits Other Than Pensions (OPEB)*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net OPEB liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.
- Deferred outflow for the differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the OPEB plans fiduciary net position. This amount is amortized over a 5-year period.

*Pensions*

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5-year period.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

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

**13. Deferred Outflows of Resources, continued**

*Pensions, continued*

- Deferred outflow for the net changes due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

**14. Compensated Absences**

The District's policy is to permit employees to accumulate a limited amount of earned vacation and sick leave. Accumulated vacation time is accrued at year-end to account for the District's obligation to the employees for the amount owed.

**15. Postemployment Benefits Other than Pensions (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plans' 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.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

**16. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction 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.

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

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

**17. Premium on Issued Debt**

Premiums received on issued debt are amortized over the life of the respective debt service.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

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

**18. Deferred Inflows of Resources**

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, deferred inflows of resources, represents an acquisition of resources applicable to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

*Pensions*

- Deferred inflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflow for the net difference in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

**19. Water Sales**

Water sales are billed on a monthly basis. Estimated unbilled water revenue through June 30 has been accrued at year-end.

**20. Overhead Absorption**

Certain operating expenses are allocated to capital assets using management's allocation of manpower and services estimates that are directly related to the construction of capital assets.

**21. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital expenditures or capacity commitment.

**22. Net Position**

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

- *Net Investment in Capital Assets Component of Net Position*– This component of net position consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position
- *Restricted Component of Net Position* – This component of net position 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 Component of Net Position* – This component of net position is the net amount of the 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 component of net position.



**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

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

**23. Budgetary Policies**

The District 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 Investments**

Cash and investments as of June 30 are classified in the Statements of Net Position as follows:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 11,114,867	9,814,695
Restricted – cash and cash equivalents	2,628,623	2,649,327
Total cash and cash equivalents	13,743,490	12,464,022
Investments	2,869,465	2,281,574
Restricted – investments	2,607,383	2,744,838
Investments non-current	19,534,762	19,447,238
Restricted – Investments non-current	10,459,213	11,494,673
Total investments	35,470,823	35,968,323
Total cash and investments	\$ 49,214,313	48,432,345

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

	<b>2021</b>	<b>2020</b>
Cash and investments		
Cash on hand	\$ 3,200	3,200
Deposits with financial institutions	5,061,667	3,790,525
Investments	44,149,446	44,638,620
Total cash and investments	\$ 49,214,313	48,432,345



**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(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. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage Of Portfolio *</b>	<b>Maximum Investment in One Issuer</b>
State and Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years**	None	None
U.S. Agency Securities	5 years**	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Non-negotiable Certificates of Deposit	1 year	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Repurchase agreements	1 year	20%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Supranational Obligations	N/A	30%	None
County Pooled Investment Funds	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

\* Excluding amounts held by bond trustee that are not subject to California Government Code.

\*\* Except when authorized by the District's legislative body in accordance with Government Code Section 53601

N/A – Not Applicable

***Investments Authorized by Debt Agreements***

Investment of debt proceeds held by bond trustee 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 trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage Of Portfolio *</b>	<b>Maximum Investment in One Issuer</b>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	1 year	None	None
Commercial Paper	None	None	None
Investment Agreements	None	None	None
Local Agency Obligations	None	None	None
Non-negotiable Certificates of Deposit	None	None	None
Negotiable Certificates of Deposit	None	None	None
Medium-Term Notes	3 years	None	None
Repurchase agreements	30 days	None	None
Money Market Mutual Funds	None	None	None
Asset Backed Securities	5 years	None	None
Mortgage Backed Securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	None	None	None

***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the 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.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB 79 for external investments 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).

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), and, the District's investment policy that requires no more than two-thirds of the District's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

***Custodial Credit Risk, continued***

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. Of the District's 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 District'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 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 matures, or comes close to maturity evenly over time, as necessary to provide requirements for cash flow and liquidity needed for operations.

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. 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 District's name.

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

Investment maturities as of June 30, 2021 were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity</u>		
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>
California Local Agency Investment Fund	\$ 6,349,845	6,349,845	-	-
Certificates-of-deposit	757,231	-	-	757,231
United States Government Sponsored				
Agency Securities	14,392,958	2,219,061	980,989	11,192,908
United States Treasury notes	9,937,457	1,845,695	1,179,299	6,912,463
Corporate obligations	8,275,532	906,902	4,304,662	3,063,968
Supranational obligations	2,107,645	505,190	509,415	1,093,040
Held by Bond Trustee:				
Money market mutual fund	1,087,867	1,087,867	-	-
California Local Agency Investment Fund	1,240,911	1,240,911	-	-
<b>Total</b>	<b>\$ 44,149,446</b>	<b>14,155,471</b>	<b>6,974,365</b>	<b>23,019,610</b>

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

Investment maturities as of June 30, 2020 were as follows:

Investment Type	Amount	Remaining Maturity		
		12 Months Or Less	13 to 24 Months	25-60 Months
California Local Agency Investment Fund	\$ 6,326,917	6,326,917	-	-
Certificates-of-deposit	773,082	-	-	773,082
Money market mutual fund	105,774	105,774	-	-
United States Government Sponsored				
Agency Securities	16,440,938	2,898,731	3,457,884	10,084,323
United States Treasury notes	7,955,504	931,772	1,875,659	5,148,073
Corporate obligations	9,663,315	1,090,135	921,820	7,651,360
Supranational obligations	1,029,710	-	513,515	516,195
Held by Bond Trustee:				
Money market mutual fund	1,112,892	1,112,892	-	-
California Local Agency Investment Fund	1,230,488	1,230,488	-	-
<b>Total</b>	<b>\$ 44,638,620</b>	<b>13,696,709</b>	<b>6,768,878</b>	<b>24,173,033</b>

**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.

Per the District's investment policy, credit risk is mitigated by investing in safe securities, and diversifying the investment portfolio so the failure of one issuer would not materially affect the District's cash flow. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings of investments as of June 30, 2021 were as follows:

Investment Type	Minimum		Rating as of year-end		
	Legal Rating	Amount	Exempt from Disclosure	AAAm/A-1+ AA/AA+/AA-	A-1/A+/ A/A-
California Local Agency Investment Fund	N/A	\$ 7,590,756	7,590,756	-	-
Certificates-of-deposit	N/A	757,231	757,231	-	-
Money market mutual funds	Aaa	1,087,867	-	1,087,867	-
United States Government Sponsored					
Agency Securities	N/A	14,392,958	-	14,392,958	-
United States Treasury notes	N/A	9,937,457	9,937,457	-	-
Corporate obligations	A	8,275,532	-	2,701,419	5,574,113
Supranational obligations	AA	2,107,645	-	2,107,645	-
<b>Total</b>		<b>\$ 44,149,446</b>	<b>18,285,444</b>	<b>20,289,889</b>	<b>5,574,113</b>

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

Credit ratings of investments as of June 30, 2020 were as follows:

Investment Type	Minimum Legal Rating	Amount	Rating as of year-end		
			Exempt from Disclosure	AAAm/A-1+ AA/AA+/AA-	A-1/A+/ A/A-
California Local Agency Investment Fund	N/A	\$ 7,557,405	7,557,405	-	-
Certificates-of-deposit	N/A	773,082	773,082	-	-
Money market mutual funds	Aaa	1,218,666	-	1,218,666	-
United States Government Sponsored					
Agency Securities	N/A	16,440,938	-	16,440,938	-
United States Treasury notes	N/A	7,955,504	7,955,504	-	-
Corporate obligations	A	9,663,315	-	2,348,657	7,314,658
Supranational obligations	AA	1,029,710	-	1,029,710	-
<b>Total</b>		<b>\$ 44,638,620</b>	<b>16,285,991</b>	<b>21,037,971</b>	<b>7,314,658</b>

**Concentration of Credit Risk**

The District'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. The District's deposit portfolio with governmental agencies, LAIF, is 17% as of June 30, 2021 and 2020, respectively, of the District's total depository and investment portfolio.

Instruments in any one issuer that represent 5% or more of the District's investments as of June 30, 2021 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Investment	Issuer Type	Fair Value Holdings	Percentage Holdings
Federal National Mortgage Association	Government Sponsored	\$ 3,954,797	8.96%
Federal Home Loan Bank	Government Sponsored	7,297,104	16.53%
Federal Home Loan Mortgage Corporation	Government Sponsored	2,353,872	5.33%

Instruments in any one issuer that represent 5% or more of the District's investments as of June 30, 2020 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Investment	Issuer Type	Fair Value Holdings	Percentage Holdings
Federal National Mortgage Association	Government Sponsored	\$ 4,661,628	10.44%
Federal Home Loan Bank	Government Sponsored	8,748,071	19.60%

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

***Fair Value Measurements***

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

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

<u>Description</u>	<u>June 30,</u> <u>2021</u>	<u>Fair Value Measurement at Reporting Date using:</u>		
		<u>Quoted Prices in</u> <u>Active Markets</u> <u>for Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Certificates-of-deposit	\$ 757,231	-	757,231	-
United States Government Sponsored Agency securities	14,392,958	-	14,392,958	-
United States Treasury notes	9,937,457	9,937,457	-	-
Corporate obligations	8,275,532	-	8,275,532	-
Supranational obligations	2,107,645	-	2,107,645	-
	<u>35,470,823</u>	<u>9,937,457</u>	<u>24,776,135</u>	<u>-</u>
Investments not subject to fair value hierarchy:				
Local Agency Investment Fund	7,590,756			
Money market mutual funds	1,087,867			
Total	<u>\$ 44,149,446</u>			

The District has the following recurring fair value measurements as of June 30, 2021:

- Certificates-of-deposit of \$757,231 are valued using a matrix pricing model (Level 2 inputs).
- U.S. Governmental Sponsored Agency securities of \$14,392,958 are valued using a matrix pricing model (Level 2 inputs).
- U.S. Treasury securities of \$9,937,457 are valued using quoted market prices (Level 1 inputs).
- Corporate obligations of \$8,275,532 are valued using a matrix pricing model (Level 2 inputs).
- Supranational obligations of \$2,107,645 are valued using a matrix pricing model (Level 2 inputs).
- Local Agency Investment funds of \$7,590,756 are valued at amortized cost and are not subject to fair value hierarchy.
- Money Market Mutual funds of \$1,087,867 are not subject to fair value hierarchy.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(2) Cash and Investments, continued**

*Fair Value Measurements, continued*

Description	June 30, 2020	Fair Value Measurement at Reporting Date using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates-of-deposit United States Government Sponsored	\$ 773,082	-	773,082	-
Agency securities	\$ 16,440,938	-	16,440,938	-
United States Treasury notes	7,955,504	7,955,504	-	-
Corporate obligations	9,663,315	-	9,663,315	-
Supranational obligations	1,029,710	-	1,029,710	-
<b>Total</b>	<b>35,862,549</b>	<b>7,955,504</b>	<b>27,907,045</b>	<b>-</b>
Investments not subject to fair value hierarchy:				
Local Agency Investment Fund	7,557,405			
Money market mutual funds	1,218,666			
<b>Total</b>	<b>\$ 44,638,620</b>			

The District has the following recurring fair value measurements as of June 30, 2020:

- Certificates-of-deposit of \$773,082 are valued using a matrix pricing model (Level 2 inputs).
- U.S. Governmental Sponsored Agency securities of \$16,440,938 are valued using a matrix pricing model (Level 2 inputs).
- U.S. Treasury securities of \$7,955,504 are valued using quoted market prices (Level 1 inputs).
- Corporate obligations of \$9,663,315 are valued using a matrix pricing model (Level 2 inputs).
- Supranational obligations of \$1,029,710 are valued using a matrix pricing model (Level 2 inputs).
- Local Agency Investment funds of \$7,557,405 are valued at amortized cost and are not subject to fair value hierarchy.
- Money Market Mutual funds of \$1,218,666 are not subject to fair value hierarchy.

**(3) Investment in Joint Ventures**

Changes in investments in joint-powers-authorities for 2021 were as follows:

	Balance 2020	Additions	Deletions	Balance 2021
Investment in joint-powers-authorities:				
Puente Basin Water Agency	\$ 16,980,625	3,756,466	-	20,737,091
Spadra Basin Groundwater Sustainability Agency	12,370	52,355	-	64,725
<b>Total investment in joint-powers-authorities</b>	<b>\$ 16,992,995</b>	<b>3,808,821</b>	<b>-</b>	<b>20,801,816</b>



**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(3) Investment in Joint Ventures**

Changes in investments in joint-powers-authorities for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2020</u>
Investment in joint-powers-authorities:				
Puente Basic Water Agency	\$ 16,642,575	338,050	-	16,980,625
Spadra Basin Groundwater Sustainability Agency	<u>2,500</u>	<u>9,870</u>	<u>-</u>	<u>12,370</u>
Total investment in joint-powers-authorities	<u>\$ 16,645,075</u>	<u>347,920</u>	<u>-</u>	<u>16,992,995</u>

***Puente Basin Water Agency***

The District is a member of the Puente Basin Water Agency (the “Agency”). The Agency was created April 1, 1971 by the execution of a Joint Powers Agreement between Rowland Water District and Walnut Valley Water District. The agreement was made pursuant to Article 1, Chapter 5, Division 7, and Title 1 of the Government Code of the State of California. The Agency was organized for the purpose of protection and utilization of the local, imported, and recycled water supply within the Puente Basin. The Agency is governed by an appointed board of Commissioners consisting of four members. Since the Agency undertakes projects of interest to the District, an ongoing financial interest exists. Furthermore, the District has an ongoing financial responsibility because the Agency's continued existence depends on continued funding by the District. The District's equity in the Puente Basin Water Agency is reflected in the accompanying Statement of Net Position as an investment in joint venture.

The Walnut Valley Water District performs the administration and operating functions of the Agency. The District purchased \$12,851,527 and \$12,211,668 in water from the Agency in the years ended June 30, 2021 and 2020, respectively. Complete financial statements may be obtained from the Puente Basin Water Agency, 271 S. Brea Canyon Road, Walnut, California.

***Spadra Basin Groundwater Sustainability Agency***

The District is a member of the Spadra Basin Groundwater Sustainability Agency (the “Spadra”). Spadra was created February 28, 2017 by the execution of an agreement between the City of Pomona and the Walnut Valley Water District. The agreement was made pursuant to the Sustainable Groundwater Management Act of 2014 of the Government Code of the State of California. Spadra was organized to provide groundwater management for the Spadra Basin, which was previously unmanaged. Spadra is governed by an appointed Executive Committee consisting of two members.

The Walnut Valley Water District performs the administration and operating functions of the Agency. Complete financial statements may be obtained from the Spadra Basin Groundwater Sustainability Agency, 271 S. Brea Canyon Road, Walnut, California.

***Pomona-Walnut-Rowland Joint Water Line Commission***

The District is also a member of the Pomona-Walnut-Rowland Joint Water Line Commission (the “Commission”). The Commission was formed under the Joint Powers Agreement of 1956 between the City of Pomona, the Walnut Valley Water District and the Rowland Water District for the purpose of constructing, operating, and managing a water transmission pipeline for the benefit of the three member agencies. On December 21, 2006, the Agreement was amended, and renewed for an additional twenty years, with three, ten-year extensions allowed upon the consent of each of the member agencies. The governing body of the Commission is comprised of three members, with one representative appointed by the governing body of each member agency.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(3) Investment in Joint Ventures, continued**

*Pomona-Walnut-Rowland Joint Water Line Commission, continued*

The Commission purchases water for resale to the member agencies at a price sufficient to provide reserve funds for emergencies. In addition, the member agencies are billed for the cost of maintenance and operation of the pipeline.

Since the Commission undertakes projects of interest to the District, an ongoing financial interest exists. Furthermore, the District has an ongoing financial responsibility because the Commission's continued existence depends on continued funding by the District. The District's equity in the Pomona-Walnut-Rowland Joint Water Line Commission is reflected in the accompanying Statement of Net Position, within capital assets. In addition to its equity interest in the Commission, the District also has an undivided interest in certain capacity rights associated with the Water Line.

This undivided interest is reported in the accompanying financial statements as PWR capacity rights that are included as an intangible asset in the capital assets note of the accompanying financial statements. See note 4 for further information. The Walnut Valley Water District performs the administration and operating functions of the Commission. Complete financial statements may be obtained from the Pomona-Walnut-Rowland Joint Water Line Commission, 271 S. Brea Canyon Road, Walnut, California.

**(4) Water-In-Storage Inventory**

Water-in-storage inventory consists primarily of water purchased and held in storage with the Main San Gabriel Basin Watermaster.

In 2021, the District did not purchase any water inventory. During the fiscal year, the District transferred its water-in-storage inventory to Puente Basin Water Agency. At June 30, 2021, the District did not have water-in-storage inventory.

In 2020, the District did not purchase any water inventory. As of June 30, 2020, the District had a total of 6,000 acre-feet of water-in-storage valued using the first-in-first-out method. At June 30, 2020, the District's water-in-storage inventory was valued at \$3,575,180.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(5) Capital Assets**

Changes in capital assets for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Land	\$ 5,148,000	-	-	5,148,000
Water rights	6,638	-	-	6,638
Construction-in-process	4,490,970	4,416,709	(6,029,541)	2,878,138
Total non-depreciable assets	<u>9,645,608</u>	<u>4,416,709</u>	<u>(6,029,541)</u>	<u>8,032,776</u>
Depreciable assets:				
Master plan	1,167,489	-	(1,167,489)	-
Terminal storage	26,160,388	-	-	26,160,388
Pumping equipment	19,213,128	1,032,794	-	20,245,922
Transmission and distribution	129,231,500	3,964,104	(755,977)	132,439,627
PWR capacity	927,744	-	-	927,744
Hydroelectric	924,270	-	-	924,270
Recycled water system	29,177,841	21,741	755,977	29,955,559
General plant	11,912,432	944,939	(251,437)	12,605,934
Total depreciable assets	<u>218,714,792</u>	<u>5,963,578</u>	<u>(1,418,926)</u>	<u>223,259,444</u>
Accumulated depreciation:				
Master plan	(1,167,489)	-	1,167,489	-
Terminal storage	(21,811,370)	(572,941)	-	(22,384,311)
Pumping equipment	(10,827,882)	(645,400)	-	(11,473,282)
Transmission and distribution	(64,197,618)	(3,010,985)	52,093	(67,156,510)
PWR capacity	(607,978)	(29,073)	-	(637,051)
Hydroelectric	(541,696)	(26,289)	-	(567,985)
Recycled water system	(11,111,447)	(573,392)	(52,093)	(11,736,932)
General plant	(5,493,061)	(610,294)	192,421	(5,910,934)
Total accumulated depreciation	<u>(115,758,541)</u>	<u>(5,468,374)</u>	<u>1,359,910</u>	<u>(119,867,005)</u>
Total depreciable assets, net	<u>102,956,251</u>	<u>495,204</u>	<u>(59,016)</u>	<u>103,392,439</u>
Total capital assets, net	<u>\$ 112,601,859</u>	<u>4,911,913</u>	<u>(6,088,557)</u>	<u>111,425,215</u>

Major depreciable capital assets additions during the fiscal year ended 2021 consists of additions to the following categories: pumping equipment, transmission and distribution systems, recycled water system, and general plant assets. A significant portion of this rehabilitation were constructed by the District and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(5) Capital Assets, continued**

Changes in capital assets for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Non-depreciable assets:				
Land	\$ 5,148,000	-	-	5,148,000
Water rights	6,638	-	-	6,638
Construction-in-process	6,777,145	5,277,649	(7,563,824)	4,490,970
Total non-depreciable assets	<u>11,931,783</u>	<u>5,277,649</u>	<u>(7,563,824)</u>	<u>9,645,608</u>
Depreciable assets:				
Master plan	1,167,489	-	-	1,167,489
Terminal storage	26,128,123	32,265	-	26,160,388
Pumping equipment	18,365,119	848,009	-	19,213,128
Transmission and distribution	125,078,127	3,813,312	340,061	129,231,500
PWR capacity	1,274,036	-	(346,292)	927,744
Hydroelectric	665,393	258,877	-	924,270
Recycled water system	27,244,936	1,932,905	-	29,177,841
General plant	11,281,571	638,298	(7,437)	11,912,432
Total depreciable assets	<u>211,204,794</u>	<u>7,523,666</u>	<u>(13,668)</u>	<u>218,714,792</u>
Accumulated depreciation:				
Master plan	(1,138,581)	(28,908)	-	(1,167,489)
Terminal storage	(20,994,512)	(816,858)	-	(21,811,370)
Pumping equipment	(10,231,672)	(596,210)	-	(10,827,882)
Transmission and distribution	(61,073,696)	(2,778,054)	(345,868)	(64,197,618)
PWR capacity	(925,198)	(29,072)	346,292	(607,978)
Hydroelectric	(522,575)	(19,121)	-	(541,696)
Recycled water system	(10,564,301)	(547,146)	-	(11,111,447)
General plant	(4,857,742)	(639,754)	4,435	(5,493,061)
Total accumulated depreciation	<u>(110,308,277)</u>	<u>(5,455,123)</u>	<u>4,859</u>	<u>(115,758,541)</u>
Total depreciable assets, net	<u>100,896,517</u>	<u>2,068,543</u>	<u>(8,809)</u>	<u>102,956,251</u>
Total capital assets, net	<u>\$ 112,828,300</u>	<u>7,346,192</u>	<u>(7,572,633)</u>	<u>112,601,859</u>

Major depreciable capital assets additions during the fiscal year ended 2020 consists of additions to the following categories: pumping equipment, transmission and distribution systems, PWR capacity, recycled water systems, and general plant assets. A significant portion of this rehabilitation were constructed by the District and/or sub-contractors and transferred out of construction-in-process upon completion of these various projects.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(5) Capital Assets, continued**

***Construction-In-Process***

The District has been involved in various construction projects throughout the year. The balance of the various construction projects that comprise the construction-in-process balances at year-end are as follows:

The balance at June 30 consists of the following projects:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Construction-in-progress:			
Developer projects	\$ 1,246,302	2,469,498	2,976,302
System modifications	549,089	516,221	2,813,430
General projects	916,885	1,379,019	888,271
Vehicles and equipment	142,132	112,146	49,046
Various small projects under \$100,000	23,730	14,086	50,096
Total construction-in-progress	<u>\$ 2,878,138</u>	<u>4,490,970</u>	<u>6,777,145</u>

**(6) Compensated Absences**

Compensated absences comprise unpaid vacation leave and a limited amount of sick leave, which is accrued as earned based on the District's policy. The District's liability for compensated absences is determined annually and will be liquidated through the water fund.

The changes to compensated absences balances at June 30 were as follows:

	<u>Balance 2020</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	1,198,431	359,103	(285,238)	1,272,296	329,524	942,772

The changes to compensated absences balances at June 30 were as follows:

	<u>Balance 2019</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2020</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	1,181,489	318,261	(301,319)	1,198,431	310,394	888,037

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(7) Long-term Debt**

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

	<u>Balance 2020</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2021</u>
Bonds payable:				
2013 Series A Water Revenue Bonds	\$ 14,400,000	-	(510,000)	13,890,000
Add: Unamortized premium	1,919,151	-	(107,115)	1,812,036
Total bonds payable	16,319,151	-	(617,115)	15,702,036
Current portion	(510,000)			(535,000)
Non-current portion	\$ 15,809,151			15,167,036

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

	<u>Balance 2019</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2020</u>
Bonds payable:				
2013 Series A Water Revenue Bonds	\$ 14,890,000	-	(490,000)	14,400,000
Add: Unamortized premium	2,026,266	-	(107,115)	1,919,151
Total bonds payable	16,916,266	-	(597,115)	16,319,151
Current portion	490,000			(510,000)
Non-current portion	\$ 17,406,266			15,809,151

**2013 Series A Water Revenue Bonds**

On March 1, 2013, the Puente Basin Water Agency (“Agency”) issued \$17,300,000 of 2013 Series A Water Revenue Bonds. The Bonds will be used to finance certain capital facilities of the District, as well as the District’s share of capital facilities to be owned by the Agency. Under terms of the Installment Purchase Contract associated with the Bonds, the District makes 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 will be amortized over the life of the debt service. Interest is payable on December 1st and June 1<sup>st</sup> of each year, and principal is payable June 1st of each year commencing June 1, 2014 with interest rates ranging from 1.0% to 5.0%. The Bonds are scheduled to mature on June 1, 2038. The rate covenants of the Installment Purchase Contract require that net revenues of the District for each fiscal year be equal to at least 125% of the annual debt service payments required for that fiscal year.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(7) Long-term Debt, continued**

*2013 Series A Water Revenue Bonds, continued*

Future principal and interest obligations on the note as of June 30, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 535,000	694,500	1,229,500
2023	565,000	667,750	1,232,750
2024	595,000	639,500	1,234,500
2025	620,000	609,750	1,229,750
2026	655,000	578,750	1,233,750
2027-2031	3,790,000	2,369,750	6,159,750
2032-2036	4,840,000	1,322,250	6,162,250
2037-2039	2,290,000	173,250	2,463,250
Total	13,890,000	7,055,500	20,945,500
Premium	1,812,036		
Current	(535,000)		
Non-current	\$ 15,167,036		

**(8) Other Post-Employment Benefits (OPEB) Plan**

*Plan Description*

The District's defined benefit Other Post-Employment Benefit (OPEB) Plan (Plan) provides OPEB for all vested full-time employees with at least 5 years of service, 15 years of service if hired on or after July 1, 2005, with the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. The District participates in Public Agency Retirement Services (PARS), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code. Copies of CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA 95814.

*Benefits Provided*

The District offers post-employment medical and dental benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the District's medical and dental programs. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

The District's financial obligation varies based on an eligible retiree's date of hire. For eligible retirees hired prior to March 1, 1989, the District provides full coverage for medical, dental, vision and Medicare Part B premiums for the retiree and any covered spouse. For eligible retirees hired on or after March 1, 1989, the District provides full coverage for medical, dental vision and Medicare Part B premiums for the retiree only. Coverage for an eligible spouse is also available to these retirees but is subject to a vesting schedule which varies by employee group. In addition to health benefits, the District also provides some life insurance coverage for retired employees.



**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

*Employees Covered by Benefit Terms*

Membership in the OPEB plan consisted of the following members as of June 30:

	<b>2021</b>	<b>2020</b>
Inactive employees or beneficiaries currently receiving benefit payments	45	40
Active employees	56	54
Total plan membership	101	94

*Contributions*

The contribution requirements of plan members and the District are established and may be amended by the District, District's Board of Directors, and/or the employee associations. The District pays 100% of its share of the cost of health insurance for retirees under any group plan offered by Association of California Water Agencies (ACWA) Health Program, subject to certain restrictions as determined by the District. Currently, contributions are not required from plan members. The District has established a trust for the purpose of holding funds that have been irrevocably contributed by the District toward funding of its OPEB obligation. This trust is being administered by Public Agency Retirement Services (PARS). Annually, the Board of Directors determines the amount that the District will fund to this trust.

As of the fiscal year ended June 30, the contributions were as follows:

	<b>2021</b>	<b>2020</b>
Contributions premium payment – employer	\$ 711,454	675,417
Contributions to trust by – employer	1,711,076	750,969
Total employer paid contributions	\$ 2,422,530	1,426,386

As of June 30, 2021 and 2020, employer pension contributions of \$2,422,530 and \$1,426,386, respectively, were reported as deferred outflows of resources related to contributions subsequent to the measurement dates. Of the reported contributions \$711,454 and \$675,417 will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021 and 2020, respectively. The remaining balance of \$1,711,076 and \$750,969 at June 30, 2021 and 2020 will be/was recognized as a contribution towards the District's fiduciary net position at June 30, 2022 and 2021, respectively.

*Actuarial Assumptions and Other Inputs*

The net OPEB liability in the June 30, 2020 and 2019 actuarial valuations, which were measured at June 30, 2019 and 2018, respectively, were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	6.25 percent
Healthcare cost trend rates	Medical premiums assumed to increase 5 percent per year. Dental and vision premiums are assumed to increase 4 percent per year.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

**Discount Rate**

As of June 30, 2021 and 2020, the discount rate used to measure the net OPEB liability was 6.25 percent, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

**Changes in the Net OPEB Liability**

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at June 30, 2020	\$ 16,102,074	10,787,206	5,314,868
Changes for the year:			
Service cost	212,981	-	212,981
Interest	981,944	-	981,944
Differences between expected and actual experience	263,923	-	263,923
Changes in assumptions or other inputs	220,291	-	220,291
Employer contributions	-	1,532,902	(1,532,902)
Net investment income	-	487,894	(487,894)
Changes of benefit terms	-	-	-
Benefit payments	(781,933)	(781,933)	-
Net change	897,206	1,238,863	(341,657)
Balance at June 30, 2021	\$ 16,999,280	12,026,069	4,973,211
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at June 30, 2019	\$ 15,640,256	9,414,885	6,225,371
Changes for the year:			
Service cost	206,277	-	206,277
Interest	955,638	-	955,638
Employer contributions	-	1,789,827	(1,789,827)
Net investment income	-	282,591	(282,591)
Benefit payments	(700,097)	(700,097)	-
Net change	461,818	1,372,321	(910,503)
Balance at June 30, 2020	\$ 16,102,074	10,787,206	5,314,868

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

*Sensitivity of the net OPEB Liability to Changes in the Discount Rate*

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

As of June 30, 2021, the discount rate comparison was the following:

	<b>Discount Rate</b>	<b>Valuation</b>	<b>Discount Rate</b>
	<b>1% Lower</b>	<b>Discount Rate</b>	<b>1% Higher</b>
Net OPEB liability	\$ 7,469,223	4,973,211	2,942,140

As of June 30, 2020, the discount rate comparison was the following:

	<b>Discount Rate</b>	<b>Valuation</b>	<b>Discount Rate</b>
	<b>1% Lower</b>	<b>Discount Rate</b>	<b>1% Higher</b>
Net OPEB liability	\$ 7,737,673	5,314,868	3,347,654

*Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

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

As of June 30, 2021, the healthcare cost trend rate comparison was the following:

	<b>Trend</b>	<b>Valuation</b>	<b>Trend</b>
	<b>1% Lower</b>	<b>Trend</b>	<b>1% Higher</b>
Net OPEB liability	\$ 2,897,400	4,973,211	7,544,303

As of June 30, 2020, the healthcare cost trend rate comparison was the following:

	<b>Trend</b>	<b>Valuation</b>	<b>Trend</b>
	<b>1% Lower</b>	<b>Trend</b>	<b>1% Higher</b>
Net OPEB liability	\$ 3,105,351	5,314,868	8,063,657

For the year ended June 30, 2021 and 2020, the District recognized OPEB expense of \$570,897 and \$655,281, respectively.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(8) Other Post-Employment Benefits (OPEB) Plan, continued**

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

At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Description</b>	<b>June 30, 2021</b>		<b>June 30, 2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to the measurement date	\$ 2,422,530	-	1,426,386	-
Change of assumptions	556,481	-	395,322	-
Difference between expected and actual experience	436,271	-	215,760	-
Net difference between projected and actual earnings on investments	290,673	-	158,511	-
<b>Total</b>	<b>\$ 3,705,955</b>	<b>-</b>	<b>2,195,979</b>	<b>-</b>

As of June 30, 2021 and 2020, employer OPEB contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$2,422,530 and \$1,426,386 will be/were recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2022 and 2021, respectively.

At June 30, 2021, there were amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB which are required to be recognized in OPEB expense over future periods, respectively. OPEB related amounts will be recognized as pension expense as follows.

<b>Fiscal Year Ending June 30,</b>	<b>Deferred Net Outflows(Inflows) of Resources</b>
2022	\$ 156,689
2023	203,382
2024	200,972
2025	139,806
2026	102,544
Thereafter	480,032

***Schedules of Changes in the District's Net OPEB Liability and Related Ratios***

***Schedules of Other Post-Employment Benefits Plan Contributions***

See pages 77 and 78 for the Required Supplementary Schedules.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is 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. Classic Plan members are eligible for one year final compensation and a 3.0% cost of living adjustment.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plans' provision and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Classic</u>	<u>New Classic</u>	<u>PEPRA</u>
Hire date	Prior to October 1, 2010	On or after January 1, 2010 and before January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.4% to 2.0%	1.0% to 2.0%
Required employee contribution rates	7.956%	6.908%	7.250%
Required employer contribution rates	15.202%	11.816%	7.847%

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1, following notice of a change in the rate. Funding contributions for the Plan 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.

For the fiscal years ended June 30, the contributions were as follows:

		<u>2021</u>	<u>2020</u>
Contributions – employer	\$	<u>1,623,306</u>	<u>1,464,186</u>

**Net Pension Liability**

As of the fiscal year ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan were as follows:

		<u>2021</u>	<u>2020</u>
Proportionate share of net pension liability	\$	<u>15,420,693</u>	<u>14,301,343</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020 and 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018, rolled forward to June 30, 2020 and 2019, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the pension liability for the Plan as of the fiscal year end June 30, was as follows:

		<b><u>Proportionate Share</u></b>	
Proportion – June 30, 2020		0.13957	%
Changes in proportion		<u>0.00216</u>	
Proportion – June 30, 2021		<u>0.14173</u>	%
		<b><u>Proportionate Share</u></b>	
Proportion – June 30, 2019		0.13653	%
Changes in proportion		<u>0.00304</u>	
Proportion – June 30, 2020		<u>0.13957</u>	%

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

***Net Pension Liability***

As a result of the implementation of the GASB 68 pronouncement at June 30, 2021 and 2020, the District recognized pension expense of \$2,476,964 and \$2,821,933, respectively.

***Deferred Pension Outflows (Inflows) of Resources***

At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date at June 30	\$ 1,623,306	-	1,464,186	-
Net, differences between actual and expected experience	794,674	-	916,324	-
Net, changes in assumptions	-	(109,987)	440,205	-
Net, differences between projected and actual earnings on plan investments	458,096	-	-	(250,031)
Net, differences between actual contribution and proportionate share of contributions	-	(546,862)	-	(458,576)
Net, change due to differences in proportion of net pension liability	336,523	-	177,950	-
<b>Total</b>	<b>\$ 3,212,599</b>	<b>(656,849)</b>	<b>2,998,665</b>	<b>(708,607)</b>

As of June 30, 2021 and 2020, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$1,623,306 and \$1,464,186 will be/were recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022 and 2021, respectively.

As a result of the implementation of the GASB 68 at June 30, 2021, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

<u>Fiscal Year Ending December 31,</u>	<u>Deferred Net Outflows(Inflows) of Resources</u>
2022	\$ 118,697
2023	337,780
2024	270,039
2025	205,928
2026	-
Thereafter	-



**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

***Actuarial Assumptions***

The total pension liabilities were determined as of June 30, 2019 and 2018, which were rolled forward to June 30, 2020 and 2019, respectively, using the following actuarial assumptions:

Valuation dates	June 30, 2019 and 2018
Measurement dates	June 30, 2020 and 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2019 and 2018 – 2.50%
Salary increase	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2019 and 2018 – 1997–2015
Post Retirement Benefit	2019 and 2018 – Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

\* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

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

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

*Discount Rate, continued*

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

As of June 30, 2021, the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 11+</u>
Global Equity	50.00 %	4.80 %	5.38 %
Global Fixed Income	28.00	1.00	2.62
Private Equity	8.00	6.30	7.23
Real Asset	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)
Total	<u>100.00 %</u>		

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

The following tables presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

As of June 30, 2021, the discount rate comparison was the following:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
District's net pension liability	\$ <u>21,596,588</u>	<u>15,420,693</u>	<u>8,279,633</u>

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(9) Defined Benefit Pension Plan, continued**

As of June 30, 2020, the discount rate comparison was the following:

	<b>Discount Rate - 1%</b>	<b>Current Discount Rate</b>	<b>Discount Rate + 1%</b>
	<b>6.15%</b>	<b>7.15%</b>	<b>8.15%</b>
District's net pension liability	\$ <u>21,596,588</u>	<u>14,301,343</u>	<u>8,279,633</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 79 through 81 for the Required Supplementary Schedules.

***Payable to the Pension Plan***

As of June 30, 2021 and 2020, the District reported no payables for the outstanding amount of contribution to the pension plan, respectively.

Working Draft Subject To Review

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(10) Net Position**

Calculation of net position as of June 30 was as follows:

	<u>2021</u>	<u>2020</u>
Net investment in capital assets:		
Capital assets, net	\$ 111,425,215	112,601,859
Bond payable, current	(535,000)	(510,000)
Bond payable, non-current	(13,355,000)	(13,890,000)
Bond premium	(1,812,036)	(1,919,151)
Less debt related to PBWA:		
Bond payable, current	272,978	260,222
Bond payable, non-current	6,814,255	7,087,234
Bond premium	924,573	979,228
Total investment in capital assets	<u>103,734,985</u>	<u>104,609,392</u>
Restricted net position:		
Capital projects	1,808,954	1,823,556
Unspent capital project debt	(1,808,954)	(1,823,556)
Reservoir capacity charge	2,277,066	2,427,650
Acreage supply charge	340,513	332,096
Investment in joint venture – PBWA	20,737,091	16,980,625
Investment in joint venture – Spadra	64,725	12,370
Badillo Grand surcharge	283,076	291,636
Water supply charge	2,496,898	2,323,122
Total restricted net position	<u>26,199,369</u>	<u>22,367,499</u>
Unrestricted net position:		
Operating reserve	(9,558,121)	(7,754,520)
Replacement	15,635,369	14,816,544
Capital improvements	533,098	1,557,688
Employee liabilities	2,093,169	2,012,024
Rate stabilization	1,543,125	1,543,125
Project reserve	967,232	967,232
Badillo Grand catastrophic insurance	500,000	500,000
Stored water	530,200	332,000
Total unrestricted net position	<u>12,244,072</u>	<u>13,974,093</u>
Total net position	<u>\$ 142,178,426</u>	<u>140,950,984</u>

***Restricted Net Position***

The District's Investment in Joint Venture is restricted to the uses determined by the Board of Directors of the joint venture.

***Unrestricted Net Position***

Unrestricted assets, although not legally restricted, have been reserved pursuant to Board determined levels for various purposes. While these reserves may not be externally restricted, the Board adopted this policy in its desire to provide a stable and equitable rate structure.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(11) Deferred Compensation Savings Plan**

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. 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. Market value of all plan assets held in trust by CalPERS and Mission Square at June 30, 2021 and 2020, amounted to \$9,223,699 and \$7,757,196, respectively.

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 statements of net position.

**(12) Risk Management**

The Agency is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA).

***Description of JPIA***

JPIA is an intergovernmental risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

On June 30, 2021, the Agency's participation in the self-insurance programs of JPIA is as follows:

- General, Automobile, Employment Practices & Public Officials' Liability. Broad coverage against third-party claims for the Agency, its directors, employees and volunteers. Covered up to the following limits: the JPIA pools for first \$5 million and purchases excess coverage with limit up to \$55 million with aggregated policy limits.
- Property Loss: Scheduled property is covered up to replacement value with a \$2,500 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$1,000 deductible per occurrence and actual cash value on scheduled vehicles with a \$500 deductible per occurrence. JPIA is self-insured up to \$100,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible \$25,000 to \$50,000 depending on type of equipment.
- Workers' Compensation: Covered for statutory limits, and Employer's Liability is Covered up to \$2,000,000 per accident and \$2,000,000 per disease. JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

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

- Cyber Liability: Limit 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 total scheduled values.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(12) Risk Management, continued**

- Employee Dishonesty/Crime Coverage: Covered up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.
- Underground storage tank pollution liability program: Provides coverage for third-party claims arising from bodily injury and property damage caused by environmental incidents resulting from a UST. It also includes coverage for government mandated clean-up costs. This is a claims-made coverage. The JPIA pools for the first \$500,000 and has purchased excess insurance up to \$3 million. Deductible \$10,000

Separate financial statements of JPIA can be obtained at 2100 Professional Drive, Roseville, CA 95661 or <http://www.acwajpia.com/FinancialStatements.aspx>.

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 fiscal years ended June 30, 2021, 2020 and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred, but not reported (IBNR). There was no IBNR claims payable as of June 30, 2021, 2020 and 2019.

**(13) Benefit Assessment District**

Beginning with the tax year 1982-83, the District elected to levy a standby charge on all lands within the District. This standby charge is calculated on the size of each parcel, with a minimum of \$14 for any parcel one-quarter of an acre or less in size. The proceeds of this charge are used for the construction of the District's fire related storage requirements and its terminal storage facilities to procure alternate sources of supply, to defray the ordinary operation or maintenance expenses incurred in providing fire protection facilities, and for any other lawful District purpose.

**(14) Acreage and Water Supply and Reservoir Capacity Fees**

Every applicant that requests water service from any of the District's lines or works or requests a modification of service or change in land use, with respect to the land to be served, is assessed by the District an acreage supply and a water supply charge which is computed at a per-acre rate. The acreage supply charge is \$1,465 per acre, with a minimum parcel charge of \$50. The water supply charge is \$2,810 per acre multiplied by project demands.

Reservoir capacity fees are charged for the purpose of accumulating funds for the construction of future water storage. The current charges are:

- Residential – \$750.00 per acre or fraction thereof rounded to the nearest hundredth or \$300.00 per family unit or equivalent, whichever is greater.
- Commercial – \$1,000.00 per acre or fraction thereof rounded to the nearest hundredth.
- Industrial – \$1,613.00 per acre or fraction thereof rounded to the nearest hundredth.



**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

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

The following pronouncement implementation dates have been delayed due to the COVID-19 pandemic.

***Governmental Accounting Standards Board Statement No. 87***

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

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

***Governmental Accounting Standards Board Statement No. 89***

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

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

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

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



**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

***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.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

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

***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.

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**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(15) 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.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(15) 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.

**Walnut Valley Water District**  
**Notes to the Basic Financial Statements, continued**  
**For Fiscal Years Ended June 30, 2021 and 2020**

**(17) Commitments and Contingencies**

***Construction Contracts***

The District has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities and distribution systems and other District activities. The financing of such contracts is being provided primarily from the District's replacement reserves and advances for construction.

As of June 30, 2021, the District's open balance of construction contract commitments is \$2,437,619, shown as follows:

<b>Funding Source / Project Purpose</b>	<b>Project Name</b>	<b>Total Approved Contract</b>	<b>Construction Costs to Date</b>	<b>Balance to Complete</b>
Developer Capital	Recycled Reservoir	\$ 2,791,000	(378,248)	2,412,752
	Main Extension - Pathfinder to Brea Canyon Road	339,900	(322,905)	16,995
Developer	20650 San Jose Hills	24,825	(16,953)	7,872
		<u>\$ 3,155,725</u>	<u>(718,106)</u>	<u>2,437,619</u>

***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.

***Grant Awards***

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

**(18) Subsequent Events**

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of December 13, 2021, which is the date the financial statements were available to be issued.

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## **Required Supplementary Information**

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**Walnut Valley Water District**  
**Schedules of the Changes in Net OPEB Liability and Related Ratios**  
**As of June 30, 2021**  
**Last Ten Years\***

	<b>Measurement Dates</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total OPEB liability				
Service cost	\$ 212,981	206,277	207,344	200,817
Interest	981,944	955,638	912,011	877,856
Employer contributions	-	-	-	-
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	263,923	-	261,666	-
Changes of assumptions or other inputs	220,291	-	479,432	-
Benefit payments	(781,933)	(700,097)	(588,894)	(514,282)
Net change in total OPEB liability	897,206	461,818	1,271,559	564,391
Total OPEB liability – beginning	16,102,074	15,640,256	14,368,697	13,804,306
Total OPEB liability – ending	16,999,280	16,102,074	15,640,256	14,368,697
Plan fiduciary net position				
Contribution – employer	1,532,902	1,789,827	1,684,754	1,662,734
Net investment income	487,894	282,591	494,962	625,506
Benefit payments	(781,933)	(700,097)	(588,894)	(514,282)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	1,238,863	1,372,321	1,590,822	1,773,958
Plan fiduciary net position – beginning	10,787,206	9,414,885	7,824,063	6,050,105
Plan fiduciary net position – ending	12,026,069	10,787,206	9,414,885	7,824,063
Net OPEB liability	\$ 4,973,211	5,314,868	6,225,371	6,544,634
Covered payroll	\$ 5,291,282	5,203,041	4,900,008	5,313,725
Total OPEB liability as a percentage of covered payroll	93.99%	102.15%	127.05%	123.16%

**Notes:**

\* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

**Walnut Valley Water District**  
**Schedules of Other Post-Employment Benefits Plan Contributions**  
**As of June 30, 2021**  
**Last Ten Years\***

<b>Description</b>	<b>Fiscal Years Ended</b>			
	<b>6/30/2021</b>	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>6/30/2018</b>
Actuarially determined contribution	\$ 1,532,902	1,789,827	1,684,754	1,662,734
Contributions in relation to the actuarially determined contribution	(1,789,732)	(1,789,732)	(1,703,516)	(1,662,734)
Contribution deficiency(excess)	\$ (256,830)	95	(18,762)	-
District's covered payroll	\$ 5,148,856	5,291,282	5,203,041	4,900,008
Contribution's as a percentage of covered payroll	29.77%	33.83%	32.38%	33.93%

**Note:**

\* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

**Walnut Valley Water District**  
**Schedules of the District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2021**  
**Last Ten Years\***

<b>Description</b>	<b>Measurement Dates</b>						
	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2014</b>
District's proportion of the net pension liability	0.14173%	0.13957%	0.13653%	0.13506%	0.13391%	0.13080%	0.11033%
District's proportionate share of the net pension liability	\$ 15,420,693	14,301,343	13,156,366	13,394,625	11,587,515	8,978,245	6,865,131
District's covered payroll	\$ 5,148,856	4,884,068	5,168,829	4,856,448	4,868,910	4,653,252	4,450,158
District's proportionate share of the net pension liability as a percentage of its covered payroll	299.50%	292.82%	254.53%	275.81%	237.99%	192.95%	154.27%
Plan's fiduciary net position as a percentage of the total pension liability	73.32%	73.63%	74.67%	73.08%	74.36%	78.96%	83.03%

**Notes to the Schedules of the Project's Proportionate Share of the Net Pension Liability**

**Changes in Benefit Terms** – Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

**Changes of Assumptions** – The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

**Walnut Valley Water District**  
**Schedules of the District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2021**  
**Last Ten Years\***

**Notes to the Schedules of the Project's Proportionate Share of the Net Pension Liability, continued**

***Changes of Assumptions, continued***

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

\* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

**Walnut Valley Water District  
Schedules of Pension Plan Contributions  
As of June 30, 2021  
Last Ten Years\***

<b>Description</b>	<b>Fiscal Years Ended</b>						
	<b>6/30/2021</b>	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>
Actuarially determined contribution	\$ 1,719,003	1,630,495	1,411,486	1,165,468	1,097,578	989,754	790,287
Contributions in relation to the actuarially determined contribution	(1,623,306)	(1,464,186)	(1,307,070)	(1,163,663)	(1,120,609)	(989,754)	(790,287)
Contribution deficiency(excess)	\$ 95,697	166,309	104,416	1,805	(23,031)	-	-
District's covered payroll	\$ 5,600,262	5,148,856	4,884,068	5,168,829	4,856,448	4,868,910	4,653,252
Contribution's as a percentage of covered payroll	30.70%	31.67%	28.90%	22.55%	22.60%	20.33%	16.98%

**Note:**

\* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

## **Statistical Section**

*Working Draft Subject To Review*



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**Walnut Valley Water District  
Statistical Section**

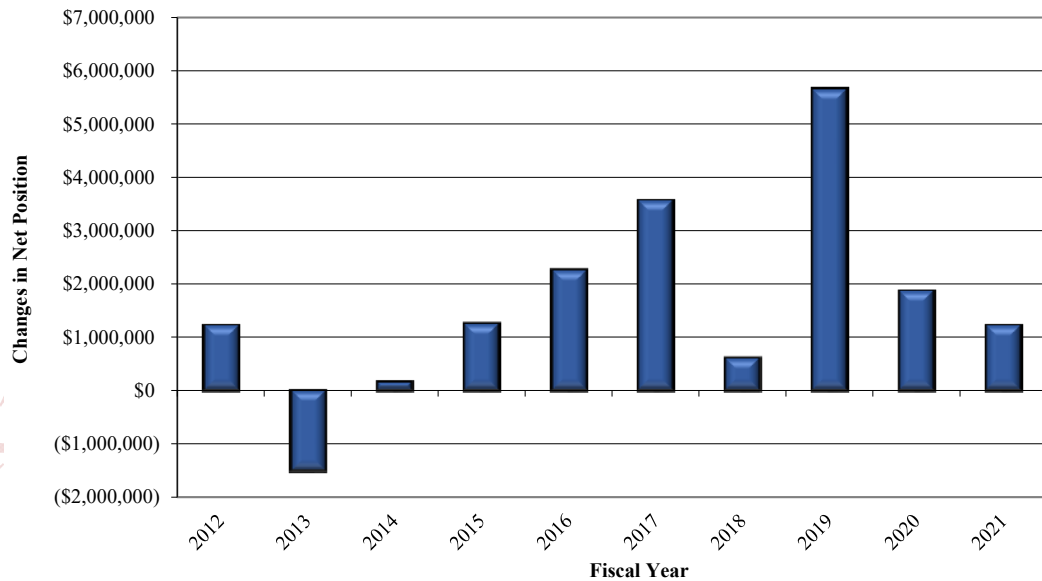
This part of the District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the District’s overall financial health.

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Financial Trends These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	83-86
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant own-source revenue, water sales.	87-90
Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	91-92
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	93
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	94-95

**Walnut Valley Water District  
Changes in Net Position and Net Position by Component  
Last Ten Fiscal Years**

	Fiscal Year		
	2012	2013	2014
Changes in net position:			
Operating revenues (see Schedule 2)	\$ 27,804,837	31,331,491	39,351,318
Operating expenses (see Schedule 3)	(27,538,255)	(30,275,622)	(36,219,892)
Depreciation and amortization	(4,253,343)	(4,274,258)	(4,484,973)
<b>Operating income (loss)</b>	<b>(3,986,761)</b>	<b>(3,218,389)</b>	<b>(1,353,547)</b>
Non-operating revenues (expenses)			
Property taxes	776,715	816,200	842,519
Rental income – cellular site leases	244,391	251,527	260,091
Investment income	769,758	150,885	481,929
Share in investment in joint venture income (loss)	81,417	(37,518)	(28,086)
Amounts received for annexation	-	-	-
Gain (Loss) on disposition of assets	5,404	20,580	8,502
Contributions to other agencies	-	(596,632) <sup>(2)</sup>	(692,868) <sup>(3)</sup>
Interest expense	-	-	(422,882) <sup>(3)</sup>
Other revenue (expense), net	261,905	134,049	280,157
Total non-operating revenues (expenses), net	2,139,590	739,091	729,362
<b>Net income (loss) before capital contributions</b>	<b>(1,847,171)</b>	<b>(2,479,298)</b>	<b>(624,185)</b>
Capital contributions	3,072,987	955,821	780,994
<b>Changes in net position</b>	<b>\$ 1,225,816</b>	<b>(1,523,477)</b>	<b>156,809</b>
Net position by component:			
Net investment in capital assets	\$ 100,132,080	102,759,463	102,351,576
Restricted	7,480,154	6,490,227	8,361,253
Unrestricted	37,847,258	36,425,328	35,118,998
<b>Total net position</b>	<b>\$ 145,459,492</b>	<b>145,675,018</b>	<b>145,831,827</b>



Notes:

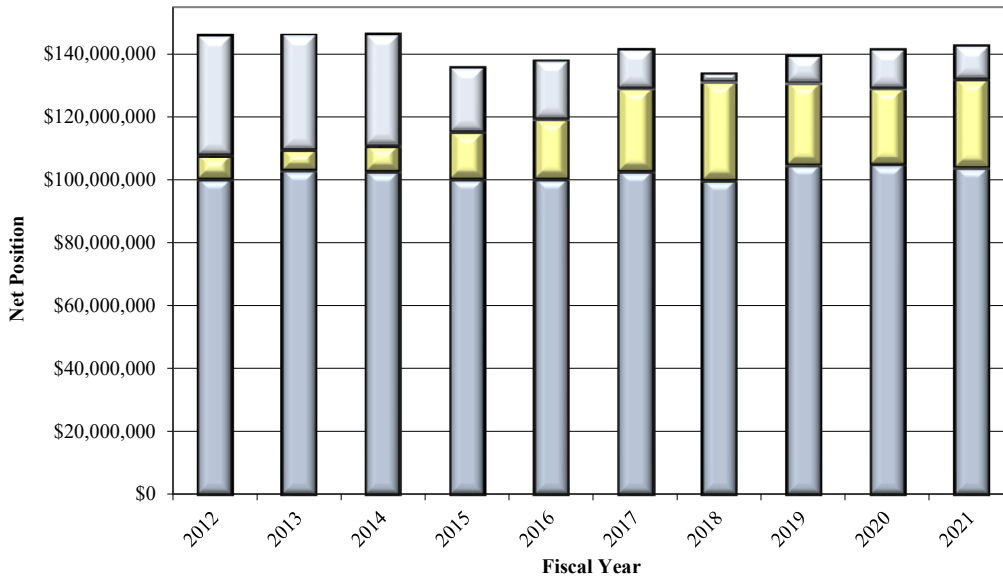
- (1) In FY10/11 made final payment for District's 1998 Certification of Participation.
- (2) The decrease in Contributions to other agencies due to a contribution for joint capital project.
- (3) Started with FY 13/14 expenses included the 2013 Series A Water Revenue Bonds interest.
- (4) The increase in Contributions from other agency for joint venture due to an annexation fees related to large development in service area
- (5) The increase in loss on disposition of assets related to abandoned project

Source: Walnut Valley Water District Accounting Department

**Walnut Valley Water District  
Changes in Net Position and Net Position by Component  
Last Ten Fiscal Years, Continued**

**Schedule 1**

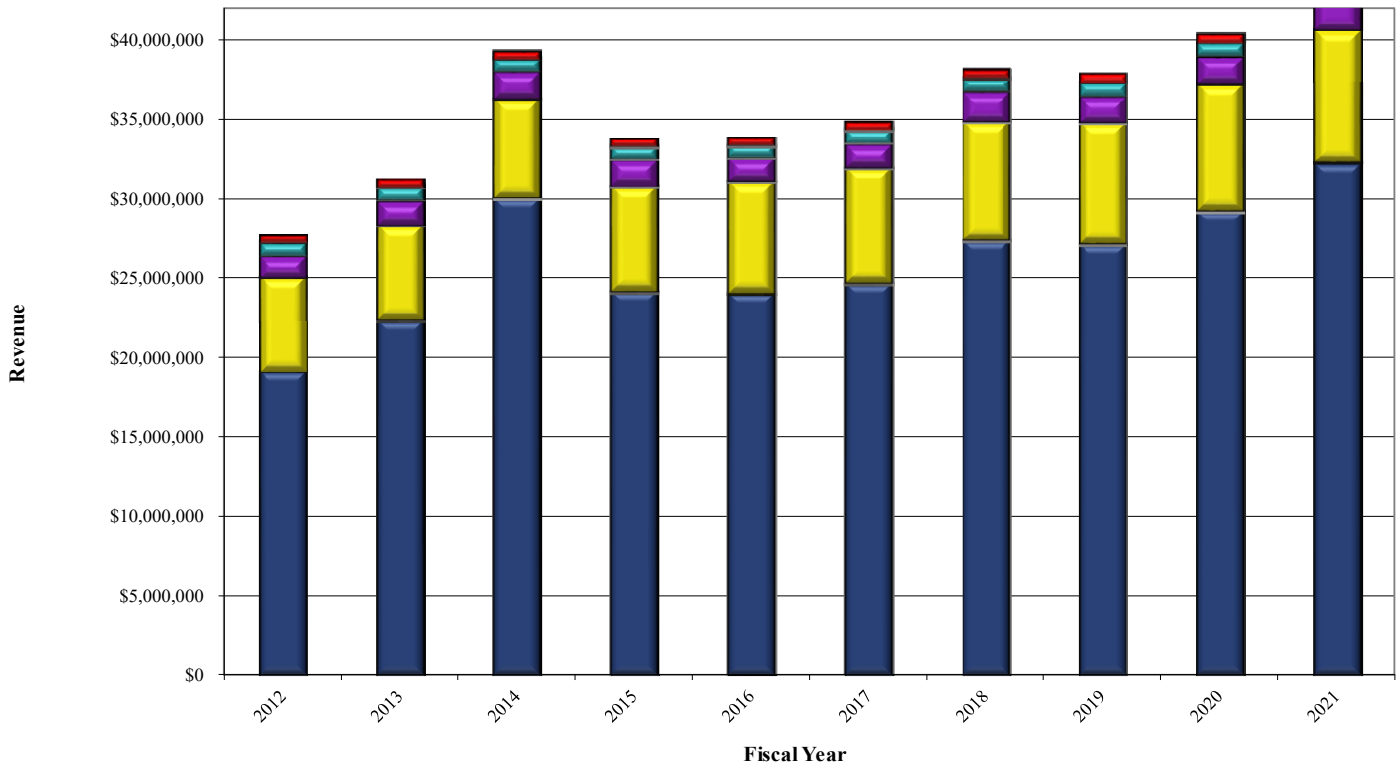
As Restated 2015	Fiscal Year					
	2016	2017	As Restated 2018	2019	2020	2021
33,854,771	33,924,726	34,916,303	38,210,311	37,912,508	40,456,434	44,260,619
(30,261,703)	(30,721,847)	(31,827,660)	(35,341,238)	(34,149,759)	(38,205,724)	(40,065,073)
<u>(5,303,916)</u>	<u>(5,021,533)</u>	<u>(5,109,038)</u>	<u>(5,286,808)</u>	<u>(5,219,938)</u>	<u>(5,455,123)</u>	<u>(5,468,374)</u>
<u>(1,710,848)</u>	<u>(1,818,654)</u>	<u>(2,020,395)</u>	<u>(2,417,735)</u>	<u>(1,457,189)</u>	<u>(3,204,413)</u>	<u>(1,272,828)</u>
950,932	943,033	985,113	999,707	1,098,378	1,162,465	1,199,446
270,105	284,011	277,607	284,849	298,104	318,148	327,799
416,825	824,415	1,635	122,673	2,069,109	2,009,604	63,284
4,737	315,763	(8,092)	(139,606)	874,098	180,329	(41,029)
-	1,065,457 <sup>(4)</sup>	-	-	-	-	-
(66,950)	(129,390)	(85,825)	(798,859) <sup>(3)</sup>	18,098	(39,748)	(99,640)
-	-	-	-	-	-	-
(422,504)	(377,577)	(386,321)	(676,951)	(658,698)	(635,343)	(610,760)
<u>440,930</u>	<u>210,384</u>	<u>271,605</u>	<u>283,851</u>	<u>316,717</u>	<u>512,941</u>	<u>257,450</u>
<u>1,594,075</u>	<u>3,136,096</u>	<u>1,055,722</u>	<u>75,664</u>	<u>4,015,806</u>	<u>3,508,396</u>	<u>1,096,550</u>
(116,773)	1,317,442	(964,673)	(2,342,071)	2,558,617	303,983	(176,278)
<u>1,373,775</u>	<u>946,623</u>	<u>4,545,716</u>	<u>2,950,904</u>	<u>3,116,814</u>	<u>1,574,591</u>	<u>1,403,720</u>
<u>1,257,002</u>	<u>2,264,065</u>	<u>3,581,043</u>	<u>608,833</u>	<u>5,675,431</u>	<u>1,878,574</u>	<u>1,227,442</u>
100,091,614	100,096,835	102,444,898	99,730,658	104,543,390	104,609,392	103,734,985
14,950,173	18,983,396	26,408,666	31,189,404	25,986,720	24,191,055	28,008,323
<u>20,179,472</u>	<u>18,405,093</u>	<u>12,212,803</u>	<u>2,476,916</u>	<u>8,542,299</u>	<u>12,150,536</u>	<u>10,435,117</u>
<u>135,221,259</u>	<u>137,485,324</u>	<u>141,066,367</u>	<u>133,396,978</u>	<u>139,072,409</u>	<u>140,950,983</u>	<u>142,178,425</u>



## Walnut Valley Water District Operating Revenue by Source Last Ten Fiscal Years

**Schedule 2**

Fiscal Year	Water Consumption Fees	Monthly Water Service Charges	Recycled Water Sales	Standby Charges	Hydroelectric Sales	Other Water Service Charges	Total Operating Revenue
2012	\$ 19,100,257	6,007,984	1,376,526	821,860	31,448	466,762	27,804,837
2013	22,316,359	6,096,414	1,555,051	832,977	20,936	509,754	31,331,491
2014	29,991,065	6,290,973	1,701,382	827,259	11,801	528,838	39,351,318
2015	24,155,800	6,676,754	1,632,666	825,584	31,916	532,051	33,854,771
2016	23,995,290	7,094,212	1,497,329	820,221	(10,000)	527,674	33,924,726
2017	24,649,066	7,285,380	1,609,661	815,294	10,534	546,368	34,916,303
2018	27,341,339	7,487,410	1,926,283	822,514	24,072	608,693	38,210,311
2019	27,111,901	7,701,303	1,634,443	837,186	22,250	605,425	37,912,508
2020	29,197,399	7,982,535	1,816,820	795,775	38,892	625,013	40,456,434
2021	32,236,607	8,406,618	2,199,928	766,999	39,341	611,126	44,260,619

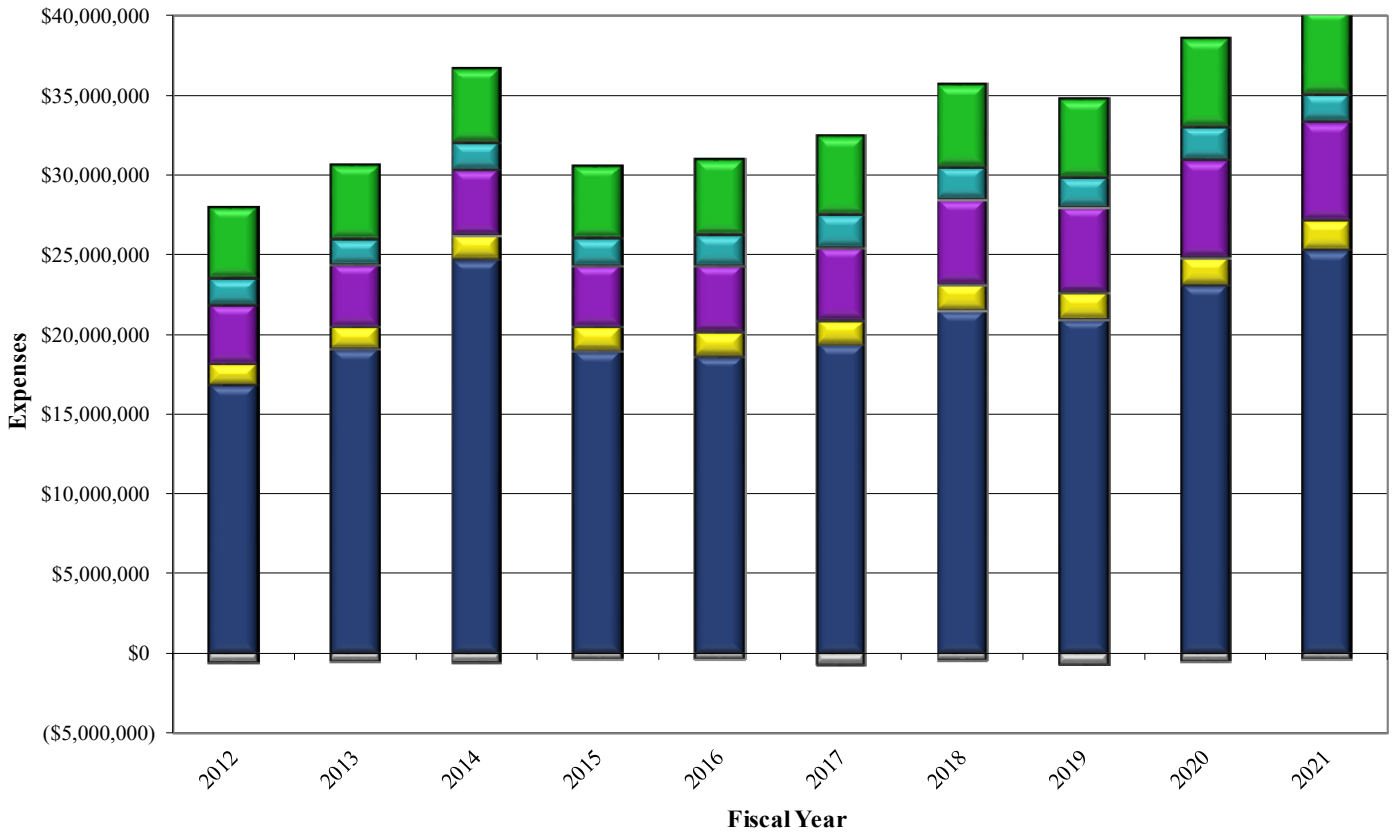


Source: Walnut Valley Water District Accounting Department

**Walnut Valley Water District  
Operating Expenses by Activity  
Last Ten Fiscal Years**

**Schedule 3**

Fiscal Year	Source of Supply	Pumping	Transmission and Distribution	Customer Accounts	General and Administrative	Operating Exp. Capitalized during Constr. Period	Total Operating Expenses
2012	\$ 16,916,246	1,278,354	3,747,193	1,636,674	4,450,039	(490,251)	27,538,255
2013	19,142,158	1,415,584	3,919,828	1,592,601	4,640,032	(434,581)	30,275,622
2014	24,716,865	1,522,225	4,148,061	1,713,168	4,644,398	(524,825)	36,219,892
2015	19,012,134	1,551,831	3,854,786	1,693,976	4,493,281	(344,305)	30,261,703
2016	18,694,558	1,507,275	4,167,820	1,967,633	4,682,473	(297,912)	30,721,847
2017	19,397,392	1,540,557	4,598,923	2,042,953	4,918,327	(670,492)	31,827,660
2018	21,505,419	1,712,649	5,280,765	2,091,767	5,165,828	(415,196)	35,341,232
2019	20,999,925	1,672,204	5,339,816	1,910,756	4,892,522	(665,464)	34,149,759
2020	23,156,600	1,703,819	6,118,670	2,111,048	5,535,032	(419,445)	38,205,724
2021	25,338,762	1,819,324	6,181,794	1,804,476	5,240,165	(319,448)	40,065,073



**Note:**

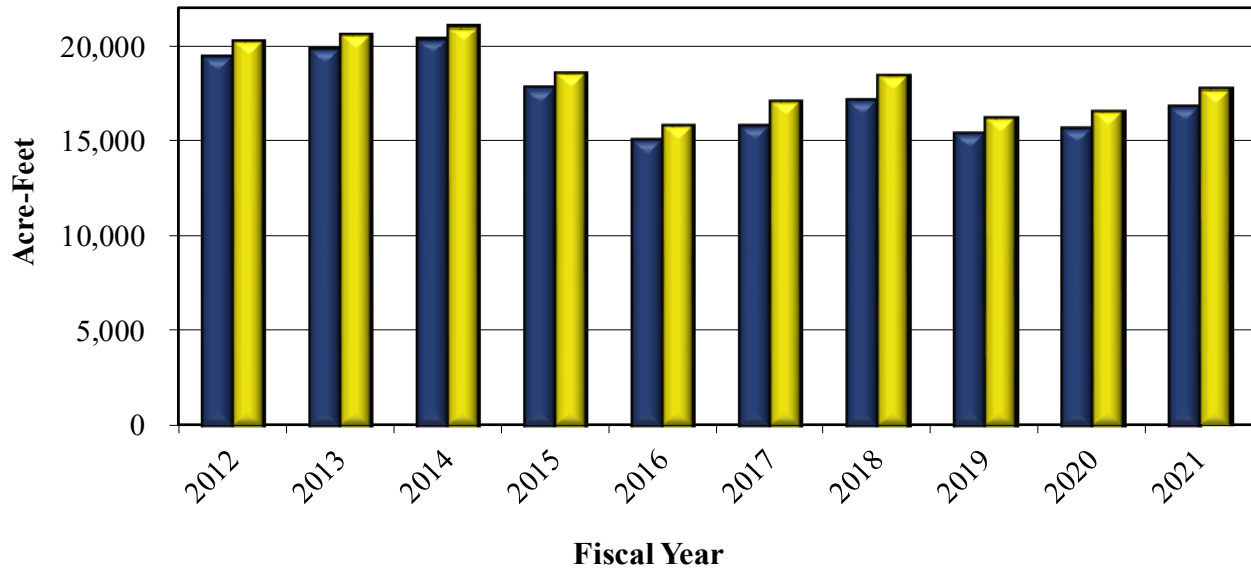
(1) Account groupings were revised in 2020 and regrouped for the prior two fiscal years

Source: Walnut Valley Water District Accounting Department

**Walnut Valley Water District  
Revenue Base  
Last Ten Fiscal Years**

**Schedule 4**

Fiscal Year	Water Sales (Acre Feet) <sup>(1)</sup>	Water Produced (Acre Feet) <sup>(1)</sup>
2012	19,548	20,361
2013	19,965	20,740
2014	20,541	21,137
2015	17,876	18,666
2016	15,111	15,905
2017	15,905	17,197
2018	17,245	18,485
2019	15,444	16,275
2020	15,751	16,630
2021	16,953	17,854



**Note:** See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

(1) Excludes wholesale water sales and purchases

**Source:** Walnut Valley Water District Accounting Department



**Walnut Valley Water District  
Revenue Rates<sup>(1)</sup>  
Last Ten Fiscal Years**

**Schedule 5**

**Commodity Rates  
Fiscal Year**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Residential - Tier 1 (per HCF)	\$ 1.92	2.16	2.46	2.69	2.85	2.97	3.16	3.27	2.94	3.03
Residential - Tier 2 (per HCF)	2.40	2.70	3.08	3.08	3.25	3.39	3.58	3.69	3.93	4.05
Residential - Tier 3 (per HCF)	2.40	2.70	3.08	3.08	3.25	3.39	3.58	3.69	4.52	4.66
Multi-Family (per HCF)	2.32	2.56	2.77	2.89	3.06	3.19	3.38	3.49	3.36	3.47
Non-Residential (per HCF)	2.39	2.61	2.81	2.95	3.12	3.25	3.44	3.55	3.56	3.67
Recycled (per HCF)	1.49	1.49	1.49	1.56	1.63	1.71	1.79	1.88	1.87	1.97
Pump Zone - Zone 1 (per HCF)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pump Zone - Zone 2 (per HCF)	0.18	0.18	0.19	0.19	0.19	0.20	0.21	0.22	0.24	0.25
Pump Zone - Zone 3 (per HCF)	0.33	0.34	0.35	0.36	0.37	0.39	0.34	0.42	0.44	0.46

**Meter Charge Fees per Month  
Fiscal Year**

<b>Meter Size</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
All District Accounts:										
3/4" or smaller	\$ 16.03	16.33	17.08	18.29	18.87	19.43	20.00	20.54	20.67	21.30
1"	20.21	20.75	21.60	23.04	23.77	24.47	25.20	25.88	32.60	33.58
1 1/2"	42.74	44.64	46.18	54.43	56.17	57.82	59.53	61.14	62.42	64.30
2"	65.25	68.51	70.73	71.07	73.34	75.51	77.73	79.84	98.20	101.15
3"	118.67	125.12	128.92	145.53	150.17	154.60	159.17	163.48	193.64	199.45
4"	194.78	205.80	211.86	229.30	236.63	243.61	250.80	257.59	301.00	310.03
6"	380.43	402.72	414.54	435.87	449.79	463.07	476.74	489.65	599.22	617.20
8"	603.79	639.61	658.34	671.11	692.54	712.98	734.02	753.90	957.09	985.81

**Notes:**

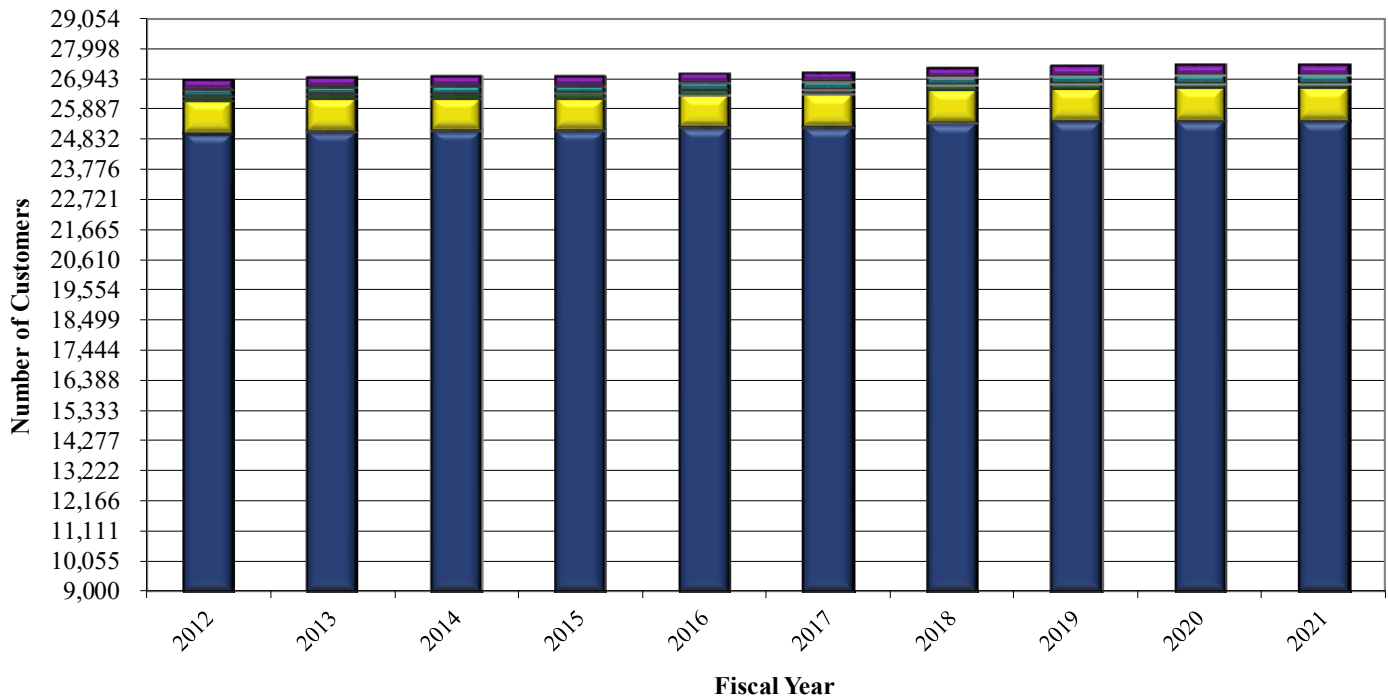
(1) Rates as of June 30 of each fiscal year.

**Source:** Walnut Valley Water District Board of Directors approved rate ordinances and resolutions

**Walnut Valley Water District  
Customers by Type  
Last Ten Fiscal Years**

**Schedule 6**

Fiscal Year	Customer Type					Total
	Residential	Commercial/ Industrial	Multi-User	Government	Recycled	
2012	25,059	1,160	157	259	286	26,920
2013	25,112	1,164	155	263	286	26,980
2014	25,139	1,159	155	266	291	27,011
2015	25,142	1,156	158	270	294	27,019
2016	25,258	1,154	161	268	290	27,131
2017	25,275	1,164	163	272	302	27,176
2018	25,415	1,174	163	276	302	27,330
2019	25,467	1,165	163	277	309	27,381
2020	25,474	1,166	163	276	332	27,411
2021	25,479	1,174	163	277	343	27,436



**Note:** Number of customers as of June 30 of fiscal year.

**Source:** Walnut Valley Water District Accounting Department

**Walnut Valley Water District  
Principal Customers  
Current Fiscal Year and Ten Years Ago**

**Schedule 7**

Rank	Customer	2021		Rank	2012	
		Water Consumed (AF)	Percentage of Total		Water Consumed (AF)	Percentage of Total
1	City Of Walnut	483	20.2%	1	441	19.8%
2	City of Diamond Bar	324	13.5%	3	317	14.3%
3	American Golf Corp	298	12.5%	2	373	16.8%
4	Walnut Unified School Dist	276	11.5%	4	302	13.6%
5	City Of Industry	261	10.9%	5	259	11.6%
6	Montefino Homeowners Assoc	257	10.7%			-
7	Pomona Unified School Dist	157	6.6%	6	154	6.9%
8	Diamond Bar Tennis Club HOA	142	5.9%	7	137	-
9	Rowland Unified School Dist	100	4.2%	8	91	4.1%
10	Muller Gateway LLC	95	4.0%	9	76	-
-	Cimarron Oaks Village No 5	-	-	10	74	3.3%
	Total	2,393	100.00%		2,224	90.42%
	Total Water Consumed (AF)	19,309	100.00%		21,439	100.00%
	Percentage of Total	12.4%			10.4%	

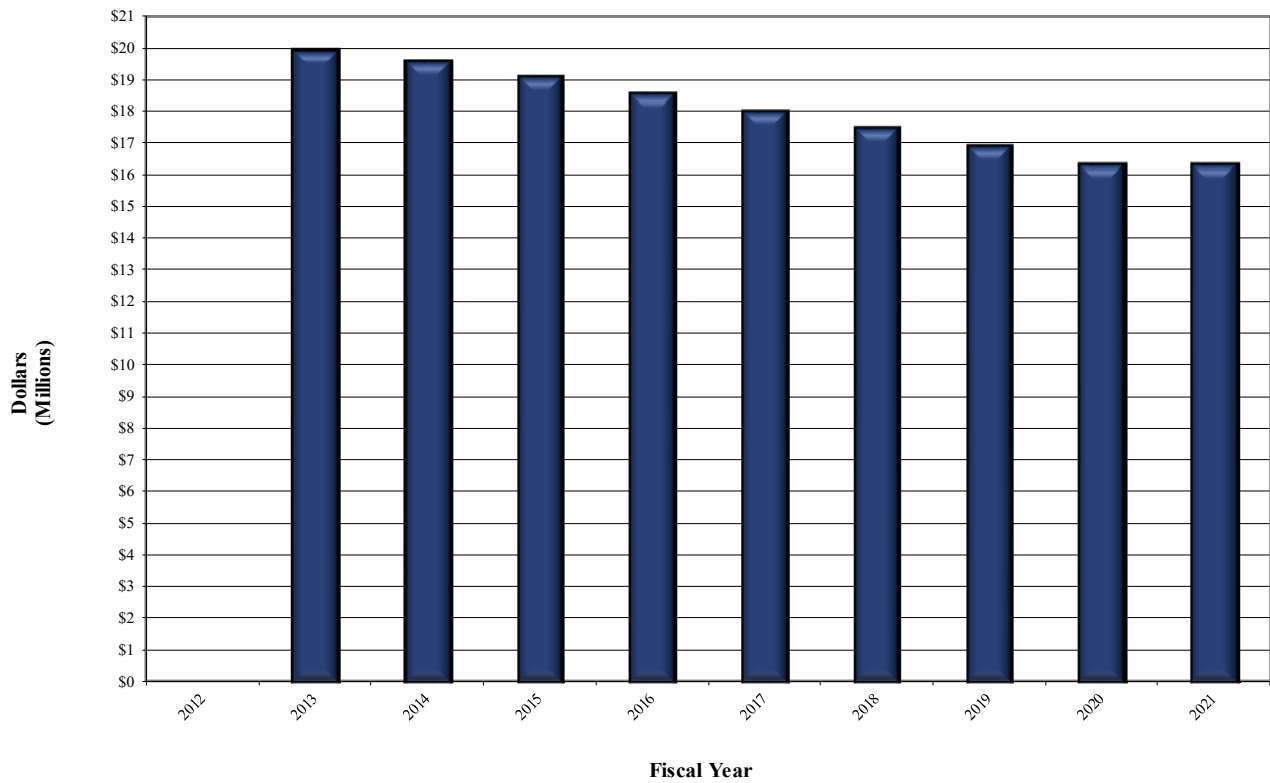
AF = Acre Feet

Source: Walnut Valley Water District Accounting Department

**Walnut Valley Water District  
Ratio of Outstanding Debt  
Last Ten Fiscal Years**

**Schedule 8**

<u>Fiscal Year</u>	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Capital Lease</u>	<u>Total Debt</u>	<u>Per Capita</u>	<u>As a Share of Personal Income</u>
2012	\$ -	-	-	-	-	0.00%
2013	19,968,959	-	-	19,968,959	196.21	0.44%
2014	19,611,843	-	-	19,611,843	191.90	0.40%
2015	19,099,727	-	-	19,099,727	186.12	0.36%
2016	18,577,613	-	-	18,577,613	180.29	0.33%
2017	18,040,497	-	-	18,040,497	174.36	0.31%
2018	17,488,382	-	-	17,488,382	168.33	0.27%
2019	16,916,266	-	-	16,916,266	160.39	0.25%
2020	16,319,151	-	-	16,319,151	153.65	0.24%
2021	16,319,151	-	-	16,319,151	163.26	0.24%



Source: Walnut Valley Water District Accounting Department

**Walnut Valley Water District  
Debt Coverage  
Last Ten Fiscal Years**

**Schedule 9**

Fiscal Year	Net Revenues <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2012	\$ 29,857,606	(28,028,506)	1,829,100	-	-	-	0.00
2013	32,479,508	(31,152,204)	1,327,304	-	-	-	0.00
2014	41,150,445	(35,355,496)	5,794,949	250,000	975,191	1,225,191	0.00
2015	35,900,112	(29,861,742)	6,038,370	405,000	827,450	1,232,450	4.90
2016	36,862,499	(30,321,989)	6,540,510	415,000	819,350	1,234,350	5.30
2017	36,914,828	(31,642,531)	5,272,297	430,000	802,750	1,232,750	4.28
2018	40,259,265	(34,156,423)	6,102,842	445,000	785,550	1,230,550	4.96
2019	40,383,991	(33,550,440)	6,833,551	465,000	767,750	1,232,750	5.54
2020	43,210,890	(36,868,845)	6,342,045	490,000	744,500	1,234,500	5.14
2021	46,531,690	(37,017,212)	9,514,478	510,000	717,875	1,227,875	7.75

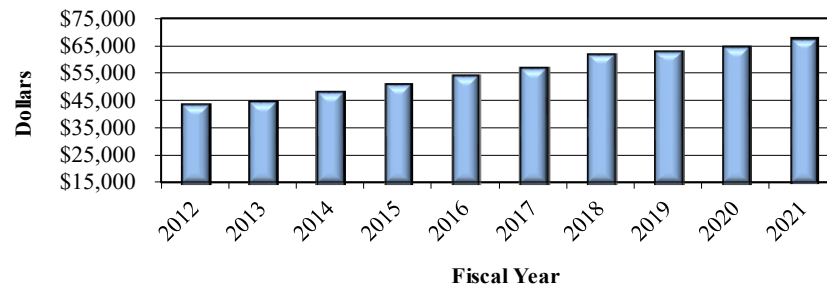
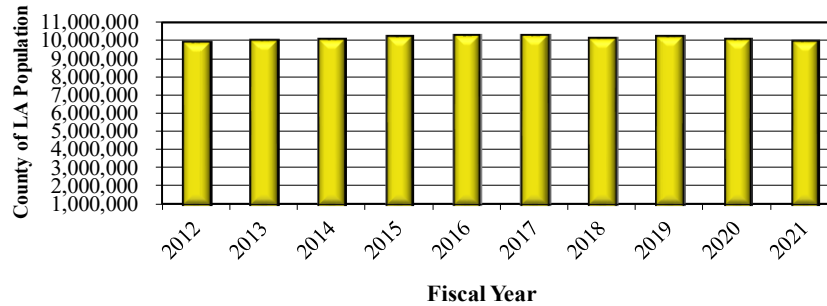
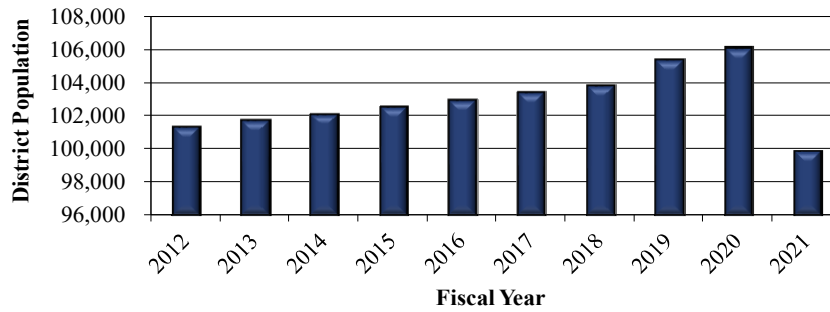
**Note:** (1) Operating revenues excludes: unrealized gain (loss) on investment income.  
 Operating revenues includes property tax revenue, investment income, and other non-operating revenue.  
 (2) Operating expenses before depreciation excludes: GASB 68 pension expense, GASB 75 OPEB expense.  
 Operating expenses before depreciation includes: overhead on capital construction expense.

**Source:** Walnut Valley Water District Accounting Department

# Walnut Valley Water District Demographic and Economic Statistics Last Ten Fiscal Years

Schedule 10

County of Los Angeles <sup>(1)</sup>					
Year	District Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2012	101,352	11.3%	9,912,000	435,300,000	43,916
2013	101,775	10.2%	10,019,000	451,100,000	45,024
2014	102,199	8.3%	10,069,000	487,900,000	48,456
2015	102,622	6.9%	10,192,000	521,900,000	51,207
2016	103,045	540.0%	10,240,000	557,382,000	54,432
2017	103,469	4.9%	10,278,000	585,515,000	56,968
2018	103,892	4.9%	10,106,000	628,809,000	62,221
2019	105,469	4.6%	10,184,000	646,400,000	63,472
2020	106,213	17.9%	10,039,107	653,482,910	65,094
2021	99,956 <sup>(3)</sup>	10.3%	9,943,046	678,829,092	68,272



**Sources:** Bureau of Labor Statistics  
California Department of Finance, Bureau of Economic Analysis (BEA)

**Notes:**

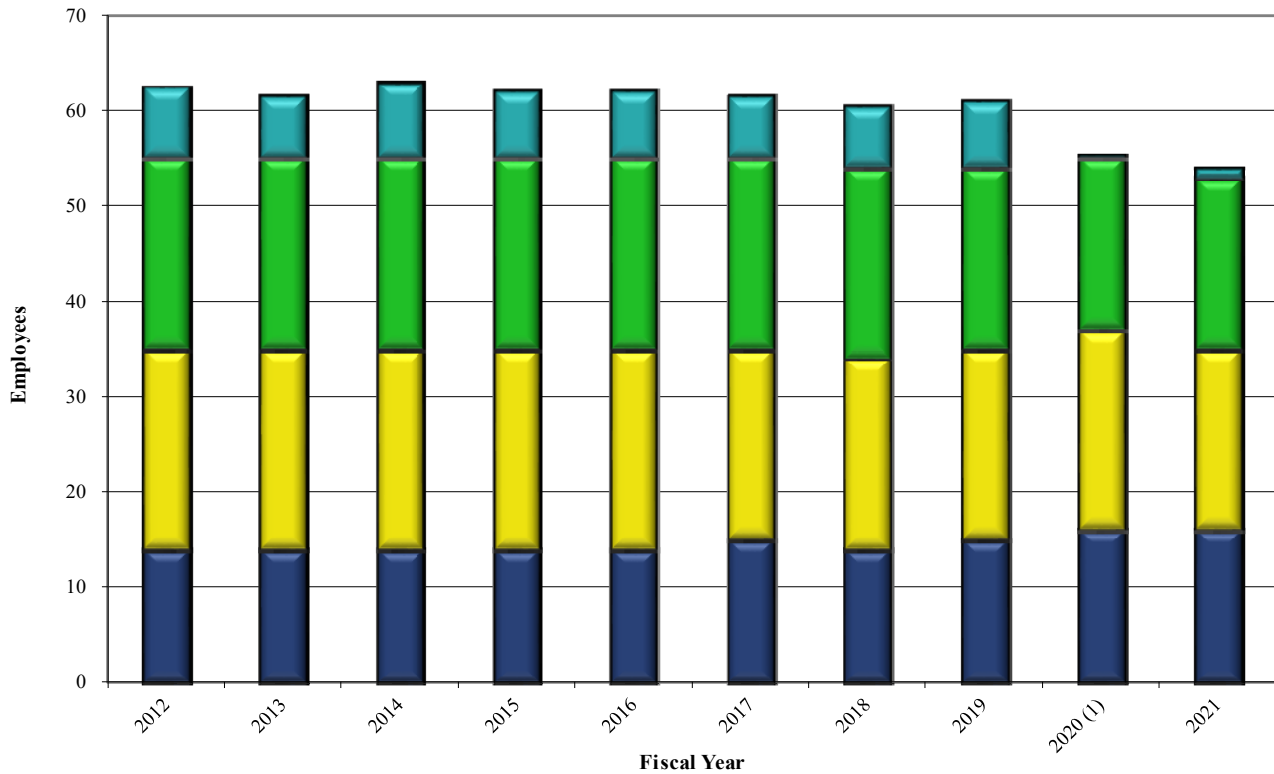
- (1) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.
- (2) Amount is a projection as of October
- (3) Recalculated through Urban Water Management Plan

**Walnut Valley Water District  
Full-Time Equivalent Employees  
Last Ten Fiscal Years**

**Schedule 11**

**Full-time Equivalent District Employees by Department**

Fiscal Year	District Administration	Office and Engineering	Operations	Part-time/ Student Intern	Total
2012	14	21	20	7.5	62.5
2013	14	21	20	6.5	61.5
2014	14	21	20	8.0	63.0
2015	14	21	20	7.0	62.0
2016	14	21	20	7.0	62.0
2017	15	20	20	6.5	61.5
2018	14	20	20	6.5	60.5
2019	15	20	19	7.0	61.0
2020 <sup>(1)</sup>	16	21	18	0.5	55.5
2021	16	19	18	1.0	54.0



Source: Walnut Valley Water District Accounting Department

**Notes:**

(1) Restated numbers to actual



**Walnut Valley Water District  
Operating and Capacity Indicators  
Last Ten Fiscal Years**

**Schedule 12**

**Other Operating and Capacity Indicators**

<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Miles of Pipeline</b>	<b>Storage Capacity (MG)</b>	<b>Reservoirs</b>	<b>Booster Pump Stations</b>	<b>Pressure Regulating Stations</b>	<b>Fire Hydrants</b>
2012	29	501	93.8	31	17.0	48.0	2,990
2013	29	502	93.8	31	18.0	48.0	2,993
2014	29	504	93.8	31	18.0	48.0	3,008
2015	29	505	93.8	31	17.0	48.0	3,013
2016	29	506	93.8	31	17.0	48.0	3,031
2017	29	506	93.8	31	17.0	47.0	3,035
2018	29	506	93.8	31	17.0	45.0	3,050
2019	29	510	93.8	31	17.0	43.0	3,055
2020	29	510	93.8	31	18.0	42.0	3,055
2021	29	422	93.8	31	18.0	42.0	3,093

MG - Millions of Gallons

MGD - Millions of Gallons per Day

**Source:** Walnut Valley Water District Engineering Department

Working Draft Subject To Review

# **Report on Internal Controls and Compliance**

*Working Draft Subject TO Review*

*Working Draft Subject To Review*

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

Board of Directors  
Walnut Valley Water District  
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 Walnut Valley Water District (District) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the District’s basic financial statements, and have issued our report thereon dated December 13, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) 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 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 District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Control 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Fedak & Brown LLP**  
Cypress, California  
December 13, 2021

**Walnut Valley Water District**

**Management Report**

**June 30, 2021**

*Working Draft Subject to Review*

**Walnut Valley Water District**

**Management Report**

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*Working Draft Subject to Review*



Board of Directors  
Walnut Valley Water District  
Walnut Valley, California

**Dear Members of the Board:**

In planning and performing our audit of the financial statements of the business-type activities of the Walnut Valley Water District (District) as of and for the year ended June 30 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Current Year Comment and Recommendation**

*No Comments Noted*

**Status of Comments and Recommendations Made in the Previous Year**

Our other observation, comment, and recommendation, all of which have been discussed with the appropriate members of management, are summarized as follows:

***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board.

***Management's Response***

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance as of June 30, 2020.

\* \* \* \* \*

This communication is intended solely for the information and use of management and the board of directors of the District. This restriction is not intended to be, and should not be, used by anyone other than these specified parties.

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

**Fedak & Brown LLP**  
Cypress, California  
December 13, 2021

*Working Draft Subject to Review*

**APPENDIX**

**Walnut Valley Water District**

**Finance Committee Letter**

**June 30, 2021**

*Working Draft Subject to Review*

Board of Directors  
Walnut Valley Water District  
Walnut Valley, California

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

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

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

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

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments 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.

Management's estimate of the other post-employment benefit plan's deferred outflows of resources, net OPEB liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Significant Audit Matters, continued

*Qualitative Aspects of Accounting Practices, continued*

Management's estimate of the defined benefit pension plan's deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

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

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

The disclosure of capital assets, net in Note 5 to the financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefit plan in Note 8 to the financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the District's defined benefit pension plan in Note 9 to the financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosures in the basic financial statements are neutral, consistent and clear.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected 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.

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

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representational letter dated December 13, 2021.

Significant Audit Matters, continued

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District 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.

**Fedak & Brown LLP**  
Cypress, California  
December 13, 2021



**Walnut Valley Water District  
Debt Service Coverage Requirement  
Agreed Upon Procedures**

**Fiscal Year Ended June 30, 2021  
(With Independent Accountant's Report Thereon)**

*Working Draft Subject to Review*



**Walnut Valley Water District**

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*Working Draft Subject to Review*

## **Independent Accountant's Report on Applying Agreed-Upon Procedures**

Mr. Erik Hitchman  
General Manager  
Walnut Valley Water District  
Walnut, California

On March 1, 2013, the Puente Basin Water Agency (“Agency”) issued the Water Revenue Bonds, 2013 Series A. The proceeds of the Bonds are to be used to finance certain capital facilities of the Walnut Valley Water District (“District”), as well as finance the District’s share of capital facilities to be owned by the Agency. Under terms of the installment purchase contract associated with the Bonds, the District will make semiannual installment purchase payments that are in line with the debt service requirements of the Bonds. The District is also responsible for satisfying certain other bond covenants associated with the Bonds, including the debt service coverage requirement.

We have performed the procedures enumerated below, which were agreed to by the management of the District, solely to assist the District in reviewing the debt service coverage calculation for the year ending June 30, 2021 prepared in accordance with the rate covenant requirements of the Puente Basin Water Agency Water Revenue Bonds, 2013 Series A. The District is responsible for the preparation of the debt service coverage calculation. The sufficiency of these procedures is solely the responsibility of the management of the Walnut Valley Water District. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures are as follows:

1. The bond covenants of the Puente Basin Water Agency Water Revenue Bonds, 2013 Series A describe the debt service coverage requirement as follows: “...the District will, at all times while any installment payments remain outstanding, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the water system for each fiscal year so as to yield net revenues during such fiscal year equal to at least 125% of the annual debt service in such fiscal year”. net revenues were defined in the bond covenants as follows: “...for any period of calculation, all system revenues during such period less all of the maintenance and operation costs during such period”.

We obtained the District’s debt service coverage calculation for the fiscal year ended June 30, 2020. The Calculation is included on page 3. We compared the format of the calculation to the requirements as defined in the bond covenants.

**Results:** We noted no exceptions as a result of our procedures.

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures, continued**

2. We obtained the audited financial statements of the District for the year ended June 30, 2021. We compared the financial information presented on the calculation to the District's audited financial statements.

**Results:** We noted no exceptions as a result of our procedures.

3. We reviewed the mathematical accuracy of the calculation.

**Results:** We noted no exceptions as a result of our procedures.

4. We compared the debt service coverage percentage as determined by the calculation for compliance with the debt service coverage percentage requirement as identified in the bond covenants.

**Results:** We noted no exceptions as a result of our procedures.

5. Legal counsel was consulted regarding the proper application of definitions set forth in the installment purchase agreement with respect to capitalized labor and noncash OPEB and pension accruals.

**Results:** Legal counsel supported the positions taken in the accompanying computation to exclude capitalized labor and noncash OPEB and pension accruals from the operations and maintenance costs included in the computation.

\*\*\*\*\*

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the calculation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Walnut Valley Water District and is not intended to be and should not be used by anyone other than those specified parties.

**Fedak & Brown LLP**  
Cypress, California  
December 13, 2021

**Walnut Valley Water District**  
**Computation of Net Revenue and Revenue Coverage Requirement**  
**PBWA Water Revenue Bonds, 2013 Series A (Walnut Valley Water District)**

	<u>June 30, 2021</u>
<b>Revenues:</b>	
Operating revenue	\$ 44,260,619
Other revenue	<u>2,498,453</u>
<b>Total system revenues</b>	<u>46,759,072</u>
<b>Operating expenses:</b>	
Operations and maintenance expenses	<u>(39,351,972)</u>
<b>Total system expenses</b>	<u>(39,351,972)</u>
<b>Net revenue</b>	<u>\$ 7,407,100</u>
<b>Annual debt service requirement:</b>	
Principal	\$ 510,000
Interest	<u>720,000</u>
<b>Annual debt service requirement</b>	1,230,000
Annual coverage percentage requirement	<u>125%</u>
Annual coverage requirement	<u>1,537,500</u>
Less – Net revenue	7,407,100
<b>Excess of net revenue over annual coverage requirement</b>	<u>\$ 5,869,600</u>
<b>Actual coverage percentage</b>	602.20%

**Notes:**

- (1) For the purposes of the above computation, the cost of retiree health insurance has been included in operations and maintenance costs when premiums are paid by the District. Noncash accruals associated with future payments have not been included in the amount of operations and maintenance costs shown above.
- (2) For purposes of the above computation, the cost of labor and other costs that have been capitalized as part of the cost of acquiring capital assets has been excluded from operations and maintenance costs.

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Director of Finance  
**DATE:** December 13, 2021  
**SUBJECT:** Wholesale Potable Water Rate Adjustment

---

Action/Discussion     Fiscal Impact     Resolution     Information Only

---

## Recommendation

Request the Board of Directors approve the following adjustments to the District's Wholesale Potable Water Rates for Suburban Water Systems and Golden State Water Company effective January 1, 2022.

1. Suburban Water Systems (Badillo Grand Line)
  - a. Monthly Base Rate \$13,996.00
  - b. Commodity Rate
    - Tier I \$1,145.00
    - Tier II \$1,187.00
  
2. Golden State Water Company (Grand Avenue Connection)
  - a. Monthly Base Rate \$1,609.00
  - b. Commodity Rate
    - Tier I \$1,263.00
    - Tier II \$1,1305.00

## Discussion

The wholesale rates have been updated to reflect increases in the MWD/TVMWD rates and fees (effective January 2022), along with certain internal costs related to the operation and maintenance of each connection.

### Attachment:

*Suburban Wholesale Potable Water Rates*  
*Golden State Wholesale Potable Water Rates*

**Walnut Valley Water District**  
**Suburban Water Systems - Wholesale Potable Water Rate**  
**January - December 2022**

	<b>Current Rates</b>		<b>January 1, 2022</b>	
	<b>TIER I</b>	<b>TIER II</b>	<b>TIER I</b>	<b>TIER II</b>
<b><u>WATER RATE</u></b>				
MWD Water Cost	1,104.00	1,146.00	1,143.00	1,185.00
TVMWD Surcharge	(6.00)	(6.00)	(16.00)	(16.00)
Badillo/Grand Reserve	1.00	1.00	1.00	1.00
Depreciation Charge	18.00	18.00	17.00	17.00
<b>TOTAL WATER COST PER ACRE-FOOT</b>	<b>\$1,117.00</b>	<b>\$1,159.00</b>	<b>\$1,145.00</b>	<b>\$1,187.00</b>
<b><u>BASE RATE</u></b>				
(MWD) Capacity Charge	7,940.87		10,699.85	
(TVMWD) Water Use Charge	588.56		821.32	
(TVMWD) Connected Capacity	1,016.57		1,117.00	
O&M Expenses	1,442.19		1,358.18	
	<b>10,988.19</b>		<b>\$13,996.36</b>	
<b>TOTAL MONTHLY BASE RATE</b>	<b>\$10,988.00</b>		<b>\$13,996.00</b>	

**Walnut Valley Water District  
Golden State Water Company - Wholesale Potable Water Rate  
January - December 2022**

	<b>Current Rates</b>		<b>January 1, 2022</b>	
	<b>TIER I</b>	<b>TIER II</b>	<b>TIER I</b>	<b>TIER II</b>
<b><u>WATER RATE</u></b>				
MWD Water Cost	1,104.00	1,146.00	1,143.00	1,185.00
TVMWD Surcharge	(6.00)	(6.00)	(16.00)	(16.00)
Badillo/Grand Reserve	1.00	1.00	1.00	1.00
Depreciation Charge	18.00	18.00	17.00	17.00
Pumping	108.90	108.90	117.61	117.61
<b>TOTAL WATER COST PER ACRE-FOOT</b>	<b>\$1,226.00</b>	<b>\$1,268.00</b>	<b>\$1,263.00</b>	<b>\$1,305.00</b>
<b><u>BASE RATE</u></b>				
(MWD) Capacity Charge		219.54		621.76
(TVMWD) Water Use Charge		37.51		58.71
(TVMWD) Connected Capacity		112.84		123.99
O&M Expenses		160.08		150.76
6-inch Meter Charge		617.20		654.24
		<b>1,147.17</b>		<b>\$1,609.46</b>
<b>TOTAL MONTHLY BASE RATE</b>		<b>\$1,147.00</b>		<b>\$1,609.00</b>





# Walnut Valley Water District Consolidated - Account #10076

## MONTHLY ACCOUNT STATEMENT

NOVEMBER 1, 2021 THROUGH NOVEMBER 30, 2021

### Chandler Team:

For questions about your account, please call (800) 317-4747,  
or contact [operations@chandlerasset.com](mailto:operations@chandlerasset.com)

### Custodian

Bank of New York Mellon Trust Company  
Amy Kung  
(213) 630-6374

**CHANDLER ASSET MANAGEMENT**  
chandlerasset.com

*Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.*



**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	1.97
Average Coupon	1.33%
Average Purchase YTM	1.32%
Average Market YTM	0.63%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.03 yrs
Average Life	1.96 yrs

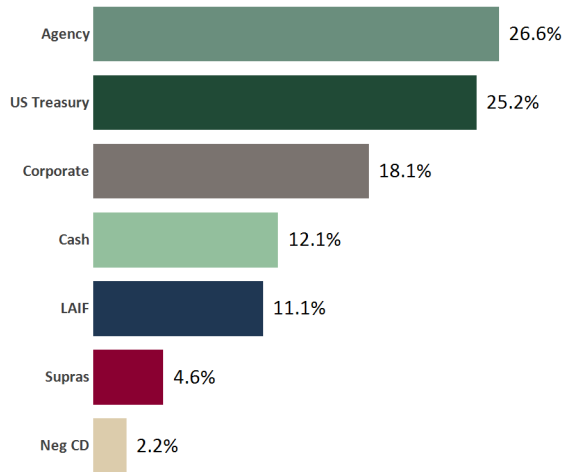
**ACCOUNT SUMMARY**

	Beg. Values as of 10/31/21	End Values as of 11/30/21
Market Value	45,288,358	45,240,460
Accrued Interest	151,529	170,800
<b>Total Market Value</b>	<b>45,439,887</b>	<b>45,411,260</b>
Income Earned	50,641	49,669
Cont/WD		
Par	44,898,187	44,901,583
Book Value	44,910,466	44,912,052
Cost Value	44,911,210	44,913,952

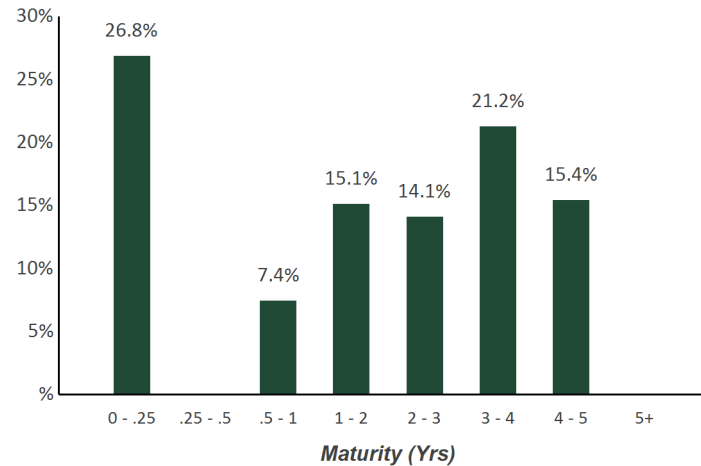
**TOP ISSUERS**

Government of United States	25.2%
Federal Home Loan Bank	12.5%
Bank Cash Account	12.1%
Local Agency Investment Fund	11.1%
Federal National Mortgage Assoc	8.6%
Federal Home Loan Mortgage Corp	3.7%
Intl Bank Recon and Development	2.4%
Inter-American Dev Bank	2.2%
<b>Total</b>	<b>78.0%</b>

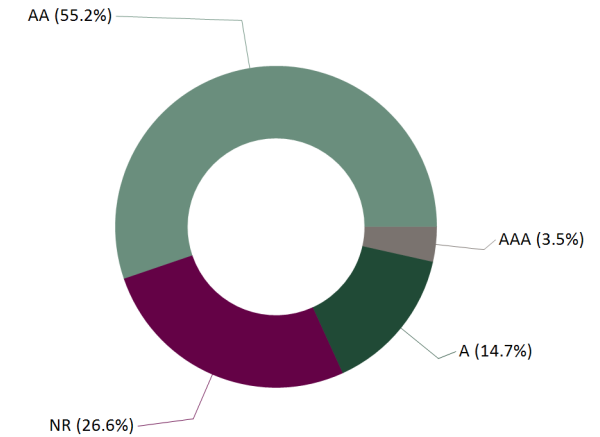
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**





**PORTFOLIO CHARACTERISTICS**

Average Modified Duration	2.54
Average Coupon	1.72%
Average Purchase YTM	1.71%
Average Market YTM	0.77%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.63 yrs
Average Life	2.60 yrs

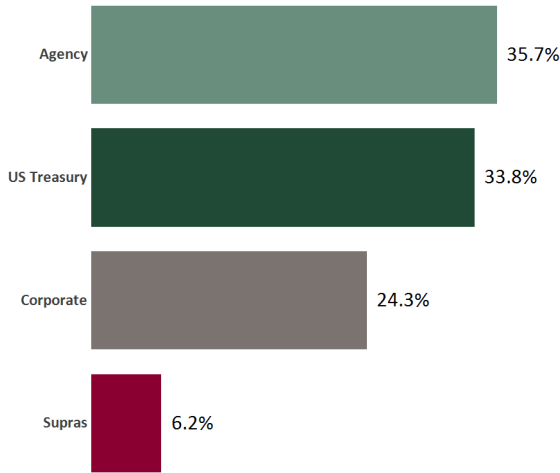
**ACCOUNT SUMMARY**

	Beg. Values as of 10/31/21	End Values as of 11/30/21
Market Value	33,738,890	33,680,450
Accrued Interest	146,855	166,655
<b>Total Market Value</b>	<b>33,885,745</b>	<b>33,847,105</b>
Income Earned	48,544	47,760
Cont/WD		-38,645
Par	33,348,875	33,340,000
Book Value	33,361,154	33,350,469
Cost Value	33,361,898	33,352,370

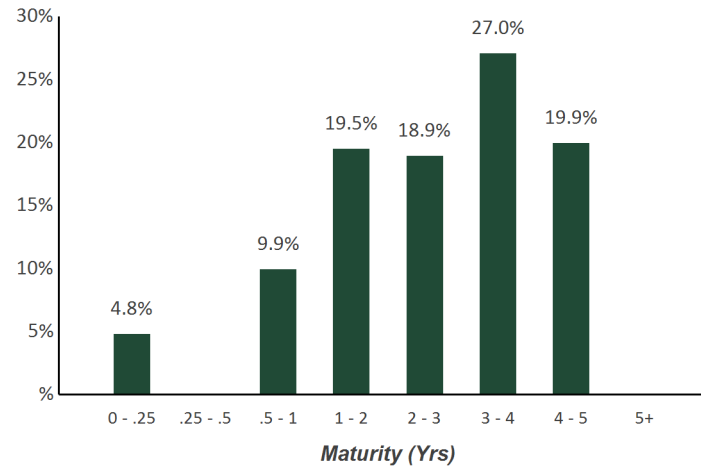
**TOP ISSUERS**

Government of United States	33.8%
Federal Home Loan Bank	16.8%
Federal National Mortgage Assoc	11.6%
Federal Home Loan Mortgage Corp	5.0%
Intl Bank Recon and Development	3.2%
Inter-American Dev Bank	3.0%
Federal Farm Credit Bank	2.3%
US Bancorp	1.6%
<b>Total</b>	<b>77.3%</b>

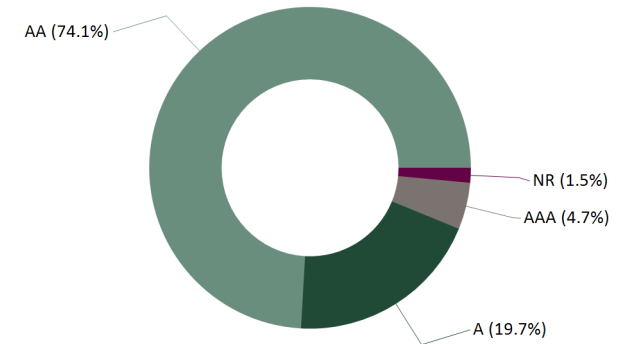
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

**TOTAL RATE OF RETURN**

	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	7/31/2009
Walnut Valley Water District	0.00%	-0.74%	-0.77%	-0.63%	1.81%	2.99%	2.11%	1.59%	1.79%
ICE BofA 1-5 Yr US Treasury & Agency Index*	0.05%	-0.69%	-0.82%	-0.74%	1.74%	2.88%	1.94%	1.40%	1.59%

\*ICE BofA 1-3 Yr US Treasury Index to 8/31/10



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>AGENCY</b>									
3135G0T94	FNMA Note 2.375% Due 1/19/2023	500,000.00	04/11/2018 2.70%	492,845.00 498,300.53	102.38 0.28%	511,886.50 4,354.17	1.14% 13,585.97	Aaa / AA+ AAA	1.14 1.12
313382AX1	FHLB Note 2.125% Due 3/10/2023	450,000.00	04/11/2018 2.66%	439,069.50 447,171.36	102.25 0.36%	460,138.05 2,151.56	1.02% 12,966.69	Aaa / AA+ AAA	1.27 1.26
313383YJ4	FHLB Note 3.375% Due 9/8/2023	625,000.00	09/28/2018 3.05%	634,237.50 628,311.56	105.06 0.50%	656,618.75 4,863.28	1.46% 28,307.19	Aaa / AA+ NR	1.77 1.72
3135G0U43	FNMA Note 2.875% Due 9/12/2023	750,000.00	10/30/2018 3.04%	744,405.00 747,953.43	104.22 0.50%	781,647.75 4,731.77	1.73% 33,694.32	Aaa / AA+ AAA	1.78 1.74
3130A0F70	FHLB Note 3.375% Due 12/8/2023	750,000.00	12/13/2018 2.93%	765,270.00 756,183.51	105.61 0.58%	792,065.25 12,164.06	1.77% 35,881.74	Aaa / AA+ AAA	2.02 1.94
3135G0V34	FNMA Note 2.5% Due 2/5/2024	575,000.00	03/06/2019 2.60%	572,263.00 573,786.27	104.14 0.59%	598,811.90 4,631.94	1.33% 25,025.63	Aaa / AA+ AAA	2.18 2.12
3130AFW94	FHLB Note 2.5% Due 2/13/2024	500,000.00	02/28/2019 2.61%	497,510.00 498,893.94	104.14 0.61%	520,688.00 3,750.00	1.15% 21,794.06	Aaa / AA+ AAA	2.21 2.14
3130AB3H7	FHLB Note 2.375% Due 3/8/2024	600,000.00	05/01/2019 2.35%	600,600.00 600,280.36	103.83 0.67%	622,999.80 3,285.42	1.38% 22,719.44	Aaa / AA+ NR	2.27 2.21
3133EKNX0	FFCB Note 2.16% Due 6/3/2024	750,000.00	07/02/2019 1.88%	759,847.50 755,014.17	103.50 0.75%	776,265.75 8,010.00	1.73% 21,251.58	Aaa / AA+ AAA	2.51 2.42
3130A1XJ2	FHLB Note 2.875% Due 6/14/2024	650,000.00	06/26/2019 1.85%	681,427.50 666,042.92	105.42 0.72%	685,258.60 8,668.92	1.53% 19,215.68	Aaa / AA+ NR	2.54 2.43
3130A3GE8	FHLB Note 2.75% Due 12/13/2024	700,000.00	12/23/2019 1.77%	732,445.00 719,795.74	105.66 0.86%	739,603.90 8,983.33	1.65% 19,808.16	Aaa / AA+ NR	3.04 2.89
3135G0X24	FNMA Note 1.625% Due 1/7/2025	600,000.00	02/14/2020 1.48%	604,074.00 602,585.91	102.17 0.91%	613,013.40 3,900.00	1.36% 10,427.49	Aaa / AA+ AAA	3.11 3.01
3137EAEP0	FHLMC Note 1.5% Due 2/12/2025	600,000.00	02/14/2020 1.48%	600,486.00 600,311.99	101.85 0.91%	611,127.60 2,725.00	1.35% 10,815.61	Aaa / AA+ AAA	3.21 3.11
3135G03U5	FNMA Note 0.625% Due 4/22/2025	800,000.00	Various 0.53%	803,537.00 802,461.71	98.81 0.98%	790,508.00 541.67	1.74% (11,953.71)	Aaa / AA+ AAA	3.39 3.35
3130AJKW8	FHLB Note 0.5% Due 6/13/2025	600,000.00	06/10/2020 0.54%	598,866.00 599,197.99	98.40 0.96%	590,390.40 1,400.00	1.30% (8,807.59)	Aaa / AA+ AAA	3.54 3.48
3137EAEU9	FHLMC Note 0.375% Due 7/21/2025	400,000.00	08/12/2020 0.45%	398,456.00 398,862.77	97.79 0.99%	391,170.40 541.67	0.86% (7,692.37)	Aaa / AA+ AAA	3.64 3.60



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>AGENCY</b>									
3137EAEX3	FHLMC Note 0.375% Due 9/23/2025	700,000.00	10/07/2020 0.50%	695,758.00 696,739.45	97.41 1.07%	681,886.10 495.83	1.50% (14,853.35)	Aaa / AA+ AAA	3.82 3.77
3135G06G3	FNMA Note 0.5% Due 11/7/2025	625,000.00	11/18/2020 0.51%	624,775.00 624,821.76	97.82 1.07%	611,370.00 208.33	1.35% (13,451.76)	Aaa / AA+ AAA	3.94 3.88
3130AKFA9	FHLB Note 0.375% Due 12/12/2025	600,000.00	01/05/2021 0.42%	598,680.00 598,921.13	97.11 1.11%	582,651.60 1,056.25	1.29% (16,269.53)	Aaa / AA+ NR	4.04 3.98
<b>Total Agency</b>		<b>11,775,000.00</b>	<b>1.75%</b>	<b>11,844,552.00</b> <b>11,815,636.50</b>	<b>0.76%</b>	<b>12,018,101.75</b> <b>76,463.20</b>	<b>26.63%</b> <b>202,465.25</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>2.71</b> <b>2.64</b>
<b>CASH</b>									
90CASH\$00	Cash Custodial Cash Account	5,512,718.86	Various 0.00%	5,512,718.86 5,512,718.86	1.00 0.00%	5,512,718.86 0.00	12.14% 0.00	NR / NR NR	0.00 0.00
<b>Total Cash</b>		<b>5,512,718.86</b>	<b>N/A</b>	<b>5,512,718.86</b>	<b>0.00%</b>	<b>5,512,718.86</b> <b>0.00</b>	<b>12.14%</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>CORPORATE</b>									
06406RAA5	Bank of NY Mellon Corp Callable Note Cont 1/7/2022 2.6% Due 2/7/2022	500,000.00	06/20/2017 2.35%	505,305.00 500,118.32	100.24 0.30%	501,179.00 4,116.67	1.11% 1,060.68	A1 / A AA-	0.19 0.10
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.45% Due 7/28/2022	500,000.00	07/26/2017 2.42%	500,650.00 500,075.64	101.15 0.45%	505,771.00 4,185.42	1.12% 5,695.36	A2 / A A+	0.66 0.57
037833DC1	Apple Inc Callable Note Cont 8/12/2022 2.1% Due 9/12/2022	500,000.00	09/21/2017 2.29%	495,540.00 499,298.90	101.18 0.41%	505,898.50 2,304.17	1.12% 6,599.60	Aa1 / AA+ NR	0.78 0.69
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.65% Due 1/25/2023	500,000.00	10/30/2018 3.51%	483,170.00 495,427.81	102.22 0.56%	511,114.00 4,637.50	1.14% 15,686.19	A2 / A A	1.15 1.05
46625HJH4	JP Morgan Chase Note 3.2% Due 1/25/2023	500,000.00	08/06/2019 2.18%	516,975.00 505,631.52	103.02 0.57%	515,085.00 5,600.00	1.15% 9,453.48	A2 / A- AA-	1.15 1.13
24422ERT8	John Deere Capital Corp Note 2.8% Due 1/27/2023	450,000.00	04/11/2018 3.17%	442,606.50 448,217.11	102.61 0.54%	461,725.20 4,340.00	1.03% 13,508.09	A2 / A A	1.16 1.14
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.75% Due 3/15/2023	500,000.00	Various 3.04%	493,706.00 498,256.39	102.43 0.58%	512,149.50 2,902.78	1.13% 13,893.11	Aa2 / AA A+	1.29 1.11



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>CORPORATE</b>									
911312BK1	UPS Callable Note Cont 3/1/2023 2.5% Due 4/1/2023	450,000.00	04/11/2018 3.11%	437,413.50 446,627.87	102.29 0.66%	460,284.30 1,875.00	1.02% 13,656.43	A2 / A- NR	1.33 1.23
58933YAF2	Merck & Co Note 2.8% Due 5/18/2023	250,000.00	08/06/2019 1.89%	258,235.00 253,182.93	103.24 0.58%	258,091.00 252.78	0.57% 4,908.07	A1 / A+ A+	1.46 1.44
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	07/31/2018 3.26%	503,095.00 500,952.44	104.29 0.50%	521,470.00 7,319.44	1.16% 20,517.56	Aa2 / AA AA	1.57 1.44
02665WCJ8	American Honda Finance Note 3.45% Due 7/14/2023	400,000.00	07/31/2018 3.38%	401,336.00 400,436.21	104.46 0.68%	417,859.20 5,251.67	0.93% 17,422.99	A3 / A- NR	1.62 1.57
89236TFN0	Toyota Motor Credit Corp Note 3.45% Due 9/20/2023	450,000.00	01/16/2019 3.38%	451,318.50 450,508.54	104.79 0.77%	471,576.60 3,061.88	1.05% 21,068.06	A1 / A+ A+	1.81 1.75
91159HHV5	US Bancorp Callable Note Cont 1/5/2024 3.375% Due 2/5/2024	500,000.00	12/23/2019 2.11%	524,265.00 512,619.12	105.08 0.92%	525,409.00 5,437.50	1.17% 12,789.88	A2 / A+ A+	2.18 2.01
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	450,000.00	05/30/2019 2.61%	458,955.00 454,253.24	103.32 0.90%	464,921.10 3,816.25	1.03% 10,667.86	A2 / A- AA-	2.26 1.23
14913R2L0	Caterpillar Financial Service Note 0.45% Due 5/17/2024	350,000.00	05/12/2021 0.51%	349,426.00 349,529.70	98.74 0.97%	345,601.90 61.25	0.76% (3,927.80)	A2 / A A	2.46 2.44
717081EX7	Pfizer Inc. Callable Note Cont 4/28/2025 0.8% Due 5/28/2025	400,000.00	05/26/2020 0.83%	399,376.00 399,564.64	98.82 1.15%	395,277.20 26.67	0.87% (4,287.44)	A2 / A+ A	3.49 3.35
78015K7H1	Royal Bank of Canada Note 1.15% Due 6/10/2025	400,000.00	05/20/2021 0.96%	403,072.00 402,675.01	99.16 1.39%	396,658.00 2,185.00	0.88% (6,017.01)	A2 / A AA-	3.53 3.42
89114TZD7	Toronto-Dominion Bank Note 1.2% Due 6/3/2026	400,000.00	08/11/2021 1.12%	401,416.00 401,327.25	98.60 1.52%	394,410.40 2,373.33	0.87% (6,916.85)	A1 / A AA-	4.51 4.34
<b>Total Corporate</b>		<b>8,000,000.00</b>	<b>2.41%</b>	<b>8,025,860.50</b> <b>8,018,702.64</b>	<b>0.73%</b>	<b>8,164,480.90</b> <b>59,747.31</b>	<b>18.11%</b> <b>145,778.26</b>	<b>A1 / A+</b> <b>A+</b>	<b>1.73</b> <b>1.58</b>



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>LAIF</b>									
90LAIF\$00	Local Agency Investment Fund State Pool	5,057,863.77	Various 0.21%	5,057,863.77 5,057,863.77	1.00 0.21%	5,057,863.77 1,773.26	11.14% 0.00	NR / NR NR	0.00 0.00
<b>Total LAIF</b>		<b>5,057,863.77</b>	<b>0.21%</b>	<b>5,057,863.77</b>	<b>0.21%</b>	<b>5,057,863.77</b> <b>1,773.26</b>	<b>11.14%</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>

<b>NEGOTIABLE CD</b>									
14042TBL0	Capital One Bank USA NA Negotiable CD 2.2% Due 8/7/2023	247,000.00	08/06/2019 2.20%	247,000.00 247,000.00	100.00 2.20%	247,000.00 1,726.97	0.55% 0.00	NR / NR NR	1.68 1.64
7954506L4	Sallie Mae Bank Negotiable CD 0.85% Due 5/27/2025	248,000.00	05/27/2020 0.85%	248,000.00 248,000.00	100.00 0.85%	248,000.00 23.10	0.55% 0.00	NR / NR NR	3.49 3.43
856285TQ4	STATE BANK OF INDIA Negotiable CD 1.1% Due 5/28/2025	248,000.00	05/28/2020 1.10%	248,000.00 248,000.00	100.00 1.10%	248,000.00 22.42	0.55% 0.00	NR / NR NR	3.49 3.42
38149MZJ5	Goldman Sachs Bank USA Negotiable CD 1.05% Due 9/8/2026	248,000.00	08/25/2021 1.05%	248,000.00 248,000.00	99.37 1.19%	246,426.94 599.28	0.54% (1,573.06)	NR / NR NR	4.78 4.63
<b>Total Negotiable CD</b>		<b>991,000.00</b>	<b>1.30%</b>	<b>991,000.00</b>	<b>1.33%</b>	<b>989,426.94</b> <b>2,371.77</b>	<b>2.18%</b> <b>(1,573.06)</b>	<b>NR / NR</b> <b>NR</b>	<b>3.36</b> <b>3.28</b>

<b>SUPRANATIONAL</b>									
459058FY4	Intl. Bank Recon & Development Note 2% Due 1/26/2022	500,000.00	09/21/2017 1.95%	501,010.00 500,035.71	100.26 0.33%	501,295.50 3,472.22	1.11% 1,259.79	Aaa / NR AAA	0.16 0.16
4581X0CZ9	Inter-American Dev Bank Note 1.75% Due 9/14/2022	500,000.00	08/14/2018 2.91%	477,871.50 495,737.66	101.18 0.26%	505,878.00 1,871.53	1.12% 10,140.34	Aaa / AAA AAA	0.79 0.78
459058JL8	Intl. Bank Recon & Development Note 0.5% Due 10/28/2025	600,000.00	12/14/2020 0.48%	600,516.00 600,414.37	97.77 1.08%	586,631.40 275.00	1.29% (13,782.97)	Aaa / AAA AAA	3.91 3.85



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>SUPRANATIONAL</b>									
4581X0DV7	Inter-American Dev Bank Note 0.875% Due 4/20/2026	500,000.00	04/27/2021 0.94%	498,425.00 498,612.23	98.67 1.19%	493,358.00 498.26	1.09% (5,254.23)	Aaa / AAA AAA	4.39 4.29
<b>Total Supranational</b>		<b>2,100,000.00</b>	<b>1.52%</b>	<b>2,077,822.50</b> <b>2,094,799.97</b>	<b>0.73%</b>	<b>2,087,162.90</b> <b>6,117.01</b>	<b>4.61%</b> <b>(7,637.07)</b>	<b>Aaa / AAA</b> <b>AAA</b>	<b>2.36</b> <b>2.32</b>
<b>US TREASURY</b>									
912828U81	US Treasury Note 2% Due 12/31/2021	600,000.00	01/31/2017 1.90%	602,931.70 600,049.03	100.15 0.20%	600,909.00 5,021.74	1.33% 859.97	Aaa / AA+ AAA	0.08 0.08
912828XW5	US Treasury Note 1.75% Due 6/30/2022	650,000.00	Various 1.81%	648,238.51 649,785.71	100.95 0.12%	656,169.80 4,760.19	1.46% 6,384.09	Aaa / AA+ AAA	0.58 0.58
9128283C2	US Treasury Note 2% Due 10/31/2022	400,000.00	02/27/2018 2.60%	389,468.75 397,936.99	101.62 0.23%	406,468.80 685.08	0.90% 8,531.81	Aaa / AA+ AAA	0.92 0.91
912828M80	US Treasury Note 2% Due 11/30/2022	750,000.00	10/30/2018 2.92%	723,515.63 743,534.33	101.75 0.25%	763,125.00 41.21	1.68% 19,590.67	Aaa / AA+ AAA	1.00 0.99
912828X70	US Treasury Note 2% Due 4/30/2024	400,000.00	07/02/2019 1.78%	404,125.00 402,061.33	103.19 0.67%	412,750.00 685.08	0.91% 10,688.67	Aaa / AA+ AAA	2.42 2.36
9128282U3	US Treasury Note 1.875% Due 8/31/2024	575,000.00	03/04/2020 0.72%	604,311.52 592,944.37	103.02 0.76%	592,362.13 2,739.99	1.31% (582.24)	Aaa / AA+ AAA	2.75 2.67
912828YV6	US Treasury Note 1.5% Due 11/30/2024	700,000.00	12/23/2019 1.72%	692,808.59 695,632.50	102.00 0.82%	714,027.30 28.85	1.57% 18,394.80	Aaa / AA+ AAA	3.00 2.93
912828Z52	US Treasury Note 1.375% Due 1/31/2025	575,000.00	03/04/2020 0.71%	593,328.13 586,826.91	101.59 0.87%	584,118.93 2,642.58	1.29% (2,707.98)	Aaa / AA+ AAA	3.17 3.08
912828ZF0	US Treasury Note 0.5% Due 3/31/2025	750,000.00	03/26/2020 0.50%	749,912.11 749,941.44	98.66 0.91%	739,951.50 638.74	1.63% (9,989.94)	Aaa / AA+ AAA	3.33 3.29
91282CAT8	US Treasury Note 0.25% Due 10/31/2025	700,000.00	02/16/2021 0.51%	691,605.47 693,004.56	97.00 1.03%	678,972.70 149.86	1.50% (14,031.86)	Aaa / AA+ AAA	3.92 3.88
91282CBC4	US Treasury Note 0.375% Due 12/31/2025	700,000.00	01/12/2021 0.52%	694,968.75 695,862.33	97.25 1.06%	680,777.30 1,098.51	1.50% (15,085.03)	Aaa / AA+ AAA	4.09 4.03
91282CBH3	US Treasury Note 0.375% Due 1/31/2026	550,000.00	03/22/2021 0.85%	537,625.00 539,382.89	97.13 1.08%	534,208.95 689.37	1.18% (5,173.94)	Aaa / AA+ AAA	4.17 4.11





CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
91282CBQ3	US Treasury Note 0.5% Due 2/28/2026	650,000.00	03/09/2021 0.83%	639,589.84 641,104.88	97.57 1.09%	634,206.95 825.97	1.40% (6,897.93)	Aaa / AA+ AAA	4.25 4.18
91282CBT7	US Treasury Note 0.75% Due 3/31/2026	440,000.00	03/29/2021 0.88%	437,301.56 437,663.62	98.55 1.09%	433,623.52 562.09	0.96% (4,040.10)	Aaa / AA+ AAA	4.33 4.24
91282CCF6	US Treasury Note 0.75% Due 5/31/2026	850,000.00	06/28/2021 0.88%	844,820.31 845,267.08	98.43 1.11%	836,652.45 17.51	1.84% (8,614.63)	Aaa / AA+ AAA	4.50 4.41
91282CCP4	US Treasury Note 0.625% Due 7/31/2026	750,000.00	10/08/2021 1.02%	736,171.88 736,566.29	97.71 1.13%	732,861.00 1,566.75	1.62% (3,705.29)	Aaa / AA+ AAA	4.67 4.57
91282CCW9	US Treasury Note 0.75% Due 8/31/2026	850,000.00	09/28/2021 1.00%	839,939.45 840,292.16	98.24 1.13%	835,058.70 1,620.17	1.84% (5,233.46)	Aaa / AA+ AAA	4.75 4.64
91282CDG3	US Treasury Note 1.125% Due 10/31/2026	575,000.00	11/29/2021 1.18%	573,472.66 573,473.51	99.91 1.14%	574,460.65 553.95	1.27% 987.14	Aaa / AA+ AAA	4.92 4.77
<b>Total US Treasury</b>		<b>11,465,000.00</b>	<b>1.20%</b>	<b>11,404,134.86</b> <b>11,421,329.93</b>	<b>0.83%</b>	<b>11,410,704.68</b> <b>24,327.64</b>	<b>25.18%</b> <b>(10,625.25)</b>	<b>Aaa / AA+</b> <b>AAA</b>	<b>3.23</b> <b>3.17</b>
<b>TOTAL PORTFOLIO</b>		<b>44,901,582.63</b>	<b>1.32%</b>	<b>44,913,952.49</b> <b>44,912,051.67</b>	<b>0.63%</b>	<b>45,240,459.80</b> <b>170,800.19</b>	<b>100.00%</b> <b>328,408.13</b>	<b>Aa1 / AA</b> <b>AAA</b>	<b>2.03</b> <b>1.97</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>45,411,259.99</b>			



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	11/02/2021	60934N807	0.37	Federated Investors Govt Oblig Fund Inst.	1.000	0.03%	0.37	0.00	0.37	0.00
Purchase	11/07/2021	60934N807	1,562.50	Federated Investors Govt Oblig Fund Inst.	1.000	0.03%	1,562.50	0.00	1,562.50	0.00
Purchase	11/17/2021	60934N807	787.50	Federated Investors Govt Oblig Fund Inst.	1.000	0.03%	787.50	0.00	787.50	0.00
Purchase	11/18/2021	60934N807	3,500.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.03%	3,500.00	0.00	3,500.00	0.00
Purchase	11/28/2021	60934N807	1,600.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.03%	1,600.00	0.00	1,600.00	0.00
Purchase	11/29/2021	60934N807	2,437.87	Federated Investors Govt Oblig Fund Inst.	1.000	0.03%	2,437.87	0.00	2,437.87	0.00
Purchase	11/30/2021	60934N807	21,328.13	Federated Investors Govt Oblig Fund Inst.	1.000	0.03%	21,328.13	0.00	21,328.13	0.00
Purchase	11/30/2021	60934N807	575,000.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.03%	575,000.00	0.00	575,000.00	0.00
Purchase	11/30/2021	91282CDG3	575,000.00	US Treasury Note 1.125% Due 10/31/2026	99.734	1.18%	573,472.66	536.08	574,008.74	0.00
<b>Subtotal</b>			<b>1,181,216.37</b>				<b>1,179,689.03</b>	<b>536.08</b>	<b>1,180,225.11</b>	<b>0.00</b>
Security Contribution	11/29/2021	60934N807	2,437.87	Federated Investors Govt Oblig Fund Inst.	1.000		2,437.87	0.00	2,437.87	0.00
Security Contribution	11/30/2021	90CASH\$00	12,270.80	Cash Custodial Cash Account	1.000		12,270.80	0.00	12,270.80	0.00
<b>Subtotal</b>			<b>14,708.67</b>				<b>14,708.67</b>	<b>0.00</b>	<b>14,708.67</b>	<b>0.00</b>
Short Sale	11/30/2021	60934N807	-574,008.74	Federated Investors Govt Oblig Fund Inst.	1.000		-574,008.74	0.00	-574,008.74	0.00
<b>Subtotal</b>			<b>-574,008.74</b>				<b>-574,008.74</b>	<b>0.00</b>	<b>-574,008.74</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>621,916.30</b>				<b>620,388.96</b>	<b>536.08</b>	<b>620,925.04</b>	<b>0.00</b>



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>DISPOSITIONS</b>										
Closing Purchase	11/30/2021	60934N807	-574,008.74	Federated Investors Govt Oblig Fund Inst.	1.000		-574,008.74	0.00	-574,008.74	0.00
<b>Subtotal</b>			<b>-574,008.74</b>				<b>-574,008.74</b>	<b>0.00</b>	<b>-574,008.74</b>	<b>0.00</b>
Sale	11/30/2021	60934N807	574,008.74	Federated Investors Govt Oblig Fund Inst.	1.000	0.03%	574,008.74	0.00	574,008.74	0.00
<b>Subtotal</b>			<b>574,008.74</b>				<b>574,008.74</b>	<b>0.00</b>	<b>574,008.74</b>	<b>0.00</b>
Maturity	11/30/2021	912828G53	575,000.00	US Treasury Note 1.875% Due 11/30/2021	100.000		575,000.00	0.00	575,000.00	0.00
<b>Subtotal</b>			<b>575,000.00</b>				<b>575,000.00</b>	<b>0.00</b>	<b>575,000.00</b>	<b>0.00</b>
Security Withdrawal	11/29/2021	60934N807	2,437.87	Federated Investors Govt Oblig Fund Inst.	1.000		2,437.87	0.00	2,437.87	0.00
Security Withdrawal	11/30/2021	60934N807	41,082.63	Federated Investors Govt Oblig Fund Inst.	1.000		41,082.63	0.00	41,082.63	0.00
<b>Subtotal</b>			<b>43,520.50</b>				<b>43,520.50</b>	<b>0.00</b>	<b>43,520.50</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>618,520.50</b>				<b>618,520.50</b>	<b>0.00</b>	<b>618,520.50</b>	<b>0.00</b>
<b>OTHER TRANSACTIONS</b>										
Interest	11/07/2021	3135G06G3	625,000.00	FNMA Note 0.5% Due 11/7/2025	0.000		1,562.50	0.00	1,562.50	0.00
Interest	11/17/2021	14913R2L0	350,000.00	Caterpillar Financial Service Note 0.45% Due 5/17/2024	0.000		787.50	0.00	787.50	0.00
Interest	11/18/2021	58933YAF2	250,000.00	Merck & Co Note 2.8% Due 5/18/2023	0.000		3,500.00	0.00	3,500.00	0.00
Interest	11/27/2021	7954506L4	248,000.00	Sallie Mae Bank Negotiable CD 0.85% Due 5/27/2025	0.000		1,062.66	0.00	1,062.66	0.00
Interest	11/28/2021	717081EX7	400,000.00	Pfizer Inc. Callable Note Cont 4/28/2025 0.8% Due 5/28/2025	0.000		1,600.00	0.00	1,600.00	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>OTHER TRANSACTIONS</b>										
Interest	11/28/2021	856285TQ4	248,000.00	STATE BANK OF INDIA Negotiable CD 1.1% Due 5/28/2025	0.000		1,375.21	0.00	1,375.21	0.00
Interest	11/30/2021	912828G53	575,000.00	US Treasury Note 1.875% Due 11/30/2021	0.000		5,390.63	0.00	5,390.63	0.00
Interest	11/30/2021	912828M80	750,000.00	US Treasury Note 2% Due 11/30/2022	0.000		7,500.00	0.00	7,500.00	0.00
Interest	11/30/2021	912828YV6	700,000.00	US Treasury Note 1.5% Due 11/30/2024	0.000		5,250.00	0.00	5,250.00	0.00
Interest	11/30/2021	91282CCF6	850,000.00	US Treasury Note 0.75% Due 5/31/2026	0.000		3,187.50	0.00	3,187.50	0.00
<b>Subtotal</b>			<b>4,996,000.00</b>				<b>31,216.00</b>	<b>0.00</b>	<b>31,216.00</b>	<b>0.00</b>
Dividend	11/02/2021	60934N807	8,875.00	Federated Investors Govt Oblig Fund Inst.	0.000		0.37	0.00	0.37	0.00
<b>Subtotal</b>			<b>8,875.00</b>				<b>0.37</b>	<b>0.00</b>	<b>0.37</b>	<b>0.00</b>
<b>TOTAL OTHER TRANSACTIONS</b>			<b>5,004,875.00</b>				<b>31,216.37</b>	<b>0.00</b>	<b>31,216.37</b>	<b>0.00</b>

# Statement of Compliance

As of November 30, 2021



## Walnut Valley Water District

Assets managed by Chandler Asset Management are in full compliance with state law and with the District's investment policy.

Category	Standard	Comment
U.S. Treasuries	No Limitation; US Treasury Bills, Notes, and Bonds	Complies
Federal Agencies	30% max per Agency/GSE issuer; 20% max callable agency securities; Federal agencies or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued or fully guaranteed as to principal and interest by federal agencies or U.S. government sponsored enterprises.	Complies
Supranational Obligations	"AA" rating category or higher by a NRSRO; 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by IBRD, IFC, or IADB	Complies
Municipal Securities	No Limitation; Bonds issued by the District; Registered state warrants or treasury notes or bonds issued by the State of California; Bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of the other 49 states, in addition to California; Bonds, notes, warrants or other debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, or other local agencies or joint powers agencies.	Complies
Corporate Medium Term Notes	"A" rating category or higher by a NRSRO; 30% max; 5% max per issuer; Issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	Complies
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, Collateralized Mortgage Obligations	"AA" rating category or better by a NRSRO; 20% max combined; From issuers other than the U.S. Treasury or a U.S. Federal Agency/GSE	Complies
Negotiable Certificates of Deposit (NCD)	30% max; 5% max per issuer; Issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally-licensed or state-licensed branch of a foreign bank	Complies
Certificate of Deposit Placement Service (CDARS)	50% max; Placement service deposits, including certificates of deposit, at a commercial bank, savings and loan association or credit union that uses a private sector entity that assist in the placement of deposits	Complies
Banker's Acceptances	40% max; 5% max per issuer/commercial bank; 180 days max maturity	Complies
Commercial Paper	"Prime quality of the highest rating or "A-1" rated or better by a NRSRO; Issued by an entity that is either: a. (i) organized and operating within the U.S. as a general corporation with assets > \$500 million; (ii) "A" rating or better by a NRSRO, if issuer has debt obligations; b. (i) organized within the U.S. as a special purpose corporation, trust, or limited liability company; (ii) have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; (iii) rated "A-1" or better by a NRSRO; 25% max; 5% max per issuer; 270 days maturity; 10% maximum of the outstanding commercial paper of any single issuer	Complies
Mutual Funds and Money Market Mutual Funds	i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million; 20% max combined Money Market Mutual Funds and Mutual Funds; 20% max per Money Market Mutual Fund ; 10% max per Mutual Fund; Mutual Fund maturity defined as the weighted average maturity; Money Market Mutual Funds must have an average maturity of 60 days or less	Complies
Local Agency Investment Fund (LAIF)	No Limit	Complies
Repurchase Agreements/ Reverse Repurchase Agreements	1 year max maturity; Subject to further limitation by California Government Code, which, if applicable, may limit to 92 days max maturity for Reverse repurchase agreements; 102% collateralized; Not used by Investment Adviser	Complies
Max Per Issuer	5% max per issuer, except the US Government, its Agencies and enterprises, LAIF, or unless otherwise specified in the investment policy	Complies
Maximum Maturity	5 years	Complies

# Net of Fees Performance Report

November 30, 2021



	Portfolio	Index
Period	Net of 10.9 bps annual fee	*ICE BofA 1-5 Yr US Government
1 month	-0.01%	0.05%
3 months	-0.77%	-0.69%
Year to Date	-0.87%	-0.82%
Last 12 Months	-0.73%	-0.74%
Inception Date	7/31/2009	7/31/2009
Since Inception	22.82%	21.51%
Annualized Since Inception	1.68%	1.59%

Walnut Valley Water District  
Revenue Bond - East West Bank  
Life to Date  
November 30, 2021

Bond Proceeds		\$ 19,940,487.80
Disbursements:		
<u>Cost of Issuance</u>		
Fieldmann, Rolapp & Associates (Financial Advisors)	\$ (26,270.57)	
Hawkins, Delafield & Wood, LLP. (Bond Counsel)	(45,000.00)	
Union Bank, N.A. (Trustee)	(3,708.00)	
Standard & Poor's Rating Services (Credit Rating)	(17,000.00)	
Image Master (Official Statement)	(3,158.31)	
Hawkins Delafield & Wood (Bond Counsel)	(1,743.31)	
		(96,880.19)
<u>Projects</u>		
Puente Basin Water Agency - Pomona Basin <sup>1</sup>	(2,052,008.87)	
Puente Basin Water Agency - LHHCWD Project <sup>1</sup>	(350,566.00)	
Puente Basin Water Agency - CDWC Project <sup>1</sup>	(4,090,549.30)	
Puente Basin Water Agency - Pathfinder Project <sup>4</sup>	-	
Administration Headquarters <sup>1</sup>	(6,927,819.59)	
Water Rights - Central Basin	(3,630,907.50)	
		(17,051,851.26)
<u>Substitute Projects</u>		
Ace Nogales Grade Separation (P#03-2820) <sup>2</sup>	(706,545.61)	
Ridgeline Pump Station Modifications (P#12-3267) <sup>3</sup>	(221,195.68)	
30 kw Diesel Portable Generator (P#13-3290) <sup>3</sup>	(39,490.70)	
		(967,231.99)
Interest Income		505,567.59
Ending Balance of Bond Funds		\$ 2,330,091.95

\* Transferred funds from US Bank to East West Bank 8/23/2021

Walnut Valley Water District  
Revenue Bond - East West Bank  
November 30, 2021

Beginning Balance of Bonds \$ 2,330,005.77

Receipts:

Interest Income 86.18

Disbursements:

PBWA - Pomona Basin Project -  
PBWA - Cal Domestic Project -  
PBWA - Pathfinder Project -  
Administration Headquarters

---

\$ -

Ending Balance of Bond Funds \$ 2,330,091.95



# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Director of External Affairs  
**DATE:** December 13, 2021  
**SUBJECT:** WVWD Demography Study & Redistricting

Action/Discussion    
  Fiscal Impact    
  Resolution    
  Information Only

## RECOMMENDATION

For information only.

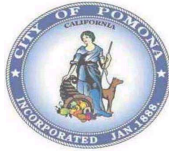
## BACKGROUND INFORMATION:

California Elections Code section 22000 requires a redistricting and demography study for special districts that elect on a division basis after each Federal decennial census, using that census as a basis for any changes. The District will be utilizing the 2020 Census data for this purpose.

Boundaries of any electoral division must be adjusted so that the electoral divisions are as nearly equal in population as possible and any redistricting plan must comply with the "one-person, one-vote" principle, as well as the federal Voting Rights Act and constitutional constraints on creating electoral boundaries in which ethnicity/race is the predominant consideration.

The District solicited bids from qualified consultants in November. The request for proposal (RFP) was distributed to over 70 vendors via PlanetBids. The District received two bids and awarded the contract to Bear Demographics & Research.

Redistricting Timeline	
November – December 2021	<ul style="list-style-type: none"> <li>Finalize contract</li> <li>Consultant begins work</li> </ul>
January 18, 2022	<ul style="list-style-type: none"> <li>First Board of Directors meeting</li> <li>Summary of Redistricting Law, Criteria, Process and 2020 Census Presentation</li> <li>Public Hearing</li> </ul>
January 20, 2022	<ul style="list-style-type: none"> <li>Public workshop</li> </ul>
February 22, 2022	<ul style="list-style-type: none"> <li>Second Board of Director's meeting</li> <li>Presentation and Adoption of Draft Board of Directors Division Boundaries Map</li> <li>Public Hearing</li> </ul>
March 21, 2022	<ul style="list-style-type: none"> <li>Third Board of Directors meeting</li> <li>Presentation and Adoption of Final Board of Directors Division Boundaries Map</li> <li>Public Hearing</li> </ul>
April 15, 2022	<ul style="list-style-type: none"> <li>Final data set due to Registrar Recorder's office</li> </ul>



## POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

### WATER USE DISTRIBUTION & BILLING

OCTOBER 2021

CONSUMPTION PER AGENCY (Per PWR Meter Reads)		
	Water Consumption (Acre-feet)	Allocation %
Pomona	629.798	32.562%
Walnut	822.993	42.550%
Rowland	481.380	24.888%
LaVerne	-	0.000%
<b>TOTAL</b>	<b>1,934.171</b>	<b>100.000%</b>

WATER PRODUCTION (ACTUAL)		
	Water Consumption (Acre-feet)	Allocation %
MWD	1,189.70	62.491%
TVMWD	714.10	37.509%
LaVerne	-	0.000%
Total	1,903.800	100.000%
PWR	1,934.171	
Difference	(30.371)	

CALCULATION OF AGENCY WATER CONSUMPTION (Water consumption billed to each agency based on amount of water purchased from MWD & TVMWD)							
Connection / Description	Billing Difference Allocation (Acre-feet)	Adj. Agency Consumption (Acre-Feet)	Adj. Agency Consumption for Billing (Rounded)	Water Purchased - MWD	Water Purchased - TVMWD	Water Purchased - LaVERNE WELL	Total Water Purchased (Acre-feet)
				62.491%	37.509%	0.000%	100.000%
Pomona	629.798	(9.889)	619.909	619.9	387.4	232.5	619.9
Walnut	822.993	(12.923)	810.070	810.1	506.2	303.9	810.1
Rowland	481.380	(7.559)	473.821	473.8	296.1	177.7	473.8
LaVerne	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,934.171</b>	<b>(30.371)</b>	<b>1,903.800</b>	<b>1,903.8</b>	<b>1,189.7</b>	<b>714.1</b>	<b>1,903.8</b>

BILLING CHARGES PER AGENCY											
		MWD PM-15	TVMWD PM-21	MWD Capacity Reservation	TVMWD Connected Capacity	TVMWD Water Use Charge	Depreciation	Replacement	Admin Budget Assessment	MWD LRP Rebate Program	Billing Total
City of Pomona	Cons. (AF)	387.4	232.5							86.4	
	Allocation %			35.85%	52.00%	26.12%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,098.00	\$ 1,098.00	\$ 26,876.46	\$ 6,150.27	\$ 6,077.02			\$ -	\$ (100.00)	
	<b>Total</b>	\$ 425,349.78	\$ 255,309.97	\$ 9,635.21	\$ 3,198.14	\$ 1,587.32	\$ -	\$ -	\$ -	\$ (8,640.00)	\$ 686,440.42
Walnut Valley Water District	Cons. (AF)	506.2	303.9							-	
	Allocation %			41.51%	28.00%	46.79%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,098.00	\$ 1,098.00	\$ 26,876.46	\$ 6,150.27	\$ 6,077.02			\$ -	\$ (100.00)	
	<b>Total</b>	\$ 555,828.84	\$ 333,628.12	\$ 11,156.42	\$ 1,722.08	\$ 2,843.44	\$ -	\$ -	\$ -	\$ -	\$ 905,178.90
Rowland Water District	Cons. (AF)	296.1	177.7							-	
	Allocation %			22.64%	20.00%	27.09%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,098.00	\$ 1,098.00	\$ 26,876.46	\$ 6,150.27	\$ 6,077.02			\$ -	\$ (100.00)	
	<b>Total</b>	\$ 325,111.98	\$ 195,143.71	\$ 6,084.83	\$ 1,230.05	\$ 1,646.26	\$ -	\$ -	\$ -	\$ -	\$ 529,216.83
City of LaVerne	Cons. (AF)	-	-							-	
	Allocation %			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
	Billing Rate	\$ 1,098.00	\$ 1,098.00	\$ 26,876.46	\$ 6,150.27	\$ 6,077.02	\$ -	\$ -	\$ -	\$ (100.00)	
	<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total (A.F.)</b>		<b>1,189.7</b>	<b>714.1</b>								<b>1,903.8</b>
<b>Total (\$)</b>		<b>\$ 1,306,290.60</b>	<b>\$ 784,081.80</b>	<b>\$ 26,876.46</b>	<b>\$ 6,150.27</b>	<b>\$ 6,077.02</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (8,640.00)</b>	<b>\$ 2,120,836.15</b>

# January 2022

## Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
	3:30 PM Spadra Basin GSA Meeting	6:30 PM Diamond Bar City Council Meeting	8:00 AM TVMWD Board Meeting			
9	10	11	12	13	14	15
	4:00 PM Public Info Committee	4:00 PM Engineering Committee	7:00 PM Walnut City Council Meeting			
	4:30 PM Finance Committee	4:30 PM Personnel Committee	7:00 PM Sustainable Landscape Design Virtual Workshop			
16	17	18	19	20	21	22
	District Office will be closed in observance of Martin Luther King Jr. Day	5:00 PM WWWD Board Meeting	8:00 AM TVMWD Board Meeting	4:00 PM WWWD Board Workshop		
		6:30 PM Diamond Bar City Council Meeting	7:00 PM Composting for a Healthy Garden Virtual Workshop			
23	24	25	26	27	28	29
			6:00 PM Turf Removal Virtual Workshop (Mandarin)			
30	31		7:00 PM Composting Virtual Workshop			
			7:00 PM Walnut City Council Meeting			

**Note: Meeting dates and times are subject to change**

# February 2022

## Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
		6:30 PM Diamond Bar City Council Meeting	8:00 AM TVMWD Board Meeting	7:00 AM PBWA Meeting		
			6:00 PM Easy Steps to Lawn Conservation Virtual Workshop in Mandarin			
6	7	8	9	10	11	12
			7:00 PM Walnut City Council Meeting	4:00 PM P-W-R JWL Meeting		
			7:00 PM Easy Steps to lawn Conservation Virtual Workshop			
13	14	15	16	17	18	19
	4:00 PM Public Info Committee	4:00 PM Engineering Committee	8:00 AM TVMWD Board Meeting			
	4:30 PM Finance Committee	4:30 PM Personnel Committee				
		6:30 PM Diamond Bar City Council Meeting				
20	21	22	23	24	25	26
	District Office will be CLOSED in observance of Presidents' Day	5:00 PM WVWD Board Meeting	7:00 PM Walnut City Council Meeting	4:00 PM WVWD Board Workshop		
27	28					

**Note: Meeting dates and times are subject to change**

# March 2022

## Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
		6:30 PM Diamond Bar City Council Meeting	8:00 AM TVMWD Board Meeting			
6	7	8	9	10	11	12
			7:00 PM Walnut City Council Meeting			
			7:00 PM Residential Leak Detection Virtual Workshop			
13	14	15	16	17	18	19
	4:00 PM Public Info Committee	4:00 PM Engineering Committee	8:00 AM TVMWD Board Meeting	4:00 PM WVWD Board Workshop		
	4:30 PM Finance Committee	4:30 PM Personnel Committee	7:00 PM Residential Leak Detection Virtual Workshop in Mandarin			
20	21	22	23	24	25	26
	5:00 PM WVWD Board Meeting		6:00 PM Residential Leak Detection Workshop in Person	4:00 PM WVWD Board Workshop		
			7:00 PM Walnut City Council Meeting			
27	28	29	30	31		

**Note: Meeting dates and times are subject to change**



YOUR BEST PROTECTION

December 7, 2021

## ACWA JPIA

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

phone  
916.786.5742  
800.231.5742

[www.acwajpia.com](http://www.acwajpia.com)

**President**

E.G. "Jerry" Gladbach

**Vice President**

Tom Cuquet

**Chief Executive Officer**

Walter "Andy" Sells

**Executive Committee**

Fred Bockmiller

Tom Cuquet

David Drake

E.G. "Jerry" Gladbach

Brent Hastey

Melody A. McDonald

Randall Reed

J. Bruce Rupp

Pamela Tobin

To: Ginger Han  
By: Erik Hitchman, General Manager  
Walnut Valley Water District  
271 S. Brea Canyon Rd.  
Walnut, CA 91789-3049

Re: Completion of the JPIA Professional Development Program  
Specialty

Dear Ginger Han:

I am extremely happy to acknowledge your completion of the JPIA Human Resources Certification Program. We are pleased that you recognized the value of this Program and are committed to continuing education.

You are to be commended for attending several different classes, providing you with additional skills that make you a valuable asset to your organization.

This polished wood plaque is presented to you with the appreciation of the JPIA for your district's efforts and support of this Program.

Sincerely,

Patricia Slaven  
Director of Administration

*Core Values*

- *People*
- *Service*
- *Integrity*
- *Innovation*

**WALNUT VALLEY WATER DISTRICT  
WATER SUPPLY AND CONSERVATION UPDATE  
December 13, 2021**



A	<p><b><u>Water Use</u></b> – Water usage for November 2021 was 1,262 <b>acre feet</b>, a <b>decrease of 8%</b> compared to November 2020 and a <b>decrease of 20%</b> from November 2013. The average inflow into the system during the month was approximately 21.25 <b>cfs</b> (9,539.04 gallons per minute).</p>	Exhibits
B	<p><b><u>Recycled Water Use</u></b> – During the month of November the recycled water system delivered 1,811,307 <b>G.P.D.</b>, an increase of <b>5.62%</b> compared to the use in November 2020. Of the recycled water delivered, 0.90% was from the District wells and no water was transferred from potable Make-up water.</p>	
C	<p><b><u>Production Report</u></b> – attached are:</p> <ul style="list-style-type: none"> <li>▪ Purchased Water Projections (Two total)</li> <li>▪ Climate Summary</li> <li>▪ Monthly Consumption Versus the 2013 and 2020 Baseline Years (Two total)</li> </ul>	

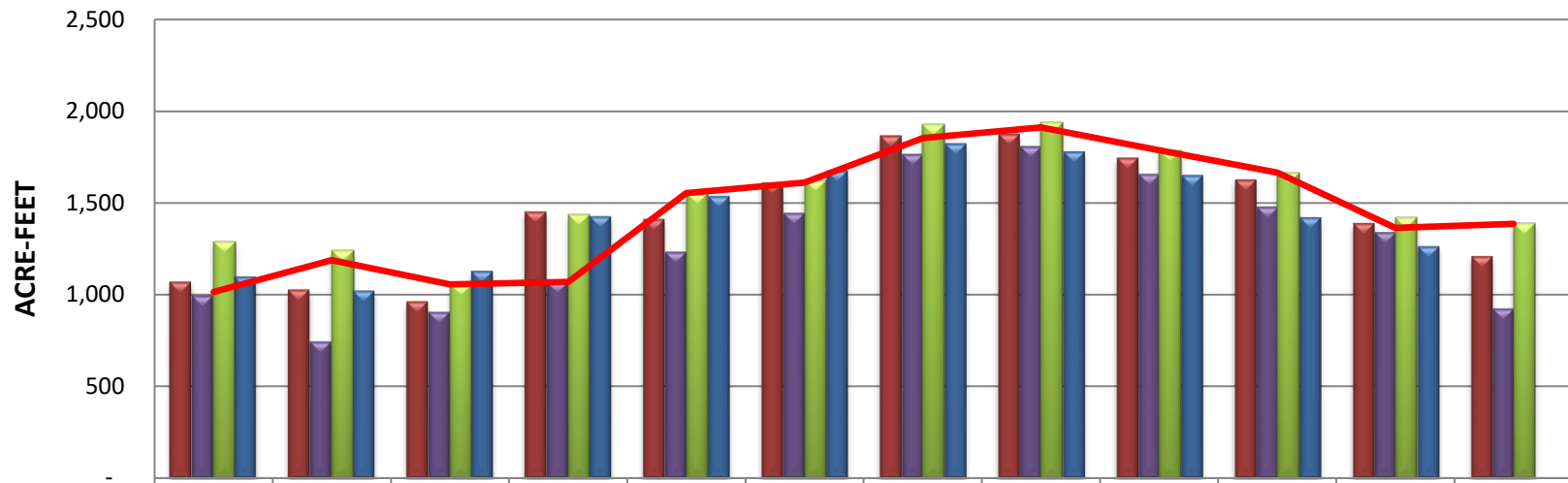


**WALNUT VALLEY WATER DISTRICT**  
*Calendar Year 2021 Purchased Water Estimate*

Actual Purchases (AF)		Projected Purchases (AF)				Baseline Year Purchases	
Month	Total	Budget	Low	High	Average	2013	2020
January	1,098	1,071	998	1,290	1,101	1,156	1,015
February	1,023	1,029	746	1,240	1,058	1,123	1,188
March	1,129	965	907	1,056	980	1,496	1,056
April	1,426	1,452	1,070	1,436	1,278	1,700	1,070
May	1,536	1,411	1,233	1,554	1,429	1,904	1,554
June	1,673	1,610	1,446	1,624	1,560	2,082	1,611
July	1,821	1,866	1,765	1,927	1,849	2,149	1,854
August	1,778	1,875	1,808	1,941	1,887	2,309	1,912
September	1,649	1,746	1,658	1,787	1,733	2,064	1,787
October	1,420	1,627	1,480	1,665	1,595	1,858	1,665
November	1,262	1,390	1,341	1,419	1,375	1,569	1,364
December	-	1,211	926	1,387	1,136	1,401	1,387
<b>Total</b>	<b>15,815</b>	<b>17,253</b>	<b>15,377</b>	<b>18,325</b>	<b>16,980</b>	<b>20,810</b>	<b>17,461</b>
<b>Remaining Projected Purchases</b>		<b>1,211</b>	<b>926</b>	<b>1,387</b>	<b>1,136</b>		
<b>Total Projected Purchases</b>		<b>17,026</b>	<b>16,741</b>	<b>17,202</b>	<b>16,951</b>		

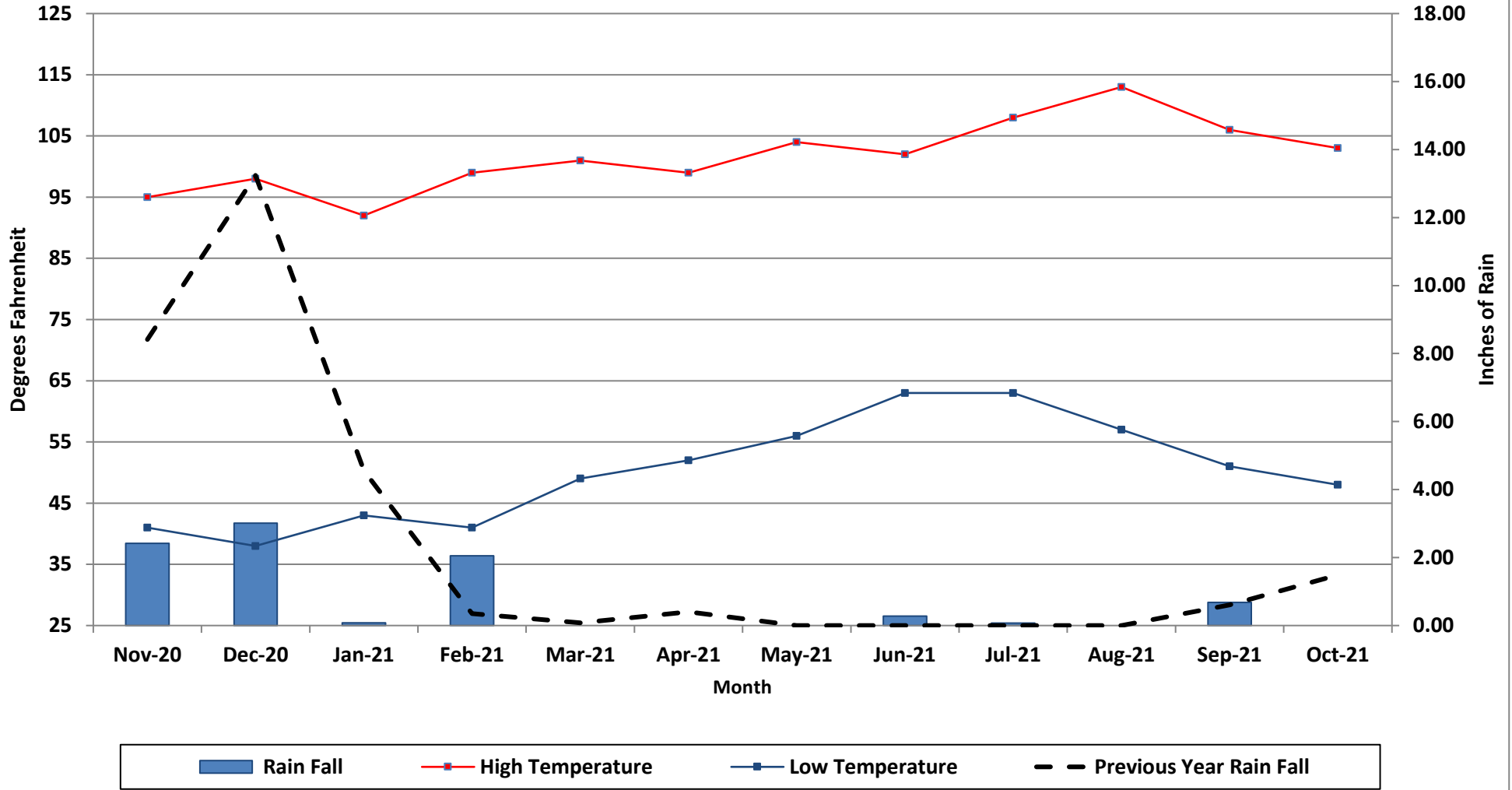


### Calendar Year 2021 Purchased Water



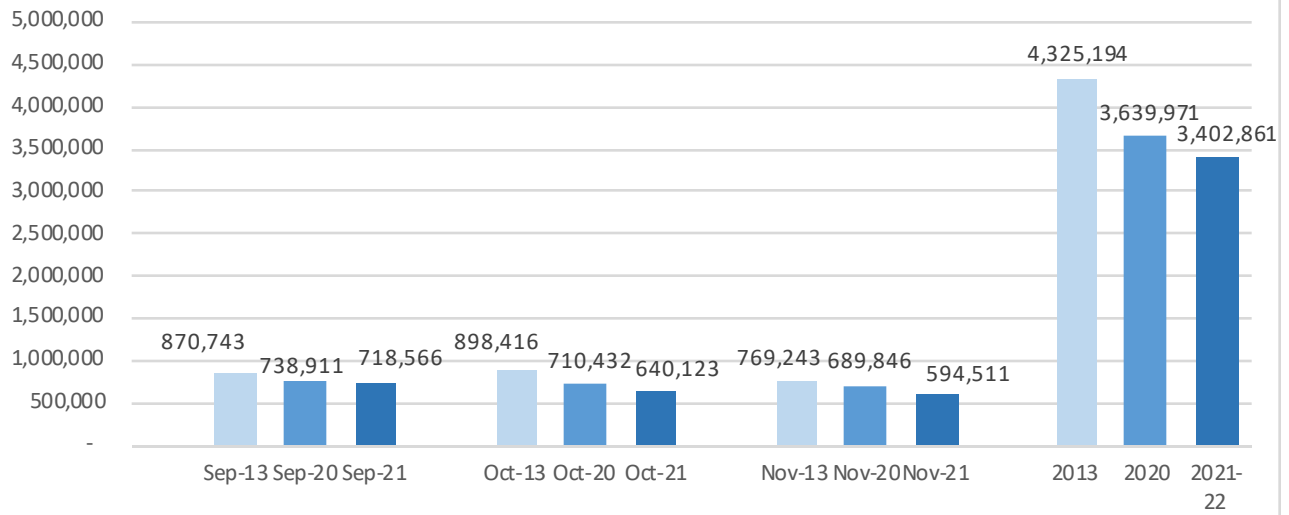
	January	February	March	April	May	June	July	August	September	October	November	December
Budget	1,071	1,029	965	1,452	1,411	1,610	1,866	1,875	1,746	1,627	1,390	1,211
Low	998	746	907	1,070	1,233	1,446	1,765	1,808	1,658	1,480	1,341	926
High	1,290	1,240	1,056	1,436	1,554	1,624	1,927	1,941	1,787	1,665	1,419	1,387
CY 2021	1,098	1,023	1,129	1,426	1,536	1,673	1,821	1,778	1,649	1,420	1,262	-
2020	1,015	1,188	1,056	1,070	1,554	1,611	1,854	1,912	1,787	1,665	1,364	1,387

# Walnut Valley Water District Climate Summary

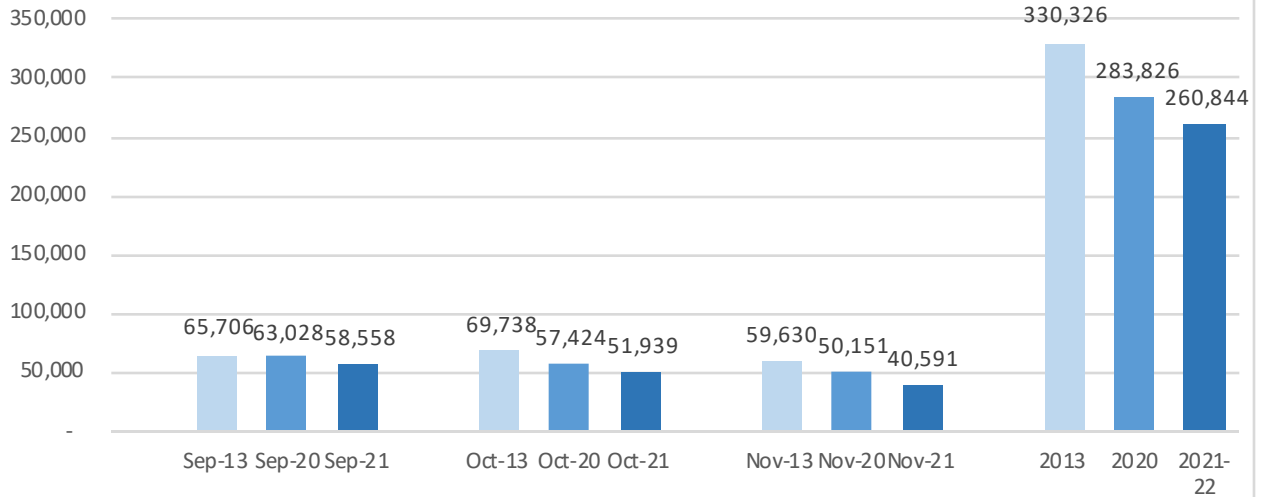


WALNUT VALLEY WATER DISTRICT  
CONSUMPTION DATA - CURRENT YEAR VERSUS 2013 & 2020 BASELINE

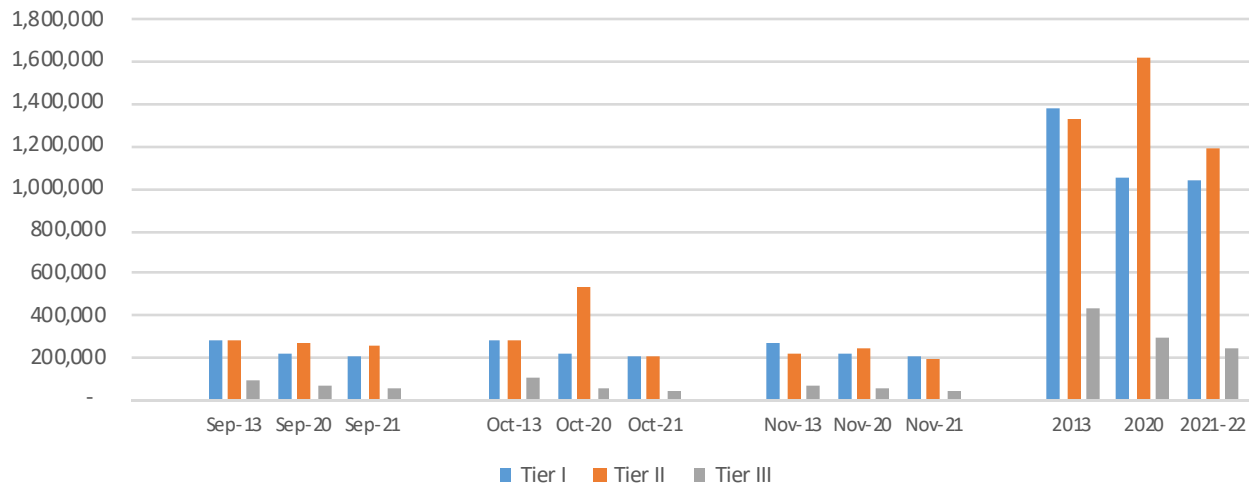
### YTD Consumption Versus 2013 & 2020 Baseline



### Irrigation Consumption Versus 2013 & 2020 Baseline



### Residential Tiers Versus 2013 & 2020 Baseline



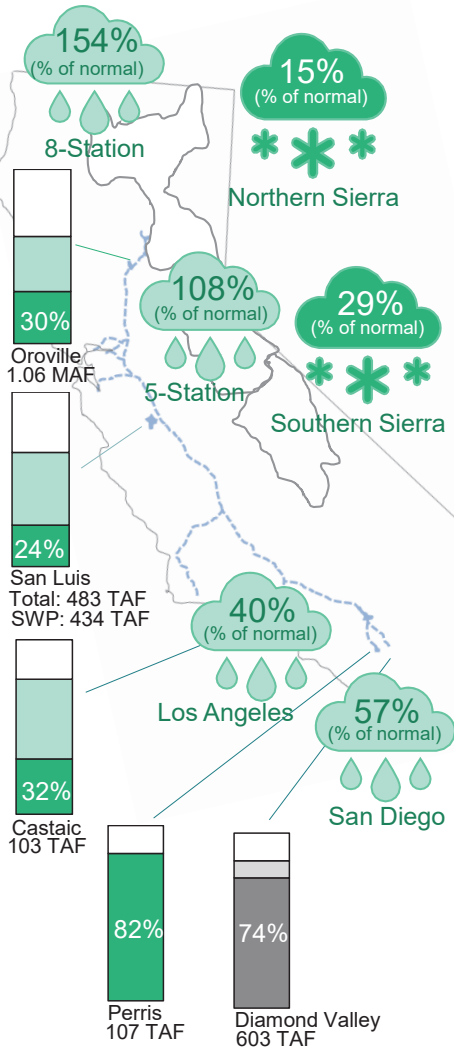
Walnut Valley Water District  
 Monthly Consumption Versus 2013 Baseline Year

Consumption/Water Sales																				
September						October					November					YTD (FY 21-22)				
User Class	Sep-13	Sep-20	Sep-21	% Change 2013	% Change 2020	Oct-13	Oct-20	Oct-21	Change	% Change	Nov-13	Nov-20	Nov-21	Change	% Change	2013 YTD	2020 YTD	FY 21-22	% Change 2013	% Change 2020
COG	50,686	43,268	41,848	-17%	-3%	54,851	40,245	35,646	(19,205)	-35%	45,006	30,560	27,710	(17,296)	-38%	253,543	187,530	176,958	-30%	-6%
COM	90,136	72,076	76,873	-15%	7%	95,658	71,070	72,171	(23,487)	-25%	89,223	70,581	63,443	(25,780)	-29%	470,203	350,374	361,146	-23%	3%
IND	12,479	10,304	10,129	-19%	-2%	13,214	11,587	10,542	(2,672)	-20%	13,714	10,071	9,898	(3,816)	-28%	65,568	51,672	50,788	-23%	-2%
MUL	76,841	74,435	75,504	-2%	1%	80,692	74,198	71,665	(9,027)	-11%	75,248	73,966	65,897	(9,351)	-12%	395,869	373,803	359,465	-9%	-4%
RES	640,601	538,828	514,212	-20%	-5%	654,001	513,332	450,099	(203,902)	-31%	546,052	504,668	427,563	(118,489)	-22%	3,140,011	2,676,592	2,454,504	-22%	-8%
	870,743	738,911	718,566	-17%	-3%	898,416	710,432	640,123	(258,293)	-29%	769,243	689,846	594,511	(174,732)	-23%	4,325,194	3,639,971	3,402,861	-21%	-7%
IRRIGATION						IRRIGATION					IRRIGATION					YTD IRRIGATION				
User Class	Sep-13	Sep-20	Sep-21	% Change 2013	% Change 2020	Oct-13	Oct-20	Oct-21	Change	% Change	Nov-13	Nov-20	Nov-21	Change	% Change	2013 YTD	2020 YTD	FY 21-22	% Change 2013	% Change 2020
COG	32,995	31,574	28,377	-14%	-10%	33,685	28,134	24,604	(9,081)	-27%	28,767	21,607	18,854	(9,913)	-34%	164,019	135,119	122,126	-26%	-10%
COM	30,298	29,340	28,263	-7%	-4%	33,660	28,832	25,681	(7,979)	-24%	28,388	27,214	20,372	(8,016)	-28%	154,104	141,496	129,890	-16%	-8%
IND	2,089	1,962	1,708	-18%	-13%	2,072	242	1,464	(608)	-29%	2,204	1,245	1,260	(944)	-43%	10,684	6,421	7,850	-27%	22%
RES	324	152	210	-35%	38%	321	216	190	(131)	-41%	271	85	105	(166)	-61%	1,519	790	978	-36%	24%
	65,706	63,028	58,558	-11%	-7%	69,738	57,424	51,939	(17,799)	-26%	59,630	50,151	40,591	(19,039)	-32%	330,326	283,826	260,844	-21%	-8%
RESIDENTIAL					RESIDENTIAL					RESIDENTIAL					YTD RESIDENTIAL					
Residential	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total	Tier I	Tier II	Tier III	Total
2013	277,208	275,700	87,693	640,601	277,665	277,554	98,782	654,001	267,823	216,199	62,030	546,052	1,378,427	1,328,102	433,482	3,140,011				
2020	209,651	270,505	58,672	538,828	208,520	525,498	52,314	786,332	208,727	244,479	51,462	504,668	1,049,277	1,611,913	288,402	2,949,592				
FY 20-21	207,772	253,312	53,128	514,212	202,315	208,367	39,417	450,099	200,720	192,873	33,970	427,563	1,027,725	1,187,066	239,713	2,454,504				
% Change 2013	-6943600%	-2238800%	-3456500%	-12638900%	-7535000%	-6918700%	-5936500%	-20390200%	-6710300%	-2332600%	-2806000%	-11848900%	-25%	-11%	-45%	-22%				
% Change 2020	-25%	-8%	-39%	-20%	-27%	-25%	-60%	-31%	-25%	-11%	-45%	-22%	-2%	-26%	-17%	-17%				

Water Purchases				
	September	October	November	Total
2013	2,063.59	1,858.07	1,569.13	6,520.99
2020	1,786.74	1,665.24	1,363.83	5,552.58
FY 21-22	1,648.54	1,420.37	NA	3,598.60
% Change 2013	-20%	-24%	NA	-45%
% Change 2020	-8%	-15%	NA	-35%

# State Water Project Resources

SWP Table A – 5% - 95,575 AF



# WATER SUPPLY CONDITIONS REPORT

Water Year  
2021-2022  
As of: December 07, 2021

# Colorado River Resources

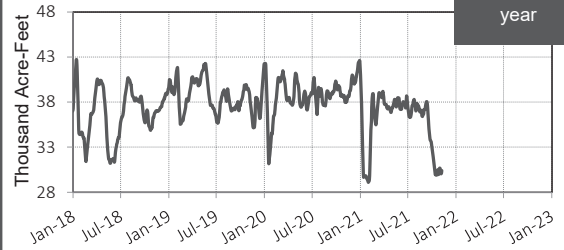
Projected CRA Diversions – 1,077,000 AF

## Metropolitan Resources

### Lake Skinner Storage

Capacity: 43.8 TAF

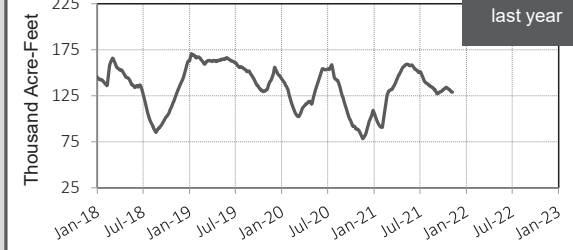
8 TAF less than last year



### Lake Mathews Storage

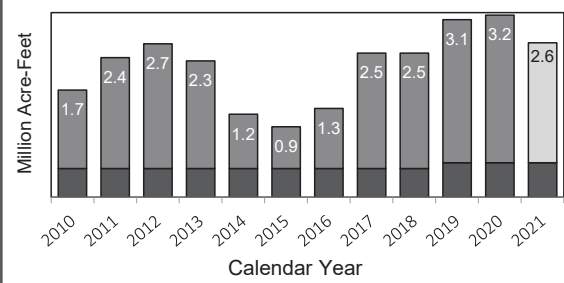
Capacity: 182 TAF

45 TAF more than last year



### MWD Storage Reserve Levels

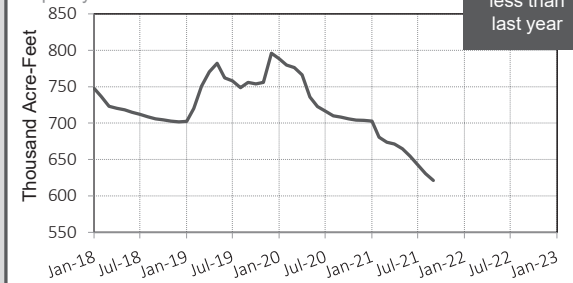
□ Potential Balance ■ Storage Balance ■ Emergency Storage



### Diamond Valley Lake Storage

Capacity: 810 TAF

101 TAF less than last year



## Highlights

- California Department of Water Resources announced on December 1 that the 2022 SWP initial allocation will be based only on health and safety demands
- Initial water year runoff forecast for the Sacramento River is 95% of normal
- California statewide snowpack is at 15% of normal



This report is produced by the Water Resource Management Group and contains information from various federal, state, and local agencies. The Metropolitan Water District of Southern California cannot guarantee the accuracy or completeness of this information. Readers should refer to the relevant state, federal, and local agencies for additional or for the most up to date water supply information. Reservoirs, lakes, aqueducts, maps, watersheds, and all other visual representations on this report are not drawn to scale. Questions? Email [mferreira@mwdh2o.com](mailto:mferreira@mwdh2o.com)

<http://www.mwdh2o.com/WSCR>

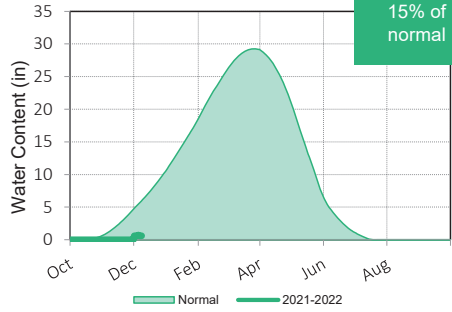


# State Water Project Resources

As of: 12/07/2021

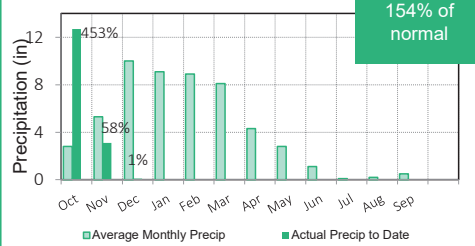
## Northern Sierra Snowpack

0.7 in  
15% of normal



## 8 Station Index Precipitation

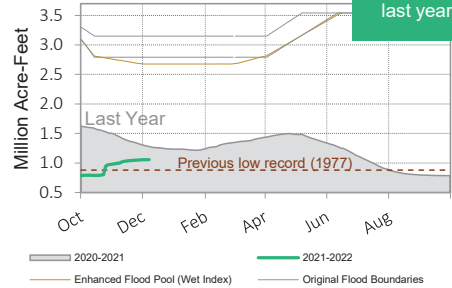
15.9 in  
154% of normal



## Orville Reservoir Storage

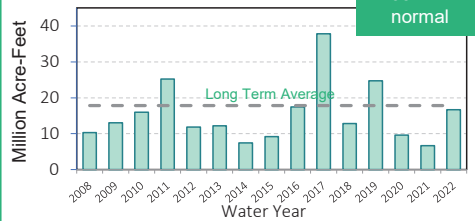
Capacity: 3.54 MAF

222 TAF  
less than last year



## Sacramento River Runoff

Forecast:  
95% of normal



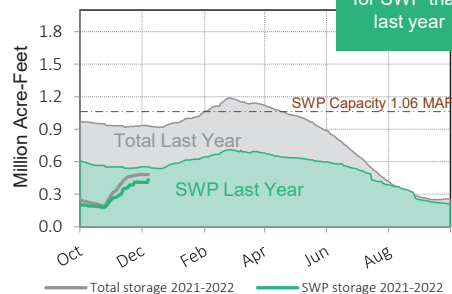
## Other SWP Supplies Calendar Year 2021

Carryover 207,000 AF  
Transfer 30,000 AF (Est.)

## San Luis Reservoir Storage

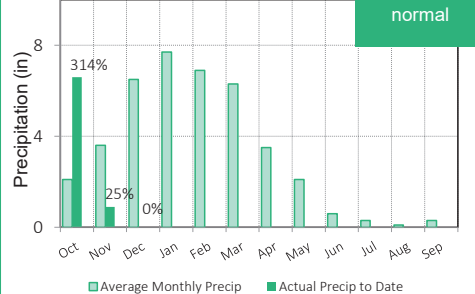
Capacity: 2.04 MAF

117 TAF less  
for SWP than  
last year



## 5 Station Index Precipitation

7.5 in  
108% of normal

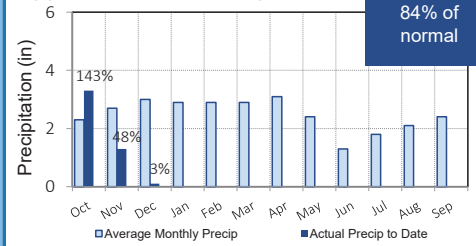


# Colorado River Resources

As of: 12/07/2021

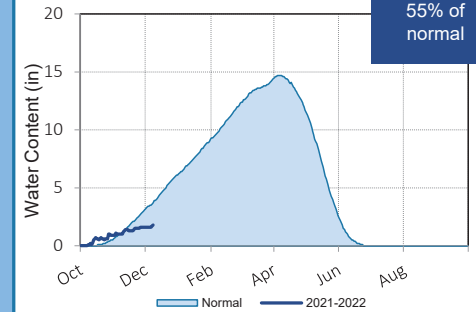
## Upper Colorado Precipitation

4.7 in  
84% of normal



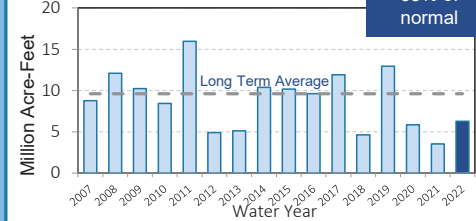
## Upper Colorado Snowpack

1.6 in  
55% of normal



## Powell Unregulated Inflow

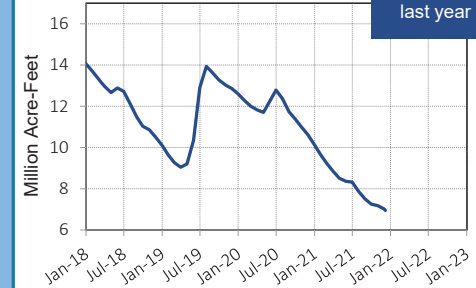
Forecast:  
65% of normal



## Lake Powell Storage

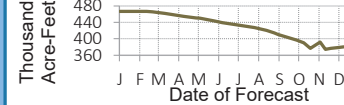
Capacity: 24.3 MAF

3.56 MAF  
less than  
last year



## PVID/Yuma Agricultural Use

Annual Forecasted for 2021



Current  
Annual  
Forecast:  
380 TAF

## Projected Lake Mead ICS

Calendar Year 2021

Put (+) / Take (-)  
-2,000 AF

## Lake Mead Surplus/Shortage Outlook

	2022	2023	2024	2025	2026
Surplus	0%	0%	0%	0%	0%
Shortage	100%	94%	97%	100%	91%
Metropolitan		3%	66%	72%	63%
DCP*		180 TAF	259 TAF	282 TAF	308 TAF

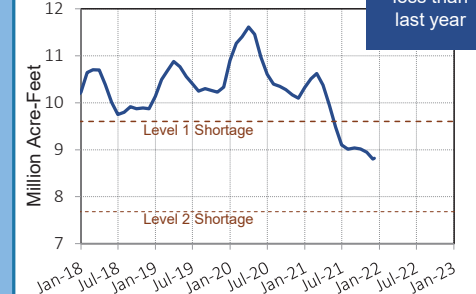
Likelihood based on results from the corrected August 2021 CRMMs in Ensemble Mode/CRSS model run. Includes DCP Contributions.

\* Chance of required DCP contribution by Metropolitan with average contribution when needed

## Lake Mead Storage

Capacity: 26.1 MAF

1.34 MAF  
less than  
last year



<http://www.mwdh2o.com/WSCR>

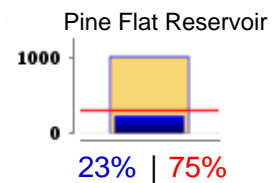
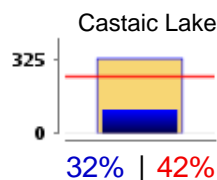
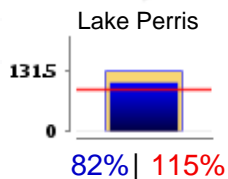
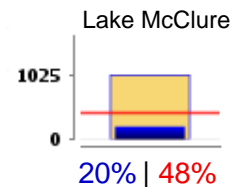
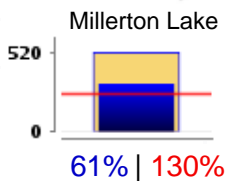
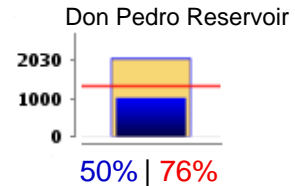
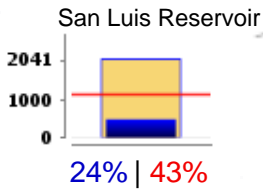
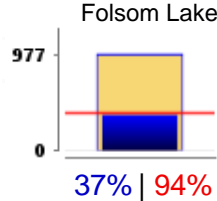
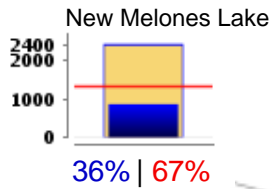
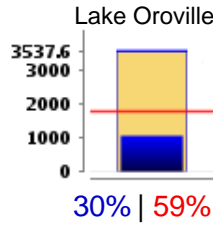
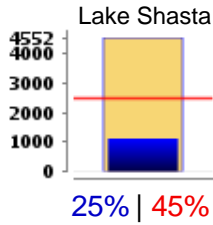
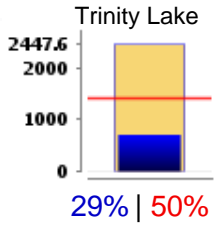
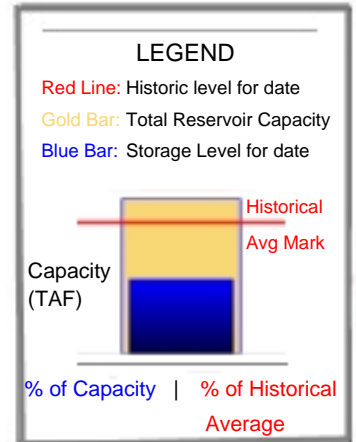
<http://www.mwdh2o.com/WSCR>



# CURRENT RESERVOIR CONDITIONS

## SELECTED WATER SUPPLY RESERVOIRS

Midnight: December 8, 2021



# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Director of Administrative Services  
**DATE:** December 13, 2021  
**SUBJECT:** Proposed Amendment to General Manager's Employment Contract

---

Action/Discussion     Fiscal Impact     Resolution     Information Only

---

## **Recommendation**

That the Board of Directors approve the General Manager's Fourth Contract Amendment as drafted by Legal Counsel.

## **Background Information**

The Board of Directors conducted a performance evaluation of the General Manager on November 15, 2021, and authorized the General Manager to receive a three percent salary merit adjustment effective January 1, 2022, which is inclusive of the two and a half percent cost of living adjustment provided to all District employees in the Terms and Conditions of Employment for 2020-2023, and directed Legal Counsel to prepare the contract amendment to reflect the changes. The Board is now asked to consider approval of the attached Fourth Amendment to the General Manager's Employment Contract.

*Attachment as noted*



**AMENDMENT NO. 4 TO EMPLOYMENT CONTRACT  
FOR GENERAL MANAGER  
OF WALNUT VALLEY WATER DISTRICT**

This Amendment No. 4 to Employment Contract is made and entered into at Walnut, California, by and between WALNUT VALLEY WATER DISTRICT, a California Water District organized and existing under the California Water District Act (hereinafter “DISTRICT”) and ERIK J. HITCHMAN (hereinafter “HITCHMAN” or “GENERAL MANAGER”), effective as of January 1, 2022.

RECITALS:

A. HITCHMAN is currently serving as the General Manager of the DISTRICT under an Employment Contract dated April 6, 2018, as previously amended.

B. The Employment Contract provides for an annual evaluation of the General Manager’s performance and a possible adjustment of compensation effective January 1<sup>st</sup> of each year. Adjustments are within the sole discretion of the Board of Directors.

C. The Board of Directors of the DISTRICT conducted an evaluation of HITCHMAN’s performance on November 15, 2021 and, by action taken on December 13, 2021, determined to make an adjustment in HITCHMAN’s compensation in accordance with the provisions of this Amendment

AGREEMENTS:

NOW THEREFORE, the parties agree as follows:

1. COMPENSATION

Effective January 1, 2022, GENERAL MANAGER’s annual base salary shall be increased to \$287,399.72 payable in 26 bi-weekly installments of \$11,053.84, which amount

includes the cost of living increase and salary adjustment otherwise provided to other DISTRICT employees.

2. NO OTHER AMENDMENTS

Except as amended herein, the Employment Contract dated April 6, 2018, as previously amended, shall remain in full force and effect.

Executed on December 13, 2021 at Walnut, California.

---

ERIK J. HITCHMAN  
"GENERAL MANAGER"

WALNUT VALLEY WATER DISTRICT

By: \_\_\_\_\_  
Its President  
"DISTRICT"

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Executive Assistant  
**DATE:** December 13, 2020  
**SUBJECT:** Proposed 2022 Board and Workshop Meeting Dates

---

Action/Discussion    
  Fiscal Impact    
  Resolution    
  Information Only

---

## Recommendation

That the Board of Directors consider approval of the following proposed list of 2022 Board meeting and Workshop dates.

Month	Board Meeting Date	Workshop Date
January	Tuesday, January 18	Thursday, January 20
February	Tuesday, February 22	Thursday, February 24
March	Monday, March 21	Thursday, March 24
April	Monday, April 18	Thursday, April 21
May	Monday, May 16	Thursday, May 19
June	Monday, June 20	Thursday, June 23
July	Monday, July 25	<i>None scheduled</i>
August	Monday, August 15	Thursday, August 18
September	Monday, September 19	Thursday, September 22
October	Monday, October 17	Thursday, October 20
November	Monday, November 14	Thursday, November 17
December	Monday, December 12	<i>To be Determined</i>

Please note that this schedule is subject to change at the Board’s discretion and in accordance with the Brown Act.

Regular Board meetings are scheduled to commence at 5:00 p.m., and Workshops generally start at 4:00 p.m., unless otherwise specified.

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**DATE:** December 13, 2021  
**SUBJECT:** Consideration of Annual Board Reorganization / Appointments of Officers / Committee Selections for Calendar Year 2022

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Action/Discussion     Fiscal Impact     Resolution     Information Only

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## Recommendation

- A. Members of the Board will make any appropriate notifications related to “Exception No. 3” of the Board Rotation Policy (attached);
- B. Rotate their positions in accordance with the “Board Reorganization Rotation Policy;”
- C. Make appointments to the offices of:
  - 1. Secretary
  - 2. Treasurer
  - 3. Assistant Secretary
  - 4. Second Assistant Treasurer
- D. Select Chair/Member/Alternate positions in accordance with the District’s *Standing Committee Selection Process* (attached) for the following standing committees noted below.
  - 1. Engineering and Special Projects
  - 2. Personnel
  - 3. Finance
  - 4. Public Information and Community Relations/Legislative Action,

All changes, following approval, would be effective at the conclusion of the December 13, 2021, Regular Board Meeting.

## Background Information

Attached for your information and review is a roster showing the current composition of the District officer and Standing Committee assignments.

- The Board will rotate positions that will become effective following the December 13, 2021, Board meeting.
- At the annual reorganization meeting, the Board of Directors makes appointments, typically amongst staff members, to the offices of Secretary, Treasurer, Assistant Secretary, and Second Assistant Treasurer. The individuals currently holding those positions are shown on the attached roster.
- Standing committee (Finance, Engineering and Special Projects, Personnel, Public Information and Community Relations/Legislative Action) chair, member, and alternate positions may be selected by Board members at the December Board meeting on a “chain-of-command” basis in accordance with the District’s *Standing Committee Selection Process* policy.

*Attachments as noted*

## **WALNUT VALLEY WATER DISTRICT Board Reorganization Process**

### **Rotation Policy**

The District's Bylaws state that District officers shall be a President, Vice-President(s), Secretary, and Treasurer, and such other officers as may be elected and appointed by the Board from time-to-time. The Bylaws further state that, at the December meeting of the Board in each calendar year, the Board shall organize and elect a President and Vice-President from among its own members and shall appoint a Secretary and a Treasurer who shall not be members of the Board. Interim reorganization may be undertaken by the Board as deemed necessary.

The Board of Directors, at its November 17, 2008, meeting, approved the implementation of a policy for the annual Board reorganization process to include an automatic rotation of Board members to serve as president, excepting that no member with less than two years' service may serve as president of the Board. Subject to the exceptions noted below, the new Board President rotation procedure will be as follows:

- The first vice president becomes president
- The second vice president becomes first vice president
- The assistant treasurer becomes second vice president
- The "director" member becomes assistant treasurer
- The president moves to the "director" position

#### Exception No. 1

No director with less than two years' service on the Board may become president

#### Exception No. 2

Newly elected/appointed officials shall hold the "director" position during their first year. When two or more new directors are elected at the same time, the Director receiving the highest percentage of votes will have seniority, or, if an equal percentage of votes is received, seniority will be determined by coin toss.

#### Exception No. 3

On a one-year basis, the first vice president may forego his or her ascension to the presidency and may remain as the first vice president, with the second vice president then ascending to president, and the other directors moving to their next positions in accordance with the rotation specified above. If the existing first vice president, in a second consecutive year, does not desire to ascend to president, then for the next year, the existing first vice president will rotate to the "director" position, the existing president will rotate to assistant treasurer, the existing second vice president will rotate to president, the existing assistant treasurer will rotate to first vice president and the existing "director" member will rotate to second vice president.

## **WALNUT VALLEY WATER DISTRICT Standing Committee Selection Process**

The Standing Committee Selection Process shall include the following provisions:

1. After the annual reorganization of officers, Board Members shall select their preferred standing committee assignments in the following order:

President  
1<sup>st</sup> Vice President  
2<sup>nd</sup> Vice President  
Assistant Treasurer  
Director

Newly elected or appointed directors shall not serve as chair of a committee during his/her first year in office, unless this provision is waived by the Board of Directors.

2. The process to be observed for filling standing committee assignments:

The incoming President will select a committee position, with each member following suit in a rotational order as identified under Section 1 above. Thereafter, until all positions are filled, the process will continue. Each Board member may select any open position, chair, committee member, or alternate, based on preference, subject to the exception for new directors during the first year of their service on the Board. If a Board member does not wish to select any position that remains when it is his/her turn, that Board member may pass and the choice moves to the next Board member in order of rotation until all the positions are filled. Any positions not filled through this process shall be appointed by the incoming President.

In the event that two of the three members that constitute a particular committee cannot attend the monthly meeting(s), the Board President may contact other Board members to appoint them on an as-needed basis.

Any committee vacancy created as a result of a Director resigning from the committee or leaving office shall be filled in the following manner:

- a. If the chair position is vacated, the Director filling the committee member position will ascend to the chair position, subject to the exception for new directors during the first year of their service on the Board (unless waived by the Board of Directors). If neither member is eligible, then the position of "chair" will be appointed by the president.
  - b. If the committee member position is vacated, the alternate Director will ascend to the member position.
  - c. If the alternate committee member position is vacated, the President shall appoint a replacement alternate committee member.
3. The following committee oversight responsibilities to be updated in the next revision of the District's Policy Guidelines:

**Engineering and Special Projects** – Operation, protection and maintenance of District facilities. Initiation of construction programs. Long-range planning.

**Finance** – Annual budget, quarterly budget reports, fiscal master plan, audits, investments, risk management, insurance, revenues and expenses.

**Personnel** – Staffing and organizational issues, employment related policies, Terms and Conditions of Employment, and Board Policies and Ethics issues.

**Public Information/Community Relations and Legislative Action** – Public information goals, objectives and methods, community relations programs, and Best Management Practices; and District liaison for legislative activities relating to the water industry.

4. Consistent with long-standing District practice, committee meetings will be scheduled by District staff during regular working hours whenever possible, with consideration given to the committee chair's schedule.

This Standing Committee Selection Process shall be reviewed by the Personnel Committee on an annual basis.

# Walnut Valley Water District



## Board of Directors

January-December 2020

### 2021 Elected Offices

President  
First Vice President  
Second Vice President  
Assistant Treasurer  
Director

Scarlett P. Kwong  
Jerry Tang  
Edwin M. Hilden  
Kevin Hayakawa  
Theresa Lee

### 2021 Board Appointments

Secretary  
Treasurer  
Assistant Secretary  
Second Assistant Treasurer

Erik Hitchman  
Josh Byerrum

### 2021 Standing Committees

<b><i>Finance</i></b>
Theresa Lee, <i>Chair</i>
Edwin Hilden
Scarlett P. Kwong, <i>Alternate</i>

<b><i>Engineering and Special Projects</i></b>
Scarlett P. Kwong, <i>Chair</i>
Kevin Hayakawa
Theresa Lee, <i>Alternate</i>

<b><i>Public Information/Community Relations/Legislative Action</i></b>
Edwin M. Hilden, <i>Chair</i>
Jerry Tang
Kevin Hayakawa, <i>Alternate</i>

<b><i>Personnel</i></b>
Jerry Tang, <i>Chair</i>
Scarlett P. Kwong
Edwin M. Hilden, <i>Alternate</i>





### Commission/Agency Assignments

Position	2020
Joint Water Line Commissioner*	Scarlett P. Kwong
Joint Water Line Commissioner – Alternate*	Edwin Hilden
Puente Basin Water Agency Representative*	Theresa Lee
Puente Basin Water Agency Representative*	Jerry Tang
Puente Basin Water Agency Representative – Alternate*	Scarlett P. Kwong
TVMWD Representative	Edwin Hilden
TVMWD Representative – Alternate	Kevin Hayakawa
JPIA Board Member	Theresa Lee
JPIA Board Member – Alternate	Edwin Hilden
JPIA Property Program Committee Member	Theresa Lee
ACWA Voting Delegate	Edwin Hilden
ACWA Voting Delegate – Alternate	Kevin Hayakawa
ACWA Region 8 Delegate	Theresa Lee
ACWA Region 8 Delegate – Alternate	Kevin Hayakawa
Regional Chamber Representative	Scarlett Kwong
Regional Chamber Representative – Alternate	Edwin Hilden
Spadra Basin Executive Committee Member*	Jerry Tang
Spadra Basin Executive Committee Member—Alternate*	Theresa Lee

*\* To be approved by resolution*

## Board of Directors

January-December 2021

Elected Offices	Term Expires	Years on Board	Date First Elected/Appointed*	Div.	
President	12/06/24	14	12/07/07	V	Scarlett P. Kwong
First Vice President	12/06/24	3**	2/15/19	I	Jerry Tang
Second Vice President	12/06/22	19	08/20/02	II	Edwin M. Hilden
Assistant Treasurer	12/06/24	2**	12/04/20	IV	Kevin Hayakawa
Director	12/06/22	6**	01/19/16	III	Theresa Lee

\*\*On anniversary date

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**DATE:** December 13, 2021  
**SUBJECT:** 2022 Key Conferences/Events

Action/Discussion   
  Fiscal Impact   
  Resolution   
  Information Only

## Recommendation

For information only.

## Background

The following conference dates are provided as a matter of information only.

Please advise staff of your intent to attend as early as possible so that we may secure your conference registration and hotel reservation at reduced conference rates, when available.

American Water Works Association (AWWA)	Date
ACE22 – San Antonio, Tx (In-Person)	June 12-15, 2022

Association of California Water Agencies (ACWA) and JPIA	Date
Spring Conference – Sacramento, CA	
<i>JPIA</i>	May 2-3, 2022
<i>ACWA</i>	May 3-6, 2022
Fall Conference – Indian Wells, CA	
<i>JPIA</i>	November 29 - 30, 2022
<i>ACWA</i>	November 30 - December 2, 2022

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**SUBMITTED BY:** Director of Administrative Services  
**DATE:** December 13, 2021  
**SUBJECT:** Flexible Benefits Plan Amendment

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Action/Discussion       Fiscal Impact       Resolution       Information Only

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## **Recommendation**

That the Board of Directors adopt the attached Walnut Valley Water District Flexible Benefits Plan Amendment.

## **Background**

In 2011, the District began offering a Flexible Spending Account (FSA) program for its employees to utilize for payment of health related expenses under the authorized provisions stipulated by the United States Internal Revenue Service (IRS) Code.

The Amendment to the Plan is to comply with the requirements of the Coronavirus, Aid, Relief and Economic Security (CARES) Act. Both the Amendment and the statutory provisions will supersede any inconsistent Plan provisions.

Amendments to the Plan are as follows:

- The Plan will carry over unused Health FSA balances at the end of the 2020 and 2021 Plan Year.
- Health FSA allows for prospective election changes without regard to any change of status requirement for the 2021 Plan Year.
- Effective for expenses incurred on or after 01/01/2020, prescriptions are no longer required for over-the-counter medicines.

## **Attachment:**

*WVWD Flexible Benefits Plan Amendment Documents*

**WALNUT VALLEY WATER DISTRICT FLEXIBLE BENEFITS PLAN  
CARES ACT AMENDMENT**

**WHEREAS**, Walnut Valley Water District (the "Employer") maintains the Walnut Valley Water District Flexible Benefits Plan (the "Plan") for the benefit of certain of its employees; and

**WHEREAS**, pursuant to Section 15.01 of the Plan, the Employer desires to amend the Plan;

**NOW, THEREFORE**, the Plan is hereby amended as set forth below, effective for expenses incurred on or after 01/01/2020.

This Amendment to the Plan is adopted to comply with the requirements of the Coronavirus, Aid, Relief and Economic Security (CARES) Act and is to be construed in accordance with the same. Both the Amendment and the statutory provisions will supersede any inconsistent Plan provisions.

Effective for expenses incurred on or after 01/01/2020, prescriptions are no longer required for over-the-counter medicines or drugs.

**WALNUT VALLEY WATER DISTRICT FLEXIBLE BENEFITS PLAN  
COVID-19 AMENDMENT**

**WHEREAS**, Walnut Valley Water District (the "Employer") maintains the Walnut Valley Water District Flexible Benefits Plan (the "Plan") for the benefit of certain of its employees; and

**WHEREAS**, pursuant to the applicable section of the Plan, the Employer desires to amend the Plan as permitted by IRS Notice 2020-29 with respect to changing elections mid-year and extended claim submission periods for certain flexible spending accounts. Both the Amendment and the statutory provisions will supersede any inconsistent Plan provisions;

**NOW, THEREFORE**, the Plan is hereby amended as follows, effective as provided therein:

**OPTIONAL PROVISIONS for 2020 only:**

**Extended Claims Period**

- Regardless of the Plan's defined Grace Period, unused amounts remaining as of the end of the Grace Period or Plan Year ending in 2020 may be used to reimburse expenses incurred through 12/31/2020 for the following Benefits:
- a.  Dependent Care Assistance Plan Account

**Change in Status**

- Regardless of the Plan's selected Change in Status events, if any, an Eligible Employee may modify the following elections in accordance with IRS Notice 2020-29:
- a.  Revoke an existing election and make a new election
  - b.  Revoke a health coverage election with signed affidavit attesting to the availability of other health coverage
  - c.  Elect coverage if Eligible Employee initially declined

**WALNUT VALLEY WATER DISTRICT FLEXIBLE BENEFITS PLAN  
CARRYOVER INCREASE AMENDMENT**

**WHEREAS**, Walnut Valley Water District (the "Employer") maintains the Walnut Valley Water District Flexible Benefits Plan (the "Plan") for the benefit of certain of its employees; and

**WHEREAS**, pursuant to Section 15.01 of the Plan, the Employer desires to amend the Plan as permitted by IRS Notice 2020-33 and is to be construed in accordance with the same. Both the amendment and the statutory provisions will supersede any inconsistent Plan provisions;

**NOW, THEREFORE**, the Plan is hereby amended as follows, effective as provided therein:

**OPTIONAL PROVISIONS:**

**E. FLEXIBLE SPENDING ACCOUNTS**

- 13.** The Plan will carry over unused Health FSA balances at the end of the Plan Year for the following Benefits:
- a.**  Health Flexible Spending Account
    - i.**  Maximum amount, as indexed

**WALNUT VALLEY WATER DISTRICT FLEXIBLE BENEFITS PLAN  
CONSOLIDATED APPROPRIATIONS ACT OF 2021 AMENDMENT**

**WHEREAS**, Walnut Valley Water District (the "Employer") maintains the Walnut Valley Water District Flexible Benefits Plan (the "Plan") for the benefit of certain of its employees;

**WHEREAS**, pursuant to the applicable section of the Plan, the Employer desires to amend the Plan as permitted by The Consolidated Appropriations Act of 2021 (CAA) and IRS Notice 2021-15:

**WHEREAS**, both the Amendment and the statutory provisions will supersede any inconsistent Plan provisions;

**NOW, THEREFORE**, the Plan is hereby amended as follows, effective as provided therein:

A. Change in Status

1.  Regardless of the Plan's selected Change in Status events, if any, an Eligible Employee may modify the following elections in accordance with IRS guidance:  
 2021 (IRS Notice 2021-15)
- a.  Revoke an existing election and make a new election
  - b.  Revoke a health coverage election with signed affidavit attesting to the availability of other health coverage
  - c.  Elect coverage if Eligible Employee initially declined

B. Temporarily Add or Extend Grace Period

1.  The Plan temporarily adds or extends the Grace Period to reimburse claims incurred during such Grace Period for the following Benefits for the plan years ending in:  
 2021
- a.  Dependent Care Assistance Plan Account

C. Temporarily Add or Extend Carryover Provision

1.  The Plan temporarily adds or extends the carryover of unused FSA balances at the end of the Plan Year for the following Benefits in accordance with IRS Notice 2021-15 for the plan years ending in:  
 2021
- a.  Health Flexible Spending Account
    - i.  Maximum amount, as indexed

**IN WITNESS WHEREOF**, the Employer has caused these Amendments to be executed this \_\_\_\_ day of \_\_\_\_\_, 2021.

WALNUT VALLEY WATER DISTRICT :

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title/Position: \_\_\_\_\_



**WALNUT VALLEY WATER DISTRICT  
FORMAL RECORD OF ACTION**

The following is a formal record of action taken by the governing body of Walnut Valley Water District (the "Employer").

With respect to the amendment of the Walnut Valley Water District Flexible Benefits Plan (the "Plan"), the following resolutions are hereby adopted:

**RESOLVED:** That the Plan be amended in the form attached hereto which is adopted and approved;

**RESOLVED FURTHER:** That the appropriate officers of the Employer be, and they hereby are, authorized and directed to execute said amendment on behalf of the Employer;

**RESOLVED FURTHER:** That the officers of the Employer be, and they hereby are, authorized and directed to take any and all actions and execute and deliver such documents as they may deem necessary, appropriate or convenient to effect the foregoing resolutions including, without limitation, causing to be prepared and filed such reports, documents or other information as may be required under applicable law.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**RESOLUTION NO. 12-21-689 (SUBSEQUENT)**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WALNUT VALLEY WATER DISTRICT PROCLAIMING A STATE OF EMERGENCY PERSISTS, RE-RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM, AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD OF DIRECTORS OF WALNUT VALLEY WATER DISTRICT FOR THE PERIOD DECEMBER 17, 2021 TO JANUARY 16, 2022 PURSUANT TO BROWN ACT PROVISIONS.**

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

**WHEREAS**, all meetings of the District's Board of Directors and its standing committees are open and public, as required by the Ralph M. Brown Act (California Government Code Sections 54950 – 54963), so that any member of the public may attend, participate, and watch those bodies conduct their business; and

**WHEREAS**, the Brown Act, in Government Code Section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

**WHEREAS**, a required condition for application of Section 54953(e) is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code Section 8558; and

**WHEREAS**, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District's boundaries, caused by natural, technological or human-caused disasters; and

**WHEREAS**, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

**WHEREAS**, the Board of Directors previously adopted a Resolution, Resolution No. 10-21-686 on October 18, 2021 finding that the requisite conditions exist for the District's Board of Directors and standing committees to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of Section 54953; and

**WHEREAS**, as a condition of extending the use of the provisions found in Section 54953(e), the Board of Directors must reconsider the circumstances of the state of emergency that exists in the District, and the Board of Directors has done so; and

**WHEREAS**, emergency conditions persist in the District, specifically, COVID-19, and its Delta variant, remain highly contagious and, therefore, a threat to the health, safety and well-being of the District's employees, directors, vendors, contractors, customers and residents; and

**WHEREAS**, orders from the Los Angeles County Department of Public Health and regulations from the State of California impose limitations on gatherings and provide guidance on best practices with respect to actions to reduce the spread of COVID-19; and

**WHEREAS**, the District's Board of Directors does hereby find that a state of emergency continues to exist within the District's service area as a result of the continuing presence of COVID-19 and resulting local, state and federal orders and guidance, which has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and the Board of Directors desires to affirm a local emergency exists and re-ratify the proclamation of state of emergency by the Governor of the State of California; and

**WHEREAS**, as a consequence of the local emergency persisting, the Board of Directors does hereby find that the District's Board of Directors and all standing committees shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of Section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Section 54953; and

**WHEREAS**, the District will continue to provide proper notice to the public regarding all District of Board of Directors' and standing committee meetings, in accordance with Government Code Section 54953(e)(2)(A) and shall provide notice to the public of how they may access any such meeting via call-in number and/or internet link.

**NOW, THEREFORE**, THE BOARD OF DIRECTORS OF WALNUT VALLEY 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. Affirmation that Local Emergency Persists. The Board of Directors hereby considers the conditions of the state of emergency in the District and proclaims that a local emergency persists throughout the District, and that conducting District Board of Directors and standing committee meetings virtually will minimize the possible spread COVID-19 and any variant thereof.

Section 3. Re-ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency regarding COVID-19, dated March 4, 2020.

Section 4. Remote Teleconference Meetings. The District's General Manager, or his or her delegee, and the Board of Directors and standing committees of the District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) the expiration of thirty (30) days from the date this Resolution was adopted, as set forth below, or (ii) such time as the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the Board of Directors and standing committees of the District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

**PASSED AND ADOPTED** by the Board of Directors of Walnut Valley Water District this 13th day of December 2021, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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Scarlett Kwong  
President Board of Directors

ATTEST:

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Erik Hitchman  
Secretary, Board of Directors