

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

REGULAR BOARD MEETING
TUESDAY, JANUARY 19, 2021, 5:00 P.M.
AGENDA

Pursuant to the provisions of Executive Order N-25-20 Issued by Governor Gavin Newsom on March 12, 2020, 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. Introduction of New District Employees President Kwong
 A. [Rachel Serna, Customer Service Representative I](#)
 B. [Jennifer Man, Senior Accountant](#)
7. Consider Approval of Consent Calendar (Items 1-4)
 A. Discussion B. Action Taken
 (1) [Minutes of the Regular Board Meeting held December 14, 2020](#)
 (2) [Check Register](#)
 (3) [Employee Expense Reimbursement Report](#)
 (4) [Community Outreach Update](#)
8. [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
9. Treasurer's Report Mr. Byerrum
 A. [Financial Dashboard as of November 30, 2020](#)
 B. [District Statement of Revenues, Expenses, and Change in Net Assets as of November 30, 2020](#)
 C. [District Statement of Net Assets as of November 30, 2020](#)
 D. [Summary of Cash and Investments as of November 30, 2020](#)
 (1) Discussion (2) Action Taken

COMMITTEE REPORTS

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

10. Engineering and Special Projects President Kwong
 A. [Quitclaim of Easement for Abandoned Pipeline-Rowland High School, Rowland Heights \(Easement 378\)](#)
 (1) Discussion (2) Action Taken
 B. [Consider Participation in the PWAG Hazard Mitigation Grant Program](#)
 (1) Discussion (2) Action Taken
 C. [Operations Report](#) (Information Only)
11. Personnel Committee Director Tang
 A. [Disability and Life Insurance Renewal](#)
 (1) Discussion (2) Action Taken
12. Finance Committee Director Lee
 A. [Receive, Approve, and File Investment Transactions Report for Month Ending December 31, 2020](#)
 (1) Discussion (2) Action Taken
 B. [Comprehensive Annual Financial Report for Fiscal Year Ending June 30, 2020](#)
 (1) Discussion (2) Action Taken
 C. [P-W-R Joint Water Line, Puente Basin Water Agency, and Spadra Basin Groundwater Sustainability Agency Audits for Fiscal Year Ending June 30, 2020](#)
 (1) Discussion (2) Action Taken
 D. [Budget Meeting Schedule](#) (Information Only)
 E. [Review of Revenue Bond Funds Held in Trust](#) (Information Only)
13. Public Information/Community Relations/Legislative Action Committee Director Hilden
 There are no Public Information items to come before the Board at this time

OTHER ITEMS

14. TVMWD/MWD Director Hilden
15. P-W-R Joint Water Line Commission Mr. Teuber
 A. [P-W-R JWL Report for Water Purchases for the Month of December 2020](#)
 B. Other Items
16. Puente Basin Water Agency Director Lee
17. Spadra Basin Groundwater Sustainability Agency Director Tang
18. General Manager's Report Mr. Hitchman
 A. [District Activities Calendars for February, March, and April 2021](#)
 B. Other Items
19. Water Supply and Conservation Mr. Hitchman
 A. [District Water Supply and Conservation Update](#)
 B. [Statewide Water Supply Conditions](#)
20. Directors' Oral Reports All Directors
21. Legal Reports Mr. Ciampa
 ▪ Report on matters of interest or having an effect on the District
22. Board members and staff will be given an opportunity to request and suggest subjects for discussion at a future meeting
23. Board of Directors Business President Kwong
 A. [Consideration of Annual Board Commission and Agency Assignment Selections for Calendar Year 2021](#)
 (1) Discussion (2) Action Taken
 B. [Adoption of Resolutions No. 01-21-672 Appointing Representatives to the Pomona-Walnut-Rowland Joint Water Line Commission, 01-21-673 Appointing Representatives to the Puente Basin Water Agency, and 01-21-674 Appointing Representatives to the Spadra Basin Groundwater Sustainability Agency Executive Committee](#)
 (1) Discussion (2) Action Taken
24. Public Comment on Closed Session
25. Adjourn to Closed Session
26. 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 -
27. Reconvene in Open Session
 A. Report of Action, if any, Taken in Closed Session

Adjournment

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

Brian Teuber
Assistant General Manager
Second Assistant Treasurer

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

Lily Lopez
Director of External Affairs

Alanna Diaz
Director of HR and
Risk Management

Thomas M. Monk
Director of Operations

Gabriela Sanchez
Executive Secretary

LEGAL COUNSEL

James D. Ciampa

RACHEL SERNA CUSTOMER SERVICE REPRESENTATIVE I

Rachel Serna, who happens to be the daughter of two former longtime District employees (Art and Shannon Serna), joined the District on May 1, 2019, as a Customer Service Representative I. In reality, Rachel first commenced her career at the District during her freshman year at Diamond Bar High School as a participant of the District's High School Internship Program. Prior to obtaining this fulltime position with the District, she worked at Potter Roemer as a Customer Service Representative for this producer of Fire Protection Equipment.

Rachel was raised in the city of Diamond Bar where she graduated from high school. In addition to spending time with her family, Rachel special interests include outdoor activities such as camping and ATV riding in the desert.

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Director of HR and
Risk Management

Thomas M. Monk
Director of Operations

Gabriela Sanchez
Executive Secretary

LEGAL COUNSEL

James D. Ciampa

JENNIFER MAN SENIOR ACCOUNTANT

Jennifer Man joined the Walnut Valley Water District Finance Department on January 6, 2020 as a Senior Accountant. Prior to working for the District, she worked at Firstsight Vision Services, Inc. as an Accounting Manager. There, Jennifer created the company budget, prepared audit schedules, and oversaw the day-to-day activities.

Jennifer obtained a Bachelor of Science Degree in Applied Mathematics with Specialization in Business Administration from UCLA.

When not at work, Jennifer spends her free time reading, traveling, and expanding her knowledge in computer programming.

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

**December 14, 2020
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
Brian Teuber, Assistant General Manager
Sherry Shaw, Director of Engineering
Lily Lopez, Director of External Affairs
Thomas Monk, Director of Operations
Gabriela Sanchez, Executive Secretary
Andy Turner, Legal Counsel
Josh Byerrum, Finance Manager
Alanna Diaz, Director of HR and Risk Management
Ron Woodruff, IT Specialist (Meeting Host)

The meeting was called to order at 5:00 p.m. with President Lee 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 Jody Roberto and David De Jesus, General Manager Matt Litchfield, P.E and Chief Financial Officer James Linthicum; Lane Hayakawa.

Item 3: Public Comment

- ◆ There were no requests for public comment. (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: Consider Approval of Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar consisting of the minutes of the Regular Board meeting held November 16, 2020, the minutes of the Special Board meeting held November 19, 2020, the Check Register, the Employee Expense Reimbursement Report, and the Community Outreach Report. (Item 6-1, 2, 3, 4, 5)

Motion No. 20-12-1602: 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 November 16, 2020, the minutes of the Special Board meeting held November 19, 2020, the Check Register, the Employee Expense Reimbursement Report, and the Community Outreach Report. (Items 6-1, 2, 3, 4, 5)

Ayes: Hayakawa, Hilden, Kwong, Lee, Tang
Noes: None

Absent: None

Abstain: None

President Lee indicated Motion No. 20-12-1602 was approved by a (5-0) roll call vote

Item 7: 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 November 2020. (Item 7)

Motion No. 20-12-1603: 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 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 November 2020. (Item 7)

Ayes: Hayakawa, Hilden, Kwong, Lee, Tang

Noes: None

Absent: None

Abstain: None

President Lee indicated Motion No. 20-12-1603 was approved by a (5-0) roll call vote

Item 8: Treasurer's Report

- ◆ Mr. Byerrum presented the Financial Dashboard as of October 31, 2020, the District Statement of Revenue, Expenses, and Change in Net Assets as of October 31, 2020, the District Statement of Net Assets as of October 31, 2020, and Summary of Cash and Investments as of October 31, 2020. (Items 8-A, B, C, D)

Motion No. 20-12-1604: 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 receive, approve, and file the Financial Dashboard as of October 31, 2020, the District Statement of Revenue, Expenses, and Change in Net Assets as of October 31, 2020, the District Statement of Net Assets as of October 31, 2020, and Summary of Cash and Investments as of October 31, 2020. (Items 8-A, B, C, D)

Ayes: Hayakawa, Hilden, Kwong, Lee, Tang

Noes: None

Absent: None

Abstain: None

President Lee indicated Motion No. 20-12-1604 was approved by a (5-0) roll call vote

Committee Chair Reports

Item 9: Engineering Committee – Director Lee

- ◆ Mr. Monk reviewed the Operations report included in the Board packet. No Action was taken by the Board. (Item 9-A)

Item 10: Personnel Committee

- ◆ The Board was asked to approve revisions to the WVWD 9/80 Work Schedule Policy. Staff advised that if approved, the proposed amendments would mirror language pertaining to the 9/80 work schedule stipulated in the Terms and Conditions of Employment for the term July 1, 2020 – June 30, 2023.

- ◆ Conversation ensued regarding District personnel policies. Director request was made for the Board to conduct a thorough review of personnel policies in 2022, during the next period of employee group negotiations. (Item 10-A)

Motion No. 20-12-1605: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Hayakawa and unanimously carried (4-1) by the roll call vote noted below, to approve the revisions to the WVWD 9/80 Work Schedule Policy. (Items 10-A)*

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

President Lee indicated Motion No. 20-12-1605 was approved by a (4-1) roll call vote

- ◆ The Board was asked to approve revisions to the WVWD Uniform and Dress Code Policy. Staff advised that if approved, the proposed amendments would mirror language pertaining to Uniforms and Dress Code stipulated in the Terms and Conditions of Employment for the term July 1, 2020 – June 30, 2023. (Item 10-B)

Motion No. 20-12-1606: *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 approve the revisions to the WVWD Uniform and Dress Code Policy. (Items 10-B)*

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

President Lee indicated Motion No. 20-12-1606 was approved by a (5-0) roll call vote

Item 11: Finance Committee

- ◆ The Board was asked to receive, approve, and file the District's Consolidated Investment Transactions Report for November 2020 included in the Board packet. (Item 11-A)

Motion No. 20-12-1607: *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 receive, approve, and file the District's Consolidated Investment Transaction Report for the period of November 1, 2020 through November 30, 2020. (Item 11-A)*

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

President Lee indicated Motion No. 20-12-1607 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 11-B)

Item 12: Public Information/Community Relations/Legislative Action Committee

- ◆ The Board received the 2020 Annual Report provided by Reeb Government Relations, LLC, on their legislative activities on behalf of the District and other partnering agencies. No Board action was taken. (Item 12-A)

Item 13: TVMWD/MWD

- ◆ The Board received an update on TVMWD and MWD business matters. (Item 13)

Item 14: The P-W-R Joint Water Line Commission

- ◆ Included in the Board packet was the P-W-R Joint Water Line Commission water use report for the month of November 2020. (Item 14)

Item 15: Puente Basin Water Agency (PBWA)

- ◆ The Board received a report on activities from the December 10, 2020 Puente Basin Water Agency meeting. (Item 15)

Item 16: Spadra Basin Groundwater Sustainability Agency

- ◆ The Board received a report on Spadra Basin GSA business matters. (Item 16)

Item 17: General Manager's Report

- ◆ The Board received the District's activities calendars January, February, and March 2021. (Item 17-A)

Item 18 Water Supply and Conservation

- ◆ The Board received reports and graphs of the following items: District potable and recycled water use, Fiscal Year 2019-20 purchased water projections, conservation goal summary, climate summary, and 2020 monthly water consumption versus the 2013 baseline year. The report noted that the District's water usage for November 2020 was 13.08% lower than usage in November 2013. (Item 18-A)
- ◆ The Board viewed reports on California's water supply and reservoir conditions as of December 8, 2020. (Item 18-B)

Item 19: 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 19)

- ◆ Director Hilden advised that he participated in District Board and committee meetings, and a TVMWD Board meeting.
- ◆ In addition to the District Board and committee meetings previously reported on, Director Kwong noted her participation in TVMWD Board meetings, a San Gabriel Valley Regional Chamber Government Affairs Committee meeting, and the completion of two District-required Target Solutions Defensive Drivers trainings.
- ◆ In addition to the District Board and committee meetings previously reported on, Director Lee advised that she completed CSDA SDLA Module 4 virtual workshops. Additionally, she noted her participation in a Spadra Basin GSA meeting, and the ACWA/JPIA 2020 Board of Directors meeting.
- ◆ Director Tang's activities for the month of November entailed participating in District committee and Board meetings in addition to a Spadra Basin GSA meeting, an ACWA virtual meeting, and District-required Target Solutions Defensive Drivers trainings.
- ◆ Although Mr. Alfred Sinclair was not present to report on his activities for the month November, his expense report noted his participation in District committee and Board meetings in addition to a Spadra Basin GSA meeting, an ACWA virtual meetings, and TVMWD Board meetings.
- ◆ Although Director Hayakawa commenced his service as Board of Director in December, he did make note of his participation in District committee meetings during this month.

Item 20: Legal Reports

- ◆ Mr. Turner advised that a closed session would be held following the regular business meeting. (Item 20)

Item 21: Items for Future Discussion

- ◆ President Lee requested that staff agendize the review of personnel policies in 2022, during the negotiations phase of the employee negotiations. (Item 21)

Item 22: Board of Directors Business

- ◆ The Board was asked to consider approval of the third amendment to the General Manager's Employment Contract reflective of a 1% salary adjustment and a 2.5% Cost-of-Living Adjustment provided to all District employees in the Terms and Conditions of Employment for 2020-2023. (Item 22-A)

Motion No. 20-12-1608: *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 approve the Third Amendment to the General Manager's Employment Contract reflective of a 1% merit increase and a 2.5% Cost-of-Living adjustment, effective January 1, 2021. (Item 22-A)*

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

President Lee indicated Motion No. 20-12-1608 was approved by a (5-0) roll call vote

- ◆ The Board approved the 2021 WVWD Board meeting and workshop schedule, noting that subsequent adjustments may be made by the Board in accordance with the Brown Act. (Item 22-B)

Motion No. 20-12-1609: *Upon consideration thereof, it was moved by Director Tang, seconded by Director Kwong and unanimously carried (5-0) roll call vote, to approve the CY 2021 Board and workshop meeting schedule as presented. (Item 22-B)*

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

President Lee indicated Motion No. 20-12-1609 was approved by a (5-0) roll call vote

- ◆ Officers were rotated in accordance with the "Board Reorganization Rotation Policy." (Item 22-C)
Scarlett P. Kwong, President
Jerry Tang, First Vice President
Edwin Hilden, Second Vice President
Kevin Hayakawa, Assistant Treasurer
Theresa Lee, Director
(Item 22-C)

Ms. Lee continued the duty of chairing the remainder of the meeting.

- ◆ It was determined that Board appointments to the offices of Secretary, Assistant Secretary, Treasurer and Second Assistant Treasurer would be as follows: Mr. Erik Hitchman, Secretary; Ms. Gabriela Sanchez, Assistant Secretary; Mr. Joshua Byerrum, Treasurer; Mr. Brian Teuber, Second Assistant Treasurer. (Item 22-C)

Motion No. 20-12-1610: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried (5-0) by the roll call vote noted below, to approve the Rotation of Officers and Board Appointments schedule as noted. (Item 22-C)*

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

Director Lee indicated Motion No. 20-12-1610 was approved by a (5-0) roll call vote

- ◆ Standing Committee positions were selected on a “chain of command” basis in accordance with the Standing Committee Selection Process, with the first choice going to the Board President, second choice to the First Vice President, third choice to the Second Vice President, and so on down the line, repeating in the same order, until all positions were filled as follows:

Committee	Chair	Member	Alternate
Engineering	Director Kwong	Director Hayakawa	Director Lee
Finance	Director Lee	Director Hilden	Director Kwong
Personnel	Director Tang	Director Kwong	Director Hilden
Public Info/Legislative	Director Hilden	Director Tang	Director Hayakawa

- ◆ Mr. Hitchman advised that ratification of the Commission/Agency assignments will take place at the January Board meeting where staff will present resolutions appointing representation on the Puente Basin Water Agency, P-W-R Joint Water Line Commission, and the Spradra Basin Groundwater Sustainability Agency Executive Committee. (Item 22-C)
- ◆ As a matter of information only, the Board was provided with the final version of the Terms and Conditions of Employment for the General Employees Unit, the Mid-Management, and Executive Staff employee groups for the term commencing July 1, 2021 through June 30, 2023. (Item 22-D)
- ◆ A schedule of 2021 key conferences/events was provided to the Board as a matter of information only. (Item 22-E)

Item 23: Public Comment on Closed Session

- ◆ There were no requests to comment on closed session items. (Item 23)

Item 24: Adjourn to Closed Session – 6:27 p.m.

Item 25: Closed Session – 6:28 p.m.

- A. The Board met in closed session in accordance with Government Code [§54956.9(a)] to discuss existing litigation in the case titled Bonnie Kessner, et al. vs. City of Santa Clara, et al. (Santa Clara County Superior Court Case No. 20CV364054). (Item 25-A)
- B. The Board met in closed session in accordance with Government Code [§54956.9(d)(2)] to discuss initiation of litigation with Legal Counsel – One Potential Case. (Item 25-B)

Item 26: Reconvene in Open Session/Report of Action Taken in Closed Session – 6:32 p.m.

- A. The Board met in closed session in accordance with Government Code [§54956.9(a)] to discuss existing litigation in the case titled Bonnie Kessner, et al. vs. City of Santa Clara, et al. (Santa Clara County Superior Court Case No. 20CV364054). The Board was briefed on the status of that case and no reportable action under the Brown Act was taken.

The Board also met in closed session in accordance with Government Code [§54956.9(d)(2)] to discuss one initiation of litigation matter with Legal Counsel. The Board was briefed on the facts and circumstances of the matter and no reportable action under the Brown Act was taken.

Adjournment at 6:37 p.m.

Motion No. 20-12-1611: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried (5-0) by the roll call vote noted below, to adjourn the meeting. (Item 26)

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

Abstain: None

Director Lee indicated Motion No. 20-12-1611 was approved by a (5-0) roll call vote

DRAFT

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

CHECK NUMBER	DATE	PAYEE	AMOUNT
4441	11/12/2020	Void - Replaced with CK#4517	\$ (1,599.99)
4514	12/2/2020	South Coast A.Q.M.D. - Voided	\$ -
4526	12/10/2020	Void - Replaced with CK#4605	\$ (544.46)
4515	12/2/2020	Rowland Water District	\$ 293.69
4516	12/2/2020	Frontier Communications	\$ 525.47
4517	12/2/2020	Keller, Jillian	\$ 1,599.99
4518	12/2/2020	America's Choice Signs	\$ 2,563.95
4519	12/2/2020	Bay Alarm Company	\$ 240.00
4520	12/3/2020	American Water Works Association	\$ 7,059.00
4521	12/3/2020	South Coast A.Q.M.D.	\$ 14,728.75
4522	12/10/2020	Employer's Infosource	\$ 219.50
4523	12/10/2020	Geiger West Monrovia	\$ 911.70
4524	12/10/2020	Hach Company	\$ 359.42
4525	12/10/2020	Industrial Shoe Company	\$ 200.00
4527	12/10/2020	Vulcan Materials Company	\$ 2,354.77
4528	12/10/2020	Cintas Corporation #150	\$ 457.58
4529	12/10/2020	Walnut Valley Water District	\$ 156.56
4530	12/10/2020	Fuel Pros, Inc.	\$ 393.71
4531	12/10/2020	Chandler Asset Management, Inc.	\$ 3,138.35
4532	12/10/2020	Applied Technology Group, Inc.	\$ 2,804.05
4533	12/10/2020	Online Information Services, Inc.	\$ 473.50
4534	12/10/2020	Office Solutions Business Prod. & Svcs, LLC	\$ 290.30
4535	12/10/2020	State Water Resources Control Board-NPDES Permit	\$ 2,811.00
4536	12/10/2020	Veritiv Operating Company	\$ 492.55
4537	12/10/2020	Tri County Pump Company	\$ 7,298.65
4538	12/10/2020	SiteOne Landscape Supply Holding, LLC	\$ 215.23
4539	12/10/2020	TelePacific Corp.	\$ 925.35
4540	12/10/2020	Premier Family Medicine Associates, Inc.	\$ 60.00
4541	12/10/2020	HASA, Inc.	\$ 749.55
4542	12/10/2020	Verizon Wireless	\$ 665.00
4543	12/10/2020	Sedaru, Inc.	\$ 5,400.00
4544	12/10/2020	Iland Internet Solutions Corp	\$ 950.80
4545	12/10/2020	R&B Automation, Inc.	\$ 6,414.25
4546	12/10/2020	Knight Industrial Supply	\$ 222.38
4547	12/10/2020	GNA - Brook Fire Protection, Inc.	\$ 95.00
4548	12/10/2020	Autonovation Mobile Auto Repair	\$ 534.27
4549	12/10/2020	Public Water Agencies Group	\$ 1,243.80
4550	12/10/2020	Altec Products, Inc.	\$ 2,450.00
4551	12/10/2020	McMaster-Carr Supply Company	\$ 565.23
4552	12/10/2020	DM Property Group LLC	\$ 6,030.46
4553	12/15/2020	Trevino, Melanie	\$ 1,015.00
4554	12/15/2020	Arias, Christian	\$ 450.00
4555	12/16/2020	ACWA Services Corporation	\$ 152,815.69

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

CHECK NUMBER	DATE	PAYEE	AMOUNT
4556	12/16/2020	Civiltec Engineering, Inc.	\$ 2,480.00
4557	12/16/2020	Federal Express	\$ 258.00
4558	12/16/2020	Garcia, Cielito	\$ 145.28
4559	12/16/2020	Graybar Electric Company, Inc.	\$ 8,470.86
4560	12/16/2020	HD Supply /Core&Main	\$ 1,922.02
4561	12/16/2020	Pomona City Clerk	\$ 3,947.40
4562	12/16/2020	Southern California Edison Company	\$ 80,264.02
4563	12/16/2020	Underground Service Alert	\$ 277.30
4564	12/16/2020	Cintas Corporation #150	\$ 478.00
4565	12/16/2020	InfoSend, Inc.	\$ 9,065.81
4566	12/16/2020	Ferguson Waterworks - Santa Ana	\$ 6,077.30
4567	12/16/2020	Sheakley Pension Administration, Inc.	\$ 188.70
4568	12/16/2020	East West Bank - Visa	\$ 7,107.67
4569	12/16/2020	Rite Aid Corporation	\$ 512.00
4570	12/16/2020	Azusa Land Reclamation, Inc.	\$ 6,964.94
4571	12/16/2020	S & J Supply Company, Inc.	\$ 4,360.07
4572	12/16/2020	Tri County Pump Company	\$ 26,371.63
4573	12/16/2020	Frontier Communications	\$ 1,065.80
4574	12/16/2020	Bizodo Inc. Seamless Docs	\$ 6,050.00
4575	12/16/2020	ConvergeOne, Inc.	\$ 10,861.50
4576	12/16/2020	Canon Solutions America, Inc.	\$ 2,306.76
4577	12/16/2020	Aqua Backflow, Inc	\$ 1,149.50
4578	12/17/2020	Pool & Electrical Products, Inc.	\$ 424.32
4579	12/17/2020	Stump Fence Company	\$ 850.00
4580	12/17/2020	Tucker Tire Company, Inc.	\$ 1,727.15
4581	12/17/2020	Vulcan Materials Company	\$ 2,004.67
4582	12/17/2020	Fuel Pros, Inc.	\$ 175.00
4583	12/17/2020	InForm Decisions	\$ 342.08
4584	12/17/2020	S C Fuels	\$ 11,509.59
4585	12/17/2020	InfoSend, Inc.	\$ 2,601.08
4586	12/17/2020	Genesis Computer Systems, Inc.	\$ 124.89
4587	12/17/2020	Michael Saunders	\$ 300.00
4588	12/17/2020	Ferguson Waterworks - Santa Ana	\$ 325.72
4589	12/17/2020	Office Solutions Business Prod. & Svcs,LLC	\$ 850.15
4590	12/17/2020	Everbrite West LLC	\$ 86.10
4591	12/17/2020	Hill Brothers Chemical Company	\$ 931.54
4592	12/17/2020	Iga Printing	\$ 434.38
4593	12/17/2020	America's Choice Signs	\$ 309.34
4594	12/17/2020	HASA, Inc.	\$ 1,420.82
4595	12/17/2020	Spadra Basin Groundwater Sustainability Agency	\$ 113.75
4596	12/17/2020	Autonovation Mobile Auto Repair	\$ 284.22
4597	12/17/2020	Altec Products, Inc.	\$ 3,360.00
4598	12/17/2020	McMaster-Carr Supply Company	\$ 741.06

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

CHECK NUMBER	DATE	PAYEE	AMOUNT
4599	12/23/2020	AT&T Mobility II, LLC	\$ 643.84
4600	12/23/2020	Fleming Environmental, Inc.	\$ 131,623.92
4601	12/23/2020	Graybar Electric Company, Inc.	\$ 9,759.10
4602	12/23/2020	Industry Business Council	\$ 250.00
4603	12/23/2020	Lievanos,Gabriel	\$ 100.00
4604	12/23/2020	Pool & Electrical Products, Inc.	\$ 275.66
4605	12/23/2020	San Gabriel Valley Tribune	\$ 544.46
4606	12/23/2020	Southern Calif Gas Company	\$ 564.39
4607	12/23/2020	Tucker Tire Company, Inc.	\$ 2,107.92
4608	12/23/2020	Verizon Wireless	\$ 532.32
4609	12/23/2020	Grainger	\$ 162.41
4610	12/23/2020	Jack's Lock & Key	\$ 4,189.60
4611	12/23/2020	Cintas Corporation #150	\$ 237.20
4612	12/23/2020	Armorcast Products Company	\$ 11,576.34
4613	12/23/2020	Genesis Computer Systems, Inc.	\$ 355.17
4614	12/23/2020	Industry Public Utility Commission	\$ 1,121.60
4615	12/23/2020	Ferguson Waterworks - Santa Ana	\$ 5,083.37
4616	12/23/2020	Sheakley Pension Administration, Inc.	\$ 188.70
4617	12/23/2020	BAVCO	\$ 261.09
4618	12/23/2020	Cintas First Aid & Safety LOC#168	\$ 32.86
4619	12/23/2020	Reliance Standard Life Insurance Co.	\$ 6,659.47
4620	12/23/2020	Crossfire Services, Inc	\$ 416.84
4621	12/23/2020	ConvergeOne, Inc.	\$ 4,532.94
4622	12/23/2020	HASA, Inc.	\$ 3,573.82
4623	12/23/2020	A & J Tree Care, Inc.	\$ 3,500.00
4624	12/23/2020	Canon Solutions America, Inc.	\$ 234.20
4625	12/23/2020	GNA - Brook Fire Protection, Inc.	\$ 95.00
4626	12/23/2020	Autonovation Mobile Auto Repair	\$ 218.07
4627	12/23/2020	Interstate Battery System of Inland Valley	\$ 370.97
4628	12/23/2020	Quadient, Inc.	\$ 191.38
4629	12/23/2020	Environmental Contractors Transportation Inc.	\$ 200.00
4630	12/23/2020	Thermal Edge, Inc.	\$ 3,997.59
4631	12/23/2020	FMT Consultants, LLC	\$ 1,510.00
4632	12/23/2020	McMaster-Carr Supply Company	\$ 562.75
4633	12/30/2020	Azteca Landscape	\$ 14,250.00
4634	12/30/2020	Foundation for Cross-Connection Control and Hydraulic R	\$ 1,000.00
4635	12/30/2020	Industrial Shoe Company	\$ 200.00
4636	12/30/2020	Ken's Ace Hardware	\$ 24.45
4637	12/30/2020	Liebert, Cassidy, & Whitmore	\$ 4,874.00
4638	12/30/2020	Cintas Corporation #150	\$ 237.20
4639	12/30/2020	Innovyze, Inc.	\$ 5,351.00
4640	12/30/2020	State Water Resources Ctrl Bd - Cert Rnw	\$ 210.00
4641	12/30/2020	Frontier Communications	\$ 355.75

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

CHECK NUMBER	DATE	PAYEE	AMOUNT
4642	12/30/2020	Hill Brothers Chemical Company	\$ 5,496.01
4643	12/30/2020	Star Brite Building Maintenance, Inc.	\$ 1,881.16
4644	12/30/2020	ALS Group USA, Corp.	\$ 530.00
4645	12/30/2020	Verizon Wireless	\$ 665.00
4646	12/30/2020	Bay Alarm Company	\$ 240.00
4647	12/30/2020	Public Water Agencies Group	\$ 5,782.26
4648	12/30/2020	Lagerlof, LLP	\$ 2,550.00
4649	12/30/2020	McMaster-Carr Supply Company	\$ 328.60
EFT000000000321	12/4/2020	Doty Bros Equipment Co, Inc.	\$ 59,909.85
EFT000000000322	12/4/2020	Puente Basin Water Agency	\$ 47,687.06
EFT000000000323	12/9/2020	Puente Basin Water Agency	\$ 987,732.08
EFT000000000324	12/9/2020	Pomona-Walnut-Rowland JWL Commission	\$ 1,023,800.51
EFT000000000325	12/11/2020	California Public Employees' Retirement System	\$ 500.00
EFT000000000326	12/17/2020	Doty Bros Equipment Co, Inc.	\$ 42,990.30
EFT000000000327	12/18/2020	Puente Basin Water Agency	\$ 90,377.07
EFT000000000328	12/28/2020	Doty Bros Equipment Co, Inc.	\$ 43,402.70
EFT000000000329	12/30/2020	Public Agency Retirement Services	\$ 375,000.00
		TOTAL	\$ 3,348,318.45

Reviewed by:


 Assistant General Manager

 General Manager

1/13/21
 Date

Reviewed by:

Jan. 13, 2021
 Date

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of External Affairs
DATE: January 19, 2021
SUBJECT: Community Outreach Update

Action/Discussion Fiscal Impact Resolution Information Only

RECOMMENDATION

For information only.

BACKGROUND INFORMATION:

Conservation and Education Outreach Updates

1. January Bill Insert

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

WVWD Remote Learning Center (RLC)

Never miss a workshop with WVWD!
Participants have access to pre-recorded classes for up to 30 days.

TOPICS INCLUDE:

- Edible Gardening for Beginners
- Residential Leak Detection
- Drought Tolerant Plants
- CA Native Plants
- Sustainable Landscape Design
- Sprinkler & Drip Basics
- Landscape Care
- Composting
- The CA Water Picture

REGISTER AT WWW.WVWD.COM

FREE WEBINAR: FIRESCAPING

Protecting Your Home with a Fire-Resistant Landscape

Join Us **Tuesday, February 23rd**
Virtually! @ **6:00 PM via WebEX**

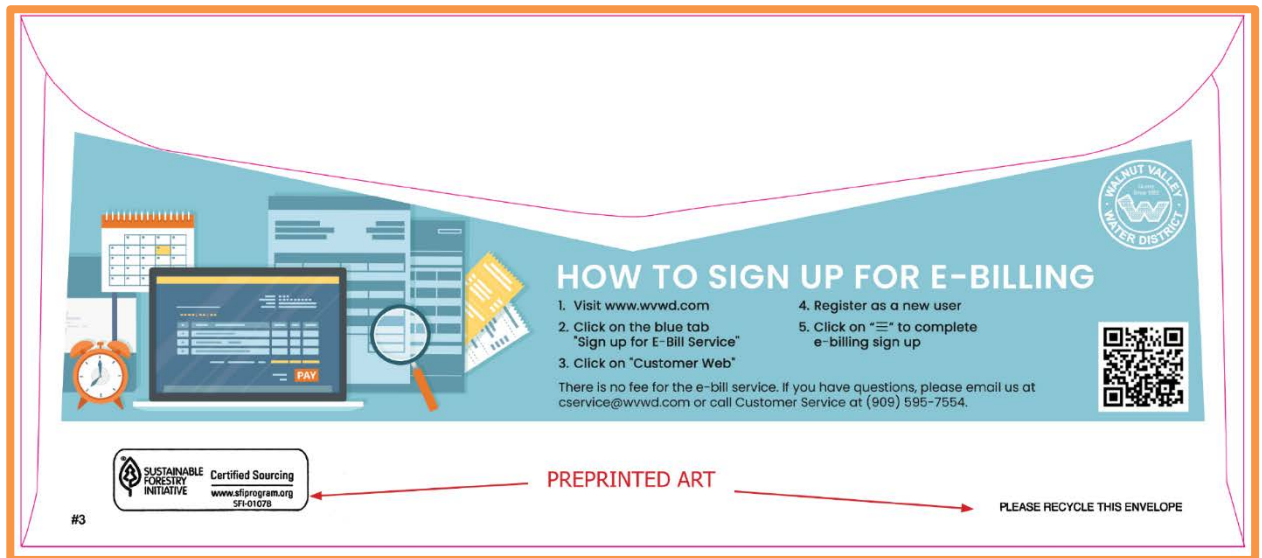
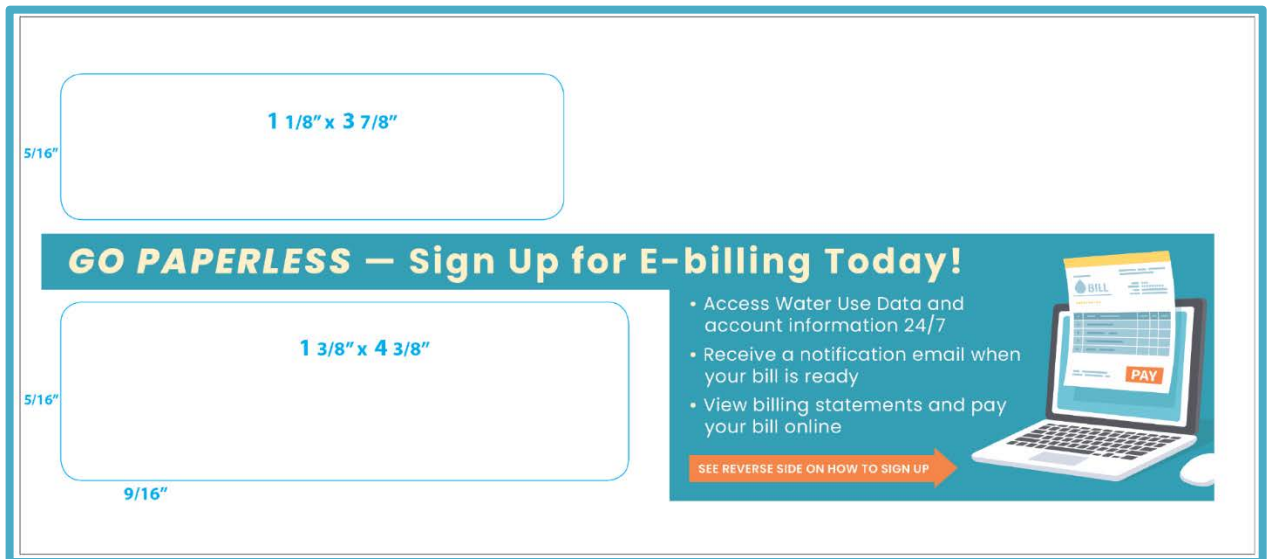
- ✓ Learn how to create fire-resistant landscapes, gardens, and properties
- ✓ This fire-scaping webinar is personalized to your community
- ✓ Attend from the comfort of your home via WebEx

Register Today at:
firescaping101.eventbrite.com

(909) 595-7554
www.wvwd.com
outreach@wvwd.com

2. January Bill Snipe

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



3. Water Use Efficiency Strategic Plan Update

District staff has finalized the Water Use Efficiency Strategic Plan (WUE) in collaboration with Maddaus Water Management, Inc. (Maddaus). The plan includes conservation and water-efficient measures that best fit District operations and result in District-wide water savings. The Board of Directors formally adopted the WUE Plan Program B at the October Board Meeting.

4. Facebook, Twitter, Instagram, and YouTube

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

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

- City of Walnut Community Events (multiple posts)
- Firescaping Webinar (event)
- California Native Plants Workshop (event)
- Drought Tolerant Plants Workshop (event)
- Edible Gardening for Beginners (event)

- Operation Holiday Salute (post)
- December Newsletter (post)
- And more

5. EPA WaterSense Partnership

The District is now a United States Environmental Protection Agency (EPA) WaterSense Partner. Through this partnership, WVWD will work with EPA to further promote water efficiency. The certified WaterSense label will be placed on all related promotional material and programs contributing to water savings will be considered for upcoming WaterSense Awards.

6. “Water is Life” Poster Contest Recognition

The Metropolitan Water District of Southern California (MWD) has announced the winners of the “Water is Life” contest. Three students from the District’s service area have been selected: Olivia Chang and Charles Chang from Pantera Elementary School and Maya Aragon from Diamond Bar High School. A virtual recognition ceremony was held on Thursday, December 17, 2020.

7. December E-Newsletter

The December e-newsletter is available here: <https://conta.cc/2KimhtY>

This month the District shared upcoming events, the swearing in of new and returning Board of Directors, the ACWA outreach awards, the LaBounty Safety awards, the “Water is Life” poster contest announcement, and water efficient tips for a WaterSense showerhead.

External Affairs Activities (Upcoming & Current)

1. Moisture Meter Giveaway

The District will resume the distribution of free moisture meters to customers upon reopening to the public.

2. Residential Landscape Irrigation Survey Program

In partnership with the Metropolitan Water District of Southern California, the District is offering Free Landscape Irrigation Surveys to customers with properties with irrigated landscapes larger than one acre. Initial invitation postcards were mailed out to nearly 1,200 qualifying customers on September 14, 2020. Follow up letters were mailed out to qualifying customers in early November. To date, 37 of the District’s qualifying customers have registered for the program. MWD is currently reassessing the survey requirements for the program, which is currently on pause. Detailed information will be shared as it is made available.



Upcoming Community Events

1. Turf Removal and California Friendly Landscape Online Classes
The Metropolitan Water District of Southern California (MWD) is providing free Turf Removal and California Friendly Native Plant Landscape classes online for residents within our service area. District customers can visit the District's website at www.wvwd.com/events/ to view class dates and to register.
2. Waterwise Community Center Online Workshops
The Chino Basin Water Conservation District is providing 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 the District's website at www.wvwd.com/events/ to view class dates and to register.
3. Drought Tolerant Landscape Class (On-Demand)
The District is hosting an on-demand online workshop covering drought-tolerant landscaping. Customers will have access to class materials for up to 30 days. Registration can be accessed here droughttolerant.eventbrite.com. Customers will be able to access the materials starting Saturday, January 23, 2021.
4. California Native Plants Workshop (On-Demand)
The District is hosting an on-demand online workshop covering California native plants. Customers will have access to workshop materials for up to 30 days. Registration can be accessed here wvwd_nativeplants.eventbrite.com. Customers will be able to access the materials starting Saturday, February 13, 2021.
5. Firescaping Webinar
The District is hosting a free Firescaping Webinar on Tuesday, February 23 at 6:00 p.m. Speaker Douglas Kent, author of Firescaping highlights what customers can do to protect their homes with a fire-resistant landscape. Mr. Kent will provide specific information for the communities of Diamond Bar, Walnut, and Rowland Heights. He has identified areas of great resistance and areas that can be improved to increase public safety and lives saved. Registration can be accessed here firescaping.eventbrite.com.
6. Leak Detection Online Workshop
The District is hosting an online leak detection workshop on Tuesday, March 16 at 6:00 p.m. and Saturday, March 20 at 10:00 a.m. Registration will be available in February. These workshops are a part of a series of events during Fix-A-Leak Week.

Local Sponsorships (New & Ongoing)

1. City of Walnut Lunar New Year Sponsorship
The District is sponsoring the City of Walnut's Lunar New Year Celebration taking place on Saturday, February 20, 2021. The District's Lunar Sponsorship includes website acknowledgement, logo on all event publicity, social media acknowledgement and more!
2. United Abacus Arithmetic Association (UAAA) Global Cup Sponsorship
The District is participating in a Silver sponsorship for the UAAA Global Cup. The sponsorship includes a full page program ad.

DIRECTOR EXPENSE FORM



NAME: Hayakawa

DATE: December 2020

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/7/2020	Oath of Office	<input checked="" type="checkbox"/>				\$ -
2	12/7/2020	WVWD Public Information Committee	<input type="checkbox"/>				\$ -
3	12/7/2020	Finance Committee	<input type="checkbox"/>				\$ -
4	12/8/2020	Engineering Committee	<input checked="" type="checkbox"/>				\$ -
5	12/8/2020	Personnel Committee	<input type="checkbox"/>				\$ -
6	12/14/2020	Brown Act Orientation	<input checked="" type="checkbox"/>				\$ -
7	12/14/2020	WVWD Board Meeting	<input type="checkbox"/>				\$ -
8	12/15/2020	Diamond Bar City Council Meeting	<input checked="" type="checkbox"/>				\$ -
9	12/17/2020	MWD 'Water is Life' Recognition Ceremony	<input checked="" type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.575	\$ -
Total Reimbursable Expenses	\$ -
Total Meeting Compensation 5 X \$150.00 per day	\$ 750.00
TOTAL	\$ 750.00

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 \$0.575
 **Directors are eligible for seven meeting days per month at \$150 per day.

DIRECTOR EXPENSE FORM



NAME: Edwin Hilden

DATE: December 2020

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/2/2020	TVMWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
2	12/7/2020	Public Info Meeting	<input checked="" type="checkbox"/>				\$ -
3	12/8/2020	Personnel Committee Meeting	<input checked="" type="checkbox"/>				\$ -
4	12/14/2020	WVWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
5	12/16/2020	TVMWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
6			<input 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 \$0.575 \$ -

Total Reimbursable Expenses \$ -

Total Meeting Compensation 5 X \$150.00 per day \$ 750.00

TOTAL \$ 750.00

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



 Signature

12/24/20

 Date

* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.575

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

DIRECTOR EXPENSE FORM



NAME: Kwong

DATE: December 2020

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/7/2020	WVWD Virtual Tour with Miss Diamond Bar 2020	<input type="checkbox"/>				\$ -
2	12/7/2020	Oath of Office	<input type="checkbox"/>				\$ -
3	12/7/2020	Finance Committee	<input checked="" type="checkbox"/>				\$ -
4	12/8/2020	Engineering Committee	<input checked="" type="checkbox"/>				\$ -
5	12/8/2020	Personnel Committee	<input type="checkbox"/>				\$ -
6	12/14/2020	Board meeting	<input checked="" type="checkbox"/>				\$ -
7	12/16/2020	TVMWD Regular Board Meeting	<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 \$0.575	\$ -
Total Reimbursable Expenses	\$ -
Total Meeting Compensation 4 X \$150.00 per day	\$ 600.00
TOTAL	\$ 600.00

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 \$0.575

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

DIRECTOR EXPENSE FORM



NAME: Theresa Lee

DATE: Dec. 2020

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/2/2020	ACWA Virtual Fall Conference	<input type="checkbox"/>				\$ -
2	12/3/2020	ACWA Virtual Fall Conference	<input type="checkbox"/>				\$ -
3	12/7/2020	SPADRA Basin Advisory Committee Meeting	<input type="checkbox"/>				\$ -
4	12/7/2020	WWWD Public Info Legislative Committee Meeting via Webex	<input checked="" type="checkbox"/>				\$ -
5	12/8/2020	WWWD Engineering Committee Meeting via Webex	<input checked="" type="checkbox"/>				\$ -
6	12/10/2020	PBWA Board Meeting	<input checked="" type="checkbox"/>				\$ -
7	12/13/2020	Heart of Hope Annual Christmas Party	<input checked="" type="checkbox"/>				\$ -
8	12/14/2020	WWWD Board Meeting via Webex	<input checked="" type="checkbox"/>				\$ -
9	12/17/2020	MWD Student Art Recognition Ceremony	<input checked="" type="checkbox"/>				\$ -
10			<input type="checkbox"/>				\$ -
11			<input type="checkbox"/>				\$ -
12			<input type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.58 \$ -

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 \$0.580

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

DIRECTOR EXPENSE FORM



NAME: Alfred Sinclair

DATE: December 2020

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/2/20	IVMWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
2	12/2/20	ACWA Virtual Conf	<input type="checkbox"/>				\$ -
3	12/3/2020	ACWA Virtual Conf	<input checked="" type="checkbox"/>				\$ -
4			<input type="checkbox"/>				\$ -
5			<input type="checkbox"/>				\$ -
6			<input 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 \$0.545 \$ -

Total Reimbursable Expenses \$ -

Total Meeting Compensation 2 X \$150.00 per day \$ 300.00

TOTAL \$ 300.00

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

Alfred Sinclair
Signature

12/03/2020
Date

* Mileage is reimbursed at IRS Standard Business Mileage Rate \$0.545

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

DIRECTOR EXPENSE FORM



NAME: Jerry Tang

DATE: December 2020

No	Date	Title of Meeting / Description	Per Diem Request	Mileage (assumed as round trip unless noted)			
				From Location	To Location	Miles	Miles \$
1	12/1/2020	JPIA Cyber Security Seminar: Virtual Armed Robbery	<input checked="" type="checkbox"/>				\$ -
2	12/2/2020	ACWA Fall Conference	<input checked="" type="checkbox"/>				\$ -
3	12/3/2020	ACWA Fall Conference	<input checked="" type="checkbox"/>				\$ -
4	12/5/2020	WVWD Edible Gardening Training Class	<input type="checkbox"/>				\$ -
5	12/7/2020	SPADRA Basin GSA Advisory Meeting	<input checked="" type="checkbox"/>				\$ -
6	12/7/2020	WVWD Finance Committee Meeting	<input type="checkbox"/>				\$ -
7	12/8/2020	Swore in at WVWD	<input checked="" type="checkbox"/>				\$ -
8	12/8/2020	WVWD Engineering Committee Meeting	<input type="checkbox"/>				\$ -
9	12/8/2020	WVWD Personnel Committee Meeting	<input type="checkbox"/>				\$ -
10	12/10/2020	PBWA Meeting	<input checked="" type="checkbox"/>				\$ -
11	12/13/2020	Heart of Hope Foundtion Christmas Event	<input type="checkbox"/>				\$ -
12	12/14/2020	WVWD Board Meeting	<input checked="" type="checkbox"/>				\$ -
13			<input type="checkbox"/>				\$ -

Total Number of Miles: 0 X \$0.575 \$ -

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 \$0.575

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

**WALNUT VALLEY WATER DISTRICT
TREASURER'S REPORT
January 19, 2021**



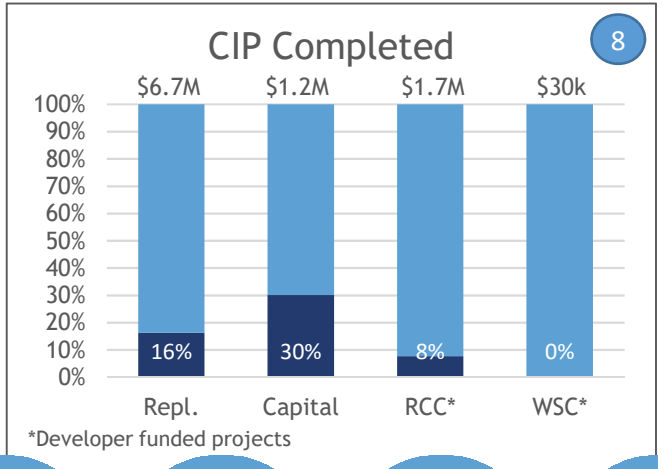
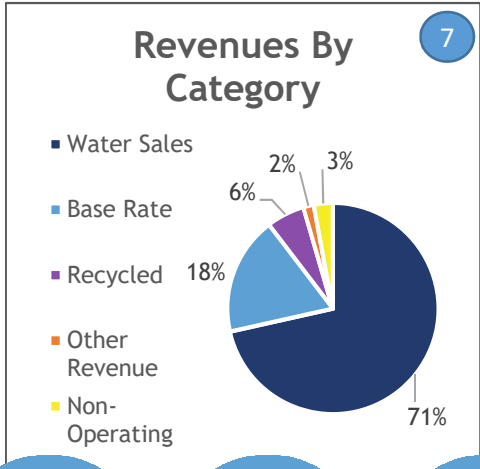
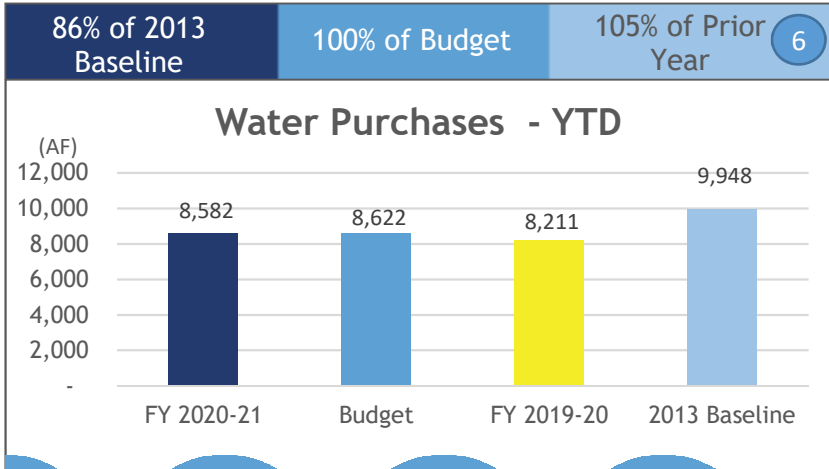
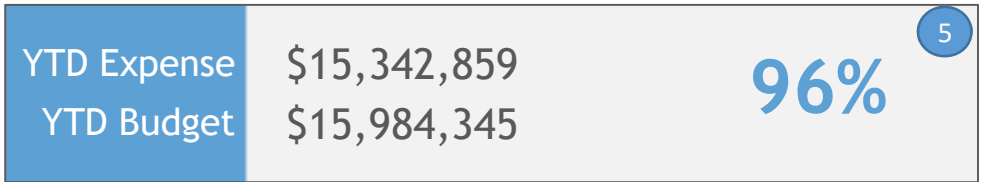
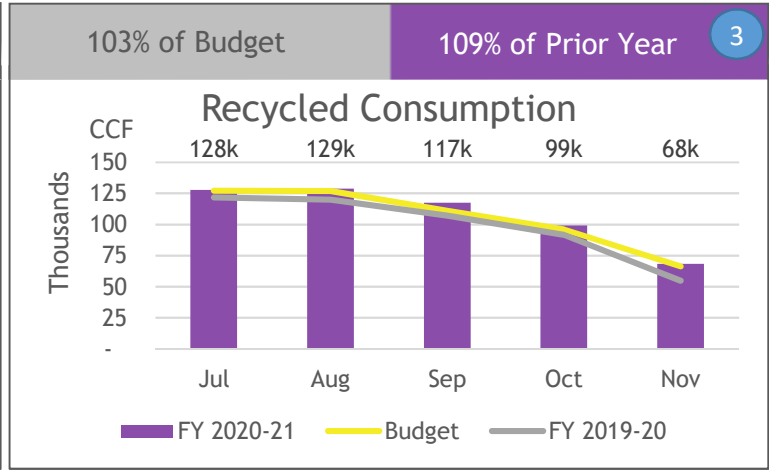
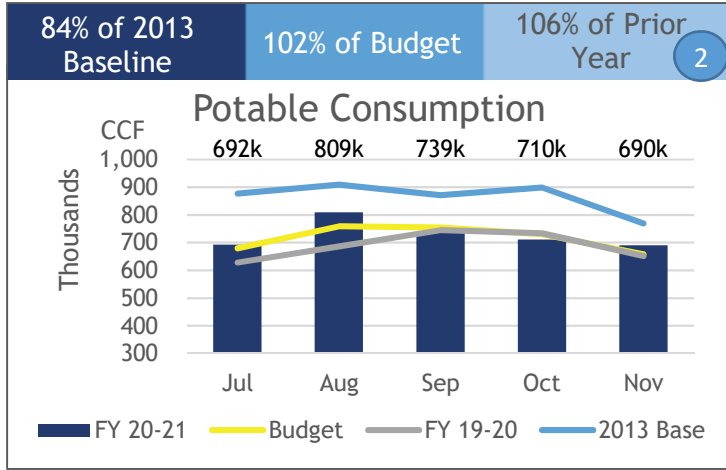
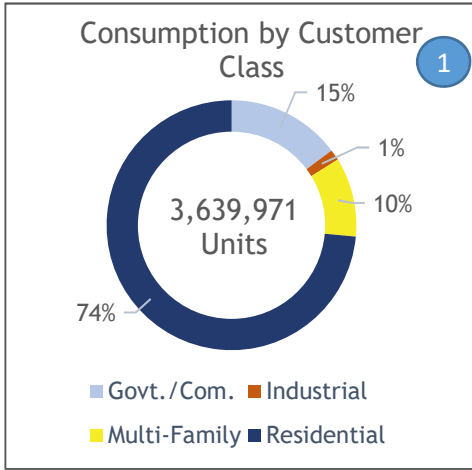
- 1) Financial Dashboard as of November 30, 2020
- 2) District Statement of Revenues, Expenses, and Change in Net Assets as of November 30, 2020
- 3) District Statement of Net Assets as of November 30, 2020
- 4) Summary of Cash Investments as of November 30, 2020



Walnut Valley Water District Financial Dashboard



November 30, 2020



931 ↑ 49
Overdue Notice

- 0
Turn-Offs

4,670 ↑ 66
E-Bills - Customers

753 ↑ 4
Afford. Rate - Customers

1,415 ↓ 136
Phone Calls - Monthly

* Consumption revenue and expense data excludes wholesale water

Walnut Valley Water District
Statement of Revenues, Expenses & Changes in Net Assets
Summary by Division
For the Five Months Ending Monday, November 30, 2020

	November			YTD		
	Actual	Budget	% of Budget	Actual	Budget	% of Budget
Operating Revenues						
Water Sales	\$3,454,989.18	\$3,197,019.00	108.07%	\$19,037,638.16	\$36,405,202.00	52.29%
Water Sales - Recycled	149,929.21	144,271.00	103.92%	1,111,328.75	1,922,853.00	57.80%
Hydroelectric Sales	2,464.16	2,500.00	98.57%	18,911.34	30,000.00	63.04%
Stand-by Charges	18,872.07	22,545.00	83.71%	55,722.55	825,000.00	6.75%
Total Operating Revenues	3,626,254.62	3,366,335.00	107.72%	20,223,600.80	39,183,055.00	51.61%
Operating Expenses						
Operations	444,115.44	459,894.00	96.57%	2,489,303.06	6,090,362.00	40.87%
Engineering	94,167.00	99,341.00	94.79%	516,096.36	1,317,206.00	39.18%
Finance	154,668.40	178,385.00	86.70%	869,352.66	2,336,872.00	37.20%
Board of Directors/GM Office	99,603.98	109,508.00	90.96%	545,772.00	1,462,211.00	37.33%
Administrative Services	147,076.00	191,518.00	76.79%	934,433.58	2,530,459.00	36.93%
General Administration	87,160.56	92,615.00	94.11%	504,432.37	1,243,450.00	40.57%
Total Operating Expenses	1,026,791.38	1,131,261.00	90.77%	5,859,390.03	14,980,560.00	39.11%
Purchased Water & Related	1,602,316.60	1,624,657.00	98.62%	11,212,627.55	20,304,334.00	55.22%
Total Expenses	2,629,107.98	2,755,918.00	95.40%	17,072,017.58	35,284,894.00	48.38%
Income (Loss) From Operations	997,146.64	610,417.00	163.35%	3,151,583.22	3,898,161.00	80.85%
Nonoperating Revenues/(Expenses)	119,878.91	62,770.00	190.98%	194,487.10	1,161,530.00	16.74%
Income (Loss) Before Res. Rev & Deprec.	1,117,025.55	673,187.00	165.93%	3,346,070.32	5,059,691.00	66.13%
Restricted/Desig Rev & Other Exp.	43,338.58	0.00	0.00%	274,448.74	0.00	0.00%
Income (Loss) Before Depreciation	1,160,364.13	673,187.00	172.37%	3,620,519.06	5,059,691.00	71.56%
Depreciation & Amortization	443,697.36	0.00	0.00%	2,222,843.70	0.00	0.00%
Income Before Capital Contributions	716,666.77	673,187.00	106.46%	1,397,675.36	5,059,691.00	27.62%
Capital Contributions	91,013.93	0.00	0.00%	379,972.30	0.00	0.00%
Net Increase (Decrease) in Net Assets	807,680.70	673,187.00	119.98%	1,777,647.66	5,059,691.00	35.13%

Walnut Valley Water District
Statement of Net Position
Monday, November 30, 2020

ASSETS

CURRENT ASSETS:

Cash & Investments - Unrestricted	\$31,682,696.96	
Accounts Receivable:		
Water	4,255,871.94	
Taxes	55,890.48	
Accrued Interest	206,310.00	
Other	1,390,094.75	
Standby Charges	77,010.61	
Stored Water	3,575,179.80	
Materials Inventory	840,344.33	
Prepaid Expenses	385,661.79	
TOTAL CURRENT ASSETS	42,469,060.66	42,469,060.66

RESTRICTED ASSETS

Cash & Investments - Restricted	14,644,208.17	
Cash & Investments - Fiscal Agent	2,322,695.86	
Interest Receivable	4,160.80	
Investment in Joint Venture	17,120,968.58	
TOTAL RESTRICTED ASSETS	34,092,033.41	34,092,033.41

OTHER ASSETS

CAPITAL ASSETS

Capital Assets	223,869,430.64	
Construction in Progress	6,466,995.57	
Less: Accumulated Depreciation	(117,981,384.27)	
NET CAPITAL ASSETS	112,355,041.94	112,355,041.94
TOTAL ASSETS	188,916,136.01	188,916,136.01

Walnut Valley Water District
Statement of Net Position
Monday, November 30, 2020

DEFERRED OUTFLOW OF RESOURCES

Deferred Pension Contributions		1,464,186.00
Deferred Outflow - Actuarial		1,534,479.00
Deferred Outflow - OPEB		2,195,979.00
TOTAL DEFERRED OUTFLOW OF RESOURCES		<u>5,194,644.00</u>

LIABILITIES & FUND EQUITY

CURRENT LIABILITIES

Accounts Payable	(4,035,601.87)	
Other Current Liabilities	(277,019.08)	
Interest Payable	(60,000.00)	
TOTAL CURRENT LIABILITIES		<u>(4,372,620.95)</u>

RESTRICTED LIABILITIES

Accounts Payable	(14,310.88)	
Deposits	(1,784,251.35)	
Construction Advances	(7,471,681.48)	
TOTAL RESTRICTED LIABILITIES		<u>(9,270,243.71)</u>

LONG TERM DEBT & RELATED

PBWA Revenue Bonds 2013 A	(14,400,000.00)	
Deferred Bond Premium	(1,919,150.90)	
Net Pension Liability	(14,301,343.00)	
Other Long-term Debt	(6,410,183.57)	
TOTAL LONG TERM DEBT & RELATED		<u>(37,030,677.47)</u>
TOTAL LIABILITIES		<u>(50,673,542.13)</u>

Walnut Valley Water District
Statement of Net Position
Monday, November 30, 2020

DEFERRED INFLOW OF RESOURCES

Deferred Inflow of Resources - Actuarial		(708,607.00)
TOTAL DEFERRED INFLOW OF RESOURCES		<u>(708,607.00)</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	112,355,041.94	
Restricted	8,502,638.80	
Unrestricted	21,870,950.14	
TOTAL NET POSITION	<u>142,728,630.88</u>	
TOTAL NET POSITION		<u>142,728,630.88</u>

Walnut Valley Water District
 Summary of Cash and Investments
 11/30/2020

CASH & CASH EQUIVALENTS

Cash on Hand	\$3,200.00	
<u>Cash in Bank</u>		
East West Bank - General	\$3,058,484.92	
East West Bank - Payroll	300,000.00	
East West Bank - Water Refund	17,286.43	
East West Bank - Revolving	25,195.57	
East West Bank - Credit Card	310,294.36	
East West Bank - Badillo Grand	306,068.95	
East West Bank - Payroll Reimbursement	23,912.22	
Total Cash in Bank	4,041,242.45	
TOTAL CASH	\$4,044,442.45	

INVESTMENTS

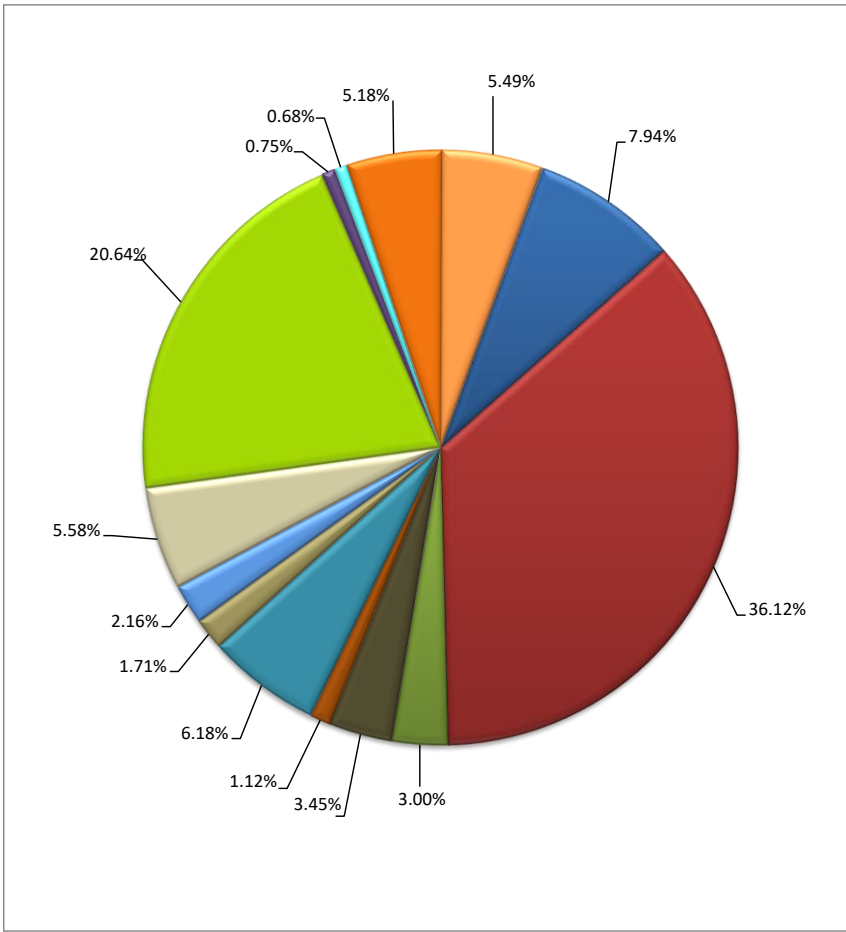
Certificates of Deposit	743,000.00	
Corporate Notes	8,850,000.00	
Supranational	1,000,000.00	
Local Agency Investment Fund (LAIF)	6,332,376.74	
BNY Mellon - Money Market (Sweep)	0.00	
US Agency	16,400,000.00	
US Treasury	7,350,000.00	
TOTAL INVESTMENTS	40,675,376.74	
TOTAL CASH & INVESTMENTS	\$44,719,819.19	

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
 Accounting Manager

Walnut Valley Water District Summary of Cash and Investments by Reserve Fund November 30, 2020



ALLOCATION OF CASH AND INVESTMENTS		
Unrestricted		
Category 1		
General Account	\$ 3,550,916.76	7.94%
	\$ 3,550,916.76	7.94%
Designated		
Category 2		
Operating Reserve	\$ 2,496,760.00	5.58%
Replacement	\$ 16,151,895.88	36.12%
Capital Improvement	\$ 1,339,757.34	3.00%
Rate Stabilization	\$ 1,543,125.39	3.45%
B/G Catastrophic Ins	\$ 500,000.00	1.12%
Employee Liabilities	\$ 2,762,023.66	6.18%
Stored Water	\$ 763,900.00	1.71%
Project Reserve	\$ 967,231.99	2.16%
	\$ 26,524,694.26	59.32%

Restricted Reserves		
Category 3		
Customer/Developer Deposits	\$ 9,232,054.22	20.64%
	\$ 9,232,054.22	20.64%
Category 4		
ASC	\$ 335,729.12	0.75%
Badillo/Grand-Maintenance	\$ 306,068.95	0.68%
RCC	\$ 2,314,276.61	5.18%
WSC	\$ 2,456,079.27	5.49%
	\$ 5,412,153.95	12.10%

Total \$ 44,719,819.19 100.00%

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.

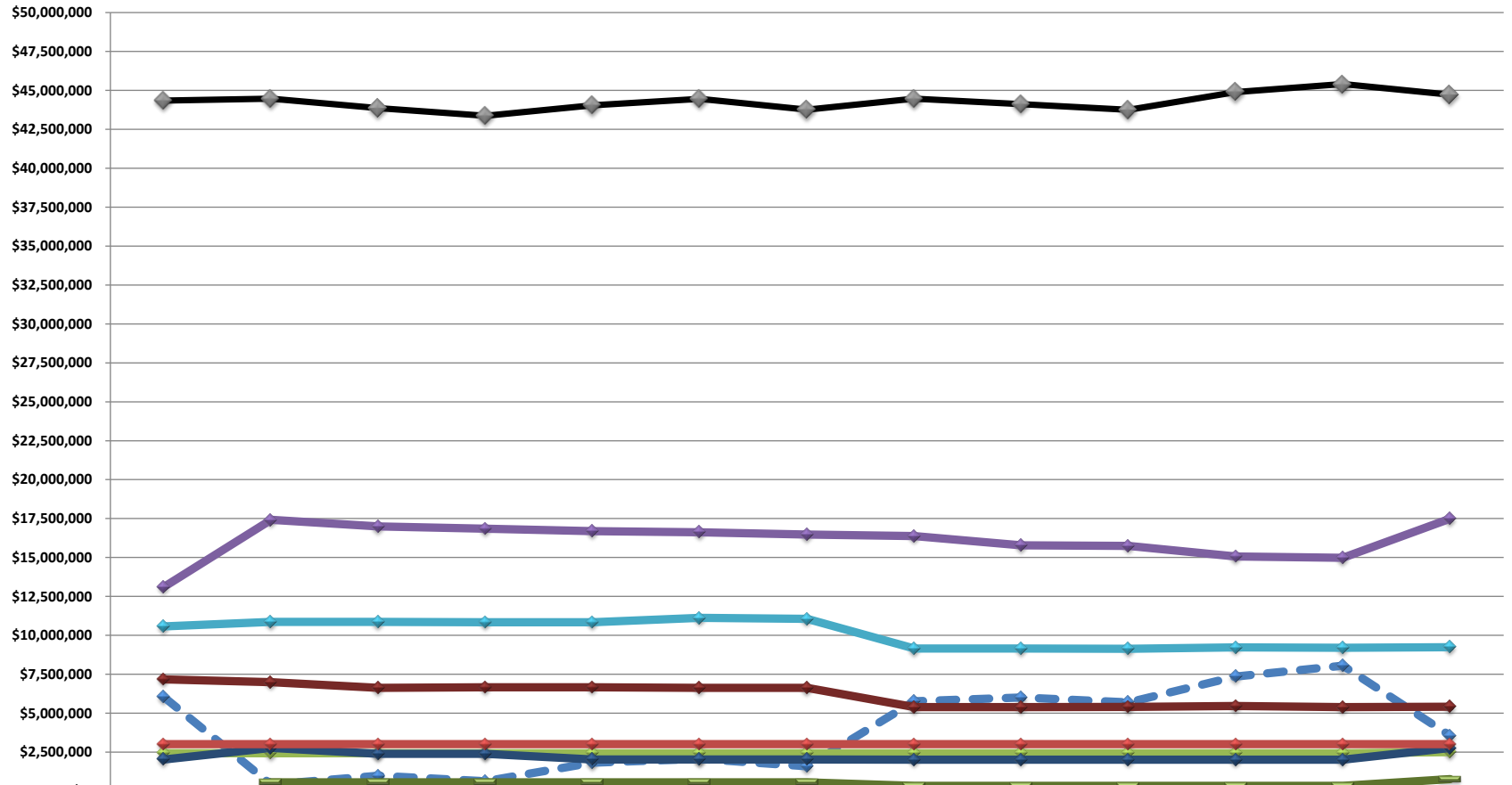
Category 2 - These funds, although not legally or externally restricted, have been reserved pursuant to the Board's desire to provide a stable and equitable rate structure. All interest earned related to these funds is retained by each designated fund.

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
November 2019 - November 2020**



	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020
General Account	\$6,034,748	\$415,725	\$982,302	\$633,407	\$1,823,555	\$2,066,273	\$1,588,953	\$5,760,414	\$6,011,135	\$5,687,981	\$7,354,512	\$8,048,536	\$3,550,917
Operating Reserve	\$2,430,000	\$2,431,000	\$2,431,000	\$2,431,000	\$2,431,000	\$2,431,000	\$2,431,000	\$2,431,000	\$2,431,000	\$2,431,000	\$2,431,000	\$2,431,000	\$2,496,760
Capital/Replacement Reserve	\$13,107,634	\$17,420,494	\$16,997,388	\$16,843,728	\$16,694,149	\$16,622,639	\$16,466,984	\$16,374,232	\$15,779,511	\$15,745,456	\$15,063,695	\$14,981,022	\$17,491,653
Employee Liabilities Reserve	\$2,018,544	\$2,768,544	\$2,393,544	\$2,393,544	\$2,018,544	\$2,018,544	\$2,018,544	\$2,012,024	\$2,012,024	\$2,012,024	\$2,012,024	\$2,012,024	\$2,762,024
Stored Water Reserve		\$559,100	\$559,100	\$559,100	\$559,100	\$559,100	\$559,100	\$332,000	\$332,000	\$332,000	\$332,000	\$332,000	\$763,900
Other Designated Reserves	\$3,008,835	\$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	\$10,572,733	\$10,867,397	\$10,861,825	\$10,838,285	\$10,837,853	\$11,122,475	\$11,061,410	\$9,156,642	\$9,156,266	\$9,135,346	\$9,230,025	\$9,200,645	\$9,232,054
Developer & Other Restricted	\$7,170,481	\$6,990,549	\$6,625,730	\$6,661,033	\$6,664,063	\$6,627,357	\$6,624,767	\$5,388,815	\$5,388,840	\$5,394,959	\$5,462,294	\$5,393,360	\$5,412,154
Grand Total	\$44,342,976	\$44,463,167	\$43,861,246	\$43,370,454	\$44,038,622	\$44,457,745	\$43,761,116	\$44,465,485	\$44,121,133	\$43,749,124	\$44,895,908	\$45,408,943	\$44,719,819

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Engineering
DATE: January 19, 2021
SUBJECT: Quitclaim of Easement for Abandoned Fire Service-Rowland High School, Rowland Heights (Easement 378)

Action/Discussion **Fiscal Impact** **Resolution** **Information Only**

Recommendation

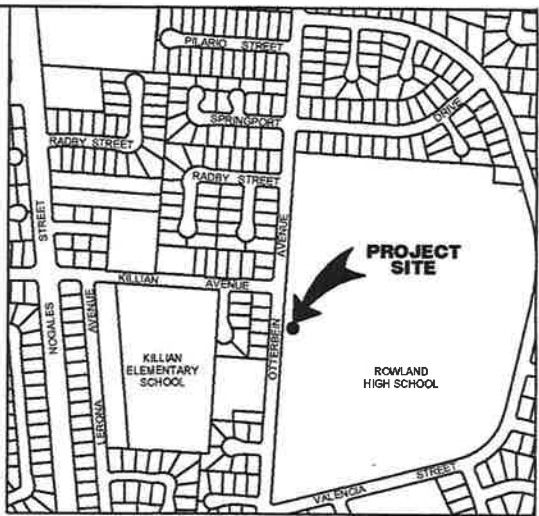
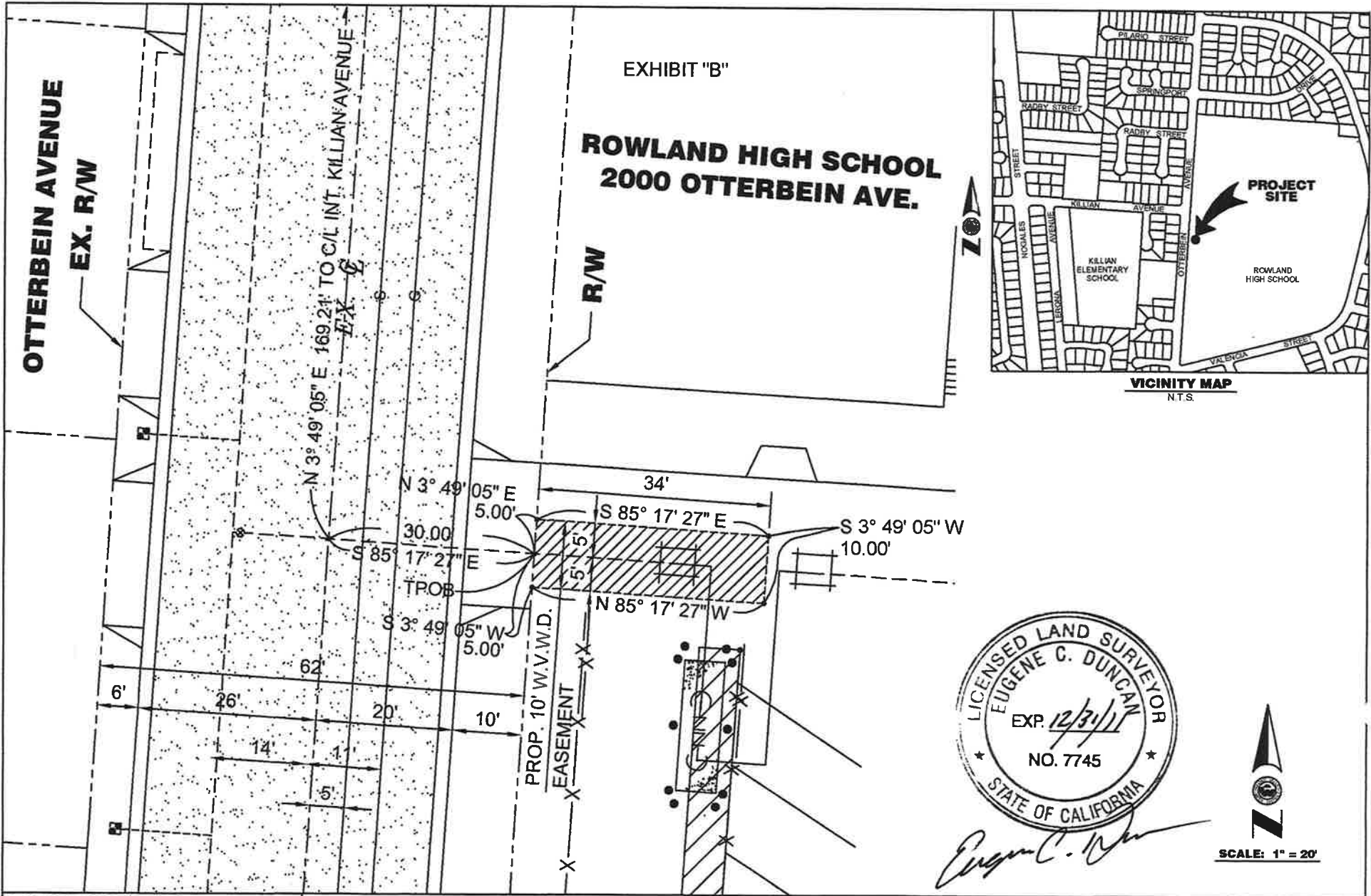
Request the Board of Directors authorize the General Manager to execute the quitclaim of an easement for an abandoned fire service on the property located at Rowland High School, Rowland Heights.

Background

On March 25, 2019, at the request of Rowland Unified School District (School District), our Contractor, Doty Bros., abandoned the existing 6” fire service found within the easement on the subject property. The fire service was in conflict with the School District’s site improvements at the property. A new 12” fire service was installed in compliance with our current standard. The original Grant of Easement 378 for the fire service was recorded on March 11, 2011.

Since the fire service is abandoned, the easement has no further benefit to the District. It is therefore recommended that the Grant of Easement be quitclaimed to the School District.

Attachment:
Easement Map



VICINITY MAP
N.T.S.



Eugene G. Duncan



DIGALERT

 DIAL TOLL FREE
 1-800-227-2600
 AT LEAST TWO DAYS
 BEFORE YOU DIG
 UNDERGROUND SERVICE ALERT OF SOUTHERN CALIFORNIA

WALNUT VALLEY WATER DISTRICT			PROJECT NO. 10-3186
REVISIONS	ROWLAND HIGH SCHOOL WATER LINE EASEMENT EXHIBIT		DATE: 10/04/10
DRAWN BY: GH			

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: January 19, 2021
SUBJECT: Consider Participation in the Public Water Agencies Group
Regional Hazard Mitigation Grant Program

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

Request the Board of Directors approve participation in this Hazard Mitigation Grant Program (HMGP) process by authorizing the signing and approval of the Letter of commitment, and, authorizing the General Manager to take such official action as may be reasonably necessary to carry out the proposed actions of the grant application and the plan.

Background

In 1974, Congress enacted the Robert T. Stafford Disaster Relief and Emergency Act, commonly referred to as the Stafford Act. In 1988, Congress established the Hazard Mitigation Grant Program (HMGP) via Section 404 of the Stafford Act. The HMGP was developed to foster planning to mitigate damage that results from disasters.

Hazard mitigation are activities designed to reduce or eliminate damages from future hazardous events. These activities can occur before, during, and after a disaster and overlap all phases of emergency management. Eligible applicants include state and local agencies, Indian tribes or other tribal organizations, and certain nonprofit organizations.

We are joining an effort with the Public Water Agencies Group (PWAG), of which we are a member, which is preparing a grant application for a multi-jurisdictional Hazard Mitigation Grant Program (Grant) among ten participating PWAG members. Rowland Water District will serve as the lead agency for this effort.

This Grant, if awarded, will fund preparation of a plan that will identify risks among the participating PWAG members and demonstrate ways to minimize damage resulting from natural and man-made disasters. That plan will be a comprehensive resource document that serves many purposes, such as: enhancing public awareness, creating a decision tool for management, promoting compliance with State and Federal program requirements, enhancing local policies for hazard mitigation capability, and providing inter-jurisdictional coordination.

Further, the federal Disaster Mitigation Act of 2000 requires all local governments to create such a disaster plan in order to qualify for hazard mitigation funding and eventually for emergency relief funding.

The grant amount being applied for is \$250,000, of that amount, 25% of which (\$62,500) will be divided up (in a formula yet to be determined) amongst the ten participating PWAG members. Most of contributed cost match will be realized from in-kind participation, meeting attendance, travel costs, etc. However, some cash payment may be necessary. However, the District will receive the benefit of 75% of such hazard mitigation planning costs to be paid by the grant. The application deadline is January 27, 2021.

OPERATIONS DEPARTMENT REPORT
December, Monthly Report

PROJECT NO.	PROJECT DESCRIPTION	STATUS
N/A	Watermain and water service repair	<u>Repair Water Service Leaks:</u> 20444 San Gabriel Valley Road, 430 Radcliff Drive, 20502 Missionary Ridge Street, Walnut. 4004 Forecastle Avenue, West Covina. 1640 Kiowa Crest, Diamond Bar. <u>Replaced Copper Setters:</u> 1170 Wright Way, City of Industry. 24355 Seagreen Drive, 2668 Steeplechase Lane, 1316 Eaglefen Drive Diamond Bar. <u>Replaced Angle Meter Stops:</u> 23968 Sapphire Canyon Road, Diamond Bar. <u>Water Main Break:</u> 2045 Tierra Loma Drive, Diamond Bar. <u>Water System/Miscellaneous Work:</u> 9935 Walnut Drive North, Industry. District crews found large service leak. Building is vacant. District crews base paved 15 patches in Diamond Bar.
N/A	Repair of sheared blow off, fire hydrants and air-vac assemblies	Recycled Air Vac & Blow Off - Brea Canyon Cut-Off south of Balan Road, Rowland Heights. Domestic Air Vac - 2347 Eaglecrest Place, Walnut.
Fire Flow Tests	Fire Flow Test	None for month of December.
20-3673	Service Upgrade	1928 Chestnut Creek, Diamond Bar. Upgraded water service.
16-3423	Replaced 1 1/2" Modified Domestic Valves	The Peak at Three Oaks, Walnut. Don's Plumbing replaced faulty 1 1/2" modified valves.
19-3588	Valve Replacement Program	None for month of December.
20-3674	Emergency Portable Generators.	Fabrication of new Generator connections is ongoing.
19-3608	Analyzers, Active Mixing systems	Walnut area reservoirs mixers/analyzers installation is ongoing. Pioneer mixer installation is complete.
N/A	Production Facility Maintenance	<u>Pump and Motor Maintenance:</u> Tri County Pump installed Fernhollow 1200 Zone No. 2 motor. Tri County Pump pulled Pathfinder 1050 Zone No. 1 Mechanical seal. Tri County Pump pulled Fernhollow 1200 Zone No. 6 motor. <u>Pump Station Maintenance:</u> Edison completed Pump Efficiency testing at Pathfinder Pump Station. <u>Facility/Miscellaneous Work:</u> BGTM meter calibrations were completed. ATG completed Microwave radio maintenance. Hill Brothers Chemical pumped out Ridgeline LAS tank and refilled with new LAS. BGTM Grand and Amar station, replaced UPS.
N/A	Total trihalomethanes (TTHMs) Graph	Water quality meets all state and federal standards.

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of HR & Risk Management
DATE: January 19, 2021
SUBJECT: Disability and Life Insurance Renewal

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board of Directors' approve the renewal of the District's employee disability and life insurance plans with Reliance Standard that includes the following:

1. 0% premium increase for the District's life insurance, short-term disability, and long-term disability coverage effective March 1, 2021 through February 28, 2022

Background

The District has historically provided disability and life insurance coverage for its employees. Reliance Standard, an A+ rated company specializing in life and disability insurance, has been the District's carrier for these coverages since March 1, 2015. Since that time, Reliance Standard has not increased the District's life insurance or long-term disability premiums. In 2017, the short-term disability plan premium increased from \$.39 to \$.44 of \$10 of coverage justifiably due to increased employee utilization which resulted in a loss ratio of 110% compared to a desired loss ratio of 67%. It should be noted that the short-term disability premium remains nearly 39% lower than the premiums paid for the same coverage dating back to 2003.

Staff therefore recommends that the District approve the renewal of coverage with Reliance Standard with a 0% premium increase for the one-year period from March 1, 2021 to February 28, 2022 for the life insurance and employee disability plans.

Attachment

Reliance Standard Renewal Letter

December 30, 2020

Alanna Diaz
 Walnut Valley Water District
 271 S. Brea Canyon Rd.
 Walnut, CA 91789

Re: Policy GL 153789, G 163980, LTD 125975

Dear Ms. Diaz,

Thank you for allowing Reliance Standard the opportunity to provide Life, AD&D, Voluntary Life and Disability insurance to your employee's over the years.

At Reliance Standard, our goal is to provide you with a benefits plan that will enhance your ability to attract the employees you want, retain them, and provide for their security in times of need. Our commitment to you is:

- A customized benefits plan that meets your goals and objectives;
- Quick, effective handling of all administrative, claims and underwriting matters;
- Cooperative and efficient service for you and your employees

We continually review plan design and characteristics of our customer base in order to determine appropriate pricing. Contributing pricing factors include, but are not limited to: nature of your business, geographic location, and employer contribution level(s).

Based upon these factors, we are pleased to report Walnut Valley Water Districts current rates will be held til 3/1/2022. Current & Renewal rates are listed below by product line:

<u>Line of Coverage</u>	<u>Current Rates</u>	<u>Renewal Rate</u>
Basic Life: GL 153789	\$0.14 per \$1,000	\$0.14 per \$1,000
Basic AD&D: GL 153789	\$0.02 per \$1,000	\$0.02 per \$1,000
Vol Life: GL 153789	Age Banded	Age Banded
STD: G 163980	\$0.44 per \$10	\$0.44 per \$10
LTD: LTD 125975	\$0.304 per \$100	\$0.304 per \$100

Thank you again for choosing Reliance Standard. We value your business and look forward to continuing our relationship into the future.

Sincerely,

Steve Johnson

Steve Johnson
 Regional Sales Consultant
 (949) 400-0400

cc: Phil Ruland, Brown & Brown Insurance Services



Walnut Valley Water District Consolidated - Account #10076

MONTHLY ACCOUNT STATEMENT

DECEMBER 1, 2020 THROUGH DECEMBER 31, 2020

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact 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	1.88
Average Coupon	1.63%
Average Purchase YTM	1.58%
Average Market YTM	0.28%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	1.96 yrs
Average Life	1.88 yrs

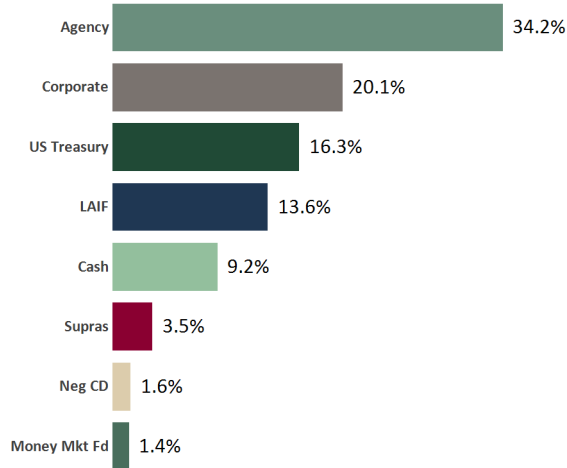
ACCOUNT SUMMARY

	Beg. Values as of 11/30/20	End Values as of 12/31/20
Market Value	46,088,819	46,402,223
Accrued Interest	206,310	192,670
Total Market Value	46,295,129	46,594,893
Income Earned	60,916	60,546
Cont/WD		
Par	44,719,819	45,038,900
Book Value	44,825,521	45,143,209
Cost Value	44,837,348	45,124,029

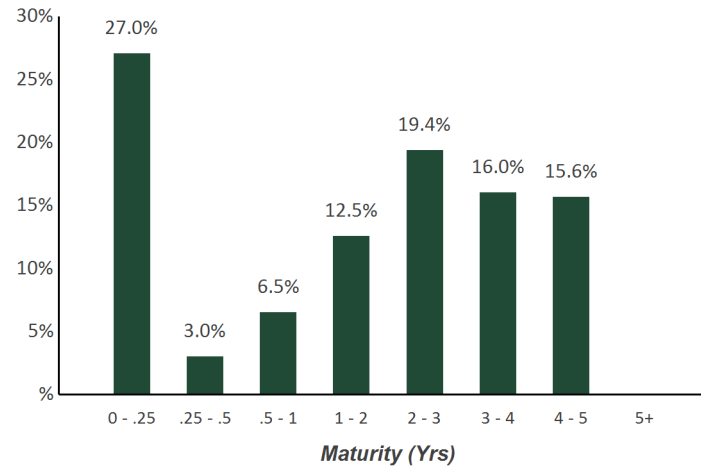
TOP ISSUERS

Federal Home Loan Bank	17.4%
Government of United States	16.3%
Local Agency Investment Fund	13.6%
Federal National Mortgage Assoc	9.9%
Bank Cash Account	9.2%
Federal Home Loan Mortgage Corp	5.1%
Intl Bank Recon and Development	2.4%
Federal Farm Credit Bank	1.7%
Total	75.7%

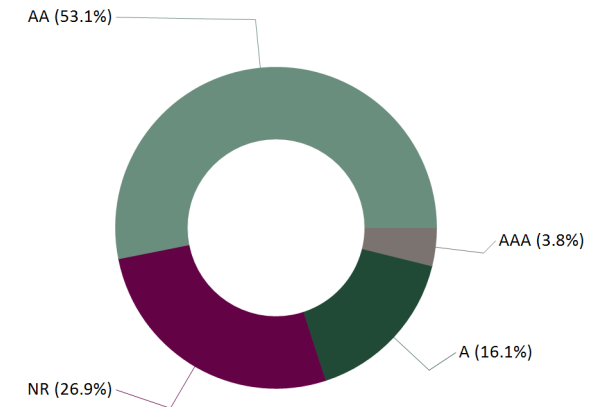
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)





PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.41
Average Coupon	2.05%
Average Purchase YTM	1.98%
Average Market YTM	0.24%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.51 yrs
Average Life	2.48 yrs

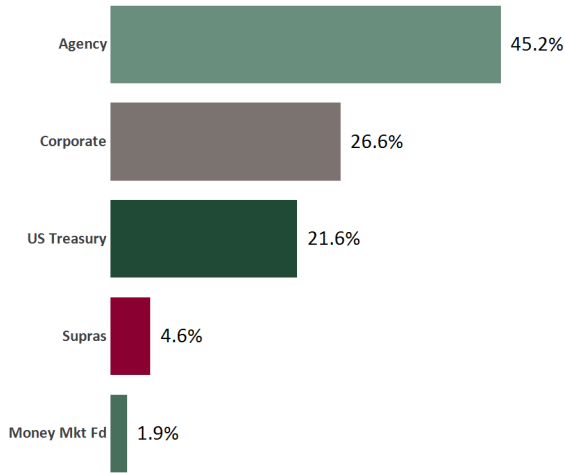
ACCOUNT SUMMARY

	Beg. Values as of 11/30/20	End Values as of 12/31/20
Market Value	34,969,000	35,038,902
Accrued Interest	198,157	180,738
Total Market Value	35,167,156	35,219,640
Income Earned	57,075	56,767
Cont/WD		0
Par	33,600,000	33,675,579
Book Value	33,705,702	33,779,888
Cost Value	33,717,529	33,760,708

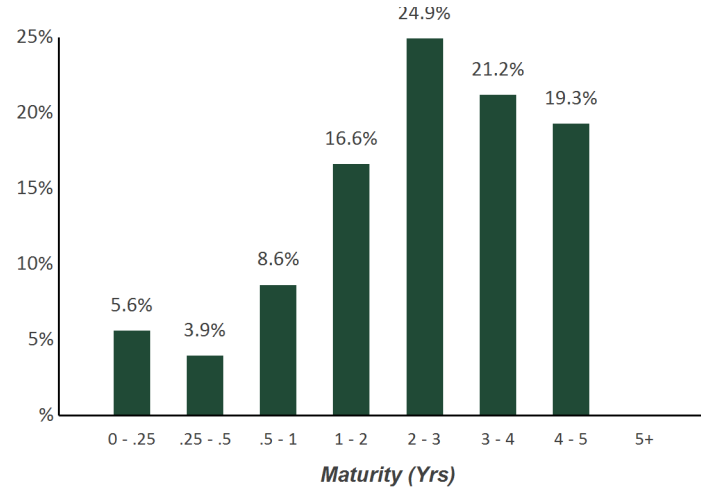
TOP ISSUERS

Federal Home Loan Bank	23.1%
Government of United States	21.6%
Federal National Mortgage Assoc	13.1%
Federal Home Loan Mortgage Corp	6.8%
Intl Bank Recon and Development	3.2%
Federal Farm Credit Bank	2.3%
Federated Govt Obligation Money	1.9%
Oracle Corp	1.6%
Total	73.5%

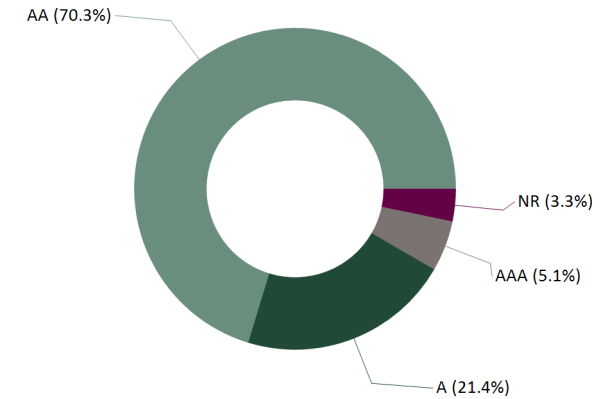
SECTOR ALLOCATION



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	0.15%	0.20%	4.26%	4.26%	4.42%	3.46%	2.53%	1.91%	2.01%
ICE BAML 1-5 Yr US Treasury/Agency Index*	0.07%	0.02%	4.22%	4.22%	4.20%	3.30%	2.33%	1.78%	1.79%

*ICE BAML 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
AGENCY									
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	650,000.00	03/15/2016 1.64%	642,018.00 649,786.91	100.16 0.18%	651,015.95 3,301.91	1.40% 1,229.04	Aaa / AA+ AAA	0.13 0.13
313382K69	FHLB Note 1.75% Due 3/12/2021	625,000.00	03/16/2016 1.68%	627,225.00 625,085.58	100.31 0.17%	626,951.87 3,311.63	1.35% 1,866.29	Aaa / AA+ AAA	0.19 0.20
3137EAEC9	FHLMC Note 1.125% Due 8/12/2021	650,000.00	08/24/2016 1.30%	644,559.50 649,330.82	100.61 0.12%	653,990.35 2,823.44	1.41% 4,659.53	Aaa / AA+ AAA	0.61 0.61
3130AF5B9	FHLB Note 3% Due 10/12/2021	750,000.00	10/30/2018 2.96%	750,772.50 750,203.70	102.22 0.16%	766,635.00 4,937.50	1.66% 16,431.30	Aaa / AA+ NR	0.78 0.77
3135G0S38	FNMA Note 2% Due 1/5/2022	550,000.00	01/31/2017 2.01%	549,802.00 549,959.39	101.90 0.12%	560,466.50 5,377.78	1.21% 10,507.11	Aaa / AA+ AAA	1.01 1.00
313378CR0	FHLB Note 2.25% Due 3/11/2022	800,000.00	Various 1.96%	810,717.00 802,626.43	102.53 0.13%	820,259.20 5,500.00	1.77% 17,632.77	Aaa / AA+ NR	1.19 1.18
3135G0T94	FNMA Note 2.375% Due 1/19/2023	500,000.00	04/11/2018 2.70%	492,845.00 496,929.47	104.58 0.14%	522,900.50 5,343.75	1.13% 25,971.03	Aaa / AA+ AAA	2.05 1.99
313382AX1	FHLB Note 2.125% Due 3/10/2023	450,000.00	04/11/2018 2.66%	439,069.50 445,135.23	104.32 0.15%	469,453.95 2,948.44	1.01% 24,318.72	Aaa / AA+ AAA	2.19 2.14
313383YJ4	FHLB Note 3.375% Due 9/8/2023	625,000.00	09/28/2018 3.05%	634,237.50 630,023.72	108.55 0.18%	678,455.63 6,621.09	1.47% 48,431.91	Aaa / AA+ NR	2.69 2.57
3135G0U43	FNMA Note 2.875% Due 9/12/2023	750,000.00	10/30/2018 3.04%	744,405.00 746,901.81	107.15 0.21%	803,628.00 6,528.65	1.74% 56,726.19	Aaa / AA+ AAA	2.70 2.59
3130A0F70	FHLB Note 3.375% Due 12/8/2023	750,000.00	12/13/2018 2.93%	765,270.00 758,985.81	109.25 0.21%	819,393.00 1,617.19	1.76% 60,407.19	Aaa / AA+ AAA	2.94 2.82
3135G0V34	FNMA Note 2.5% Due 2/5/2024	575,000.00	03/06/2019 2.60%	572,263.00 573,276.99	107.11 0.20%	615,861.80 5,829.86	1.33% 42,584.81	Aaa / AA+ AAA	3.10 2.97
3130AFW94	FHLB Note 2.5% Due 2/13/2024	500,000.00	02/28/2019 2.61%	497,510.00 498,434.46	107.19 0.18%	535,958.00 4,791.67	1.16% 37,523.54	Aaa / AA+ AAA	3.12 2.99
3130AB3H7	FHLB Note 2.375% Due 3/8/2024	600,000.00	05/01/2019 2.35%	600,600.00 600,393.45	106.79 0.24%	640,717.80 4,472.92	1.38% 40,324.35	Aaa / AA+ NR	3.19 3.07
3133EKNX0	FFCB Note 2.16% Due 6/3/2024	750,000.00	07/02/2019 1.88%	759,847.50 756,844.48	106.45 0.27%	798,365.25 1,260.00	1.72% 41,520.77	Aaa / AA+ AAA	3.42 3.31
3130A1XJ2	FHLB Note 2.875% Due 6/14/2024	650,000.00	06/26/2019 1.85%	681,427.50 671,829.47	109.16 0.21%	709,521.15 882.47	1.52% 37,691.68	Aaa / AA+ NR	3.45 3.31



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
AGENCY									
3130A3GE8	FHLB Note 2.75% Due 12/13/2024	700,000.00	12/23/2019 1.77%	732,445.00 725,763.05	109.52 0.32%	766,673.60 962.50	1.65% 40,910.55	Aaa / AA+ NR	3.95 3.77
3135G0X24	FNMA Note 1.625% Due 1/7/2025	600,000.00	02/14/2020 1.48%	604,074.00 603,348.21	105.38 0.28%	632,260.80 4,712.50	1.37% 28,912.59	Aaa / AA+ AAA	4.02 3.87
3137EAEP0	FHLMC Note 1.5% Due 2/12/2025	600,000.00	02/14/2020 1.48%	600,486.00 600,401.13	104.90 0.30%	629,416.80 3,475.00	1.36% 29,015.67	Aaa / NR AAA	4.12 3.98
3135G03U5	FNMA Note 0.625% Due 4/22/2025	800,000.00	Various 0.53%	803,537.00 803,125.86	101.18 0.35%	809,404.00 958.34	1.74% 6,278.14	Aaa / AA+ AAA	4.31 4.25
3130AJKW8	FHLB Note 0.5% Due 6/13/2025	600,000.00	06/10/2020 0.54%	598,866.00 598,990.34	100.61 0.36%	603,639.60 150.00	1.30% 4,649.26	Aaa / AA+ AAA	4.45 4.40
3137EAEU9	FHLMC Note 0.375% Due 7/21/2025	400,000.00	08/12/2020 0.45%	398,456.00 398,576.75	100.05 0.36%	400,211.20 658.33	0.86% 1,634.45	Aaa / AA+ AAA	4.56 4.51
3137EAEX3	FHLMC Note 0.375% Due 9/23/2025	700,000.00	10/07/2020 0.50%	695,758.00 695,957.10	99.83 0.41%	698,835.20 700.00	1.50% 2,878.10	Aaa / AA+ AAA	4.73 4.68
3135G06G3	FNMA Note 0.5% Due 11/7/2025	625,000.00	11/18/2020 0.51%	624,775.00 624,780.33	100.42 0.41%	627,614.38 425.35	1.35% 2,834.05	Aaa / AA+ AAA	4.85 4.78
Total Agency		15,200,000.00	1.86%	15,270,966.00 15,256,690.49	0.24%	15,841,629.53 77,590.32	34.17% 584,939.04	Aaa / AA+ AAA	2.81 2.73
CASH									
90CASH\$00	Cash Custodial Cash Account	4,287,944.38	Various 0.00%	4,287,944.38 4,287,944.38	1.00 0.00%	4,287,944.38 0.00	9.20% 0.00	NR / NR NR	0.00 0.00
Total Cash		4,287,944.38	N/A	4,287,944.38	0.00%	4,287,944.38 0.00	9.20% 0.00	NR / NR NR	0.00 0.00
CORPORATE									
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	350,000.00	05/23/2018 3.16%	348,446.00 349,813.29	100.96 0.33%	353,371.55 1,458.33	0.76% 3,558.26	A2 / A NR	0.36 0.36
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	400,000.00	05/18/2016 2.01%	398,884.00 399,915.47	100.67 0.21%	402,663.60 910.00	0.87% 2,748.13	A1 / A AA-	0.38 0.38
69371RN44	Paccar Financial Corp Note 1.65% Due 8/11/2021	400,000.00	05/09/2017 2.40%	388,012.00 398,285.22	100.83 0.28%	403,334.80 2,566.67	0.87% 5,049.58	A1 / A+ NR	0.61 0.61



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
CORPORATE									
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%	505,305.00 501,186.35	102.37 0.26%	511,851.50 5,200.00	1.11% 10,665.15	A1 / A AA-	1.10 1.00
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.45% Due 7/28/2022	500,000.00	07/26/2017 2.42%	500,650.00 500,196.52	103.28 0.25%	516,376.50 5,206.25	1.12% 16,179.98	A2 / A A+	1.57 1.46
037833DC1	Apple Inc Callable Note Cont 8/12/2022 2.1% Due 9/12/2022	500,000.00	09/21/2017 2.29%	495,540.00 498,477.25	103.09 0.18%	515,462.50 3,179.17	1.11% 16,985.25	Aa1 / AA+ NR	1.70 1.59
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.65% Due 1/25/2023	500,000.00	10/30/2018 3.51%	483,170.00 491,791.84	104.76 0.24%	523,779.50 5,741.67	1.14% 31,987.66	A2 / A A	2.07 1.93
46625HJH4	JP Morgan Chase Note 3.2% Due 1/25/2023	500,000.00	08/06/2019 2.18%	516,975.00 510,109.91	105.86 0.35%	529,306.50 6,933.33	1.15% 19,196.59	A2 / A- AA-	2.07 1.99
24422ERT8	John Deere Capital Corp Note 2.8% Due 1/27/2023	450,000.00	04/11/2018 3.17%	442,606.50 446,806.01	105.06 0.35%	472,765.50 5,390.00	1.03% 25,959.49	A2 / A A	2.07 2.00
44932HAH6	IBM Credit Corp Note 3% Due 2/6/2023	350,000.00	02/27/2018 3.09%	348,565.00 349,390.34	105.90 0.18%	370,658.05 4,229.17	0.80% 21,267.71	A2 / A NR	2.10 2.03
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.75% Due 3/15/2023	500,000.00	Various 3.04%	493,706.00 497,038.12	105.02 0.28%	525,081.00 4,048.61	1.14% 28,042.88	Aa2 / AA A+	2.20 1.98
911312BK1	UPS Callable Note Cont 3/1/2023 2.5% Due 4/1/2023	450,000.00	04/11/2018 3.11%	437,413.50 444,310.40	104.59 0.37%	470,659.95 2,812.50	1.02% 26,349.55	A2 / A- NR	2.25 2.11
58933YAF2	Merck & Co Note 2.8% Due 5/18/2023	250,000.00	08/06/2019 1.89%	258,235.00 255,177.48	106.05 0.25%	265,119.00 836.11	0.57% 9,941.52	A1 / AA- A+	2.38 2.31
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	500,000.00	07/31/2018 3.26%	503,095.00 501,540.46	107.39 0.31%	536,972.00 236.11	1.15% 35,431.54	Aa2 / AA AA	2.48 2.33
02665WCJ8	American Honda Finance Note 3.45% Due 7/14/2023	400,000.00	07/31/2018 3.38%	401,336.00 400,683.16	107.70 0.39%	430,812.40 6,401.67	0.94% 30,129.24	A3 / A- NR	2.53 2.41
89236TFN0	Toyota Motor Credit Corp Note 3.45% Due 9/20/2023	450,000.00	01/16/2019 3.38%	451,318.50 450,766.68	108.35 0.36%	487,570.95 4,355.63	1.06% 36,804.27	A1 / A+ A+	2.72 2.60
91159HHV5	US Bancorp Callable Note Cont 1/5/2024 3.375% Due 2/5/2024	500,000.00	12/23/2019 2.11%	524,265.00 518,128.64	108.86 0.41%	544,316.50 6,843.75	1.18% 26,187.86	A1 / A+ A+	3.10 2.86



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
CORPORATE									
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	450,000.00	05/30/2019 2.62%	458,955.00 455,975.16	106.83 0.40%	480,730.50 5,147.50	1.04% 24,755.34	A2 / A- A+	3.18 2.09
68389XAU9	Oracle Corp Callable Note Cont 4/8/2024 3.4% Due 7/8/2024	500,000.00	12/23/2019 2.09%	526,730.00 520,376.29	109.45 0.48%	547,274.00 8,169.44	1.19% 26,897.71	A3 / A A-	3.52 3.08
717081EX7	Pfizer Inc. Callable Note Cont 4/28/2025 0.8% Due 5/28/2025	400,000.00	05/26/2020 0.83%	399,376.00 399,450.50	101.79 0.38%	407,143.20 293.33	0.87% 7,692.70	A2 / A+ A	4.41 4.25
Total Corporate		8,850,000.00	2.62%	8,882,583.50 8,889,419.09	0.32%	9,295,249.50 79,959.24	20.12% 405,830.41	A1 / A+ A+	2.18 2.00
LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	6,332,376.74	Various 0.52%	6,332,376.74 6,332,376.74	1.00 0.52%	6,332,376.74 9,287.54	13.61% 0.00	NR / NR NR	0.00 0.00
Total LAIF		6,332,376.74	0.52%	6,332,376.74 6,332,376.74	0.52%	6,332,376.74 9,287.54	13.61% 0.00	NR / NR NR	0.00 0.00
MONEY MARKET FUND FI									
60934N807	Federated Investors Govt Oblig Fund Inst.	675,578.91	Various 0.01%	675,578.91 675,578.91	1.00 0.01%	675,578.91 0.00	1.45% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		675,578.91	0.01%	675,578.91 675,578.91	0.01%	675,578.91 0.00	1.45% 0.00	Aaa / AAA AAA	0.00 0.00
NEGOTIABLE CD									
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 2,188.49	0.53% 0.00	NR / NR NR	2.60 2.49
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%	248,000.00 202.14	0.53% 0.00	NR / NR NR	4.41 4.31



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
NEGOTIABLE CD									
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%	248,000.00 254.12	0.53% 0.00	NR / NR NR	4.41 4.29
Total Negotiable CD		743,000.00	1.38%	743,000.00	1.38%	743,000.00 2,644.75	1.60% 0.00	NR / NR NR	3.80 3.70
SUPRANATIONAL									
459058FY4	Intl. Bank Recon & Development Note 2% Due 1/26/2022	500,000.00	09/21/2017 1.95%	501,010.00 500,248.67	101.91 0.21%	509,561.00 4,305.56	1.10% 9,312.33	Aaa / NR AAA	1.07 1.05
4581X0CZ9	Inter-American Dev Bank Note 1.75% Due 9/14/2022	500,000.00	08/14/2018 2.91%	477,871.50 490,777.32	102.67 0.18%	513,372.50 2,600.69	1.11% 22,595.18	Aaa / AAA AAA	1.70 1.68
459058JL8	Intl. Bank Recon & Development Note 0.5% Due 10/28/2025	600,000.00	12/14/2020 0.48%	600,516.00 600,511.35	100.19 0.46%	601,122.60 525.00	1.29% 611.25	Aaa / AAA AAA	4.83 4.76
Total Supranational		1,600,000.00	1.69%	1,579,397.50 1,591,537.34	0.29%	1,624,056.10 7,431.25	3.50% 32,518.76	Aaa / AAA AAA	2.66 2.62
US TREASURY									
912828S27	US Treasury Note 1.125% Due 6/30/2021	625,000.00	09/28/2016 1.13%	624,953.27 624,995.15	100.50 0.12%	628,125.00 19.42	1.35% 3,129.85	Aaa / AA+ AAA	0.50 0.50
912828G53	US Treasury Note 1.875% Due 11/30/2021	575,000.00	12/13/2016 1.91%	574,125.95 574,839.37	101.61 0.12%	584,231.63 947.80	1.26% 9,392.26	Aaa / AA+ AAA	0.92 0.91
912828U81	US Treasury Note 2% Due 12/31/2021	600,000.00	01/31/2017 1.90%	602,931.70 600,594.84	101.87 0.13%	611,203.20 33.15	1.31% 10,608.36	Aaa / AA+ AAA	1.00 0.99
912828XW5	US Treasury Note 1.75% Due 6/30/2022	650,000.00	Various 1.81%	648,238.51 649,446.49	102.43 0.13%	665,818.40 31.42	1.43% 16,371.91	Aaa / AA+ AAA	1.50 1.49
9128283C2	US Treasury Note 2% Due 10/31/2022	400,000.00	02/27/2018 2.60%	389,468.75 395,873.97	103.42 0.13%	413,672.00 1,370.17	0.89% 17,798.03	Aaa / AA+ AAA	1.83 1.80
912828M80	US Treasury Note 2% Due 11/30/2022	750,000.00	10/30/2018 2.92%	723,515.63 737,601.55	103.58 0.13%	776,865.00 1,318.68	1.67% 39,263.45	Aaa / AA+ AAA	1.92 1.88



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
US TREASURY									
9128284S6	US Treasury Note 2.75% Due 5/31/2023	750,000.00	10/30/2018 2.92%	744,462.89 747,087.47	106.27 0.15%	796,992.00 1,813.19	1.71% 49,904.53	Aaa / AA+ AAA	2.41 2.35
912828X70	US Treasury Note 2% Due 4/30/2024	400,000.00	07/02/2019 1.78%	404,125.00 402,842.81	105.99 0.19%	423,968.80 1,370.17	0.91% 21,125.99	Aaa / AA+ AAA	3.33 3.23
9128282U3	US Treasury Note 1.875% Due 8/31/2024	575,000.00	03/04/2020 0.72%	604,311.52 598,913.91	106.03 0.22%	609,679.40 3,663.24	1.32% 10,765.49	Aaa / AA+ AAA	3.67 3.54
912828YV6	US Treasury Note 1.5% Due 11/30/2024	700,000.00	12/23/2019 1.72%	692,808.59 694,300.32	104.86 0.25%	734,043.10 923.08	1.58% 39,742.78	Aaa / AA+ AAA	3.92 3.81
912828Z52	US Treasury Note 1.375% Due 1/31/2025	575,000.00	03/04/2020 0.71%	593,328.13 590,241.07	104.50 0.27%	600,875.00 3,308.59	1.30% 10,633.93	Aaa / AA+ AAA	4.09 3.96
912828ZF0	US Treasury Note 0.5% Due 3/31/2025	750,000.00	03/26/2020 0.50%	749,912.11 749,925.35	100.92 0.28%	756,914.25 958.10	1.63% 6,988.90	Aaa / AA+ AAA	4.25 4.20
Total US Treasury		7,350,000.00	1.71%	7,352,182.05 7,366,662.30	0.18%	7,602,387.78 15,757.01	16.35% 235,725.48	Aaa / AA+ AAA	2.48 2.42
TOTAL PORTFOLIO		45,038,900.03	1.58%	45,124,029.08 45,143,209.25	0.28%	46,402,222.94 192,670.11	100.00% 1,259,013.69	Aa1 / AA AAA	1.96 1.88
TOTAL MARKET VALUE PLUS ACCRUED						46,594,893.05			



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	12/02/2020	60934N807	0.11	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	0.11	0.00	0.11	0.00
Purchase	12/03/2020	60934N807	8,100.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	8,100.00	0.00	8,100.00	0.00
Purchase	12/08/2020	60934N807	12,656.25	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	12,656.25	0.00	12,656.25	0.00
Purchase	12/11/2020	60934N807	600,000.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	600,000.00	0.00	600,000.00	0.00
Purchase	12/11/2020	60934N807	5,625.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	5,625.00	0.00	5,625.00	0.00
Purchase	12/13/2020	60934N807	11,441.67	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	11,441.67	0.00	11,441.67	0.00
Purchase	12/14/2020	60934N807	9,343.75	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	9,343.75	0.00	9,343.75	0.00
Purchase	12/16/2020	459058JL8	600,000.00	Intl. Bank Recon & Development Note 0.5% Due 10/28/2025	100.086	0.48%	600,516.00	400.00	600,916.00	0.00
Purchase	12/26/2020	60934N807	8,500.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	8,500.00	0.00	8,500.00	0.00
Purchase	12/28/2020	60934N807	600,000.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	600,000.00	0.00	600,000.00	0.00
Purchase	12/28/2020	60934N807	5,625.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	5,625.00	0.00	5,625.00	0.00
Purchase	12/31/2020	60934N807	15,203.13	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	15,203.13	0.00	15,203.13	0.00
Subtotal			1,876,494.91				1,877,010.91	400.00	1,877,410.91	0.00
Security Contribution	12/31/2020	90CASH\$00	243,501.93	Cash Custodial Cash Account	1.000		243,501.93	0.00	243,501.93	0.00
Subtotal			243,501.93				243,501.93	0.00	243,501.93	0.00
TOTAL ACQUISITIONS			2,119,996.84				2,120,512.84	400.00	2,120,912.84	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Sale	12/16/2020	60934N807	600,916.00	Federated Investors Govt Oblig Fund Inst.	1.000	0.01%	600,916.00	0.00	600,916.00	0.00
Subtotal			600,916.00				600,916.00	0.00	600,916.00	0.00
Maturity	12/11/2020	3130A3UQ5	600,000.00	FHLB Note 1.875% Due 12/11/2020	100.000		600,000.00	0.00	600,000.00	0.00
Maturity	12/28/2020	3135G0H55	600,000.00	FNMA Note 1.875% Due 12/28/2020	100.000		600,000.00	0.00	600,000.00	0.00
Subtotal			1,200,000.00				1,200,000.00	0.00	1,200,000.00	0.00
TOTAL DISPOSITIONS			1,800,916.00				1,800,916.00	0.00	1,800,916.00	0.00
OTHER TRANSACTIONS										
Interest	12/03/2020	3133EKNX0	750,000.00	FFCB Note 2.16% Due 6/3/2024	0.000		8,100.00	0.00	8,100.00	0.00
Interest	12/08/2020	3130A0F70	750,000.00	FHLB Note 3.375% Due 12/8/2023	0.000		12,656.25	0.00	12,656.25	0.00
Interest	12/11/2020	3130A3UQ5	600,000.00	FHLB Note 1.875% Due 12/11/2020	0.000		5,625.00	0.00	5,625.00	0.00
Interest	12/13/2020	3130A3GE8	700,000.00	FHLB Note 2.75% Due 12/13/2024	0.000		9,625.00	0.00	9,625.00	0.00
Interest	12/13/2020	3130AJKW8	600,000.00	FHLB Note 0.5% Due 6/13/2025	0.000		1,816.67	0.00	1,816.67	0.00
Interest	12/14/2020	3130A1XJ2	650,000.00	FHLB Note 2.875% Due 6/14/2024	0.000		9,343.75	0.00	9,343.75	0.00
Interest	12/26/2020	931142EK5	500,000.00	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due 6/26/2023	0.000		8,500.00	0.00	8,500.00	0.00
Interest	12/28/2020	3135G0H55	600,000.00	FNMA Note 1.875% Due 12/28/2020	0.000		5,625.00	0.00	5,625.00	0.00
Interest	12/31/2020	912828S27	625,000.00	US Treasury Note 1.125% Due 6/30/2021	0.000		3,515.63	0.00	3,515.63	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	12/31/2020	912828U81	600,000.00	US Treasury Note 2% Due 12/31/2021	0.000		6,000.00	0.00	6,000.00	0.00
Interest	12/31/2020	912828XW5	650,000.00	US Treasury Note 1.75% Due 6/30/2022	0.000		5,687.50	0.00	5,687.50	0.00
Subtotal			7,025,000.00				76,494.80	0.00	76,494.80	0.00
Dividend	12/02/2020	60934N807	0.00	Federated Investors Govt Oblig Fund Inst.	0.000		0.11	0.00	0.11	0.00
Subtotal			0.00				0.11	0.00	0.11	0.00
TOTAL OTHER TRANSACTIONS			7,025,000.00				76,494.91	0.00	76,494.91	0.00

Statement of Compliance

As of December 31, 2020



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
Treasury Issues	No Limitation	Complies
Federal Agencies	No Limitation; 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
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 the state, 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
Supranationals	"AA" rating category or higher by a Nationally Recognized Statistical Rating Organization ("NRSRO"); 30% maximum; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB)	Complies
Medium Term Notes	"A" rating category or higher by a NRSRO; 30% maximum; 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
Negotiable Certificates of Deposit (NCD)/ Certificates of Deposit	30% maximum; 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; and certificates of deposit at a commercial bank, savings bank, savings and loan association or credit union that uses a private sector entity that assists in the placement of certificates of deposit; 10% max per one private sector entity	Complies
Banker's Acceptances	40% maximum; 5% max per issuer/commercial bank; 180 days max maturity	Complies
Commercial Paper	"A-1" rated or higher by a NRSRO; "A" long-term rating category or higher by a NRSRO, if any issuer debt; 25% maximum; 5% max per issuer; 10% max of the outstanding commercial paper of any single issuer; 270 days max maturity; Issuer is a corporation organized and operating in the U.S. with assets >\$500 million; Or organized within the U.S. as a special purpose corporation trust, or limited liability company, have program-wide credit enhancements including, but not limited to overcollateralization, letters of credit, or surety bond	Complies
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, Collateralized Mortgage Obligations	"AA" rating category or better by a NRSRO; 20% maximum; From issuers other than the U.S. Treasury or a U.S. Federal Agency/GSE	Complies
Mutual Funds and Money Market Mutual Funds	Highest rating or "AAA" rated by two NRSROs; or SEC registered investment adviser with AUM >\$500 million and experience > 5 years; 20% maximum; 10% max per one Mutual Fund; 20% max per Money Market Mutual Fund	Complies
Local Agency Investment Fund (LAIF)	Maximum program limitation	Complies
Repurchase Agreements/ Reverse Repurchase Agreements	20% maximum; 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; Not used by Investment Adviser	Complies
Prohibited Securities	Inverse floaters; Ranges notes, Interest-only strips from mortgaged pools; Zero interest accrual securities if held to maturity	Complies
Max Per Issuer	No more than 5% in any single issuer, except the US Government, its Agencies and enterprises unless otherwise specified in the investment policy	Complies
Maximum Maturity	5 years	Complies

Net of Fees Performance Report

December 31, 2020



	Porfolio	Index
Period	Net of 10.9 bps annual fee	*ML 1-5 Year US Government
1 month	0.14%	0.07%
3 months	0.17%	0.02%
Year to Date	4.15%	4.22%
Lastest 12 Months	4.15%	4.22%
Inception Date	7/31/2009	7/31/2009
Since Inception	23.90%	22.51%
Annualized Since Inception	1.89%	1.79%

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Accounting Manager
DATE: January 19, 2020
SUBJECT: Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2020

Action/Discussion **Fiscal Impact** **Resolution** **Information Only**

Recommendation

That the Board of Directors receive, approve, and file the Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2020.

Discussion

The District prepared its first ever Comprehensive Annual Financial Report (CAFR). This is the first 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 CAFR differs from the typical financial statements by presenting both an introductory and statistical section. The introductory section allows management to discuss the profile, economy in which it operates, and long-range planning of the District. This report allows the public a better understanding of the District and should be read in conjunction with the Management Discussion and Analysis Section. The statistical section includes operational, economic, and historical data, This provides a context for assessing a government's economic condition.

In preparation for and during the audit, District staff prepared materials and worked directly with the auditing team. In addition to a review of these documents, the audit team performed several days of fieldwork remotely to complete the audit process.

Fedak & Brown, LLP, found the District's financial reporting to comply with GAAP, 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.

Attachments:

Summary of Audit Results
2019-20 Audited Financial Statements
Report on Internal Controls and Compliance
Independent Accounts' Report on Applying Agreed-Upon Procedures

Walnut Valley Water District

Management Report

June 30, 2020

Board Presentation version

Walnut Valley Water District

Management Report

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Board Presentation version

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 2020, 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

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 of Directors with a better understanding of the scope of the audit.

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.

* * * * *

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
January 19, 2021

Board Presentation version

APPENDIX

Walnut Valley Water District

Finance Committee Letter

June 30, 2020

Board Presentation version

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, 2020. 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 April 14, 2020. 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 2020. 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. The audit adjustments are noted in the schedule of audit adjustments attached to the end of this report.

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 January 19, 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
January 19, 2021

Board Presentation Version

**Walnut Valley Water District
Summary of Audit Adjusting Journal Entries
June 30, 2020**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
CPE - To adjust FMV to BNY Statement at June 30.			
10-0110-1160	FMV of Cash & Investments	30,449.74	
10-4400-4940	Unrealized Gain/Loss		30,449.74
Total		<u>30,449.74</u>	<u>30,449.74</u>
Adjusting Journal Entries JE # 2			
GASB 68 Entry #0 - To reclassify Deferred Outflows, Net Pension Liability, and Deferred Inflows to CalPERS Employer Tool Option C prior to recording implementation for year 6.			
10-0140-1980	Deferred Pension Contributions	806.00	
10-0240-2780	Deferred Inflow of Resources - Actuarial	621,135.45	
10-0140-1985	Deferred Outflow of Resources - Actuarial		621,209.32
10-0240-2720	Net Pension Liability		0.31
10-5700-5635	Pension Expense		731.82
Total		<u>621,941.45</u>	<u>621,941.45</u>
Adjusting Journal Entries JE # 3			
GASB 68 Entry #1 - To reclassify 2019 contributions to NPL at June 30, 2020.			
10-0240-2720	Net Pension Liability	1,307,070.00	
10-0140-1980	Deferred Pension Contributions		1,307,070.00
Total		<u>1,307,070.00</u>	<u>1,307,070.00</u>
Adjusting Journal Entries JE # 4			
GASB 68 Entry #2 - To reclassify 2020 contributions to Deferred Outflows of Resources at June 30, 2020.			
10-0140-1980	Deferred Pension Contributions	1,464,186.00	
10-5200-5635	GASB 68 Contra (Inc/Exp) Pension - Operations		59,568.00
10-5210-5635	GASB 68 Contra (Inc/Exp) Pension - Operations		132,331.00
10-5220-5635	GASB 68 Contra (Inc/Exp) Pension - Operations		46,640.00
10-5230-5635	GASB 68 Contra (Inc/Exp) Pension - Operations		46,553.00
10-5240-5635	GASB 68 Contra (Inc/Exp) Pension - Operations		155,765.00
10-5250-5635	GASB 68 Contra (Inc/Exp) Pension - Operations		112,570.00
10-5290-5635	GASB 68 Contra (Inc/Exp) Pension - Operations		41,434.00
10-5300-5635	GASB 68 Contra (Inc/Exp) Pension - Engineering		236,379.00
10-5400-5635	GASB 68 Contra (Inc/Exp) Pension - Finance		28,479.00
10-5410-5635	GASB 68 Contra (Inc/Exp) Pension - Finance		65,202.00
10-5420-5635	GASB 68 Contra (Inc/Exp) Pension - Finance		90,901.00
10-5510-5635	GASB 68 Contra (Inc/Exp) Pension - G&A		192,588.00
10-5530-5635	GASB 68 Contra (Inc/Exp) Pension - G&A		16,449.00
10-5600-5635	GASB 68 Contra (Inc/Exp) Pension - G&A		17,010.00
10-5610-5635	GASB 68 Contra (Inc/Exp) Pension - G&A		50,582.00
10-5620-5635	GASB 68 Contra (Inc/Exp) Pension - G&A		17,239.00
10-5630-5635	GASB 68 Contra (Inc/Exp) Pension - G&A		28,682.00
10-5640-5635	GASB 68 Contra (Inc/Exp) Pension - G&A		125,814.00
Total		<u>1,464,186.00</u>	<u>1,464,186.00</u>

**Walnut Valley Water District
Summary of Audit Adjusting Journal Entries
June 30, 2020**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 5			
GASB 68 Entry #3 - To record changes in pension liability and related deferrals during FY18/19 at June 30, 2020.			
10-0140-1985	Deferred Outflow of Resources - Actuarial	911,269.00	
10-0140-1985	Deferred Outflow of Resources - Actuarial	262,232.00	
10-0240-2780	Deferred Inflow of Resources - Actuarial	65,041.00	
10-0240-2780	Deferred Inflow of Resources - Actuarial	172,308.00	
10-5200-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	60,672.00	
10-5210-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	134,783.00	
10-5220-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	47,505.00	
10-5230-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	47,416.00	
10-5240-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	158,650.00	
10-5250-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	114,656.00	
10-5290-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	42,201.00	
10-5300-5635	GASB 68 Contra (Inc/Exp) Pension - Engineering	240,757.00	
10-5400-5635	GASB 68 Contra (Inc/Exp) Pension - Finance	29,006.00	
10-5410-5635	GASB 68 Contra (Inc/Exp) Pension - Finance	66,410.00	
10-5420-5635	GASB 68 Contra (Inc/Exp) Pension - Finance	92,585.00	
10-5510-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	196,155.00	
10-5530-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	16,754.00	
10-5600-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	17,325.00	
10-5610-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	51,519.00	
10-5620-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	17,558.00	
10-5630-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	29,213.00	
10-5640-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	128,145.00	
10-0140-1985	Deferred Outflow of Resources - Actuarial		37,305.00
10-0140-1985	Deferred Outflow of Resources - Actuarial		65,041.00
10-0240-2720	Net Pension Liability		2,452,047.00
10-0240-2780	Deferred Inflow of Resources - Actuarial		347,767.00
Total		<u>2,902,160.00</u>	<u>2,902,160.00</u>

Board Presentation Version

**Walnut Valley Water District
Summary of Audit Adjusting Journal Entries
June 30, 2020**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY18/19 at June 30, 2020.			
10-0240-2780	Deferred Inflow of Resources - Actuarial	290,892.00	
10-5200-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	54,134.00	
10-5210-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	120,259.00	
10-5220-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	42,386.00	
10-5230-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	42,307.00	
10-5240-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	141,556.00	
10-5250-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	102,302.00	
10-5290-5635	GASB 68 Contra (Inc/Exp) Pension - Operations	37,654.00	
10-5300-5635	GASB 68 Contra (Inc/Exp) Pension - Engineering	214,816.00	
10-5400-5635	GASB 68 Contra (Inc/Exp) Pension - Finance	25,881.00	
10-5410-5635	GASB 68 Contra (Inc/Exp) Pension - Finance	59,254.00	
10-5420-5635	GASB 68 Contra (Inc/Exp) Pension - Finance	82,609.00	
10-5510-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	175,020.00	
10-5530-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	14,949.00	
10-5600-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	15,459.00	
10-5610-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	45,968.00	
10-5620-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	15,666.00	
10-5630-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	26,065.00	
10-5640-5635	GASB 68 Contra (Inc/Exp) Pension - G&A	114,338.00	
10-0140-1985	Deferred Outflow of Resources - Actuarial		654,753.00
10-0140-1985	Deferred Outflow of Resources - Actuarial		327,952.00
10-0140-1985	Deferred Outflow of Resources - Actuarial		151,430.00
10-0240-2780	Deferred Inflow of Resources - Actuarial		487,380.00
Total		<u>1,621,515.00</u>	<u>1,621,515.00</u>
Adjusting Journal Entries JE # 7			
GASB 75 Entry #1 - To reclassify 2019 contributions to a reduction in Net OPEB Liability at June 30, 2020.			
10-0240-2710	Other Post Employment Benefits	598,001.00	
10-0240-2710	Other Post Employment Benefits	102,096.00	
10-0240-2710	Other Post Employment Benefits	1,089,635.00	
10-0140-1990	Deferred Outflow of Resources - OPEB		598,001.00
10-0140-1990	Deferred Outflow of Resources - OPEB		102,096.00
10-0140-1990	Deferred Outflow of Resources - OPEB		1,089,635.00
Total		<u>1,789,732.00</u>	<u>1,789,732.00</u>
Adjusting Journal Entries JE # 8			
GASB 75 Entry #2 - To reclassify 2020 contributions for retiree health and medical benefits to deferred outflows of resources from expense at June 30, 2020.			
10-0140-1990	Deferred Outflow of Resources - OPEB	589,860.00	
10-0140-1990	Deferred Outflow of Resources - OPEB	85,557.00	
10-5700-5630	Other Post Employment Benefits		589,860.00
10-5700-5630	Other Post Employment Benefits		85,557.00
Total		<u>675,417.00</u>	<u>675,417.00</u>

**Walnut Valley Water District
Summary of Audit Adjusting Journal Entries
June 30, 2020**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 9			
GASB 75 Entry #3 - To reclassify 2020 contributions to deferred outflows of resources from expense at June 30, 2020.			
10-0140-1990	Deferred Outflow of Resources - OPEB	750,969.00	
10-0240-2710	Other Post Employment Benefits		750,969.00
Total		<u>750,969.00</u>	<u>750,969.00</u>
Adjusting Journal Entries JE # 10			
GASB 75 Entry #4 - To record changes in OPEB liability during FY19/20 in the current year.			
10-0140-1990	Deferred Outflow of Resources - OPEB	305,839.00	
10-0240-2790	Deferred Inflow of Reosources - OPEB	140,075.00	
10-5700-5630	Other Post Employment Benefits	573,389.87	
10-0140-1990	Deferred Outflow of Resources - OPEB		140,075.00
10-0240-2710	Other Post Employment Benefits		879,228.87
Total		<u>1,019,303.87</u>	<u>1,019,303.87</u>
Adjusting Journal Entries JE # 11			
GASB 75 Entry #5 - To record changes in the deferred outflows and deferred inflows (amortization) at June 30, 2020.			
10-5700-5630	Other Post Employment Benefits	81,891.00	
10-0140-1990	Deferred Outflow of Resources - OPEB		42,055.00
10-0140-1990	Deferred Outflow of Resources - OPEB		22,953.00
10-0140-1990	Deferred Outflow of Resources - OPEB		16,883.00
Total		<u>81,891.00</u>	<u>81,891.00</u>
Adjusting Journal Entries JE # 12			
CPE - To adjust property tax receivable to actual per subsequent collection at June 30, 2020.			
10-0110-1310	Taxes Receivable - General	10,691.28	
10-0110-1315	Allowance for Taxes Receivable	1,004.96	
10-0110-1320	Taxes Receivable - Standby Charges	37,918.86	
10-4400-4950	Tax Revenue - General		10,691.28
10-4400-4950	Tax Revenue - General		1,004.96
10-4400-4955	Tax Revenue - Standby		37,918.86
Total		<u>49,615.10</u>	<u>49,615.10</u>
Adjusting Journal Entries JE # 13			
AJE - To adjust allowance for doubtfull accounts based on FB analysis at June 30, 2020.			
10-5410-6710	Write-off Bad Debt Expense	55,561.22	
10-0110-1215	Allowance for Uncollectible Accounts		55,561.22
Total		<u>55,561.22</u>	<u>55,561.22</u>
Total Adjusting Journal Entries		<u>12,369,811.38</u>	<u>12,369,811.38</u>

**Walnut Valley Water District
 Summary of Audit Adjusting Journal Entries
 June 30, 2020**

Account	Description	Debit	Credit
Proposed Journal Entries			
Proposed Journal Entries JE # 100			
PAJE - To adjust prepaids for Converge One invoice dated 4/1 for Evergreen subscription service for period 7/1/20 - 6/30/21, which was accrued for in June but paid in July, therefore should be			
10-0210-2010	Accounts Payable	16,524.00	
10-0110-1510	Prepaid Expenses		16,524.00
Total		<u>16,524.00</u>	<u>16,524.00</u>
Total Proposed Journal Entries		<u>16,524.00</u>	<u>16,524.00</u>
Total All Journal Entries		<u>12,386,335.38</u>	<u>12,386,335.38</u>

Legend:

AJE	Audit Adjusting Journal Entry
CPE	Client Provided Adjusting Journal Entry
GASB 68 Entry	Sixth Year Implementation of GASB 68 Adjusting Journal Entry
GASB 75 Entry	Third Year Implementation of GASB 75 Adjusting Journal Entry
PAJE	Proposed Adjusting Journal Entry - (Not Posted to the District's Books)

Board Presentation Version



Walnut Valley Water District
Walnut, California

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2020

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

Board Presentation version Subject to Approval



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, 2020



Theresa Lee
President
2016-2022



Scarlett P. Kwong
1st Vice President
2007-2020



Jerry Tang
2nd Vice President
2019-2020



Edwin M. Hilden
Assistant Treasurer
2002-2022



Alfred Sinclair
Director
2020-2020

District Management



Erik Hitchman
General Manager/Chief
Engineer Secretary



Brian Teuber
Assistant General Manager

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



Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2020

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

*Prepared by:
Finance Department*

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Introductory Section

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WALNUT VALLEY WATER DISTRICT



271 South Brea Canyon Road
Walnut, California 91789-3002 • (909) 595-1268 • (626) 964-6551
www.wvwd.com • Fax: (909) 444-5521

BOARD OF DIRECTORS

Theresa Lee
President
Election Division III

Scarlett P. Kwong
First Vice President
Election Division V

Jerry Tang
Second Vice President
Election Division I

Edwin M. Hilden
Assistant Treasurer
Election Division II

Alfred Sinclair
Director
Election Division IV

STAFF

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

Brian Teuber
Assistant General Manager
Treasurer

Lily Lopez
Director of External Affairs

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

Thomas M. Monk
Director of Operations

Gabriela Sanchez
Executive Secretary

LEGAL COUNSEL

James D. Ciampa

January 19, 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) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. 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, LLC, 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, 2020, 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, 2020, 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.

WVWD BOARD MEETING
MONDAY, MAY 18 AT 5:00 PM
 — VIRTUAL MEETING —

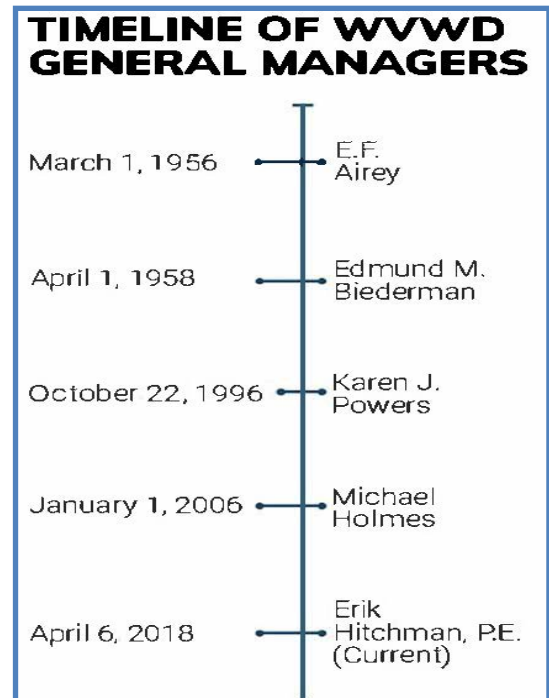
JERRY TANG DIVISION I
EDWIN M. HILDEN DIVISION II
THERESA LEE DIVISION III
THEODORE L. EBENKAMP DIVISION IV
SCARLETT P. KWONG DIVISION V

Any member of the public wishing to listen to and participate in the Board Meeting may do so by joining the link: https://wvwd.webex.com/join/board_room.

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 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.





STRATEGIC VISION, CONTINUED

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 through 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, 470 miles of distribution mains (ranging in size from 4 inches to 51 inches), 15 pump plants, and 28 reservoirs with a storage capacity of 88.6 million gallons of water. The District delivers an average of 6 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.



WATER SYSTEM OVERVIEW, CONTINUED

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.

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 equally by the District and RWD.



WATER SYSTEM OVERVIEW, CONTINUED

Potable Water Supply, continued

- Pomona Basin Project (Expected Completion 2021) - 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 2,100 acre-feet of recycled water per year, representing 11% 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.

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 & 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 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, 2020, the balance for accounts more than 60 days past due was \$72,606, or .04% 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. As a result of the pandemic, and the resulting economic shutdown, unemployment surged to 20.8% in May 2020, and as of October 2020 was 12.1%. For comparison, the state and the national unemployment rate as of October 2020 was 9.3% and 6.9%, respectively.



WVWD CUSTOMERS CAN PAY THEIR BILL ONLINE OR OVER THE PHONE

Visit our website at www.wvwd.com or call us at (909) 595-7554.





ECONOMIC CONDITIONS & 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 the 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.

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 \$1,078 per acre-foot to \$1,104 per acre-foot on January 1, 2021, a 2.4% increase. Since 2010, the cost of imported water has increased by 57%. 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, CONTINUED

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 & 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.

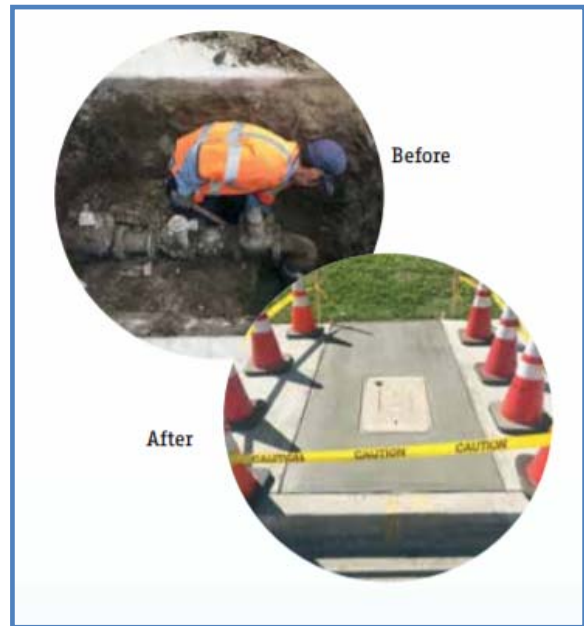


Asset Replacement & Refurbishment Plan

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 66.5 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 Efficiency Programs/Conservation Plan

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 many years. Details of the District’s water use efficiency programs and activities can be found in the District’s 2015 Urban Water Management Plan and the 2020 Water Use Efficiency Strategic Plan. The District implements 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 (www.wvwd.com/conservation), Facebook, Twitter, YouTube, and Instagram as well as its monthly bill inserts, snipes, and e-newsletter.





MAJOR INITIATIVES & PROJECTS

Water Efficiency Programs/Conservation Plan, Continued

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 the District’s wholesaler(s) Three Valleys Municipal Water District (TVMWD) and the Metropolitan Water District of Southern California (MWD). 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.

➤ **Water Use Efficiency (WUE) Strategic Plan**

The WUE plan further expands on and develops new WUE programs available to customers within the District’s service area. These conservation measures will result in direct water savings for the District as a whole and as a benefit to customers aiming to use less water in and around their home and business.

➤ **Landscape & Garden Design Workshops**

The District offers several landscape classes with topics focused on “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 Leak Detection class and distributes leak detection kits throughout the entire week for customers who complete a short survey.

➤ **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 and turf replacement rebate.

FREE ONLINE GARDEN TRANSFORMATION CLASSES

- CA Friendly & Native Plant Landscaping
- Turf Removal & Garden Transformation

CA Friendly & Native Plant Landscaping Webinar
 Online Class Dates:
 5/26/2020; 5-6pm
 6/9/2020; 5-6pm

Turf Removal & Garden Transformation Webinar
 Online Class Dates:
 5/28/2020; 5-6pm
 6/11/2020; 5-6pm

To sign up for these free online classes, visit:
www.wvwd.com

WALNUT VALLEY WATER DISTRICT

G³ green gardens group
 www.greengardensgroup.com



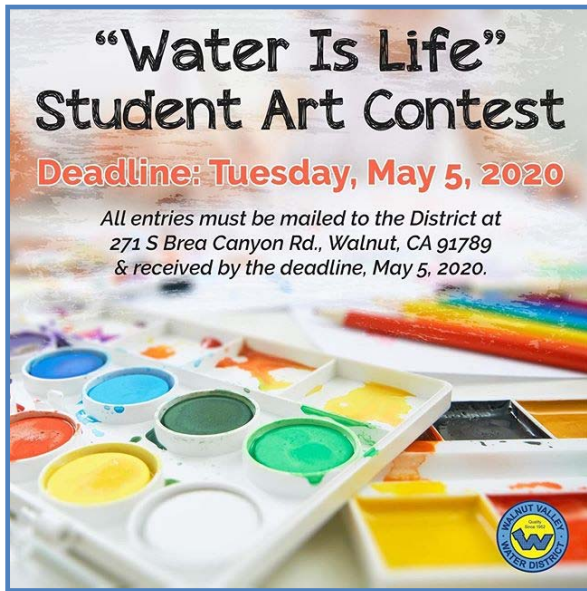
MAJOR INITIATIVES & PROJECTS, CONTINUED

Water Efficiency Programs/Conservation Plan, Continued

➤ 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. Detailed information for each device, qualifying products, and access to the application portal is available on the District’s website.

Public Education and Outreach



Walnut Valley Water District has developed a diverse portfolio of public outreach and education programs to promote a water-efficient lifestyle. Efforts to connect with the local community are ever-growing as the demand and needs evolve.

Education programs are available to students from 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 importance 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.

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 Facebook, Instagram, Twitter, and YouTube to promote conservation and all the ways customers can save water as a part of their daily routine.

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

A high school internship program is offered to students interested in learning about careers in the water industry and provides hands-on opportunities to learn how they can become environmental stewards in their community.



MAJOR INITIATIVES & 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

For the first time, the District has applied for the Government Finance Officers Association of the United States and Canada’s (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its 2020 Consolidated Annual Financial Report (CAFR). To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. The District believes this CAFR meets the Certificate of Achievement’s requirements and has submitted the report to the GFOA for eligibility review in the year 2020.



ACKNOWLEDGEMENTS



The combined efforts of District staff accomplished the preparation of this report. We appreciate the dedicated efforts and professionalism that our staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of Walnut Valley Water District’s fiscal policies.

Respectfully submitted,

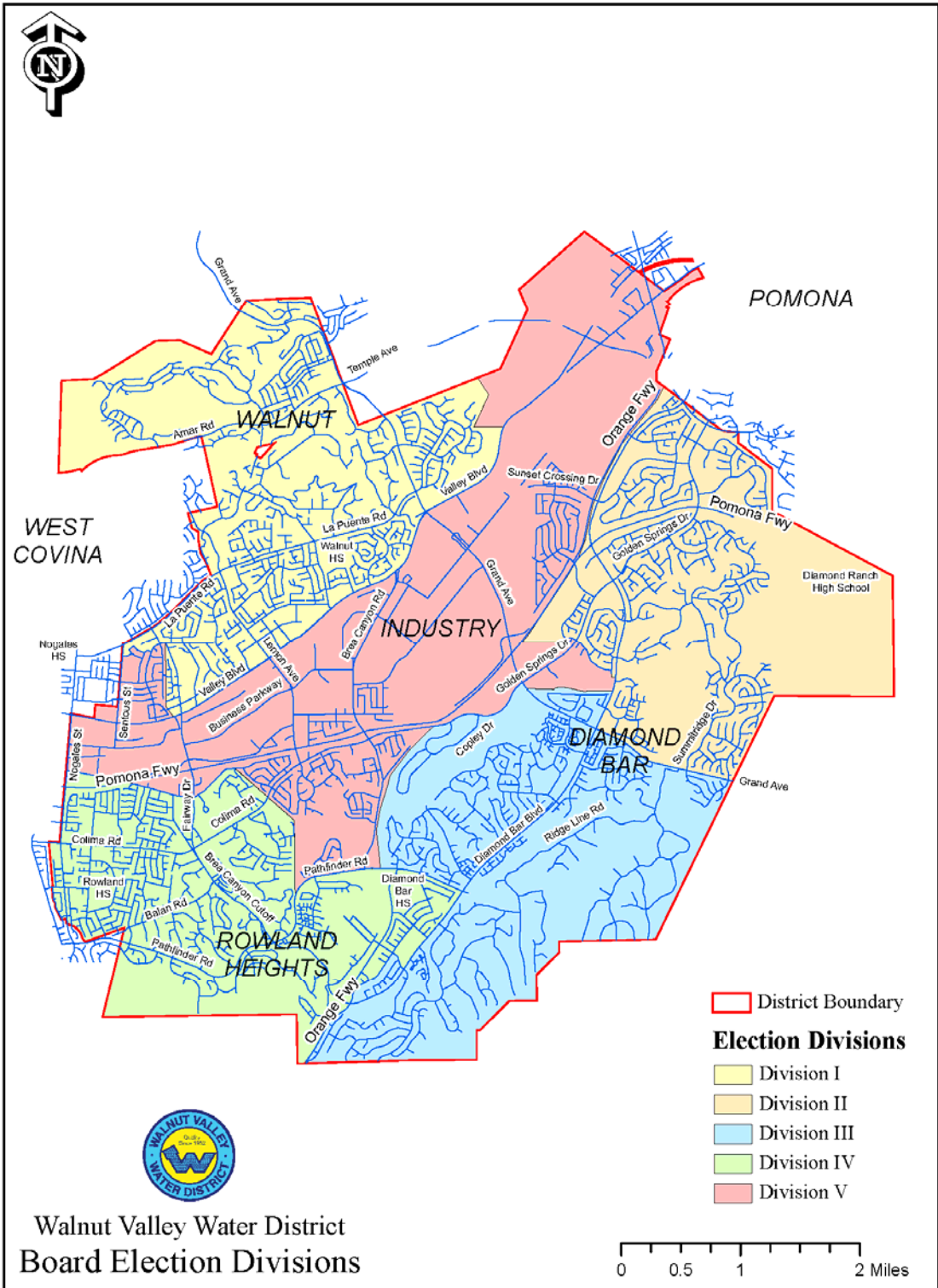
Erik Hitchman
General Manager

Brian Teuber
Assistant General Manager

Walnut Valley Water District
Organizational Chart
As of June 30, 2020



Walnut Valley Water District District Service Area



Financial Section

Board Presentation version Subject to Approval

Board Presentation version Subject to Approval

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 statement of net position as of June 30, 2020, and the related statement of revenues, expenses and changes in net position for the fiscal year 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year 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 18 through 24 and the required supplementary information on pages 64 through 67 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 audit was 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 13, and statistical section on pages 68 through 81, 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 January 19, 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 82 and 83.

Fedak & Brown LLP
Cypress, California
January 19, 2021

Walnut Valley Water District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 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 year ended June 30, 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.

2020 Financial Highlights

- 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 in from ongoing operations and \$1,574,591 in capital contributions.
- Total revenues increased 4.82% or \$2,052,917 to \$44,639,922.
- Operating revenues increased 6.71% or \$2,543,926 to \$40,456,434.
- Non-operating revenues decreased by 10.50% or \$491,009 to \$4,183,488.
- Total expenses including depreciation increased 10.76% or \$4,307,550 to \$44,335,938.
- Operating expenses before depreciation increased 11.88% or \$4,055,969 to \$38,205,724.
- Depreciation expense increased by 4.51% or \$235,187 to \$5,455,123.
- Non-operating expenses increased by 2.49% or \$16,394 to \$675,091.
- 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 Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement 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 Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate fiscal stability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

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

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, and 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 30 through 63.

Statements of Net Position

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Assets:			
Current assets	\$ 29,071,118	28,917,465	153,653
Non-current assets	47,934,906	45,600,804	2,334,102
Capital assets, net	112,601,859	112,828,300	(226,441)
Total assets	<u>189,607,883</u>	<u>187,346,569</u>	<u>2,261,314</u>
Deferred outflows of resources	<u>5,194,644</u>	<u>5,379,241</u>	<u>(184,597)</u>
Liabilities:			
Current liabilities	16,829,537	16,428,091	401,446
Non-current liabilities	36,313,399	36,683,534	(370,135)
Total liabilities	<u>53,142,936</u>	<u>53,111,625</u>	<u>31,311</u>
Deferred inflows of resources:	<u>708,607</u>	<u>541,776</u>	<u>166,831</u>
Net position:			
Net investment in capital assets	104,609,392	104,543,390	66,002
Restricted	24,191,055	25,986,720	(1,795,665)
Unrestricted	12,150,537	8,542,299	3,608,238
Total net position	<u>\$ 140,950,984</u>	<u>139,072,409</u>	<u>1,878,575</u>

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

Statements of Net Position, continued

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 plus deferred outflows of resources of the District exceeded liabilities and deferred outflows of the District by \$140,950,984 as of June 30, 2020.

Compared to prior year, net position of the District increased 1.35% or \$1,878,575 to \$140,950,984, primarily due to income of \$303,984 in 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 (74% as of June 30, 2020) 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. At the end of fiscal year 2020, the District showed a positive balance in its unrestricted net position of \$12,150,537, 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.

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.

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

Statements of Revenues, Expenses and Changes in Net Position

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 40,456,434	37,912,508	2,543,926
Non-operating revenues	4,183,488	4,674,497	(491,009)
Total revenues	<u>44,639,922</u>	<u>42,587,005</u>	<u>2,052,917</u>
Expenses:			
Operating expenses	38,205,724	34,149,755	4,055,969
Depreciation expense	5,455,123	5,219,936	235,187
Non-operating expenses	675,091	658,697	16,394
Total expenses	<u>44,335,938</u>	<u>40,028,388</u>	<u>4,307,550</u>
Net income before capital contributions	303,984	2,558,617	(2,254,633)
Capital contributions	<u>1,574,591</u>	<u>3,116,814</u>	<u>(1,542,223)</u>
Changes in net position	1,878,575	5,675,431	(3,796,856)
Net position, beginning of year	<u>139,072,409</u>	<u>133,396,978</u>	<u>5,675,431</u>
Net position, end of year	<u>\$ 140,950,984</u>	<u>139,072,409</u>	<u>1,878,575</u>

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 1.35% or \$1,878,575 to \$140,950,984, in fiscal year 2020, primarily due to income of \$303,984 in from ongoing operations and \$1,574,591 in capital contributions.

The District's total revenues increased 4.82% or \$2,052,917 to \$44,639,922 in fiscal year 2020. The District's operating revenues increased 6.71% or \$2,543,926 to \$40,456,434 in fiscal year 2020, 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.

The District's non-operating revenues decreased by 10.50% or \$491,009 to \$4,183,488 in fiscal year 2020, 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 Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019
Provided for Illustrative Purposes

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

The District's total expenses including depreciation increased 10.76% or \$4,307,550 to \$44,335,938 in fiscal year 2020. The District's operating expenses before depreciation increased 11.88% or \$4,055,969 to \$38,205,724 in fiscal year 2020, 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 expenses, and a decrease of \$246,019 in operating expenses capitalized during the construction period as compared to the previous year.

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

The District's non-operating expenses increased by 2.49% or \$16,394 to \$675,091 in fiscal year 2020, 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.

The District's capital contributions from developers decreased 49.48% or \$1,542,223 to \$1,574,591 in fiscal year 2020, primarily due a decrease in developer contributed assets as compared to the previous year.

Total District Revenues

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Operating revenues:			
Water sales	\$ 29,197,399	27,111,901	2,085,498
Meter charges	7,982,535	7,701,303	281,232
Recycled water sales	1,816,820	1,634,443	182,377
Standby charges	795,775	837,186	(41,411)
Hydroelectric sales	38,892	22,250	16,642
Other water charges	625,013	605,425	19,588
Total operating revenues	<u>40,456,434</u>	<u>37,912,508</u>	<u>2,543,926</u>
Non-operating revenues:			
Property taxes	1,162,465	1,098,376	64,089
Rental revenue – cellular site leases	318,148	298,104	20,044
Investment earnings	2,009,604	2,069,111	(59,507)
Share of joint venture income	180,329	874,098	(693,769)
Gain on disposition of capital assets	-	18,098	(18,098)
Other non-operating income	512,942	316,710	196,232
Total non-operating revenues	<u>4,183,488</u>	<u>4,674,497</u>	<u>(491,009)</u>
Total revenues	<u>\$ 44,639,922</u>	<u>42,587,005</u>	<u>2,052,917</u>

In 2020, total District revenues increased \$2,052,917.

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

Total District Expenses

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Operating expenses including depreciation expense:			
Source of supply	\$ 23,156,600	20,999,930	2,156,670
Pumping	1,703,819	1,672,204	31,615
Transmission and distribution	6,118,670	5,339,816	778,854
Consumer accounts	2,111,048	1,910,757	200,291
General and administrative	5,535,032	4,892,512	642,520
Operating expenses capitalized during construction period	(419,445)	(665,464)	246,019
Depreciation and amortization	5,455,123	5,219,936	235,187
Total operating expenses including depreciation expense	<u>43,660,847</u>	<u>39,369,691</u>	<u>4,291,156</u>
Non-operating expenses:			
Loss on disposition of capital assets	39,748	-	39,748
Interest expense – long-term debt	635,343	658,697	(23,354)
Total non-operating expenses	<u>675,091</u>	<u>658,697</u>	<u>16,394</u>
Total expenses	<u>\$ 44,335,938</u>	<u>40,028,388</u>	<u>4,307,550</u>

In 2020, total District expenses increased \$4,307,550.

Capital Asset Administration

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	(110,308,277)	(5,455,123)	4,859	(115,758,541)
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.

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

Debt Administration

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

	<u>Balance</u> <u>2019</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>2020</u>
Long-term debt:				
Bonds payable	\$ 16,916,266	-	(597,115)	16,319,151
Less: current portion	(490,000)			(510,000)
Non-current portion	\$ 16,426,266			15,809,151

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

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 Assistant General Manager, Brian Teuber at Walnut Valley Water District at 271 South Brea Canyon Road, Walnut, California 91789 or (909) 595-7554.

Basic Financial Statements

Board Presentation version Subject to Approval

Walnut Valley Water District
Statement of Net Position
June 30, 2020

	2020
Current assets:	
Cash and cash equivalents (note 2)	\$ 9,814,695
Restricted – cash and cash equivalents (note 2)	2,649,327
Investments (note 2)	2,281,574
Restricted – investments (note 2)	2,744,838
Accrued interest receivable	212,894
Restricted – accrued interest receivable	4,161
Accounts receivable – water sales and services	4,489,548
Accounts receivable – other	1,836,239
Property tax receivable	132,901
Prepaid expenses	424,923
Inventory – materials and supplies	904,838
Inventory – water-in-storage (note 4)	3,575,180
	29,071,118
Non-current assets:	
Investments (note 2)	19,447,238
Restricted – Investments (note 2)	11,494,673
Restricted – Investment in joint ventures (note 3)	16,992,995
Capital assets – not being depreciated (note 5)	9,645,608
Capital assets – being depreciated, net (note 5)	102,956,251
	160,536,765
	189,607,883
Deferred outflows of resources:	
Deferred OPEB outflows (note 8)	2,195,979
Deferred pension outflows (note 9)	2,998,665
	5,194,644
	\$ 5,194,644

Continued on next page

See accompanying notes to the basic financial statements

Walnut Valley Water District
Statement of Net Position, continued
June 30, 2020

	2020
Current liabilities:	
Accounts payable and accrued expenses	\$ 6,225,039
Accrued payroll and employee benefits	352,461
Customer and developer deposits	1,782,706
Construction advances	7,396,250
Unearned revenue	192,687
Accrued interest payable	60,000
Long-term liabilities – due in one year:	
Compensated absences (note 6)	310,394
Bonds payable (note 7)	510,000
Total current liabilities	16,829,537
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (note 6)	888,037
Bonds payable (note 7)	15,809,151
Net OPEB liability (note 8)	5,314,868
Net pension liability (note 9)	14,301,343
Total non-current liabilities	36,313,399
Total liabilities	53,142,936
Deferred inflows of resources:	
Deferred pension inflows (note 9)	708,607
Total deferred inflows of resources	708,607
Net position: (note 10)	
Net investment in capital assets	104,609,392
Restricted	24,191,055
Unrestricted	12,150,537
Total net position	\$ 140,950,984

See accompanying notes to the basic financial statements

Walnut Valley Water District
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	2020
Operating revenues:	
Water sales	\$ 29,197,399
Meter charges	7,982,535
Recycled water sales	1,816,820
Standby charges	795,775
Hydroelectric sales	38,892
Other water charges	625,013
	40,456,434
Operating expenses:	
Source of supply	23,156,600
Pumping	1,703,819
Transmission and distribution	6,118,670
Consumer accounts	2,111,048
General and administrative	5,535,032
Operating expenses capitalized during construction period	(419,445)
	38,205,724
Operating income before depreciation expense	2,250,710
Depreciation expense	(5,455,123)
	Operating loss
	(3,204,413)
Non-operating revenue(expense):	
Property taxes	1,162,465
Rental revenue – cellular site leases	318,148
Investment earnings	2,009,604
Share of joint venture income	180,329
Loss on disposition of capital assets	(39,748)
Interest expense – long-term debt	(635,343)
Other non-operating income	512,942
	3,508,397
Total non-operating revenues(expense), net	3,508,397
Net income before capital contributions	303,984
Capital contributions:	
Contributed capital	1,574,591
	1,574,591
Change in net position	1,878,575
Net position, beginning of the year	139,072,409
Net position, end of year	\$ 140,950,984

See accompanying notes to the basic financial statements

Walnut Valley Water District
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	<u>2020</u>
Cash flows from operating activities:	
Cash receipts from customers for sales and services	\$ 40,351,416
Cash paid to vendors and suppliers	(30,284,066)
Cash paid to employees for salaries and wages	(5,697,844)
Cash paid to OPEB trust	<u>(750,969)</u>
Net cash provided by operating activities	<u>3,618,537</u>
Cash flows from non-capital financing activities:	
Proceeds from property taxes	1,124,809
Payments to joint ventures	(167,591)
Proceeds from other income	<u>185,082</u>
Net cash provided by non-capital financing activities	<u>1,142,300</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(5,277,650)
Proceeds from the sale of capital assets	13,768
Proceeds from capital contributions	838,032
Principal paid on long-term debt	(490,000)
Interest paid on long-term debt	<u>(744,500)</u>
Net cash used in capital and related financing activities	<u>(5,660,350)</u>
Cash flows from investing activities:	
Interest and investment earnings	2,051,436
Purchase of securities	(6,922,253)
Proceeds from sale of securities	<u>7,428,489</u>
Net cash provided by investing activities	<u>2,557,672</u>
Net increase in cash and cash equivalents	1,658,159
Cash and cash equivalents, beginning of year	<u>10,805,863</u>
Cash and cash equivalents, end of year	<u>\$ 12,464,022</u>
Reconciliation of cash and cash equivalents to statement of net position:	
	<u>2020</u>
Cash and cash equivalents	\$ 9,814,695
Cash and cash equivalents – restricted	<u>2,649,327</u>
Total cash and cash equivalents	<u>\$ 12,464,022</u>

Continued on next page

See accompanying notes to the basic financial statements

Walnut Valley Water District
Statement of Cash Flows, continued
For the Fiscal Year Ended June 30, 2020

	2020
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>(3,204,413)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	5,455,123
Change in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase)Decrease in assets:	
Accounts receivable – water sales and services	(74,883)
Prepaid expenses and other deposits	(25,935)
Materials and supplies inventory	(249,810)
(Increase)Decrease in deferred outflows of resources:	
Deferred OPEB outflows	279,473
Deferred pension outflows	(94,876)
Increase(Decrease) in liabilities:	
Accounts payable and accrued expenses	1,099,748
Accrued payroll and employee benefits	45,998
Deposits for work-orders	(31,908)
Unearned revenues	1,773
Compensated absences	16,942
Net OPEB liability	(910,503)
Net pension liability	1,144,977
Increase(Decrease) in deferred inflows of resources:	
Deferred OPEB inflows	(140,075)
Deferred pension inflows	<u>306,906</u>
Total adjustments	<u>6,822,950</u>
Net cash provided by operating activities	\$ <u><u>3,618,537</u></u>
 Non-cash investing, capital, and financing transaction:	
Changes in fair value of investments	\$ <u><u>(1,044,552)</u></u>

See accompanying notes to the basic financial statements

Walnut Valley Water District
Notes to the Basic Financial Statements
For Fiscal Year Ended June 30, 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, Brian Teuber 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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

C. Financial Reporting, continued

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

Governmental Accounting Standards Board Statement No. 95

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

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

5. Fair Value Measurements, continued

- **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.

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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

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

11. Property Taxes, continued

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.

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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 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

Post-Employment Benefits Other Than Pensions (OPEB)

- 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 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 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, 2018
- Measurement Date: June 30, 2019
- Measurement Period: July 1, 2018 to June 30, 2019

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

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

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, 2018
- Measurement Date: June 30, 2019
- Measurement Period: July 1, 2018 to June 30, 2019

17. Premium on Issued Debt

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

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 difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5-year period.
- 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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

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

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.

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.

24. Reclassification

The District has reclassified certain prior year information to conform with current year presentations.

(2) Cash and Investments

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

	2020
Cash and cash equivalents	\$ 9,814,695
Restricted – cash and cash equivalents	2,649,327
Total cash and cash equivalents	12,464,022
Investments	2,281,574
Restricted – investments	2,744,838
Investments non-current	19,447,238
Restricted – Investments non-current	11,494,673
Total investments	35,968,323
Total cash and investments	\$ 48,432,345

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

(2) Cash and Investments, continued

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

	2020
Cash and investments	
Cash on hand	\$ 3,200
Deposits with financial institutions	3,790,525
Investments	44,638,620
Total cash and investments	\$ 48,432,345

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio *	Maximum Investment in One Issuer
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 Year Ended June 30, 2020

(2) Cash and Investments, continued

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
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 Year Ended June 30, 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, 2020 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	\$ 6,326,917	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	-	-
Total	\$ 44,638,620	13,696,709	6,768,878	24,173,033

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

(2) Cash and Investments, continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

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, 2020, were as follows:

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Amount</u>	<u>Rating as of year-end</u>		
			<u>Exempt from Disclosure</u>	<u>AAA/m/A-1+ AA/AA+/AA-</u>	<u>A-1/A+/A/A-</u>
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	-
Total		\$ <u>44,638,620</u>	<u>16,285,991</u>	<u>21,037,971</u>	<u>7,314,658</u>

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, 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, 2020 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

<u>Investment</u>	<u>Issuer Type</u>	<u>Fair Value Holdings</u>	<u>Percentage Holdings</u>
Federal National Mortgage Association	Government Sponsored	\$ 4,661,628	10.44%
Federal Home Loan Bank	Government Sponsored	8,748,071	19.60%
Federal Home Loan Mortgage Corporation	Government Sponsored	1,826,206	4.09%
Federal Farm Credit Bank	Government Sponsored	1,205,033	2.70%

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 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:

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	\$ 773,082	-	773,082	-
United States Government Sponsored				
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	-
	<u>35,862,549</u>	<u>7,955,504</u>	<u>27,133,963</u>	<u>-</u>
Investments not subject to fair value hierarchy:				
Local Agency Investment Fund	7,557,405			
Money market mutual funds	<u>1,218,666</u>			
Total	<u>\$ 44,638,620</u>			

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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 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 Basin 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 \$12,211,668 in water from the Agency in the year ended June 30, 2020. 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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

(3) Investment in Joint Ventures, continued

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.

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 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 Year Ended June 30, 2020

(5) Capital Assets

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	<u>6,777,145</u>	<u>5,277,649</u>	<u>(7,563,824)</u>	<u>4,490,970</u>
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	<u>11,281,571</u>	<u>638,298</u>	<u>(7,437)</u>	<u>11,912,432</u>
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	<u>(4,857,742)</u>	<u>(639,754)</u>	<u>4,435</u>	<u>(5,493,061)</u>
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 Year Ended June 30, 2020

(5) Capital Assets

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:

	2020	2019
Construction-in-progress:		
Developer projects	\$ 2,469,498	2,976,302
System modifications	516,221	2,813,430
General projects	1,379,019	888,271
Vehicles and equipment	112,146	49,046
Various small projects under \$100,000	14,086	50,096
Total construction-in-progress	\$ 4,490,970	6,777,145

(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:

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

(7) Long-term Debt

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

	Balance 2019	Additions/ Deletions	Principal Payments	Balance 2020
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	\$ 16,426,266			15,809,151

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

(7) Long-term Debt, continued

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 1st 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.

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>
2021	\$ 510,000	720,000	1,230,000
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
2026-2030	3,610,000	2,550,250	6,160,250
2031-2035	4,610,000	1,552,750	6,162,750
2036-2038	<u>3,355,000</u>	<u>341,000</u>	<u>3,696,000</u>
Total	14,400,000	<u>7,775,500</u>	<u>22,175,500</u>
Premium	1,919,151		
Current	<u>(510,000)</u>		
Non-current	<u>\$ 15,809,151</u>		

(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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

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.

Employees Covered by Benefit Terms

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

	2020
Inactive employees or beneficiaries currently receiving benefit payments	40
Active employees	54
Total plan membership	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:

	2020
Contributions premium payment – employer	\$ 675,417
Contributions to trust by – employer	750,969
Total employer paid contributions	\$ 1,370,702

As of June 30 2020, employer pension contributions of \$1,370,702 were reported as deferred outflows of resources related to contributions subsequent to the measurement date. Of the reported contributions \$675,417 will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021. The remaining balance of \$750,969 at June 30, 2020 will be recognized as a contribution towards the District's fiduciary net position at June 30, 2021.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 2019 actuarial valuation, which was measured at June 30, 2018, was 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.

Discount Rate

As of June 30 2020, the discount rate used to measure the net OPEB liability was 6.25 percent. 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

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
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

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, 2020, the discount rate comparison was the following:

	<u>Discount Rate 1% Lower</u>	<u>Valuation Discount Rate</u>	<u>Discount Rate 1% Higher</u>
Net OPEB liability	\$ 7,737,673	5,314,868	3,347,654

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

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, 2020, the healthcare cost trend rate comparison was the following:

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB liability	\$ 3,105,351	5,314,868	8,063,657

For the year ended June 30, 2020, the District recognized OPEB expense of \$655,281.

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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 1,426,386	-
Change of assumptions	395,322	-
Difference between expected and actual experience	215,760	-
Net difference between projected and actual earnings on investments	158,511	-
Total	\$ 2,195,979	-

At June 30, 2020, 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.

Fiscal Year Ending June 30,	Deferred Net Outflows(Inflows) of Resources
2021	\$ 81,891
2022	81,892
2023	128,585
2024	126,175
2025	65,008
Thereafter	286,042

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

Schedules of Changes in the District's Net OPEB Liability and Related Ratios

Schedules of Other Post-Employment Benefits Plan Contributions

See pages 64 and 65 for the Required Supplementary Schedules.

(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, 2020, 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	7.954%	6.906%	7.250%
Required employer contribution rates	14.334%	11.120%	7.191%

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 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 year ended June 30, the contributions recognized as part of pension expense for the Plan was as follows:

	2020
Contributions – employer	\$ 1,464,186

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:

	2020
Proportionate share of net pension liability	\$ 14,301,343

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, 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, 2018, rolled forward to June 30, 2019, 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:

	Proportionate Share
Proportion – June 30, 2018	0.13653 %
Changes in proportion	0.00304
Proportion – June 30, 2019	0.13957 %

As a result of the implementation of the GASB 68 pronouncement at June 30, 2020, the District recognized pension expense of \$2,821,933.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

(9) Defined Benefit Pension Plan, continued

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>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date at June 30	\$ 1,464,186	-
Net, differences between actual and expected experience	916,324	-
Net, changes in assumptions	440,205	-
Net, differences between projected and actual earnings on plan investments	-	(250,031)
Net, differences between actual contribution and proportionate share of contributions	-	(458,576)
Net, change due to differences in proportion of net pension liability	<u>177,950</u>	<u>-</u>
Total	<u>\$ 2,998,665</u>	<u>(708,607)</u>

As of June 30, 2020, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$1,464,186 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

As a result of the implementation of the GASB 68 at June 30, 2020, 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>
2021	\$ 820,846
2022	(124,202)
2023	94,768
2024	34,460
2025	-
Thereafter	-

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

(9) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities were determined as of June 30, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 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 – 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 – 1997–2015
Post Retirement Benefit	2019 – 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 Year Ended June 30, 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, 2020, 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 %	5.98 %
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, 2020, the discount rate comparison was the following:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
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 66 and 67 for the Required Supplementary Schedules.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

(9) Defined Benefit Pension Plan, continued

Payable to the Pension Plan

As of June 30, 2020, the District reported no payables for the outstanding amount of contribution to the pension plan, respectively.

(10) Net Position

Calculation of net position as of June 30 was as follows:

	2020
Net investment in capital assets:	
Capital assets, net	\$ 112,601,859
Bond payable, current	(510,000)
Bond payable, non-current	(13,890,000)
Bond premium	(1,919,151)
Less debt related to PBWA:	
Bond payable, current	260,222
Bond payable, non-current	7,087,234
Bond premium	979,228
Total investment in capital assets	104,609,392
Restricted net position:	
Unspent bond proceeds	1,823,556
Reservoir capacity charge	2,427,650
Acreage supply charge	332,096
Investment in joint venture – PBWA	16,980,625
Investment in joint venture – Spadra	12,370
Badillo Grand surcharge	291,636
Water supply charge	2,323,122
Total restricted net position	24,191,055
Unrestricted net position:	
Operating reserve	(9,578,076)
Replacement	14,816,544
Capital improvements	1,557,688
Employee liabilities	2,012,024
Rate stabilization	1,543,125
Project reserve	967,232
Badillo Grand catastrophic insurance	500,000
Stored water	332,000
Total unrestricted net position	12,150,537
Total net position	\$ 140,950,984

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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

(10) Net Position, continued

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.

(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 ICMA-RC at June 30, 2020, amounted to \$7,757,196.

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, 2020, 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: 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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

(12) Risk Management, continued

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

- Cyber Liability: Including Cyber Security up to \$3,000,000 per occurrence and \$5,000,000 Aggregate Limit. Cyber Liability Deductible varies from \$10,000 to \$50,000 depending on Agency Revenue.
- Employee Dishonesty/Crime Supplement: Covered up to \$3,000,000 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, 2020, 2019 and 2018. 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, 2020, 2019 and 2018.

(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 Year Ended June 30, 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, 2020, 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. 84

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

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

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

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. 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.

Walnut Valley Water District
Notes to the Basic Financial Statements, continued
For Fiscal Year Ended June 30, 2020

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

Governmental Accounting Standards Board Statement No. 89, continued

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

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

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

Governmental Accounting Standards Board Statement No. 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 Year Ended June 30, 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 Year Ended June 30, 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 Year Ended June 30, 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 Year Ended June 30, 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, 2020, the District's open balance of construction contract commitments is \$65,007, shown as follows:

Funding Source / Project Purpose	Project Name	Total Approved Contract	Construction Costs to Date	Balance to Complete
Capital	Ballena Drive 1050 Main Extension and 1200 Main Abandonment	\$ 81,281	(69,578)	11,703
Developer	Recycled Water Booster Pump Station	769,795	(762,580)	7,215
Replacement	Ridgecrest Reservoirs Recoating	56,900	(10,811)	46,089
		<u>\$ 907,976</u>	<u>(842,969)</u>	<u>65,007</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.

COVID-19 Pandemic

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.

(18) Subsequent Events

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of January 19, 2021, which is the date the financial statements were available to be issued.

Required Supplementary Information

Board Presentation version Subject to Approval

Board Presentation version Subject to Approval

Walnut Valley Water District
Schedules of the Changes in Net OPEB Liability and Related Ratios
As of June 30, 2020
Last Ten Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability			
Service cost	\$ 206,277	207,344	200,817
Interest	955,638	912,011	877,856
Employer contributions	-	-	-
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	261,666	-
Changes of assumptions or other inputs	-	479,432	-
Benefit payments	<u>(700,097)</u>	<u>(588,894)</u>	<u>(514,282)</u>
Net change in total OPEB liability	461,818	1,271,559	564,391
Total OPEB liability – beginning	<u>15,640,256</u>	<u>14,368,697</u>	<u>13,804,306</u>
Total OPEB liability – ending	<u><u>16,102,074</u></u>	<u><u>15,640,256</u></u>	<u><u>14,368,697</u></u>
Plan fiduciary net position			
Contribution – employer	1,789,827	1,684,754	1,662,734
Net investment income	282,591	494,962	625,506
Benefit payments	(700,097)	(588,894)	(514,282)
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,372,321	1,590,822	1,773,958
Plan fiduciary net position – beginning	<u>9,414,885</u>	<u>7,824,063</u>	<u>6,050,105</u>
Plan fiduciary net position – ending	<u><u>10,787,206</u></u>	<u><u>9,414,885</u></u>	<u><u>7,824,063</u></u>
Net OPEB liability	<u>\$ 5,314,868</u>	<u>6,225,371</u>	<u>6,544,634</u>
Covered payroll	<u>\$ 5,203,041</u>	<u>4,900,008</u>	<u>5,313,725</u>
Total OPEB liability as a percentage of covered payroll	<u>102.15%</u>	<u>127.05%</u>	<u>123.16%</u>

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, 2020
Last Ten Years*

Description	Fiscal Years Ended		
	6/30/2020	6/30/2019	6/30/2018
Actuarially determined contribution	\$ 1,789,827	1,684,754	1,662,734
Contributions in relation to the actuarially determined contribution	(1,789,732)	(1,703,516)	(1,662,734)
Contribution deficiency(excess)	\$ 95	(18,762)	-
District's covered payroll	\$ 5,148,856	5,203,041	4,900,008
Contribution's as a percentage of covered payroll	34.76%	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.

Working Draft Subject to Review

Walnut Valley Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2020
Last Ten Years*

Description	Measurement Dates					
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of the net pension liability	0.13957%	0.13653%	0.13506%	0.13391%	0.13080%	0.11033%
District's proportionate share of the net pension liability	\$ 14,301,343	13,156,366	13,394,625	11,587,515	8,978,245	6,865,131
District's covered payroll	\$ 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	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	73.63%	74.67%	73.08%	74.36%	78.96%	83.03%

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 Pension Plan Contributions
As of June 30, 2020
Last Ten Years***

Description	Fiscal Years Ended					
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	\$ 1,630,495	1,411,486	1,165,468	1,097,578	989,754	790,287
Contributions in relation to the actuarially determined contribution	<u>(1,464,186)</u>	<u>(1,307,070)</u>	<u>(1,163,663)</u>	<u>(1,120,609)</u>	<u>(989,754)</u>	<u>(790,287)</u>
Contribution deficiency(excess)	\$ <u>166,309</u>	<u>104,416</u>	<u>1,805</u>	<u>(23,031)</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ <u>5,148,856</u>	<u>4,884,068</u>	<u>5,168,829</u>	<u>4,856,448</u>	<u>4,868,910</u>	<u>4,653,252</u>
Contribution's as a percentage of covered payroll	<u>31.67%</u>	<u>28.90%</u>	<u>22.55%</u>	<u>22.60%</u>	<u>20.33%</u>	<u>16.98%</u>

Note:

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

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Board Presentation version Subject to Approval

Statistical Section

Board Presentation version Subject to Approval

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**Walnut Valley Water District
Statistical Section**

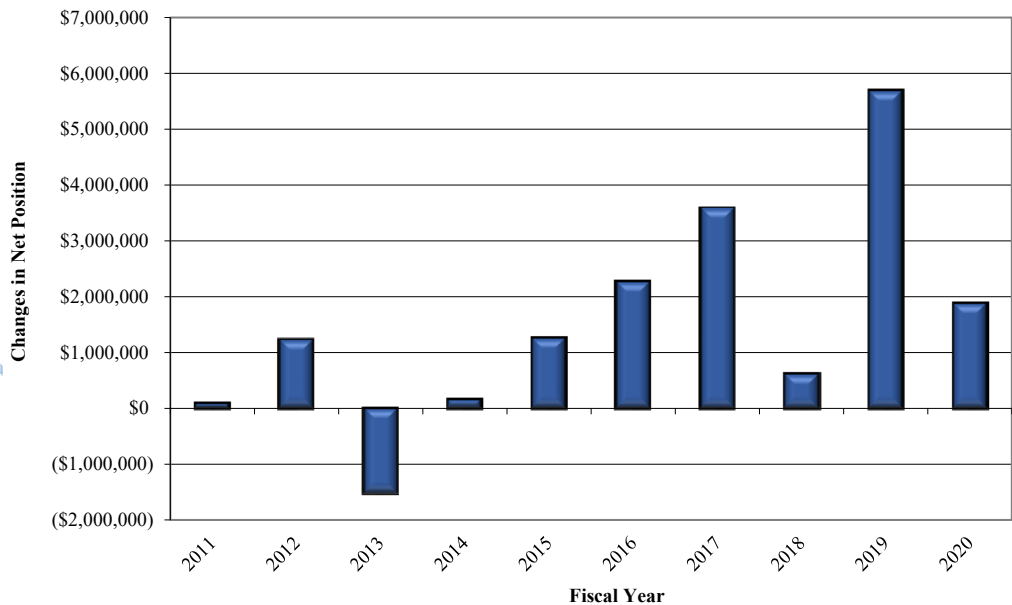
This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the District’s overall financial health.

Table of Contents

	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	71-74
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant own-source revenue, water sales.	75-78
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.	79-80
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	81
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.	82-83

Walnut Valley Water District Changes in Net Position and Net Position by Component Last Ten Fiscal Years

	Fiscal Year		
	2011	2012	2013
Changes in net position:			
Operating revenues (see Schedule 2)	\$ 26,125,965	27,804,837	31,331,491
Operating expenses (see Schedule 3)	(25,747,227)	(27,538,255)	(30,275,622)
Depreciation and amortization	(4,213,217)	(4,253,343)	(4,274,258)
Operating income (loss)	(3,834,479)	(3,986,761)	(3,218,389)
Non-operating revenues (expenses)			
Property taxes	762,158	776,715	816,200
Rental income – cellular site leases	230,585	244,391	251,527
Investment income	786,777	769,758	150,885
Share in investment in joint venture income (loss)	-	81,417	(37,518)
Amounts received for annexation	-	-	-
Gain (Loss) on disposition of assets	201,011	5,404	20,580
Contributions to other agencies	-	-	(596,632) ⁽²⁾
Interest expense	(544,168) ⁽¹⁾	-	-
Other revenue (expense), net	223,279	261,905	134,049
Total non-operating revenues (expenses), net	1,659,642	2,139,590	739,091
Net income (loss) before capital contributions	(2,174,837)	(1,847,171)	(2,479,298)
Capital contributions	2,262,992	3,072,987	955,821
Changes in net position	\$ 88,155	1,225,816	(1,523,477)
Net position by component:			
Net investment in capital assets	\$ 96,082,113	100,132,080	102,759,463
Restricted	8,055,458	7,480,154	6,490,227
Unrestricted	40,096,105	37,847,258	36,425,328
Total net position	\$ 144,233,676	145,459,492	145,675,018



Notes:

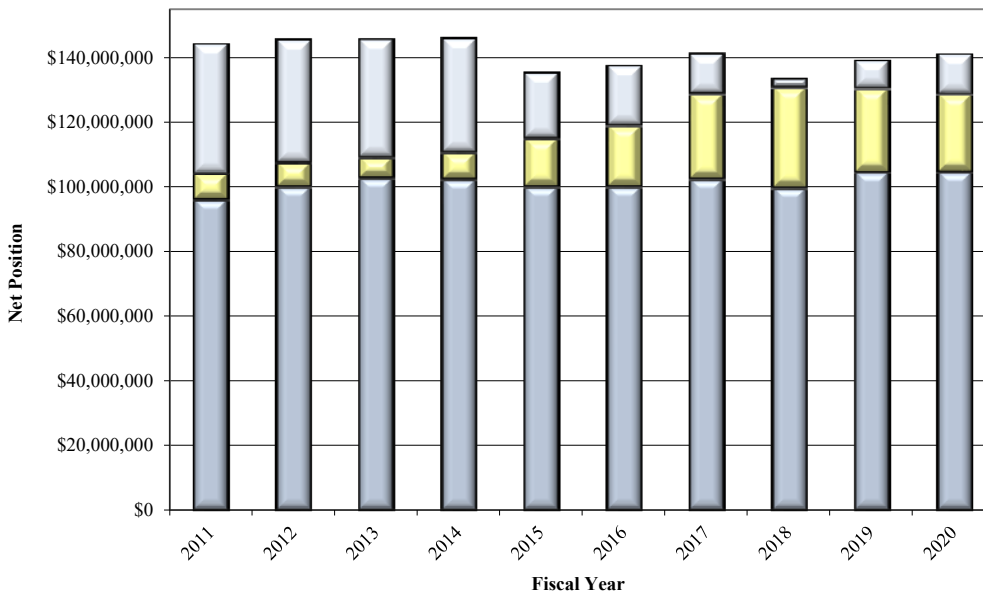
- (1) In FY10/11 made final payment for District's 1998 Certification of Participation.
- (2) The decrease in Contributions to other agencies due to a contribution for joint capital project.
- (3) Started with FY 13/14 expenses included the 2013 Series A Water Revenue Bonds interest.
- (4) The increase in Contributions from other agency for joint venture due to a 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

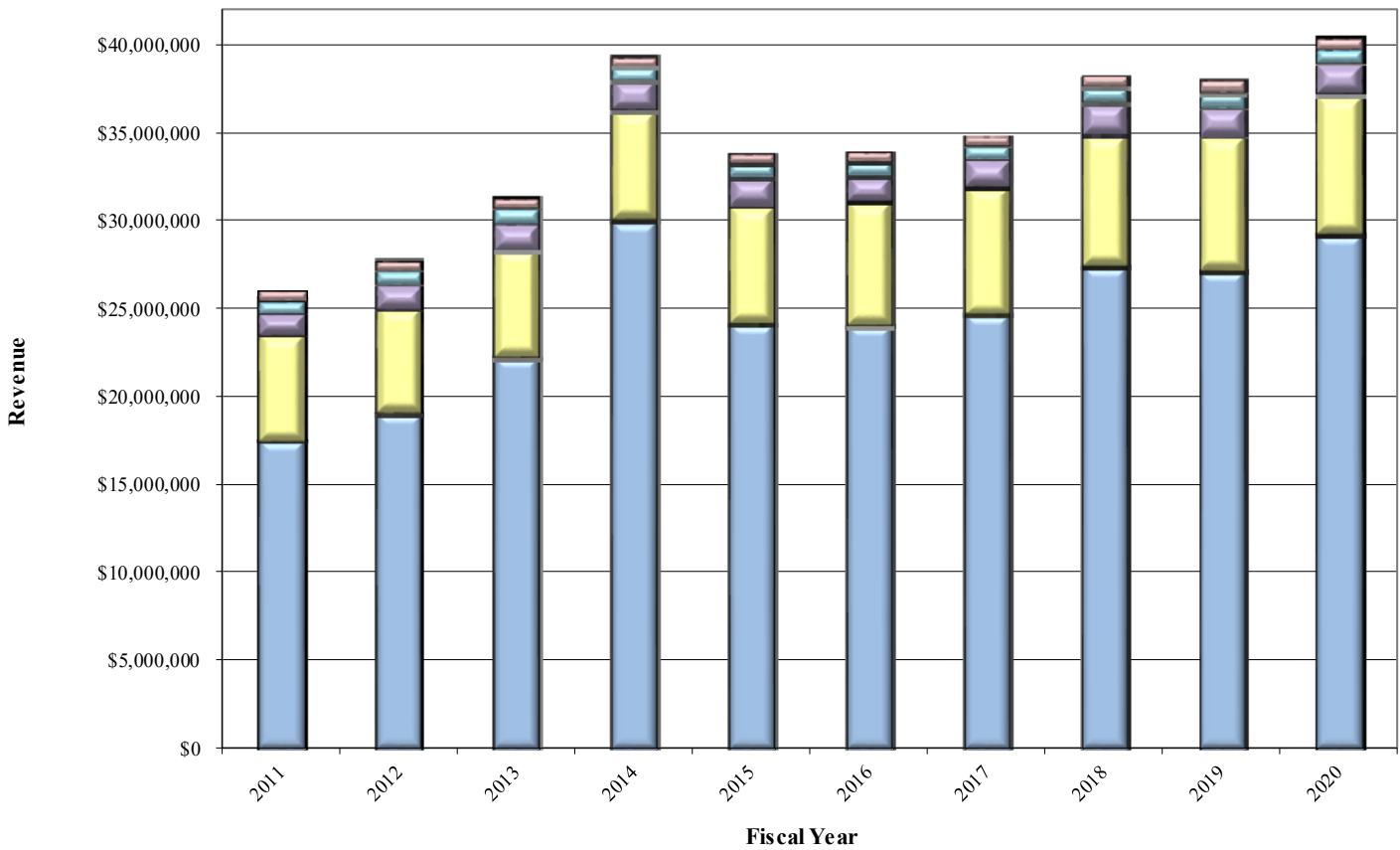
Fiscal Year						
2014	As Restated 2015	2016	2017	As Restated 2018	2019	2020
39,351,318	33,854,771	33,924,726	34,916,303	38,210,311	37,912,508	40,456,434
(36,219,892)	(30,261,703)	(30,721,847)	(31,827,660)	(35,341,232)	(34,149,759)	(38,205,724)
<u>(4,484,973)</u>	<u>(5,303,916)</u>	<u>(5,021,533)</u>	<u>(5,109,038)</u>	<u>(5,286,808)</u>	<u>(5,219,938)</u>	<u>(5,455,123)</u>
<u>(1,353,547)</u>	<u>(1,710,848)</u>	<u>(1,818,654)</u>	<u>(2,020,395)</u>	<u>(2,417,729)</u>	<u>(1,457,189)</u>	<u>(3,204,413)</u>
842,519	950,932	943,033	985,113	999,707	1,098,378	1,162,465
260,091	270,105	284,011	277,607	284,849	298,104	318,148
481,929	416,825	824,415	1,635	122,673	2,069,109	2,009,604
(28,086)	4,737	315,763	(8,092)	(139,606)	874,098	180,329
-	-	1,065,457 ⁽⁴⁾	-	-	-	-
8,502	(66,950)	(129,390)	(85,825)	(798,859) ⁽⁵⁾	18,098	(39,748)
(692,868)	-	-	-	-	-	-
(422,882) ⁽³⁾	(422,504)	(377,577)	(386,321)	(676,951)	(658,698)	(635,343)
280,157	440,930	210,384	271,605	283,851	316,717	512,942
<u>729,362</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>3,508,397</u>
(624,185)	(116,773)	1,317,442	(964,673)	(2,342,065)	2,558,617	303,984
780,994	1,373,775	946,623	4,545,716	2,950,904	3,116,814	1,574,591
<u>156,809</u>	<u>1,257,002</u>	<u>2,264,065</u>	<u>3,581,043</u>	<u>608,839</u>	<u>5,675,431</u>	<u>1,878,575</u>
102,351,576	100,091,614	100,096,835	102,444,898	99,730,658	104,543,390	104,609,392
8,361,253	14,950,173	18,983,396	26,408,666	31,189,404	25,986,720	24,191,055
35,118,998	20,179,472	18,405,093	12,212,803	2,476,916	8,542,299	12,150,537
<u>145,831,827</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>140,950,984</u>



Walnut Valley Water District Operating Revenue by Source Last Ten Fiscal Years

Schedule 2

Fiscal Year	Water Sales	Meter Charges	Recycled Water Sales	Standby Charges	Hydroelectric Sales	Other Water Charges	Total Operating Revenue
2011	\$ 17,528,801	6,037,799	1,220,266	823,633	36,374	479,092	26,125,965
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

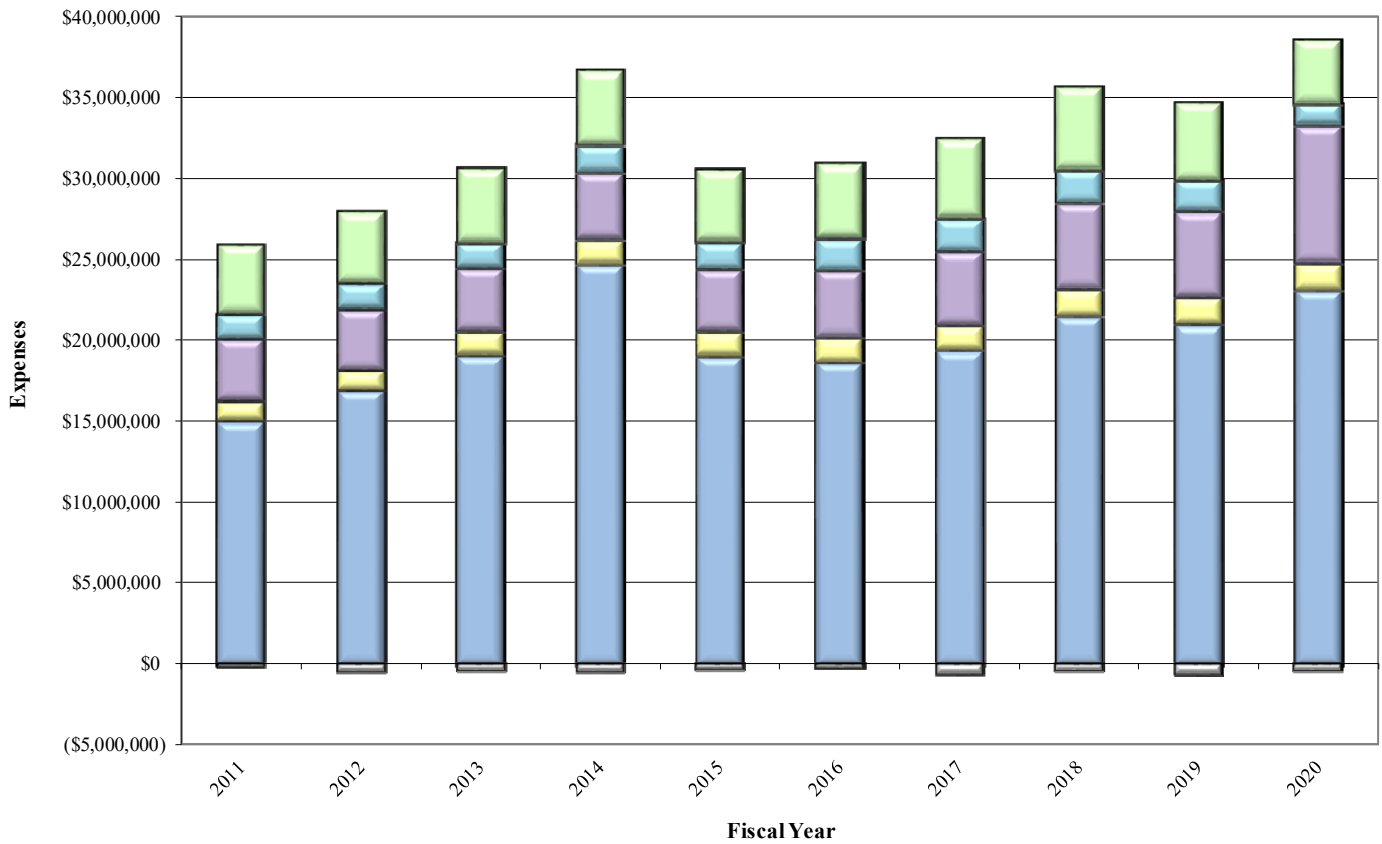


Source: Walnut Valley Water District Accounting Department

Walnut Valley Water District Operating Expenses by Activity Last Ten Fiscal Years

Schedule 3

Fiscal Year	Source of Supply	Pumping	Transmission and Distribution	Consumer Accounts	General and Administrative	Operating Exp. Capitalized during Constr. Period	Total Operating Expenses
2011	\$ 15,015,996	1,279,306	3,829,610	1,547,628	4,306,994	(232,307)	25,747,227
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	2,091,773	5,165,822	(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

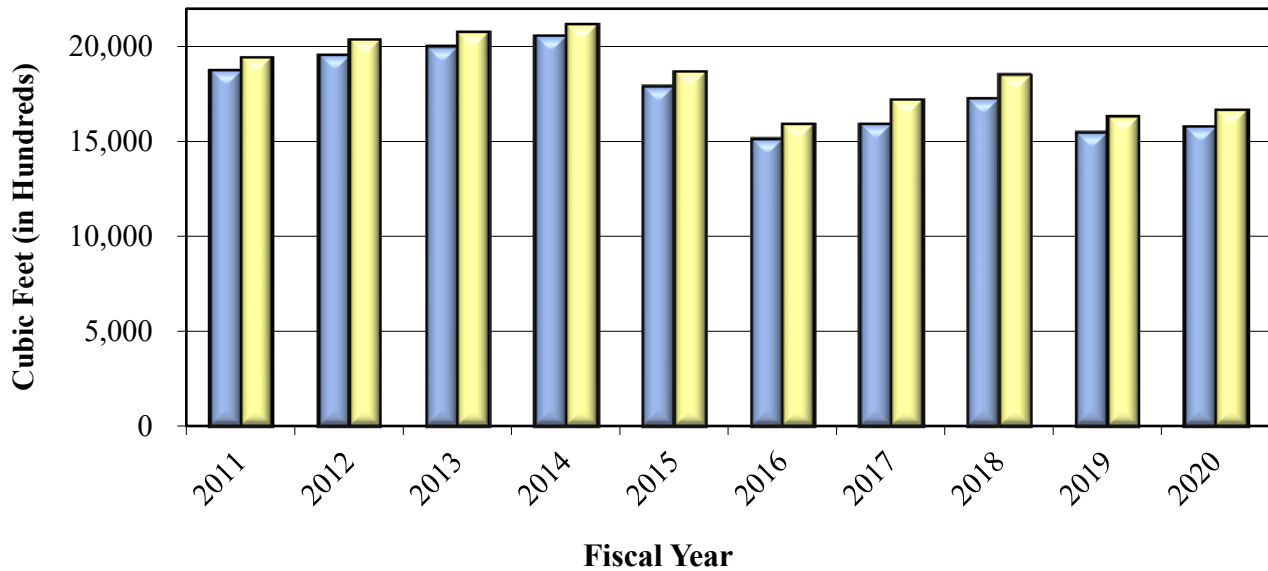


Source: Walnut Valley Water District Accounting Department

**Walnut Valley Water District
Revenue Base
Last Ten Fiscal Years**

Schedule 4

Fiscal Year	Water Sales (Acre Feet) ⁽¹⁾	Water Produced (Acre Feet) ⁽¹⁾
2011	18,745	19,422
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



Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

Source: Walnut Valley Water District Accounting Department

**Walnut Valley Water District
Revenue Rates⁽¹⁾
Last Ten Fiscal Years**

Schedule 5

**Commodity Rates
Fiscal Year**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential - Tier 1 (per HCF)	\$ 1.75	1.92	2.16	2.46	2.69	2.85	2.97	3.16	3.27	2.94
Residential - Tier 2 (per HCF)	2.19	2.40	2.70	3.08	3.08	3.25	3.39	3.58	3.69	3.93
Residential - Tier 3 (per HCF)	2.19	2.40	2.70	3.08	3.08	3.25	3.39	3.58	3.69	4.52
Multi-Family (per HCF)	2.23	2.32	2.56	2.77	2.89	3.06	3.19	3.38	3.49	3.36
Non-Residential (per HCF)	2.34	2.39	2.61	2.81	2.95	3.12	3.25	3.44	3.55	3.56
Recycled (per HCF)	1.49	1.49	1.49	1.49	1.56	1.63	1.71	1.79	1.88	1.87
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	0.18	0.19	0.19	0.19	0.20	0.21	0.22	0.24
Pump Zone - Zone 3 (per HCF)	0.33	0.33	0.34	0.35	0.36	0.37	0.39	0.34	0.42	0.44

**Meter Charge Fees per Month
Fiscal Year**

<u>Meter Size</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
All District Accounts:										
3/4" or smaller	\$ 16.03	16.03	16.33	17.08	18.29	18.87	19.43	20.00	20.54	20.67
1"	20.21	20.21	20.75	21.60	23.04	23.77	24.47	25.20	25.88	32.60
1 1/2"	42.74	42.74	44.64	46.18	54.43	56.17	57.82	59.53	61.14	62.42
2"	65.25	65.25	68.51	70.73	71.07	73.34	75.51	77.73	79.84	98.20
3"	118.67	118.67	125.12	128.92	145.53	150.17	154.60	159.17	163.48	193.64
4"	194.78	194.78	205.80	211.86	229.30	236.63	243.61	250.80	257.59	301.00
6"	380.43	380.43	402.72	414.54	435.87	449.79	463.07	476.74	489.65	599.22
8"	603.79	603.79	639.61	658.34	671.11	692.54	712.98	734.02	753.90	957.09

Notes:

(1) Rates as of June 30 of each fiscal year.

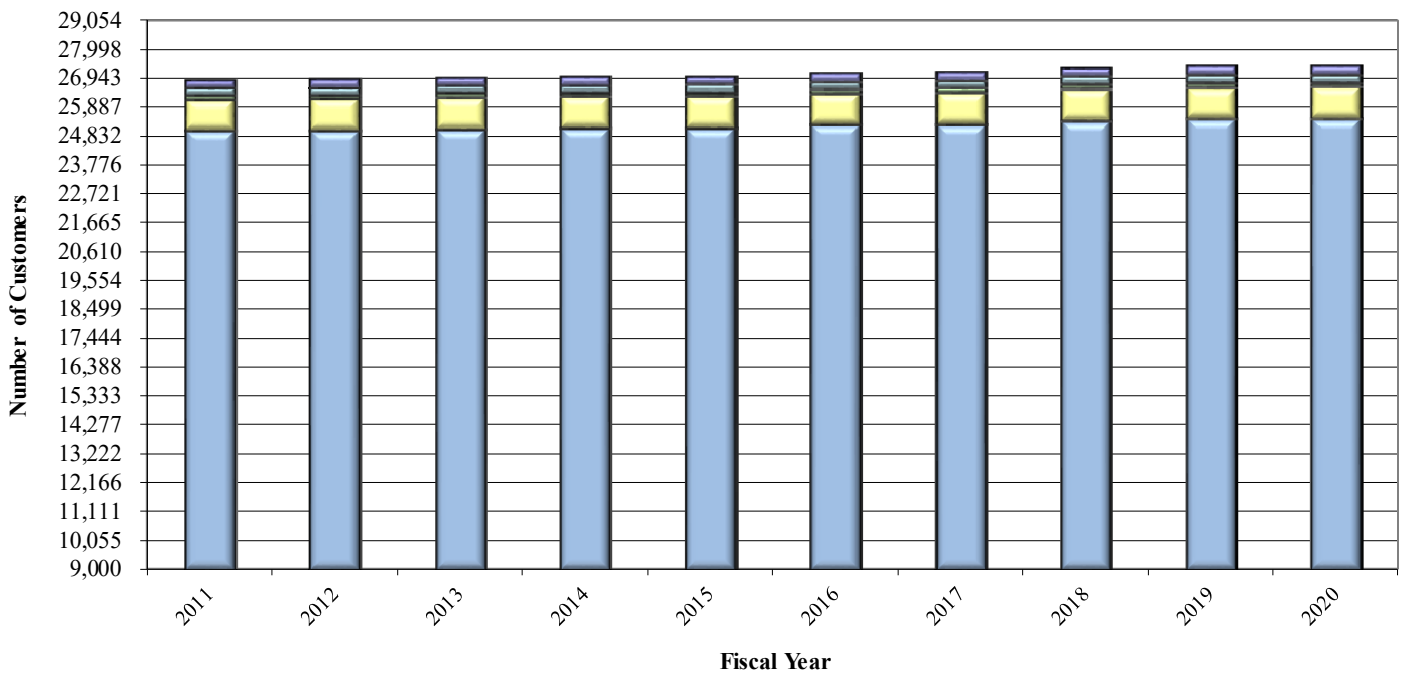
Source: Walnut Valley Water District Board of Directors approved rate ordinances and resolutions

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**Walnut Valley Water District
Customers by Type
Last Ten Fiscal Years**

Schedule 6

Fiscal Year	Customer Type					Total
	Residential	Commercial/ Industrial	Mult-user	Government	Recycled	
2011	25,041	1,156	158	256	283	26,894
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



Note: Number of customers as of June 30 of fiscal year.

Source: Walnut Valley Water District Accounting Department

Board Present

**Walnut Valley Water District
Principal Customers
Current Fiscal Year and Ten Years Ago**

Schedule 7

Rank	Customer	2020		Rank	2011	
		Water Consumed (AF)	Percentage of Total		Water Consumed (AF)	Percentage of Total
1	City of Diamond Bar	269	22.6%	1	235	20.2%
2	Montefino Homeowners Assoc.	236	19.8%	2	216	18.6%
3	Diamond Bar Tennis Club HOA	133	11.2%	5	127	10.9%
4	Pomona Unified School Dist	128	10.8%	4	134	11.5%
5	Walnut Unified School Dist	116	9.8%	3	168	14.4%
6	Diamond Hills Ranch	67	5.6%	-	-	-
7	City Of Walnut	63	5.3%	8	55	4.7%
8	Fall Creek Homeowners Assoc	63	5.3%	-	-	-
9	Cimarron Oaks Village No 5	62	5.2%	6	69	5.9%
10	Cimarron Oaks Tract 43756-11	52	4.4%	-	-	-
-	Apple Managment Inc.	-	-	7	55	4.7%
-	Diamond Bar Vllg Association	-	-	9	52	4.5%
-	Sunset Crossing H O A	-	-	10	52	4.5%
	Total	1,189	100.00%		1,163	100.00%
	Total Water Consumed (AF)	15,751	100.00%		18,745	100.00%
	Percentage of Total	7.5%			6.2%	

AF = Acre Feet

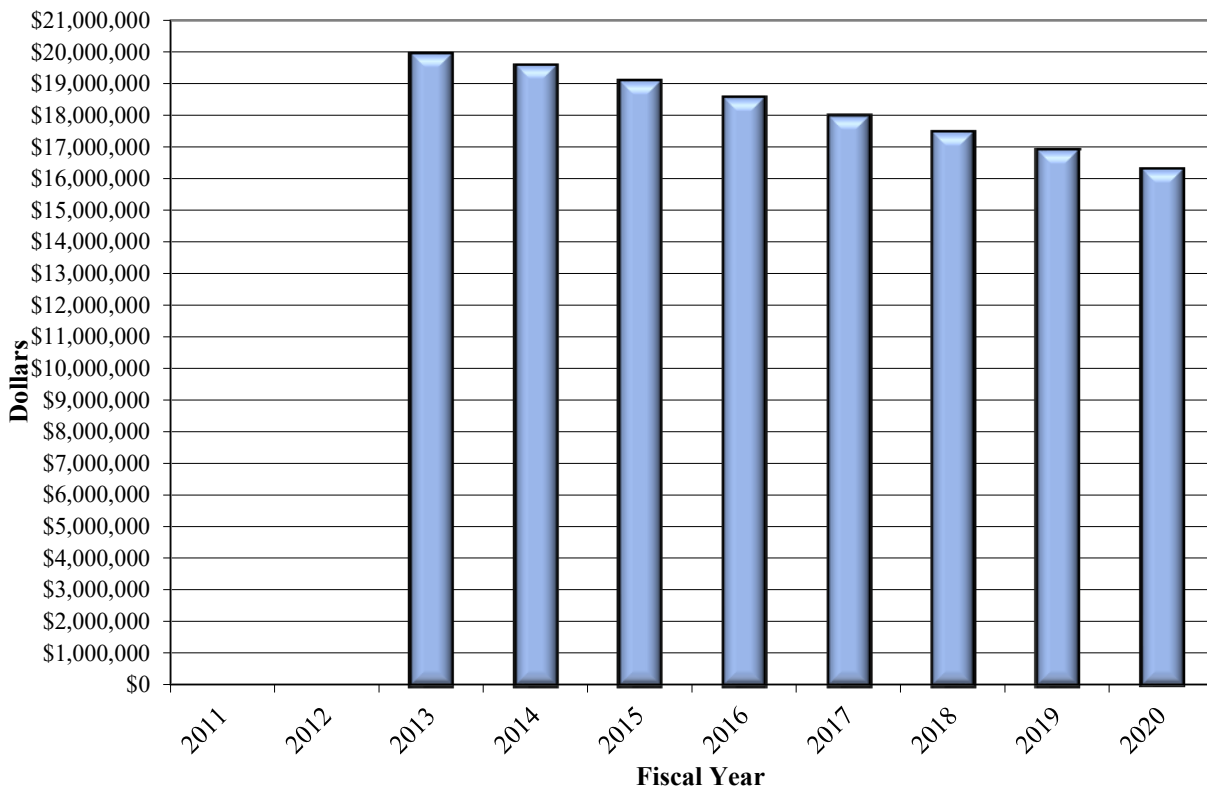
Source: Walnut Valley Water District Accounting Department

Board Presentation version Subject to Approval

**Walnut Valley Water District
Ratio of Outstanding Debt
Last Ten Fiscal Years**

Schedule 8

<u>Fiscal Year</u>	<u>Bonds Payable</u>	<u>Total Debt</u>	<u>Per Capita</u>	<u>As a Share of Personal Income</u>
2011	\$ -	-	-	0.00%
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	18,004,497	18,004,497	174.01	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%



Source: Walnut Valley Water District Accounting Department

**Walnut Valley Water District
Debt Coverage
Last Ten Fiscal Years**

Schedule 9

Fiscal Year	Net Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2011	\$ 28,128,764	(25,979,534)	2,149,230	-	-	-	0.00
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	4.73
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

- 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.

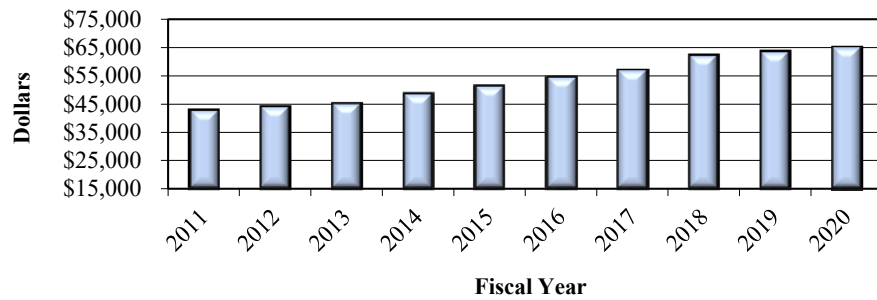
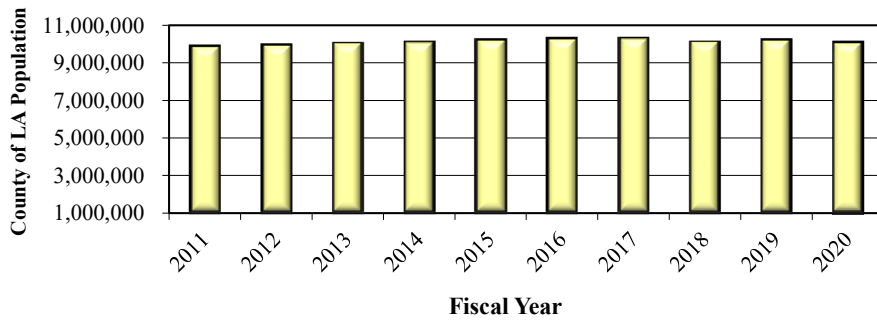
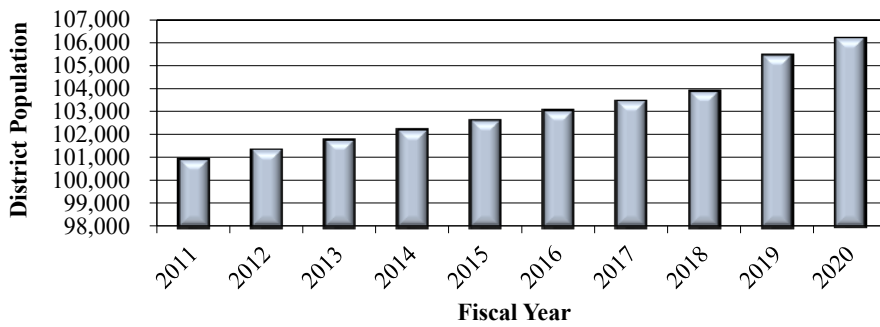
Source: Walnut Valley Water District Accounting Department

Board Presentation version Subject to Approval

Walnut Valley Water District Demographic and Economic Statistics Last Ten Fiscal Years

Schedule 10

Year	District Population	Unemployment Rate	County of Los Angeles ⁽¹⁾		
			Population	Personal Income (thousands of dollars)	Personal Income per Capita
2011	100,928	12.3%	9,858,000	\$ 420,900,000	42,696
2012	101,352	11.1%	9,912,000	435,300,000	43,916
2013	101,775	9.8%	10,019,000	451,100,000	45,024
2014	102,199	8.2%	10,069,000	487,900,000	48,456
2015	102,622	6.9%	10,192,000	521,900,000	51,207
2016	103,045	5.1%	10,240,000	557,382,000	54,432
2017	103,469	4.6%	10,278,000	585,515,000	56,968
2018	103,892	4.6%	10,106,000	628,809,000	62,221
2019	105,469	4.4%	10,184,000	646,400,000	63,472
2020	106,213	12.1%	(2) 10,039,107	653,482,910	65,094



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

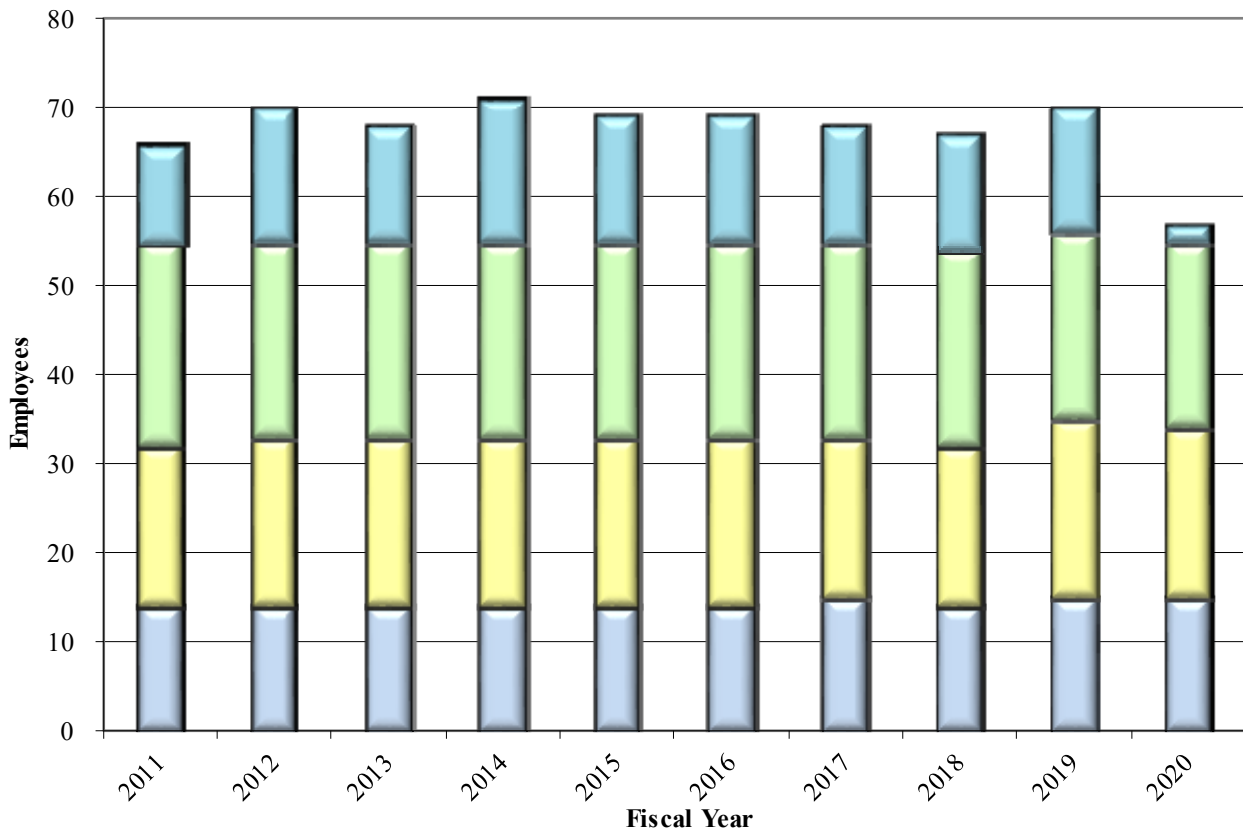
**Walnut Valley Water District
Full-Time Equivalent Employees
Last Ten Fiscal Years**

Schedule 11

Full-time Equivalent District Employees by Department

Fiscal Year	District Administration	Office and Engineering	Operations	Part-time/ Student Intern	Total
2011	14	18	23	11	66
2012	14	19	22	15	70
2013	14	19	22	13	68
2014	14	19	22	16	71
2015	14	19	22	14	69
2016	14	19	22	14	69
2017	15	18	22	13	68
2018	14	18	22	13	67
2019	15	20	21	14	70
2020	15	19	21	2	57

Not to Approval



Source: Walnut Valley Water District Accounting Department

**Walnut Valley Water District
Operating and Capacity Indicators
Last Ten Fiscal Years**

Schedule 12

Other Operating and Capacity Indicators

Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Storage Capacity (MG)	Production Capacity (MGD)	Reservoirs	Booster Pump Stations	Pressure Regulating Stations	Fire Hydrants
2011	29	499	92.5	17.6	30	17.0	48.0	2,983
2012	29	501	93.8	18.4	31	17.0	48.0	2,990
2013	29	502	93.8	18.7	31	18.0	48.0	2,993
2014	29	504	93.8	18.3	31	18.0	48.0	3,008
2015	29	505	93.8	14.8	31	17.0	48.0	3,013
2016	29	506	93.8	15.0	31	17.0	48.0	3,031
2017	29	506	93.8	16.0	31	17.0	47.0	3,035
2018	29	506	93.8	15.8	31	17.0	45.0	3,050
2019	29	510	93.8	14.0	31	17.0	43.0	3,055
2020	29	510	93.8	13.4	31	18.0	42.0	3,055

MG - Millions of Gallons

MGD - Millions of Gallons per Day

Source: Walnut Valley Water District Engineering Department

Board Presentation version Subject to Approval

Report on Internal Controls and Compliance

Board Presentation version Subject to Approval

Board Presentation version Subject to Approval

**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, 2020, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated January 19, 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
January 19, 2021

Board Presentation version Subject to Approval



**Walnut Valley Water District
Debt Service Coverage Requirement
Agreed Upon Procedures**

**Fiscal Year Ended June 30, 2020
(With Independent Accountant's Report Thereon)**

Board Presentation version

Walnut Valley Water District

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Board Presentation version

Independent Accountant's Report on Applying Agreed-Upon Procedures

Mr. Brian Teuber
Assistant 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, 2020 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, 2020. 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
January 19, 2021

Board Presentation version

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, 2020</u>
Revenues:	
Operating revenue	\$ 40,456,434
Other revenue	<u>2,754,455</u>
Total system revenues	<u>43,210,889</u>
Operating expenses:	
Operations and maintenance expenses	<u>(36,868,845)</u>
Total system expenses	<u>(36,868,845)</u>
Net revenue	<u>\$ 6,342,044</u>
Annual debt service requirement:	
Principal	\$ 490,000
Interest	<u>744,500</u>
Annual debt service requirement	1,234,500
Annual coverage percentage requirement	<u>125%</u>
Annual coverage requirement	<u>1,543,125</u>
Less – Net revenue	6,342,044
Excess of net revenue over annual coverage requirement	<u>\$ 4,798,919</u>
Actual coverage percentage	513.73%

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: Accounting Manager
DATE: January 19, 2021
SUBJECT: P-W-R Joint Water Line, Puente Basin Water Agency, and Spadra Basin Groundwater Sustainability Agency Audits for Fiscal Year Ending June 30, 2020

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board receive and file the attached:

- A. Pomona-Walnut-Rowland Joint Water Line Commission Audit Report for the Year-ended June 30, 2020;
- B. Puente Basin Water Agency Audit Report for the Year-ended June 30, 2020; and the
- C. Spadra Basin Groundwater Sustainability Agency for the Year-ended June 30, 2020

Background Information

The Walnut Valley Water District is a party to Pomona-Walnut-Rowland Joint Water Line Commission (PWR), Puente Basin Water Agency (PBWA), and Spadra Basin Groundwater Sustainability Agency (Spadra). Because each of these entities is an integral part of the District's operations, and is funded in part and also staffed by the District, the recommendation is that the audit report for these three entities be formally received and filed by the District's Board of Directors. It should be noted that each report was reviewed, and approved by each of the respective entities.

The PWR approved the audited financial statements on October 8, 2020.

The PBWA approved the audited financial statements on December 10, 2020.

The Spadra Executive Committee approved the audited financial statements on January 4, 2021.

Attachments as noted

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

Annual Financial Report

For the Fiscal Year Ended June 30, 2020

**Pomona-Walnut-Rowland Joint Water Line Commission
Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

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Financial Section



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

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Independent Auditor's Report

Board of Commissioners
Pomona-Walnut-Rowland Joint Water Line Commission
Rowland Heights, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission), which comprises the statement of net position as of June 30, 2020, and the related statement of revenues, expenses, and changes in net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report, continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Pomona-Walnut-Rowland Joint Water Line Commission as of June 30, 2020, and the respective changes in net position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The supplemental information schedules on pages 24 and 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Independent Auditor's Report, continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020, on our consideration of the Commission'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 Commission's internal control over financial reporting and compliance. This report can be found on pages 26 and 27.

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

Fedak & Brown LLP
Cypress, California
October 8, 2020

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Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019

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

Financial Highlights

For the fiscal year ended June 30, 2020 the Commission's:

- Net position increased 1.75% or \$53,070 to \$3,094,162.
- Operating revenues increased 2.15% or \$386,871 to \$18,368,856.
- Non-operating revenues decreased 11.51% or \$4,066 to \$31,274.
- Operating expenses increased 2.25% or \$404,147 to \$18,362,831.
- Capital contributions had no change from 2019 to 2020.

Required Financial Statements

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

The Statement of Net Position includes all of the Commission's investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for evaluating the results of operations, evaluating the capital structure of the Commission, and assessing the liquidity and financial flexibility of the Commission. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Commission's operations over the past year and can be used to determine if the Commission has successfully recovered all of its costs through its water sales and other charges to its member agencies. In addition to tracking cost recovery performance, this statement can also be used to evaluate the results of operations and creditworthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Commission's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Commission

One of the most important questions asked about the Commission's finances is, "Is the Commission better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Commission in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019

Financial Analysis of the Commission, continued

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

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 13 through 23.

Statements of Net Position

Condensed Statements of Net Position			
	2020	2019	Change
Assets:			
Current assets	\$ 4,826,925	4,218,263	608,662
Restricted assets	759,720	716,397	43,323
Capital assets, net	1,409,192	1,436,744	(27,552)
Total assets	6,995,837	6,371,404	624,433
Liabilities:			
Current liabilities	3,901,675	3,330,312	571,363
Total liabilities	3,901,675	3,330,312	571,363
Net position:			
Net investment in capital assets	1,409,192	1,436,744	(27,552)
Restricted for capital asset repairs and replacement	759,720	716,397	43,323
Unrestricted	925,250	887,951	37,299
Total net position	\$ 3,094,162	3,041,092	53,070

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$3,094,162, as of June 30, 2020.

Compared to prior year, net position of the Commission increased 1.75% or \$53,070. The Commission'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 Commission's net position (46% as of June 30, 2020) reflects the Commission's net investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide services to its member agencies; consequently, these assets are not available for future spending.

At the end of fiscal year 2020, the Commission showed a positive balance in its unrestricted net position of \$925,250, which may be utilized in future years.

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Operating revenues	\$ 18,368,856	17,981,985	386,871
Non-operating revenues	<u>31,274</u>	<u>35,340</u>	<u>(4,066)</u>
Total revenues	<u>18,400,130</u>	<u>18,017,325</u>	<u>382,805</u>
Expenses:			
Operating expenses	18,362,831	17,958,684	404,147
Depreciation	<u>27,552</u>	<u>27,549</u>	<u>3</u>
Total expenses	<u>18,390,383</u>	<u>17,986,233</u>	<u>404,150</u>
Net income before capital contributions	<u>9,747</u>	<u>31,092</u>	<u>(21,345)</u>
Capital contributions:			
Surcharges	<u>43,323</u>	<u>43,323</u>	<u>-</u>
Total capital contributions	<u>43,323</u>	<u>43,323</u>	<u>-</u>
Change in net position	53,070	74,415	(21,345)
Net position, beginning of period	<u>3,041,092</u>	<u>2,966,677</u>	<u>74,415</u>
Net position, end of period	<u>\$ 3,094,162</u>	<u>3,041,092</u>	<u>53,070</u>

The Statement of Revenues, Expenses, and Changes in Net Position show how the Commission's net position changed during the fiscal year. Net position increased 1.75% or \$53,070 to \$3,094,162, due to the change in net position of \$9,747 as a result of ongoing operations and \$43,323 in capital contributions in the current year.

A closer examination of net position reveals that:

Total revenues increased 2.12% or \$382,805 to \$18,400,130. Operating revenues increased 2.15% or \$386,871, primarily due to an increase of \$400,631 in water sales to member agencies, which was offset by a decrease of \$13,889 in member agency assessments.

Non-operating revenues decreased 11.51% or \$4,066, primarily due to a decrease of \$4,683 in investment income.

Operating expenses increased 2.25% or \$404,147, primarily due to increases of \$400,631 in water purchases and \$2,404 in maintenance costs.

Total capital contributions were \$43,323 as of June 30, 2020 and 2019, respectively.

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019

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

	Budget vs. Actual			
	<u>2020 Budget</u>	<u>2020 Actual</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 20,474,007	18,368,856	(2,105,151)	-10.28%
Non-operating revenues	<u>12,750</u>	<u>31,274</u>	<u>18,524</u>	<u>145.29%</u>
Total revenues	<u>20,486,757</u>	<u>18,400,130</u>	<u>(2,086,627)</u>	<u>-10.19%</u>
Expenses:				
Operating expenses	<u>20,924,007</u>	<u>18,390,383</u>	<u>2,533,624</u>	<u>12.11%</u>
Total expenses	<u>20,924,007</u>	<u>18,390,383</u>	<u>2,533,624</u>	<u>12.11%</u>
Net (loss) income before capital contributions	<u>(437,250)</u>	<u>9,747</u>	<u>446,997</u>	<u>102.23%</u>
Capital contributions:				
Surcharges	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Total capital contributions	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ (393,927)</u>	<u>53,070</u>	<u>446,997</u>	<u>113.47%</u>

The majority of operating revenue is derived from water sales to member agencies. The Commission predicts water sales by using a three-year rolling average. This is calculated by estimating how many acre-feet of water will be purchased from the Three Valleys Municipal Water District at the prevailing Tier I and Tier II water rates. As in previous years, these assumptions do not include any special programs offered by the Commission in the efforts to promote water conservation. In fiscal year 2019-2020, the Commission estimated 18,998 acre-feet of Tier I water purchases at an average rate of \$1,052 per acre-foot. In fiscal year 2019-2020, the Commission actually purchased 17,084 acre-feet of Tier I water.

Capital Asset Administration

Changes in capital assets for 2020, were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Capital assets:				
Depreciable assets	\$ 2,376,355	-	-	2,376,355
Accumulated depreciation	<u>(939,611)</u>	<u>(27,552)</u>	<u>-</u>	<u>(967,163)</u>
Total capital assets	<u>\$ 1,436,744</u>	<u>(27,552)</u>	<u>-</u>	<u>1,409,192</u>

At the end of fiscal year 2020, the Commission's capital assets amounted to \$1,409,192 (net of accumulated depreciation). These capital assets include pipelines and improvements, service connections, and telemetry systems. See note 3 to the basic financial statements for further detailed information on the Commission's capital assets.

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019

Economic Factors and Next Year's Budget and Rates

Fiscal Year 2020 Actual vs. Fiscal Year 2021 Budget

	<u>2020 Actual</u>	<u>2021 Budget</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 18,368,856	20,054,782	1,685,926	9.18%
Non-operating revenues	31,274	12,750	(18,524)	-59.23%
Total revenues	<u>18,400,130</u>	<u>20,067,532</u>	<u>1,667,402</u>	<u>9.06%</u>
Expenses:				
Operating expenses	18,390,383	20,504,782	(2,114,399)	-11.50%
Total expenses	<u>18,390,383</u>	<u>20,504,782</u>	<u>(2,114,399)</u>	<u>-11.50%</u>
Net income (loss) before capital contributions	<u>9,747</u>	<u>(437,250)</u>	<u>(446,997)</u>	<u>-4586.00%</u>
Capital contributions:				
Surcharges	43,323	43,323	-	-
Total capital contributions	<u>43,323</u>	<u>43,323</u>	<u>-</u>	<u>-</u>
Change in net position	53,070	(393,927)	(446,997)	-842.28%
Net position, beginning of period	<u>3,041,092</u>	<u>3,094,162</u>	<u>53,070</u>	<u>1.75%</u>
Net position, end of period	<u>\$ 3,094,162</u>	<u>2,700,235</u>	<u>(393,927)</u>	<u>-12.73%</u>

The Commission's Board of Commissioners and Administrative Officer consider several factors when setting the fiscal year budget. One factor is the water sales projection that each agency gives. This is taken into consideration along with historical water use numbers in setting future years operating revenues. As in previous years, the majority of operating revenues are directly offset by operating expenses. This is due to the correlation between water sales and purchased water costs. In fiscal year 2019-2020, the Commission factored in actual costs when looking at administrative expenses. This was determined by looking at actual time and/or material cost in all matters directly relating to the Joint Water Line. As in previous years, the last factor is the funding of depreciation and replacement of the water line. An amount equal to \$43,323 of the \$53,070 change in ending net position, shown in the table above, is projected to be transferred to reserves for depreciation and replacement.

Conditions Affecting Current Financial Position

The COVID-19 pandemic 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 the Commission and the duration cannot be estimated at this time.

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

Pomona-Walnut-Rowland Joint Water Line Commission
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With Comparative Amounts for June 30, 2019

Requests for Information

This financial report is designed to provide the Commission's present users, including funding sources, customers, stakeholders and other interested parties with a general overview of the Commission's finances and to demonstrate the Commission's accountability with an overview of the Commission'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 Myra Malner, Commission Treasurer, at Rowland Water District, 3021 Fullerton Road, Rowland Heights, California, 91748 or (562) 697-1726.

Basic Financial Statements

Pomona-Walnut-Rowland Joint Water Line Commission
Statement of Net Position
June 30, 2020

	2020
Current assets:	
Cash and cash equivalents (note 2)	\$ 1,344,209
Accrued interest receivable	5,348
Accounts receivable	3,475,460
Prepaid expenses	1,908
Total current assets	4,826,925
Restricted Assets	
Cash and cash equivalents (note 2)	748,889
Accounts receivable	10,831
Total restricted assets	759,720
Non-current assets:	
Capital assets – being depreciated, net (note 3)	1,409,192
Total non-current assets	1,409,192
Total assets	6,995,837
Current liabilities:	
Accounts payable	3,901,675
Total current liabilities	3,901,675
Total liabilities	3,901,675
Net position (note 4):	
Net investment in capital assets	1,409,192
Restricted for capital asset repairs and replacement	759,720
Unrestricted	925,250
Total net position	\$ 3,094,162

See accompanying notes to the basic financial statements

Pomona-Walnut-Rowland Joint Water Line Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	2020
Operating revenues:	
Water sales to member agencies	\$ 18,271,621
Member agency assessments	96,800
Other	435
Total operating revenues	18,368,856
Operating expenses:	
Water purchases	18,271,621
Maintenance	13,980
General and administrative	64,200
Insurance expense	2,183
Legal fees	120
Auditing	5,700
Other	5,027
Total operating expenses	18,362,831
Operating income before depreciation	6,025
Depreciation	(27,552)
Operating loss	(21,527)
Non-operating revenue:	
Investment income	30,657
Other non-operating revenue	617
Total non-operating revenues	31,274
Net income before capital contributions	9,747
Capital contributions:	
Surcharges	43,323
Total capital contributions	43,323
Changes in net position	53,070
Net position, beginning of period	3,041,092
Net position, end of period	\$ 3,094,162

See accompanying notes to the basic financial statements

Pomona-Walnut-Rowland Joint Water Line Commission
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	2020
Cash flows from operating activities:	
Cash received from member agencies	\$ 17,907,097
Cash received from JPIA RPA fund refund	435
Cash paid to vendors and suppliers for materials and services	(17,791,884)
Net cash provided by operating activities	115,648
Cash flows from capital and related financing activities:	
Capital surcharge	43,323
Net cash provided by capital and related financing activities	43,323
Cash flows from investing activities:	
Investment income	35,101
Net cash provided by investing activities	35,101
Net increase in cash and cash equivalents	194,072
Cash and cash equivalents – beginning of year	1,899,026
Cash and cash equivalents – end of year	\$ 2,093,098
 Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (21,527)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	27,552
Change in assets and liabilities:	
Increase in assets:	
Accounts receivable	(461,324)
Prepaid expenses	(416)
Increase in liabilities:	
Accounts payable	571,363
Total adjustments	137,175
Net cash provided by operating activities	\$ 115,648

See accompanying notes to the basic financial statements

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Pomona-Walnut-Rowland Joint Water Line Commission (Commission) was formed under the Joint Powers Agreement of 1956 between the City of Pomona, Walnut Valley Water District, and Rowland Water District (the Agreement) for the purpose of acquiring, constructing, maintaining, repairing, managing, operating, and controlling a water transmission pipeline for the benefit of the member agencies. The original agreement was for a term of fifty years and has resulted in substantial cost savings for each of its member agencies. On December 21, 2006, the Agreement was amended, restated, and renewed and will continue to be enforced for twenty years from this date, with three, ten-year extensions allowable upon written consent of each of the member agencies.

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

B. Basis of Accounting and Measurement Focus

The Commission 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 Commission is that the cost of providing water to its member agencies on a continuing basis be financed or recovered primarily through water sales, capital contributions and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the Commission. 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 Commission gives (receives) value without directly (giving) value in exchange.

C. Financial Reporting

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

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

Governmental Accounting Standards Board Statement No. 84

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 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.

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.

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

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

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

3. Investments and Investment Policy

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

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Fair Value Measurements

The Commission 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.

5. Restricted Assets

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

The Commission's restricted assets are the accumulation of capital surcharges assessed to each member agency. These funds are restricted for major repairs and replacement of water.

6. Accounts Receivable and Allowance for Uncollectible Accounts

The Commission extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the Commission uses the allowance method for the reservation and write-off of those accounts. As of June 30, 2020, there is no allowance for uncollectible accounts as management believes all accounts will be collected.

7. Prepaid Expenses

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

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

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

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Commission policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of the donation. Capital assets received in service concession arrangements are reported at acquisition value. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

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

- Pipelines and improvements – 150 years
- Service connections – 150 years
- Telemetry systems – 10 years
- Valve replacements – 50 years

9. Net Position

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

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

10. Water Sales and Services

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

11. Capital Contributions

Capital contributions represent cash contributed to the Commission by member agencies for the cost of maintenance and operations of the pipeline.

12. Budgetary Policies

The Commission 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.

13. Reclassification

The Commission has reclassified certain prior year information to conform to current year presentations.

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30 are classified in the accompanying financial statements as follows:

	2020
Cash and cash equivalents	\$ 1,344,209
Cash and cash equivalents – restricted	748,889
Total cash and cash equivalents	\$ 2,093,098

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

	2020
Deposits with financial institutions	\$ 620,357
Deposits in Local Agency Investment Fund (LAIF)	1,472,741
Total cash and cash equivalents	\$ 2,093,098

As of June 30, the Commission’s authorized deposits had the following maturities:

	2020
Deposits in Local Agency Investment Fund (LAIF)	191 days

Investments Authorized by the California Government Code and the Commission’s Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Collateralize Bank Deposits	5 years	None	None
Corporate debt - Short and Long Term	5 years	None	None
Commercial Paper - Pooled Funds	270 days	40% of the District's	10%
Commercial Paper - Non-Pooled Funds	270 days	money	
Repurchase agreements	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(2) Cash and Cash Equivalents, continued

Investment in State Investment Pool

The Commission is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 and is under the management of the Treasurer of the State of California with oversight provided by the Local Agency Investment Advisory Board. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the Commission's deposits with the bank in accordance with the Code.

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

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 Commission 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.

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 Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Commission 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 Commission's name.

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(2) Cash and Cash Equivalents, continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The Commission'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 Commission's deposit portfolio with governmental agencies, LAIF, is 70% as of June 30, 2020 of the Commission's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the Commission's total investments.

(3) Capital Assets

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

	<u>Balance 2019</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Depreciable assets:				
Pipeline and improvements	\$ 2,187,078	-	-	2,187,078
Service connections	85,277	-	-	85,277
Telemetry system	104,000	-	-	104,000
Total depreciable assets	<u>2,376,355</u>	<u>-</u>	<u>-</u>	<u>2,376,355</u>
Accumulated depreciation:				
Pipeline and improvements	(859,781)	(16,585)	-	(876,366)
Service connections	(35,837)	(567)	-	(36,404)
Telemetry system	(43,993)	(10,400)	-	(54,393)
Total accumulated depreciation	<u>(939,611)</u>	<u>(27,552)</u>	<u>-</u>	<u>(967,163)</u>
Total capital assets, net	<u>\$ 1,436,744</u>	<u>(27,552)</u>	<u>-</u>	<u>1,409,192</u>

For the fiscal year ending June 30, 2020, the Commission had no capital asset additions or deletions.

(4) Net Position

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

	<u>2020</u>
Net investment in capital assets:	
Capital assets, net	\$ 1,409,192
Restricted:	
Capital asset repairs and replacement	759,720
Unrestricted:	
	<u>925,250</u>
Total net position	<u>\$ 3,094,162</u>

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(5) Risk Management

The Commission is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Commission is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

On June 30, 2020, the Commission participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000, combined single limit at \$5,000,000 per occurrence. The JPIA purchases additional excess coverage layers up to \$60 million per occurrence total for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.
- Cyber Liability coverage is included for all Agencies participating in the Liability Program. It protects the Commission from risks relating to information technology infrastructure and activities by first and third parties. The limit is \$3,000,000 per loss/\$5,000,000 program annual aggregate.

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 Commission's insurance coverage during the fiscal years ended June 30, 2020, 2019 and 2018. 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, 2020, 2019 and 2018.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020, that has effective dates that may impact future financial presentations.

The following pronouncement implementation dates have been delayed one year 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 are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

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

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 are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Governmental Accounting Standards Board Statement No. 91

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

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 are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

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

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 are 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, 2021; 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, 2021. Earlier application is encouraged and is permitted by topic.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. 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 are effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

(7) Commitments and Contingencies

Litigation

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

Pomona-Walnut-Rowland Joint Water Line Commission
Notes to the Financial Statements, continued
For the Fiscal Year Ended June 30, 2020

(7) Commitments and Contingencies, continued

COVID-19 Pandemic

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Commission could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The Commission has not included any contingencies in the financial statements specific to this issue.

(8) Subsequent Events

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of October 8, 2020, which is the date the financial statements were available to be issued.

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Supplementary Information

Pomona-Walnut-Rowland Joint Water Line Commission
Schedule of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Water Operations</u>	<u>General and Administrative</u>	<u>Total</u>
Operating revenues:			
Water sales to member agencies	\$ 18,271,621	-	18,271,621
Member agency assessments	-	96,800	96,800
Other operating revenues	-	435	435
Total operating revenues	<u>18,271,621</u>	<u>97,235</u>	<u>18,368,856</u>
Operating expenses:			
Water purchases	18,271,621	-	18,271,621
Maintenance	13,980	-	13,980
General and administrative	-	64,200	64,200
Insurance expense	-	2,183	2,183
Legal fees	-	120	120
Auditing	-	5,700	5,700
Other	-	5,027	5,027
Total operating expenses	<u>18,285,601</u>	<u>77,230</u>	<u>18,362,831</u>
Operating (loss) income before depreciation	(13,980)	20,005	6,025
Depreciation	<u>(27,552)</u>	<u>-</u>	<u>(27,552)</u>
Operating (loss) income	<u>(41,532)</u>	<u>20,005</u>	<u>(21,527)</u>
Non-operating revenue:			
Investment income	30,657	-	30,657
Other non-operating revenue	617	-	617
Total non-operating revenues	<u>31,274</u>	<u>-</u>	<u>31,274</u>
Net (loss) income before capital contributions	<u>(10,258)</u>	<u>20,005</u>	<u>9,747</u>
Capital contributions:			
Surcharges	43,323	-	43,323
Total capital contributions	<u>43,323</u>	<u>-</u>	<u>43,323</u>
Changes in net position	33,065	20,005	53,070
Net position, beginning of period	<u>2,886,410</u>	<u>154,682</u>	<u>3,041,092</u>
Net position, end of period	<u>\$ 2,919,475</u>	<u>174,687</u>	<u>3,094,162</u>

Pomona-Walnut-Rowland Joint Water Line Commission
Schedule of Assets Invested in Capital Assets by Member Agency
For the Fiscal Year Ended June 30, 2020

Category	City of Pomona	Walnut Valley Water District	Rowland Water District	Total
Pipeline section A-B	\$ 276,438	151,474	106,031	533,943
Pipeline section B-D	188,719	150,958	94,359	434,036
Pipeline section D-F	-	621,096	386,002	1,007,098
Pipeline relocation	81,239	79,246	51,516	212,001
Telemetry system	-	60,320	43,680	104,000
Service connections	66,374	8,455	10,448	85,277
Total capital assets	\$ <u>612,770</u>	<u>1,071,549</u>	<u>692,036</u>	<u>2,376,355</u>

Note: This schedule does not include accumulated depreciation

Report on Internal Controls and Compliance



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

Board of Commissioners
Pomona-Walnut-Rowland Joint Water Line Commission
Rowland Heights, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Commission's basic financial statements, and have issued our report thereon dated October 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP

Fedak & Brown LLP

Cypress, California

October 8, 2020



Puente Basin Water Agency

Annual Financial Report

For the Fiscal Year Ended June 30, 2020

Our Focus

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

**Puente Basin Water Agency
Board of Commissioners as of June 30, 2020**

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

* Members are elected based on member agency decisions.

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



Puente Basin Water Agency

Annual Financial Report

For the Fiscal Year Ended June 30, 2020

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

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Financial Section



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Independent Auditor's Report

Board of Commissioners
Puente Basin Water Agency
Rowland Heights, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report, continued

Opinion

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance. This report can be found on pages 30 and 31.

Fedak & Brown LLP

Fedak & Brown LLP

Cypress, California
December 10, 2020

Puente Basin Water Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
With comparative amounts for June 30, 2019

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

Financial Highlights

Fiscal Year 2020

- The Agency's net position as of June 30, 2020 were \$33,961,250, an increase of \$676,101, or 20.3% over the prior year.
- Operating revenues totaled \$17,332,577 for the year, an increase of \$840,804 from the prior year.
- Beginning in July 2014, in order to account for the costs and benefits of water produced from the water reliability projects, funded jointly by the Walnut Valley Water District (WVWD) and the Rowland Water District (RWD), imported water purchased from Three Valleys Municipal Water District (TVMWD) was invoiced through the Agency. For fiscal year 2020, the total of these pass-through costs was \$16,223,060 and is reflected in both the revenues and expenses of the Agency.
- Operating expenses for the year totaled \$18,186,609 for the year, these costs include the pass-through water costs from TVMWD.
- The La Habra Heights water reliability project produced no water for the year. Although no water was produced, internal costs, in the amount of \$4,883, were incurred related to the maintenance and management of the project facilities.
- During the year, the Cal Domestic Project water reliability project produced 1,112 acre-feet of water. The costs related to the production of this water totaled \$1,348,636 for the year. These costs included the use of stored water in the amount of \$585,840, that was purchased and paid for in prior years.
- The Agency recorded an additional \$284,947 and \$1,221,576 in construction costs related to the Pathfinder Project and Pomona Basin Project respectively, which is currently being constructed and is reflected in the Agency's construction-in-process account.
- The Agency entered a 20-year lease with the City of La Verne in 2018 for land and an old well site, which was recorded as a capital lease. The value of the lease is recorded at the value of the future minimum lease payments in the amount of \$1,747,797.

Fiscal Year 2019

- The Agency's position as of June 30, 2019 were \$33,285,149, an increase of \$4,505,285, or 15.7% over the prior year.
- Revenues totaled \$16,491,773 for the year, an increase of \$389,169 from the prior year.
- Beginning in July 2014, in order to account for the costs and benefits of water produced from the water reliability projects, funded jointly by the Walnut Valley Water District (WVWD) and the Rowland Water District (RWD), imported water purchased from TVMWD was invoiced through the Agency. For fiscal year 2019, the total of these pass-through costs was \$15,173,416 and is reflected in both the revenues and expenses of the Agency.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With comparative amounts for June 30, 2019

Financial Highlights, continued

Fiscal Year 2019, continued

- Operating expenses for the year totaled \$17,474,328 for the year, these costs include the pass-through water costs from TVMWD.
- The La Habra Heights water reliability project produced no water for the year. Although no water was produced, internal costs, in the amount of \$17,859, were incurred related to the maintenance and management of the project facilities.
- During the year, the Cal Domestic Project water reliability project produced 1,481 acre-feet of water. The costs related to the production of this water totaled \$1,692,541 for the year. These costs included the use of stored water in the amount of \$780,508 that was purchased and paid for in prior years.
- The Agency recorded an additional \$1,703,708 and \$1,990,438 in construction costs related to the Pathfinder Project and Pomona Basin Project respectively, which is currently being constructed and is reflected in the Agency's construction-in-process account.
- The Agency entered into a 20-year lease with the City of La Verne in 2018 for land and an old well site, which was recorded as a capital lease. The value of the lease is recorded at the value of the future minimum lease payments in the amount of \$1,779,919.

Required Financial Statements

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

Statement of Net Position

The Statement of Net Position presents the Agency's financial position (assets, deferred outflows of resources, liabilities, and deferred inflows of resources) as of June 30, 2020 and 2019. The Statement of Net Position includes all the Agency's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. As of June 30, 2020 and 2019, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,961,250 and \$33,285,149, respectively.

Statement of Revenues, Expenses & Changes in Net Position

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Agency's operations and can be used to determine whether the Agency has successfully recovered all of its costs through member assessments and other revenues. Revenues are recognized (recorded) when services are provided, and expenses are recognized when incurred. Operating revenues and expenses are related to the Agency's core activities. The change in net position for the years ending June 30, 2020 and 2019, was \$676,101 and \$4,505,285, respectively.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With comparative amounts for June 30, 2019

Required Financial Statements, continued

Statement of Cash Flows

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Agency's cash receipts and cash payments during the fiscal year. The statement reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the year. As of June 30, 2020, cash and cash equivalents totaled \$2,516,036 an increase of \$882,924 from the previous fiscal year.

Financial Analysis of the Agency

One of the most important questions to ask about the Agency's finances is, "Whether the Agency, as a whole, is better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Agency's finances in a way that will help answer that question. Measuring the change in the Agency's *net position*, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is one way to measure financial health or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

Notes to the Basic Financial Statements

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

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With comparative amounts for June 30, 2019

Statements of Net Position

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Assets:					
Cash & investments	\$ 2,516,036	1,633,112	882,924	1,008,025	625,087
Interest receivable	145,688	154,637	(8,949)	156,980	(2,343)
Accounts receivable	4,170,761	3,837,490	333,271	3,102,215	735,275
Grant receivable	836,965	1,876,000	(1,039,035)	27,518	1,848,482
Prepaid expenses	6,000	-	6,000	-	-
Prepaid water/stored water	5,949,147	6,080,786	(131,639)	6,861,294	(780,508)
Installment purchase receivable	31,335,000	32,285,000	(950,000)	33,195,000	(910,000)
Capital assets, net	<u>27,188,627</u>	<u>26,059,054</u>	<u>1,129,573</u>	<u>22,741,862</u>	<u>3,317,192</u>
Total assets	<u>72,148,224</u>	<u>71,926,079</u>	<u>222,145</u>	<u>67,092,894</u>	<u>4,833,185</u>
Liabilities:					
Accounts payable	4,952,489	4,425,982	526,507	3,156,515	1,269,467
Unearned revenue	6,000	-	6,000	-	-
Interest payable	145,688	150,029	(4,341)	153,635	(3,606)
Long-term debt	<u>33,082,797</u>	<u>34,064,919</u>	<u>(982,122)</u>	<u>35,002,880</u>	<u>(937,961)</u>
Total liabilities	<u>38,186,974</u>	<u>38,640,930</u>	<u>(453,956)</u>	<u>38,313,030</u>	<u>327,900</u>
Net position:					
Net investment in capital assets	25,440,830	24,279,135	1,161,695	20,933,982	3,345,153
Unrestricted	<u>8,520,420</u>	<u>9,006,014</u>	<u>(485,594)</u>	<u>7,845,882</u>	<u>1,160,132</u>
Total net position	<u>\$ 33,961,250</u>	<u>33,285,149</u>	<u>676,101</u>	<u>28,779,864</u>	<u>4,505,285</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As seen from the table above, the Agency's net position exceeded liabilities by \$33,961,250 and \$33,285,149 for the fiscal years ending June 30, 2020 and 2019, respectively.

By far, the largest component of net position is the Agency's net investment in capital assets, which increased \$1,129,573 from the prior year. This increase was due primarily to the recognition of capital costs, attributable to the water supply reliability projects. As of June 30, 2020, the balance of construction-in-process was \$5,060,845.

In 2019, the Agency's net investment in capital assets increased \$3,317,192 from the prior year. This increase was due primarily to the recognition of capital costs, attributable to the water supply reliability projects, which totaled \$3,694,146 for the year. As of June 30, 2019, the balance of the construction-in-process account was \$5,835,394.

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

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With comparative amounts for June 30, 2019

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Operating revenues:					
Sale of water (TVMWD)	\$ 16,233,060	15,173,416	1,059,644	14,742,678	430,738
Sale of water (Project)	890,300	1,010,002	(119,702)	1,093,524	(83,522)
Member assessments	179,884	210,891	(31,007)	186,402	24,489
Other revenue	29,333	97,464	(68,131)	80,000	17,464
Total operating revenues	<u>17,332,577</u>	<u>16,491,773</u>	<u>840,804</u>	<u>16,102,604</u>	<u>389,169</u>
Non-operating revenues:					
Interest income	1,467,411	1,491,971	(24,560)	1,515,962	(23,991)
Total non-operating revenues	<u>1,467,411</u>	<u>1,491,971</u>	<u>(24,560)</u>	<u>1,515,962</u>	<u>(23,991)</u>
Total revenues	<u>18,799,988</u>	<u>17,983,744</u>	<u>816,244</u>	<u>17,618,566</u>	<u>365,178</u>
Operating expenses:					
Water supply (TVMWD)	16,231,000	15,171,357	1,059,643	14,742,678	428,679
Water supply (Project)	1,353,519	1,710,400	(356,881)	1,731,353	(20,953)
Engineering	1,396	1,543	(147)	21,955	(20,412)
Professional services	117,848	57,516	60,332	79,511	(21,995)
Legal	56,798	104,745	(47,947)	36,709	68,036
Administrative	40,008	42,774	(2,766)	40,433	2,341
Accounting	9,090	9,040	50	7,802	1,238
Depreciation	376,950	376,953	(3)	318,030	58,923
Total operating expenses	<u>18,186,609</u>	<u>17,474,328</u>	<u>712,281</u>	<u>16,978,471</u>	<u>495,857</u>
Non-operating expenses:					
Interest expense	1,505,936	1,546,758	(40,822)	1,507,692	39,066
Total non-operating expenses	<u>1,505,936</u>	<u>1,546,758</u>	<u>(40,822)</u>	<u>1,507,692</u>	<u>39,066</u>
Total expenses	<u>19,692,545</u>	<u>19,021,086</u>	<u>671,459</u>	<u>18,486,163</u>	<u>534,923</u>
Net loss before capital contributions	<u>(892,557)</u>	<u>(1,037,342)</u>	<u>144,785</u>	<u>(867,597)</u>	<u>(169,745)</u>
Capital contributions	<u>1,568,658</u>	<u>5,542,627</u>	<u>(3,973,969)</u>	<u>515,480</u>	<u>5,027,147</u>
Changes in net position	<u>676,101</u>	<u>4,505,285</u>	<u>(3,829,184)</u>	<u>(352,117)</u>	<u>4,857,402</u>
Net position, beginning of year	<u>33,285,149</u>	<u>28,779,864</u>	<u>4,505,285</u>	<u>29,131,981</u>	<u>(352,117)</u>
Net position, end of year	<u>\$ 33,961,250</u>	<u>33,285,149</u>	<u>676,101</u>	<u>28,779,864</u>	<u>4,505,285</u>

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With comparative amounts for June 30, 2019

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

Fiscal Year 2020 – Revenues and Expenses

For fiscal year 2020, the Agency had total operating revenues of \$17,332,577, an increase of \$840,804 from the prior year. The largest source of revenue for the year is member payments for water purchased from TVMWD. Beginning in 2014, water purchased by the WVWD and RWD from TVMWD is invoiced through the Agency. For the year, revenues collected for water purchased from TVMWD totaled \$16,233,060, an increase of \$1,059,644 from the prior year. In addition, the Cal Domestic project produced 1,112 acre-feet of water during the year. A total of \$890,300 was collected from the Districts to cover the costs related to the production of this water, a decrease of \$119,702 from prior year. Member assessments vary from year to year and represent payments received from the Districts to cover the other general and administrative costs incurred by the Agency. For the year, member assessments totaled \$179,884, a decrease of \$31,007 over the prior year. In addition, interest income and interest expense, related to the debt that was issued by the Agency and the corresponding installment purchase agreements, were recorded in the amount of \$1,467,411.

For fiscal year 2020, the Agency had total operating expenses of \$18,186,609, an increase of \$712,281 from the prior year. As discussed above, the most significant costs were attributable to the purchase and production of water, which totaled \$17,584,519 for the year, an increase of \$727,519 from the prior year.

Capital contributions for the year totaled \$1,568,658. Capital contributions included the money paid by each member agency and grant revenue for alternative water supply projects.

Fiscal Year 2019 – Revenues and Expenses

For fiscal year 2019, the Agency had total operating revenues of \$16,491,773, an increase of \$389,169 from the prior year. The largest source of revenue for the year is member payments for water purchased from TVMWD. Beginning in 2014, water purchased by the WVWD and RWD from TVMWD is invoiced through the Agency. For the year, revenues collected for water purchased from TVMWD totaled \$15,173,416, an increase of \$430,738 from the prior year. In addition, the Cal Domestic project produced 1,481 acre-feet of water during the year. A total of \$1,010,002 was collected from the Districts to cover the costs related to the production of this water, a decrease of \$83,522 from prior year. Member assessments vary from year to year and represent payments received from the Districts to cover the other general and administrative costs incurred by the Agency. For the year, member assessments totaled \$210,891, an increase of \$24,489 over the prior year. During the year, the Agency leased water to three agencies amounting to \$67,500 in revenue. In addition, interest income and interest expense, related to the debt that was issued by the Agency and the corresponding installment purchase agreements, were recorded in the amount of \$1,491,971.

For fiscal year 2019, the Agency had total operating expenses of \$17,474,328, an increase of \$495,857 from the prior year. As discussed above, the most significant costs were attributable to the purchase and production of water, which totaled \$16,856,600 for the year, an increase of \$415,880 from the prior year.

Capital contributions for the year totaled \$5,542,628. Capital contributions included the money paid by each member agency and grant revenue for alternative water supply projects.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With comparative amounts for June 30, 2019

Capital Asset Administration

As of June 30, 2020, the Agency had invested \$27,188,627 in capital assets, an increase of \$1,129,572 from the prior fiscal year. These assets were comprised of construction-in-process capital assets related to several alternative water supply projects.

Debt Administration

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
Long-term debt:					
2012 Series A Water Revenue					
Bonds (RWD Project)	\$ 16,935,000	17,395,000	(460,000)	17,840,000	(445,000)
2013 Series A Water Revenue					
Bonds (WVWD Project)	14,400,000	14,890,000	(490,000)	15,355,000	(465,000)
Capital lease payable	<u>1,747,797</u>	<u>1,779,919</u>	<u>(32,122)</u>	<u>1,807,880</u>	<u>(27,961)</u>
Total	<u>\$ 33,082,797</u>	<u>34,064,919</u>	<u>(982,122)</u>	<u>35,002,880</u>	<u>(937,961)</u>

Economic Factors and Next Year's Budget

	<u>Budget</u>	<u>Actual</u>	<u>Change</u>
	<u>2021</u>	<u>2020</u>	
Revenues:			
Sale of water (TVMWD)	\$ 13,712,790	16,233,060	(2,520,270)
Sale of water (Project)	1,202,620	890,300	312,320
Member assessments	251,375	179,884	71,491
Other	<u>42,000</u>	<u>50,399</u>	<u>(8,399)</u>
Total operating revenues	<u>15,208,785</u>	<u>17,353,643</u>	<u>(2,144,858)</u>
Use of stored water	<u>822,470</u>	<u>585,840</u>	<u>236,630</u>
Total revenues	<u>16,031,255</u>	<u>17,939,483</u>	<u>(1,908,228)</u>
Expenses:			
Water supply (TVMWD)	13,712,790	16,233,060	(2,520,270)
Water supply (Project)	2,017,590	1,456,719	560,871
Engineering	5,000	1,396	3,604
Professional services	125,000	117,848	7,152
Legal	100,000	56,798	43,202
Administrative	45,000	37,948	7,052
Accounting	<u>8,375</u>	<u>9,090</u>	<u>(715)</u>
Total operating expenses	<u>16,013,755</u>	<u>17,912,859</u>	<u>(1,899,104)</u>
Net income	<u>\$ 17,500</u>	<u>26,624</u>	<u>(9,124)</u>

Conditions Affecting Current Financial Position

The COVID-19 pandemic 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 the Agency and the duration cannot be estimated at this time.

Puente Basin Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2020
With comparative amounts for June 30, 2019

Conditions Affecting Current Financial Position, continued

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

Requests for Information

This financial report is designed to provide the Agency's present users, including funding sources, customers, stakeholders and other interested parties with a general overview of the Agency's finances and to demonstrate the Agency's accountability with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Treasurer, Brian Teuber, 271 S. Brea Canyon Road, Walnut, California, 91789 or (909) 595-1268.

Basic Financial Statements

Puente Basin Water Agency
Statement of Net Position
June 30, 2020

	2020
Current assets:	
Cash and cash equivalents (note 2)	\$ 2,516,036
Accrued interest receivable	145,688
Accounts receivable	5,007,726
Prepaid expenses	6,000
Water-in-storage inventory	5,949,147
Long-term assets – due in one year:	
Installment purchase receivable (note 3)	985,000
Total current assets	14,609,597
Non-current assets:	
Long-term assets – due after one year:	
Installment purchase receivable (note 3)	30,350,000
Capital assets – not being depreciated (note 4)	15,463,799
Capital assets – being depreciated, net (note 4)	11,724,828
Total non-current assets	57,538,627
Total assets	72,148,224
Current liabilities:	
Accounts payable and accrued expenses	4,952,489
Unearned revenue	6,000
Accrued interest payable	145,688
Long-term liabilities – due in one year:	
Bond payable (note 5)	985,000
Capital lease payable (note 5)	36,540
Total current liabilities	6,125,717
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Bond payable (note 5)	30,350,000
Capital lease payable (note 5)	1,711,257
Total non-current liabilities	32,061,257
Total liabilities	38,186,974
Net position (note 6):	
Net investment in capital assets	25,440,830
Unrestricted	8,520,420
Total net position	\$ 33,961,250

See accompanying notes to the basic financial statements

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

	2020
Operating revenues:	
Sale of water to member agencies	\$ 17,117,801
Member assessments	214,776
Total operating revenues	17,332,577
Operating expenses:	
Water supply	17,560,037
Engineering	1,396
Professional services	117,848
Legal	56,798
Administrative	40,008
Accounting	9,090
Other	24,482
Total operating expenses	17,809,659
Operating loss before depreciation expense	(477,082)
Depreciation expense	(376,950)
Operating loss	(854,032)
Non-operating revenue(expense):	
Investment income	1,467,411
Interest expense – long-term debt	(1,505,936)
Total non-operating revenue(expense), net	(38,525)
Net loss before capital contributions	(892,557)
Capital contributions:	
Capital contributions – state	650,954
Capital contributions – member agency assessments	463,504
Contributions – stored water purchases from member agencies	454,200
Total capital contributions	1,568,658
Changes in net position	676,101
Net position, beginning of the year	33,285,149
Net position, end of year	\$ 33,961,250

See accompanying notes to the basic financial statements

**Puente Basin Water Agency
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020**

	<u>2020</u>
Cash flows from operating activities:	
Cash received for water sales and assessments	\$ 18,048,949
Cash paid to vendors and suppliers for materials and services	<u>(17,157,513)</u>
Net cash provided by operating activities	<u>891,436</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(1,506,523)
Capital contributions	917,704
Payments received for loans receivable	950,000
Proceeds from capital grants	650,954
Principal paid on long-term debt	(982,122)
Interest paid on debt	<u>(1,510,277)</u>
Net cash used in capital and related financing activities	<u>(1,480,264)</u>
Cash flows from investing activities:	
Interest and investment earnings	<u>1,471,752</u>
Net cash provided by investing activities	<u>1,471,752</u>
Net increase in cash and cash equivalents	882,924
Cash and cash equivalents, beginning of year	<u>1,633,112</u>
Cash and cash equivalents, end of year	<u>\$ 2,516,036</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ <u>(854,032)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	376,950
(Increase)Decrease in assets:	
Accounts receivable	710,372
Prepaid expenses and other deposits	(6,000)
Inventory – water	131,639
Increase in liabilities:	
Accounts payable and accrued expenses	526,507
Unearned revenue	<u>6,000</u>
Total adjustments	<u>1,745,468</u>
Net cash provided by operating activities	<u>\$ 891,436</u>

See accompanying notes to the basic financial statements

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

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

B. Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the cost of providing water to its member agencies on a continuing basis be financed or recovered primarily through water sales, capital contributions and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal value. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

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

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

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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

1. Use of Estimates

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

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

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

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

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 Agency and the duration cannot be estimated at this time.

3. Cash and Cash Equivalents

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

4. Investments and Investment Policy

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

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

5. Fair Value Measurements

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

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

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

6. Accounts Receivable and Allowance for Uncollectible Accounts

The Agency extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the Agency uses the allowance method for the reservation and write-off of those accounts. As of June 30, 2020, there is no allowance for uncollectible accounts as management believes all accounts will be collected.

7. Water-In-Storage Inventory

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

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

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

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

8. 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.

9. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of the donation. Capital assets received in service concession arrangements are reported at acquisition value. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

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

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

10. Unearned Revenue

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

11. Net Position

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

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

12. Water Sales and Services

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

13. Capital Contributions

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

14. Budgetary Policies

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

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

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

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

15. Reclassification

The Agency has reclassified certain prior year information to conform to current year presentations.

(2) Cash and Cash Equivalents

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

	2020
Cash and investments	
Deposits with financial institutions	\$ 166,496
Deposits in Local Agency	
Investment Fund (LAIF)	2,349,540
Total cash and investments	\$ 2,516,036

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

	2020
Deposits in Local Agency	
Investment Fund (LAIF)	191 days

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Collateralize Bank Deposits	5 years	None	None
Corporate debt - Short and Long Term	5 years	None	None
Commercial Paper - Pooled Funds	270 days	40% of the	
Commercial Paper - Non-Pooled Funds	270 days	District's money	10%
Repurchase agreements	1 year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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

(2) Cash and Cash Equivalents, continued

Investment in State Investment Pool

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

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

Custodial Credit Risk

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

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

Interest Rate Risk

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

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

(2) Cash and Cash Equivalents, continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

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

(3) Installment Purchase Receivable

The Agency entered into an Installment Purchase Contracts with Rowland Water District (RWD) and Walnut Valley Water District (WVWD) related to the issuing of Bonds. RWD and WVWD received the proceeds of the Bonds and are required to make semi-annual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semi-annual basis by the Agency to the holders of the Bonds. The current portions to be paid by RWD and WVWD as of June 30, 2020, are \$475,000 and \$510,000, respectively, while the total amounts required to be paid by RWD and WVWD as of June 30, 2020, are \$16,935,000 and \$14,400,000, respectively. Please also see note 5 for further detail.

(4) Capital Assets

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

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

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

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

(4) Capital Assets, continued

Construction-in-Process

The Agency has been involved in various construction projects throughout the year. The projects that comprise the construction-in-process balances at June 30, 2020, are as follows:

	2020
20" Water Transmission Main Project	\$ 36,736
Six Basins Groundwater Project	5,024,109
Construction-in-process	\$ 5,060,845

(5) Long-Term Debt

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

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

2012 Series A Water Revenue Bonds – Rowland Water District

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

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

(5) Long-Term Debt, continued

2012 Series A Water Revenue Bonds – Rowland Water District, continued

Future annual debt service payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 475,000	685,500	1,160,500
2022	495,000	666,500	1,161,500
2023	515,000	646,700	1,161,700
2024	540,000	626,100	1,166,100
2025	560,000	604,500	1,164,500
2026-2030	3,105,000	2,706,850	5,811,850
2031-2035	3,630,000	2,197,025	5,827,025
2036-2040	4,400,000	1,472,000	5,872,000
2041-2043	3,215,000	326,750	3,541,750
Total	16,935,000	<u>9,931,925</u>	<u>26,866,925</u>
Current	<u>(475,000)</u>		
Non-current	\$ <u>16,460,000</u>		

2013 Series A Water Revenue Bonds – Walnut Valley Water District

On March 1, 2013, the Agency issued \$17,300,000 of 2013 Series A Water Revenue Bonds. The Bonds will be used to finance certain capital facilities of WVWD, a member agency. WVWD is obligated under terms of the Installment Purchase Contract associated with the Bonds, to make semiannual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semiannual basis by the Agency to the holders of the Bonds. The Bonds were issued at a premium of \$2,695,738, which is being recorded and amortized over the life of the debt service by WVWD, since WVWD received the proceeds and premium. Interest is payable on June 1st and December 1st of each year beginning December 1, 2013, with interest rates ranging from 1% to 5%. Principal is due December 1st each year beginning December 1, 2013. The Bonds are scheduled to mature on December 1, 2038. The rate covenants of the Bonds require that net revenues of WVWD for each fiscal year be equal to at least 125% of the annual debt service payments required for that fiscal year.

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

(5) Long-Term Debt, continued

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

Future annual debt service payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 510,000	720,000	1,230,000
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
2026-2030	3,610,000	2,550,250	6,160,250
2031-2035	4,610,000	1,552,750	6,162,750
2036-2040	<u>3,355,000</u>	<u>341,000</u>	<u>3,696,000</u>
Total	14,400,000	<u>7,775,500</u>	<u>22,175,500</u>
Current	<u>(510,000)</u>		
Non-current	\$ <u>13,890,000</u>		

Capital Lease

On January 24, 2018, the Agency entered into a lease agreement for the use of a well. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the value of the future minimum lease payments as of the inception date in the amount of \$1,841,213. The lease is payable in semi-annual payments of \$50,000, adjusted every July 1 for the Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County, California Area published by the Bureau of Labor Statistics for the preceding year, through July 31, 2039 at an annual interest rate of 4%.

Future annual lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 36,540	69,550	106,090
2022	41,231	68,042	109,273
2023	46,207	66,344	112,551
2024	51,484	64,443	115,927
2025	57,076	62,329	119,405
2026-2030	381,466	271,491	652,957
2031-2035	578,613	178,343	756,956
2036-2039	<u>555,180</u>	<u>46,004</u>	<u>601,184</u>
Total	1,747,797	<u>826,546</u>	<u>2,574,343</u>
Current	<u>(36,540)</u>		
Non-current	\$ <u>1,711,257</u>		

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

(6) Net Position

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

	2020
Net investment in capital assets:	
Capital assets, net	\$ 27,188,627
Capital lease, current	(36,540)
Capital lease, non-current	(1,711,257)
Total investment in capital assets	25,440,830
Unrestricted net position	8,520,420
Total net position	\$ 33,961,250

(7) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

On June 30, 2020, the Agency participated in the ACWA/JPIA pooled programs for liability, property, and workers' compensation programs as follows:

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

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

- Crime coverage up to \$1,000,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, computer, and funds transfer fraud coverages. subject to \$1,000 deductible per loss.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$500 million per loss, subject to a \$2,500 deductible per loss. Mobile equipment and vehicles, on file, are paid on actual cost value basis at time of loss and subject to \$1,000 deductible per loss.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment, on file.
- Workers' compensation coverage up to California statutory limits for all work-related injuries/illnesses covered by California law; a pooled self-insured limit of \$2,000,000. The ACWA/JPIA purchased additional excess coverage layer: \$2,000,000 employer's liability.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency's insurance coverage during the fiscal years ended June 30, 2020, 2019 and 2018. 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, 2020, 2019 and 2018.

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

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020, that have 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. 84

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

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

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

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. 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.

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

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

Governmental Accounting Standards Board Statement No. 89, continued

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

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

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

Governmental Accounting Standards Board Statement No. 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.

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

(8) 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.

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

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

Governmental Accounting Standards Board Statement No. 93

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

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

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

Governmental Accounting Standards Board Statement No. 94

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

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

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

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

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

Governmental Accounting Standards Board Statement No. 96

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

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

Governmental Accounting Standards Board Statement No. 97

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

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

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

(9) Commitments and Contingencies

Grant Awards

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

Construction Contracts

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

Litigation

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

COVID-19 Pandemic

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Agency could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The Agency has not included any contingencies in the financial statements specific to this issue.

(10) Subsequent Events

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of December 10, 2020, which is the date the financial statements were available to be issued.

Report on Internal Controls and Compliance



Fedak & Brown LLP
Certified Public Accountants

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

Board of Commissioners
Puente Basin Water Agency
Walnut, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Puente Basin Water Agency (Agency) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Agency's basic financial statements, and have issued our report thereon dated December 10, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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

Fedak & Brown LLP

Cypress, California

December 10, 2020

PROTECTING RESOURCES
PARTNERING IN SOLUTIONS



SPADRA BASIN
GROUNDWATER SUSTAINABILITY
— AGENCY —

Spadra Basin Groundwater Sustainability Agency
Walnut, California

Annual Financial Report

For the Fiscal Years Ended June 30, 2020 and 2019

Our Mission Statement

"To manage and protect groundwater resources in the Spadra Basin and promote its beneficial uses for the people, businesses and stakeholders it serves."

Spadra Basin Groundwater Sustainability Agency

Executive Committee Members as of June 30, 2020

<u>Name</u>	<u>Title</u>	<u>Stakeholder</u>
Rubio Gonzalez	Committee Member	City of Pomona
Jerry Tang	Committee Member	Walnut Valley Water District
Victor Preciado	Alternate	City of Pomona
Vacant	Alternate	Walnut Valley Water District

Spadra Basin Groundwater Sustainability Agency
Josh Byerrum, Treasurer
271 S Brea Canyon Rd.
Walnut, California 91789
(909) 595-7554 – www.spadrabasin.com

**Spadra Basin Groundwater Sustainability Agency
Annual Financial Report
For the Fiscal Years Ended June 30, 2020 and 2019**

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Financial Section



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

Fedak & Brown LLP

Certified Public Accountants

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Independent Auditor's Report

Executive Committee
Spadra Basin Groundwater Sustainability Agency
Walnut, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Spadra Basin Groundwater Sustainability Agency (Agency), which comprises the statements of net position as of June 30, 2020 and 2019, 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 Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Agency's. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2020 and 2019, and the respective changes in net position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 3 through 6 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 4, 2021, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance. This report can be found on pages 19 and 20.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
January 4, 2021

Spadra Basin Groundwater Sustainability Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2020 and 2019

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Spadra Basin Groundwater Sustainability Agency (Agency) provides an introduction to the financial statements of the Agency for the fiscal year ended June 30, 2020 and 2019. We encourage readers to consider the information presented here with the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- Net position increased by \$19,741 to \$24,741, as a result of current year non-operating revenue. In 2019, the Agency's net position amounted to \$5,000.
- Revenues increased by \$200,995 to \$226,556, in 2020. In 2019, the Agency's revenues amounted to \$25,561.
- Expenses increased by \$205,995 to \$226,556, in 2020. In 2019, the Agency's expenses amounted to \$20,561.
- Non-operating revenue increased by \$19,741, in 2020. In 2019, there was no reported non-operating revenue.

Using This Financial Report

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 Agency using accounting methods similar to those used by private sector companies.

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

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Agency in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting 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.

Spadra Basin Groundwater Sustainability Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2020 and 2019

Financial Analysis of the Agency, continued

These two statements report the Agency's net position and changes in it. One can think of the Agency's net position – the difference between assets plus deferred outflows of resources, less liabilities and deferred inflows of resources – as one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position 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, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 10 through 18.

Statements of Net Position

Condensed Statements of Net Position

	2020	2019	Change
Assets:			
Current assets	\$ 46,632	11,765	34,867
Total assets	46,632	11,765	34,867
Liabilities:			
Current liabilities	21,891	6,765	15,126
Total liabilities	21,891	6,765	15,126
Net position:			
Unrestricted	24,741	5,000	19,741
Total net position	\$ 24,741	5,000	19,741

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets of the Agency exceeded liabilities by \$24,741 and \$5,000 as of June 30, 2020 and 2019, respectively.

Spadra Basin Groundwater Sustainability Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2020 and 2019

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2020	2019	Change
Revenues:			
Administrative assessments	\$ 10,725	15,259	(4,534)
Member assessments	215,831	10,302	205,529
Total Revenues	226,556	25,561	200,995
Expenses:			
Operating expenses	226,556	20,561	205,995
Total Expenses	226,556	20,561	205,995
Net income before non-operating revenue	-	5,000	(5,000)
Non-operating revenue:			
Grant revenue	19,741	-	19,741
Total non-operating revenue	19,741	-	19,741
Change in net position	19,741	5,000	(5,000)
Net position, beginning of period	5,000	-	5,000
Net position, end of period	\$ 24,741	5,000	19,741

The Statement Revenues, Expenses and Changes in Net Position shows how the Agency's net position changed during the fiscal year. In the case of the Agency, the net position increased \$19,741 to \$24,741, as a result of current year non-operating revenue. In the fiscal year 2019, the Agency's net position amounted to \$5,000 in the first year of operation.

In fiscal year 2020, the Agency's revenue increased \$200,995 to \$226,556, primarily due to increases of \$205,529 in member assessments offset by a decrease of \$4,534 in administrative assessments. In fiscal year 2019, the Agency's revenue amounted to \$25,561 sourcing from member and administrative assessments in the first year of operation.

In fiscal year 2020, the Agency's expenses increased \$205,995 to \$226,556, primarily due to an increase of \$210,529 in Ground Water Sustainability Plan expenses offset by a decrease of \$4,534 in general and administrative expenses. In fiscal year 2019, the Agency's expenses amounted to \$20,561 sourcing from \$15,529 in administrative expenses and \$5,302 in professional services in first year of operation.

In fiscal year 2020, the Agency's non-operating revenue amounted to \$19,741 sourcing from a Department of Water Resources sustainable groundwater planning grant. In fiscal year 2019, there was no contribution activity.

Spadra Basin Groundwater Sustainability Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2020 and 2019

Conditions Affecting Current Financial Position

The COVID-19 pandemic 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 the Agency and the duration cannot be estimated at this time.

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

Requests for Information

This financial report is designed to provide the Agency's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the Agency's finances and to demonstrate the Agency's accountability with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Treasurer, Josh Byerrum at Spadra Basin Groundwater Sustainability Agency at 271 S. Brea Canyon Rd., Walnut, California 91789 or (909) 595-7554.

Basic Financial Statements

Spadra Basin Groundwater Sustainability Agency
Statements of Net Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 4,701	3,992
Accounts receivable – member agencies	<u>41,931</u>	<u>7,773</u>
Total current assets	<u>46,632</u>	<u>11,765</u>
Current liabilities:		
Accounts payable – member agencies	<u>21,891</u>	<u>6,765</u>
Total current liabilities	<u>21,891</u>	<u>6,765</u>
Net position:		
Unrestricted	<u>24,741</u>	<u>5,000</u>
Total net position	<u><u>\$ 24,741</u></u>	<u><u>5,000</u></u>

See accompanying notes to the basic financial statements

Spadra Basin Groundwater Sustainability Agency
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Administrative assessments	\$ 10,725	15,259
Member assessments	<u>215,831</u>	<u>10,302</u>
Total operating revenues	<u>226,556</u>	<u>25,561</u>
Operating expenses:		
General and administrative	10,725	15,259
Groundwater Sustainability Plan	<u>215,831</u>	<u>5,302</u>
Total operating expenses	<u>226,556</u>	<u>20,561</u>
Net income before non-operating revenue	<u>-</u>	<u>5,000</u>
Non-operating revenue:		
Sustainable Groundwater Planning Grant – DWR	<u>19,741</u>	<u>-</u>
Change in net position	19,741	5,000
Net position, beginning of period	<u>5,000</u>	<u>-</u>
Net position, end of period	<u><u>\$ 24,741</u></u>	<u><u>5,000</u></u>

See accompanying notes to the basic financial statements

Spadra Basin Groundwater Sustainability Agency
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash receipts from administrative and member assessments	\$ 192,398	17,788
Cash received from grants	19,741	-
Cash paid to vendors and suppliers for materials and services	(211,430)	(13,796)
Net cash provided by operating activities	709	3,992
Net increase in cash and cash equivalents	709	3,992
Cash and cash equivalents – beginning of year	3,992	-
Cash and cash equivalents – end of year	\$ 4,701	3,992
 Reconciliation of operating loss to net cash provided by operating activities:		
Operating Income	\$ 19,741	5,000
Changes in assets and liabilities		
(Increase) decrease in assets:		
Accounts receivable	-	(2,257)
Accounts receivable – member assessments	(34,158)	(5,516)
Increase (decrease) in liabilities :		
Accounts payable	-	1,235
Accounts payable – member assessments	15,126	5,530
Total adjustments	(19,032)	(1,008)
Net cash provided by operating activities	\$ 709	3,992

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2020 and 2019

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Spadra Basin Groundwater Sustainability Agency (Agency) was formed in February 28, 2017 by the execution of a Memorandum of Agreement between Walnut Valley Water District (WVWD) and the City of Pomona (City) to meet the requirements of the Sustainable Groundwater Management Act of 2014. The Agency's purpose is to develop and implement a Groundwater Sustainability Plan to sustainably manage the Basin in compliance with the Act's requirements. The Spadra basin is located in the San Gabriel Valley, in the western portion of the City of Pomona. The Agency is governed by an appointed Executive Committee comprised of one member and one alternative member from WVWD and the City.

B. Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of managing the basin on a continuing basis be financed or recovered primarily through member assessments, 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 result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. 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 revenue.

C. Financial Reporting

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

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

Governmental Accounting Standards Board Statement No. 95

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

D. Assets, Liabilities and Net Position

1. Use of Estimates

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

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2020 and 2019

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

D. Assets, Liabilities and Net Position, continued

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 the Agency and the duration cannot be estimated at this time.

3. Cash and Cash Equivalents

Substantially, all of the Agency's cash is held in a financial institution bank account. The Agency considers all highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents.

4. Accounts Receivable

The Agency extends credit to customers in the normal course of operations. Management has evaluated the accounts and believes all accounts are collectible at June 30. When management deems customer accounts uncollectible, the Agency uses the direct write off method for the write-off those accounts to bad debt expense. As of June 30, 2020, and 2019, there is no allowance for uncollectible accounts as management believes all accounts will be collected, respectively.

5. Revenue Recognition

Assessments are recognized as revenue at the time each member agency is invoiced.

6. Net Position

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

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

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2020 and 2019

(2) Cash and Cash Equivalents

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

	2020	2019
Cash and cash equivalents	\$ 4,701	3,992

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

	2020	2019
Deposits with financial institutions	\$ 4,701	3,992
Total cash and cash equivalents	\$ 4,701	3,992

Custodial Credit Risk

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

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

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020, that have effective dates that may impact future financial presentations.

The following pronouncements implementation dates have been delayed due to the COVID-19 pandemic.

Governmental Accounting Standards Board Statement No. 84

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

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

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2020 and 2019

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

Governmental Accounting Standards Board Statement No. 84, continued

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. 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.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2020 and 2019

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

Governmental Accounting Standards Board Statement No. 90

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

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

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.

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.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2020 and 2019

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

Governmental Accounting Standards Board Statement No. 91, continued

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

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

Governmental Accounting Standards Board Statement No. 92

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

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

Governmental Accounting Standards Board Statement No. 93

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

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2020 and 2019

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

Governmental Accounting Standards Board Statement No. 93, continued

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.

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.

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2020 and 2019

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

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.

(4) Contingencies

Litigation

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

Grant Awards

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

Spadra Basin Groundwater Sustainability Agency
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2020 and 2019

(4) Contingencies, continued

COVID-19 Pandemic

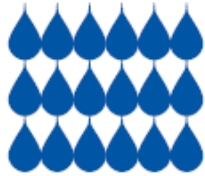
In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Agency could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The Agency has not included any contingencies in the financial statements specific to this issue.

(5) Subsequent Events

Management is not aware of any events or transactions, including estimates that provide additional evidence about conditions that existed at June 30, 2020, or arose subsequent to that date and are considered inherent in the process of preparing these financial statements.

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Report on Internal Controls and Compliance



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

Executive Committee
Spadra Basin Groundwater Sustainability Agency
Walnut, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Spadra Basin Groundwater Sustainability Agency (Agency) as of and for the fiscal years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprises the Agency's basic financial statements, and have issued our report thereon dated January 4, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

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

Fedak & Brown LLP

Cypress, California

January 4, 2021

**Walnut Valley Water District
Preliminary Budget Meeting Schedule**



FISCAL YEAR 2021-22

Tentative Date	Item
April 2021 Special Budget Workshop	Review of Budget Process and Methodology Preliminary Review of Budget: Expenses Revenues Capital Projects
May 2021 Special Budget Workshop	Final Review of Budget: Expenses Revenues Capital Projects
June 2021 Budget Workshop	Consideration of Adoption: Final Budget

Walnut Valley Water District
Revenue Bond Funds Held in Trust - Union Bank
Life to Date
December 31, 2020

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 ¹		(2,052,008.87)	
Puente Basin Water Agency - LHHCWDC Project ¹		(350,566.00)	
Puente Basin Water Agency - CDWC Project ¹		(4,090,549.30)	
Puente Basin Water Agency - Pathfinder Project ⁴		-	
Administration Headquarters ¹		(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) ²		(706,545.61)	
Ridgeline Pump Station Modifications (P#12-3267) ³		(221,195.68)	
30 kw Diesel Portable Generator (P#13-3290) ³		(39,490.70)	
			(967,231.99)
Interest Income			500,822.13
Ending Balance of Bond Funds Held in Trust			\$ 2,325,346.49

1 Related to projects identified in the Official Statement dated March 21, 2013

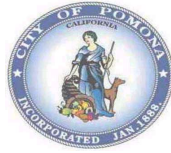
2 Substitute project approved by the Board on April 18, 2013. Reimbursed amounts will be placed in the Project Reserve

3 Substitute projects approved by the Board on September 16, 2013. Reimbursed amounts will be placed in the Project Reserve

4 Breakout CDWC and Pathfinder projects

Walnut Valley Water District
Revenue Bond Funds Held in Trust - Union Bank
December 31, 2020

Beginning Balance of Bonds Funds Held in Trust	\$	2,322,695.86
Receipts:		
Interest Income		2,650.63
Disbursements:		
PBWA - Pomona Basin Project	-	
PBWA - Cal Domestic Project	-	
PBWA - Pathfinder Project	-	
Administration Headquarters	-	
	\$	-
Ending Balance of Bond Funds Held in Trust	\$	<u><u>2,325,346.49</u></u>



POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

WATER USE DISTRIBUTION & BILLING

DECEMBER 2020

CONSUMPTION PER AGENCY (Per PWR Meter Reads)		
	Water Consumption (Acre-feet)	Allocation %
Pomona	430.326	26.493%
Walnut	789.998	48.635%
Rowland	404.004	24.872%
LaVerne	-	0.000%
TOTAL	1,624.328	100.000%

WATER PRODUCTION (ACTUAL)		
	Water Consumption (Acre-feet)	Allocation %
MWD	1,248.50	77.595%
TVMWD	360.50	22.405%
LaVerne	-	0.000%
Total	1,609.000	100.000%
PWR	1,624.328	
Difference	(15.328)	

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)
				77.595%	22.405%	0.000%	100.000%
Pomona	430.326	(4.061)	426.265	426.3	330.8	95.5	426.3
Walnut	789.998	(7.455)	782.543	782.5	607.2	175.3	782.5
Rowland	404.004	(3.812)	400.192	400.2	310.5	89.7	400.2
LaVerne	-	-	-	-	-	-	-
TOTAL	1,624.328	(15.328)	1,609.000	1,609.0	1,248.5	360.5	1,609.0

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)	330.8	95.5							-	
	Allocation %			35.85%	52.00%	26.12%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,068.00	\$ 1,068.00	\$ 22,105.25	\$ 5,687.51	\$ 5,965.90	\$ 5,699.00	\$ 4,592.00	\$ 24,950.00	\$ (100.00)	
	Total	\$ 353,251.21	\$ 102,000.05	\$ 7,924.73	\$ 2,957.51	\$ 1,558.29	\$ 1,424.75	\$ 1,148.00	\$ 8,316.67	\$ -	\$ 478,581.21
Walnut Valley Water District	Cons. (AF)	607.2	175.3							-	
	Allocation %			41.51%	28.00%	46.79%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,068.00	\$ 1,068.00	\$ 22,105.25	\$ 5,687.51	\$ 5,965.90	\$ 7,734.00	\$ 12,102.00	\$ 24,950.00	\$ (100.00)	
	Total	\$ 648,503.11	\$ 187,253.00	\$ 9,175.89	\$ 1,592.50	\$ 2,791.44	\$ 1,933.50	\$ 3,025.50	\$ 8,316.67	\$ -	\$ 862,591.61
Rowland Water District	Cons. (AF)	310.5	89.7							-	
	Allocation %			22.64%	20.00%	27.09%	25.00%	25.00%	33.33%		
	Billing Rate	\$ 1,068.00	\$ 1,068.00	\$ 22,105.25	\$ 5,687.51	\$ 5,965.90	\$ 5,556.00	\$ 7,640.00	\$ 24,950.00	\$ (100.00)	
	Total	\$ 331,643.69	\$ 95,760.95	\$ 5,004.63	\$ 1,137.50	\$ 1,616.16	\$ 1,389.00	\$ 1,910.00	\$ 8,316.67	\$ -	\$ 446,778.60
City of LaVerne	Cons. (AF)	-	-							-	
	Allocation %			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
	Billing Rate	\$ 1,068.00	\$ 1,068.00	\$ 22,105.25	\$ 5,687.51	\$ 5,965.90	\$ -	\$ -	\$ -	\$ (100.00)	
	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total (A.F.)		1,248.5	360.5								1,609.0
Total (\$)		\$ 1,333,398.01	\$ 385,014.00	\$ 22,105.25	\$ 5,687.51	\$ 5,965.89	\$ 4,747.25	\$ 6,083.50	\$ 24,950.00	\$ -	\$ 1,787,951.41

February 2021

Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
	3:00 PM Spadra Basin Advisory Committee	6:30 PM Diamond Bar City Council Meeting	8:00 AM TVMWD Board Meeting	7:00 AM PBWA Meeting		
7	8	9	10	11	12	13
	4:00 PM Public Info Committee	4:00 PM Engineering Committee	7:00 PM Walnut City Council Meeting	4:00 PM P-W-R JWL Meeting		
	4:30 PM Finance Committee	4:30 PM Personnel Committee				
14	15 District Office will be CLOSED in observance of Presidents' Day	16	17	18	19	20
		5:00 PM WVWD Board Meeting	8:00 AM TVMWD Board Meeting	4:00 PM WVWD Board Workshop		
		6:30 PM Diamond Bar City Council Meeting				
21	22	23	24	25	26	27
		6:00 PM Firescaping Webinar	7:00 PM Walnut City Council Meeting			
28						

Note: Meeting dates and times are subject to change

March 2021

Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
	3:30 PM Spadra Basin GSA Meeting	6:30 PM Diamond Bar City Council Meeting	8:00 AM TVMWD Board Meeting			
7	8	9	10	11	12	13
	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				
14	15	16	17	18	19	20
	5:00 PM WVWD Board Meeting	6:00 PM Leak Detection Online Workshop	8:00 AM TVMWD Board Meeting	4:00 PM WVWD Board Workshop		10:00 AM Leak Detection Online Workshop
		6:30 PM Diamond Bar City Council Meeting				
21	22	23	24	25	26	27
			7:00 PM Walnut City Council Meeting			
28						

Note: Meeting dates and times are subject to change

April 2021

Monthly Planner

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
				7:00 AM PBWA Meeting		
4	5	6	7	8	9	10
	3:00 PM Spadra Basin Advisory Committee	6:30 PM Diamond Bar City Council Meeting	8:00 AM TVMWD Board Meeting			
11	12	13	14	15	16	17
	4:00 PM Public Info Committee	4:00 PM Engineering Committee	7:00 Walnut City Council Meeting			
	4:30 PM Finance Committee	4:30 PM Personnel Committee				
18	19	20	21	22	23	24
	5:00 PM WWWD Board Meeting	6:30 PM Diamond Bar City Council Meeting	8:00 AM TVMWD Board Meeting	4:00 PM WWWD Board Workshop		
25	26	27	28	29	30	
			7:00 Walnut City Council Meeting			

**WALNUT VALLEY WATER DISTRICT
WATER SUPPLY AND CONSERVATION UPDATE
January 19, 2021**



<p>A</p> <p>B</p> <p>C</p>	<p><u>Water Use</u> – Water usage for December 2020 was 1,386.994 acre feet, an increase of 45.61% compared to December 2019 and a decrease of 1.01% from December 2013. The average inflow into the system during the month was approximately 22.60 cfs (10,142.82 gallons per minute).</p> <p><u>Recycled Water Use</u> – During the month of December the recycled water system delivered 1,490,330 G.P.D., an increase of 436.71% compared to the use in December 2019. Of the recycled water delivered, 30.37% was from the District wells and no water was transferred from potable Make-up water.</p> <p><u>Production Report</u> – attached are:</p> <ul style="list-style-type: none"> ▪ Purchased Water Projections (Two total) ▪ Climate Summary ▪ Monthly Consumption Versus the 2013 Baseline Year (Two total) 	<p>Exhibits</p>
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WALNUT VALLEY WATER DISTRICT
Calendar Year 2020 Purchased Water Estimate

Month	Actual Purchases (AF)				Projected Purchases (AF)			% Tier I	Cumulative Total (AF)	Cumulative % Tier I
	PWR	PBWA	Spread	Total	Budget	Low	High			
January	437.300	577.509	0.000	1,014.809	1,133.000	958.751	1,289.582	3.89%	1,014.809	3.89%
February	503.100	684.591	0.000	1,187.691	984.000	818.161	1,239.813	4.56%	2,202.500	8.45%
March	532.100	523.814	0.000	1,055.914	933.000	946.030	1,187.956	4.05%	3,258.414	12.50%
April	523.000	546.905	0.000	1,069.905	1,422.000	1,255.620	1,467.547	4.11%	4,328.319	16.61%
May	846.600	707.118	0.000	1,553.718	1,498.000	1,394.494	1,598.447	5.96%	5,882.037	22.57%
June	840.500	770.267	0.000	1,610.767	1,632.000	1,609.180	1,730.416	6.18%	7,492.804	28.76%
July	922.580	912.189	300.000	1,834.769	1,965.000	1,830.794	1,949.955	7.04%	9,327.573	35.80%
August	1,009.900	902.251	0.000	1,912.151	1,995.000	1,834.355	1,940.790	7.34%	11,239.724	43.14%
September	936.100	850.641	0.000	1,786.741	1,815.000	1,752.446	1,782.528	6.86%	13,026.465	49.99%
October	945.900	719.342	0.000	1,665.242	1,660.000	1,479.607	1,805.421	6.39%	14,691.707	56.38%
November	852.900	510.933	0.000	1,363.833	1,469.000	1,345.185	1,480.492	5.23%	16,055.540	61.62%
December	782.500	604.494	0.000	1,386.994	1,076.000	1,096.908	1,520.503	5.32%	17,442.534	66.94%
Total	9,132.480	8,310.054	300.000	17,442.534	17,582.000	16,321.531	18,993.450			
Remaining Projected Purchases										

Total Projected Purchases	17,742.534	17,742.534	17,742.534
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Tier 1 Allocation	26,057.00	8,314.466	8,314.466	8,314.466
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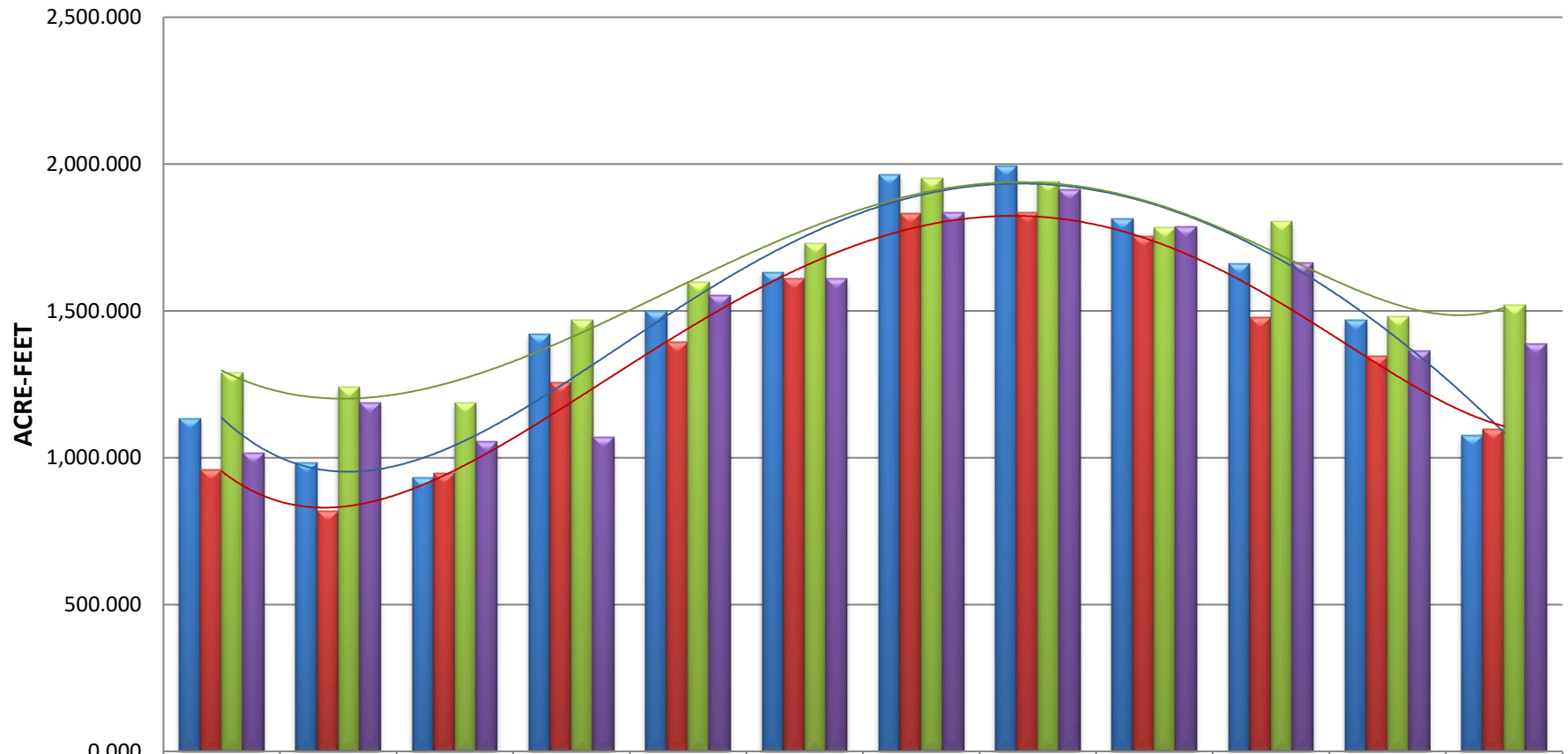
Tier 2 Purchases	0.000
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Tier 2 Incremental Cost @ \$87/AF	\$0.00
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Year of Occurrence		
2016	2017	2018

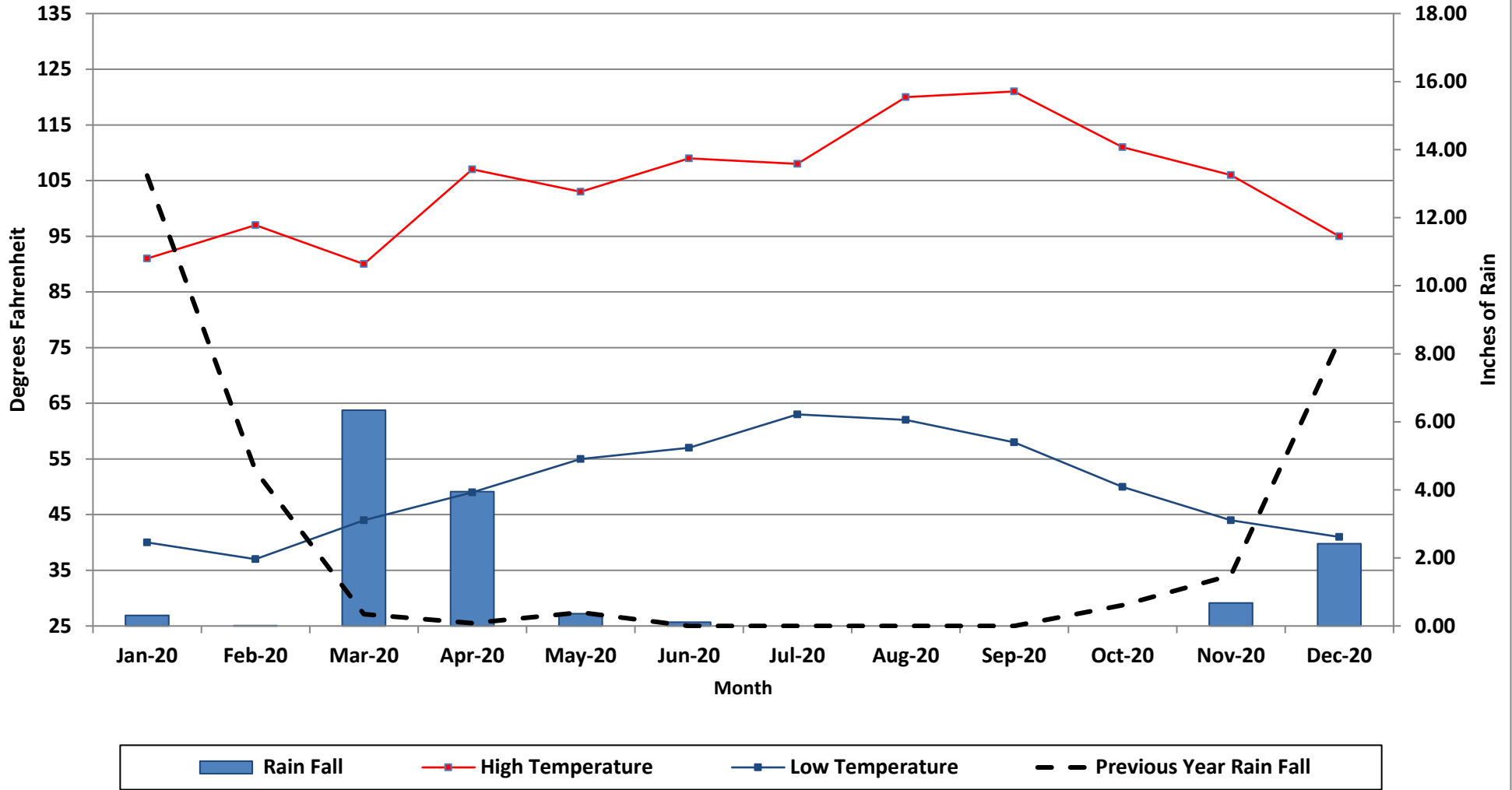
		Tier I Balance
Tier I Allocation PWR	14,152.00	5,019.52
Tier I Allocation TVMWD	11,905.00	3,594.95

Calendar Year 2020 Purchased Water



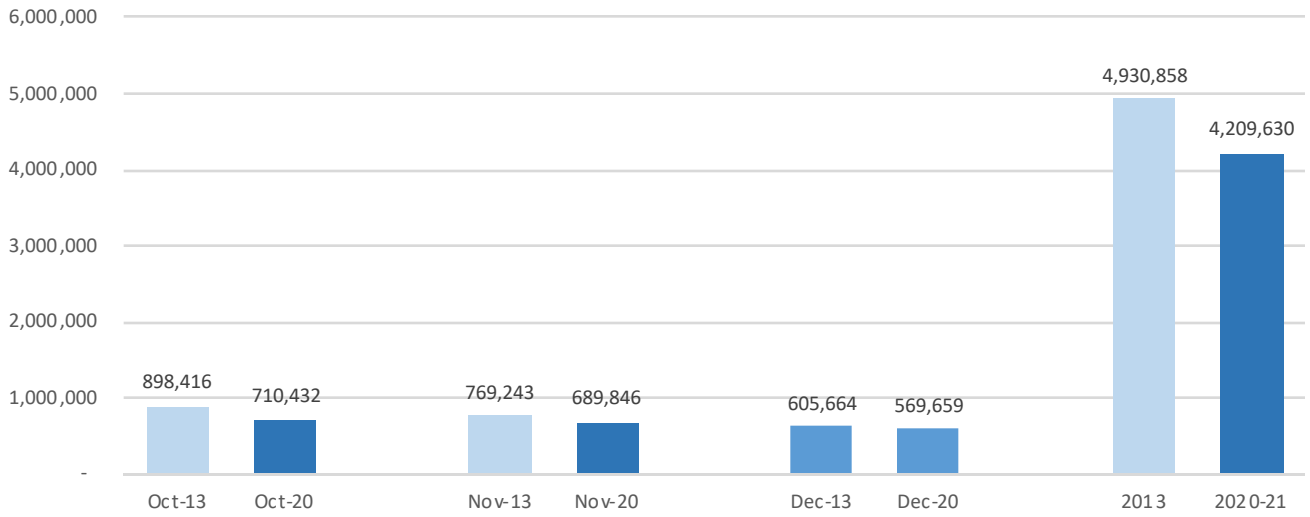
	January	February	March	April	May	June	July	August	September	October	November	December
■ Budget	1,133.000	984.000	933.000	1,422.000	1,498.000	1,632.000	1,965.000	1,995.000	1,815.000	1,660.000	1,469.000	1,076.000
■ Low	958.751	818.161	946.030	1,255.620	1,394.494	1,609.180	1,830.794	1,834.355	1,752.446	1,479.607	1,345.185	1,096.908
■ High	1,289.582	1,239.813	1,187.956	1,467.547	1,598.447	1,730.416	1,949.955	1,940.790	1,782.528	1,805.421	1,480.492	1,520.503
■ CY 2020	1,014.809	1,187.691	1,055.914	1,069.905	1,553.718	1,610.767	1,834.769	1,912.151	1,786.741	1,665.242	1,363.833	1,386.994

Walnut Valley Water District Climate Summary

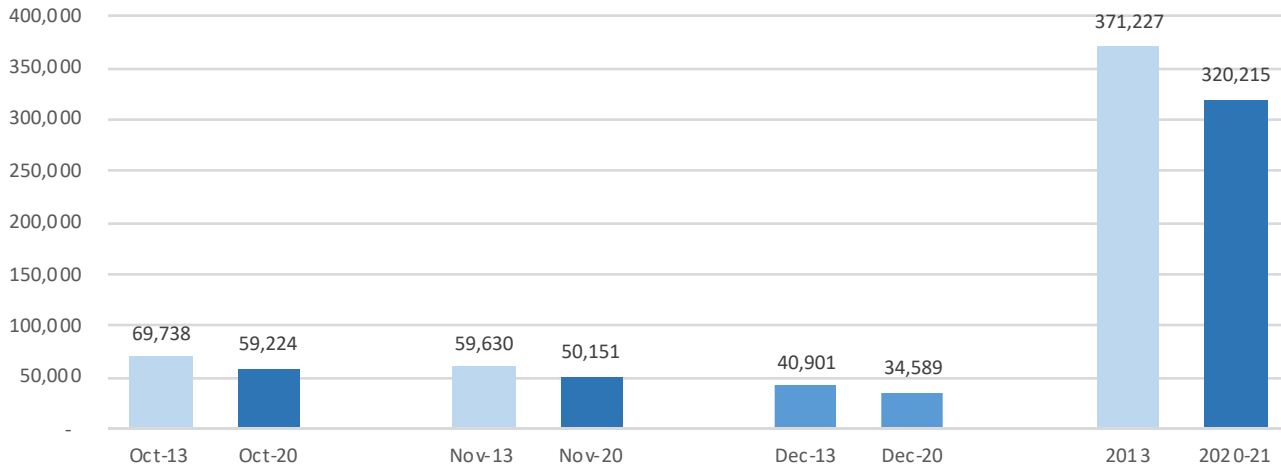


**WALNUT VALLEY WATER DISTRICT
CONSUMPTION DATA - CURRENT YEAR VERSUS 2013 BASELINE**

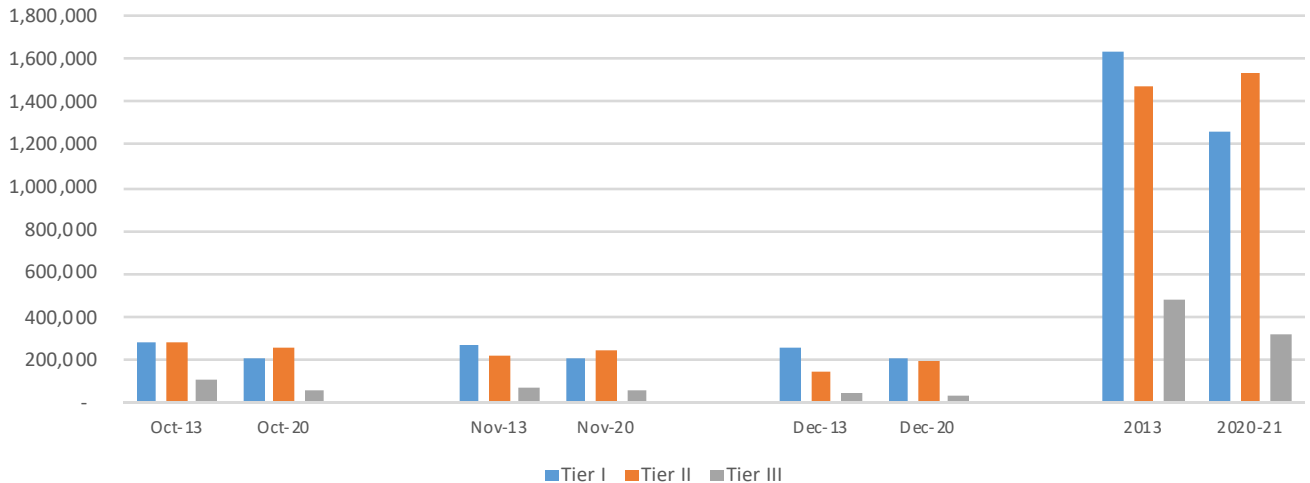
YTD Consumption Versus 2013 Baseline Year



Irrigation Consumption Versus 2013 Baseline



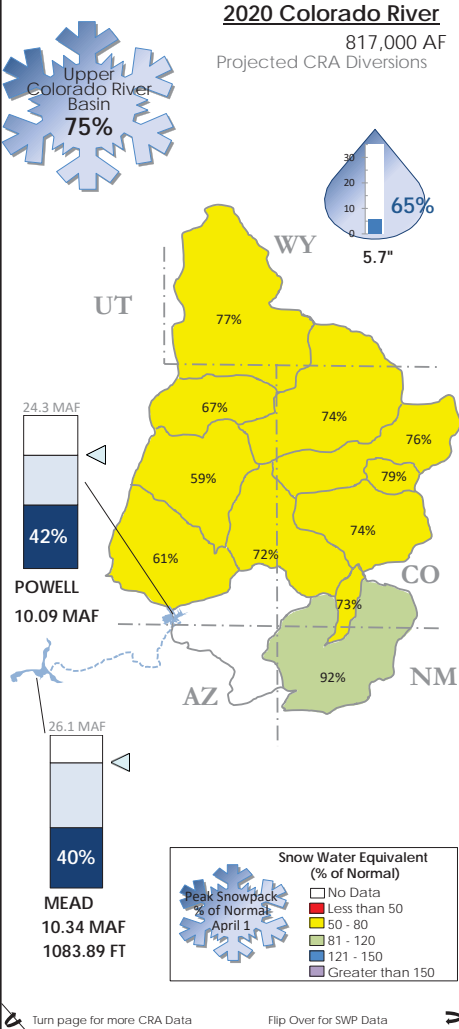
Residential Tiers Versus 2013 Baseline



Walnut Valley Water District
 Monthly Consumption Versus 2013 Baseline Year

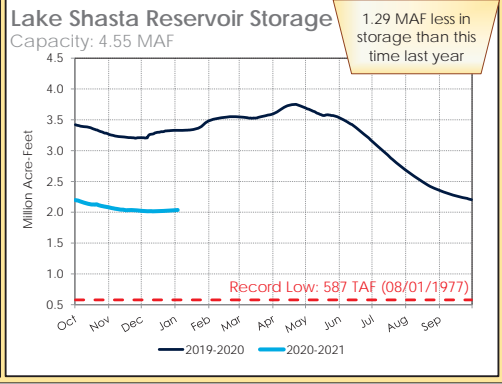
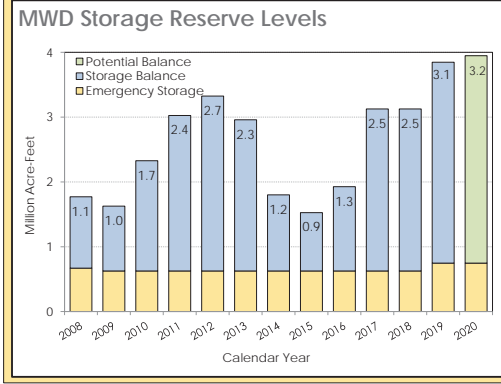
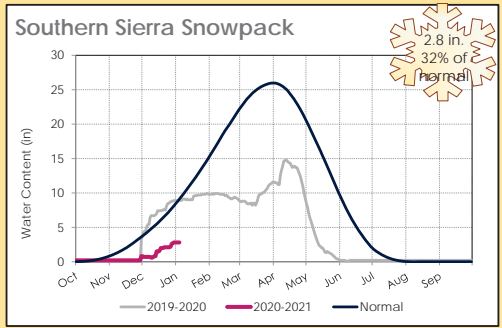
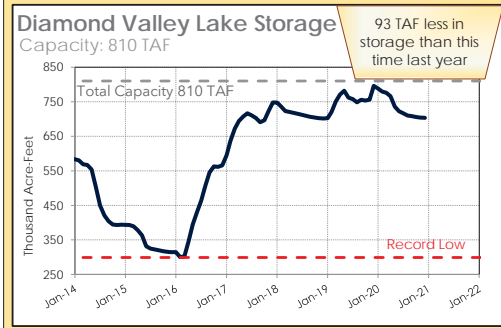
Consumption/Water Sales																
User Class	October				November				December				YTD (FY 20-21)			
	Oct-13	Oct-20	Change	% Change	Nov-13	Nov-20	Change	% Change	Dec-13	Dec-20	Change	% Change	2013 YTD	FY 20-21	Change	% Change
COG	54,851	40,245	(14,606)	-27%	45,006	30,560	(14,446)	-32%	33,742	20,445	(13,297)	-39%	287,285	207,975	(79,310)	-28%
COM	95,658	71,070	(24,588)	-26%	89,223	70,581	(18,642)	-21%	69,595	57,748	(11,847)	-17%	539,798	408,122	(131,676)	-24%
IND	13,214	11,587	(1,627)	-12%	13,714	10,071	(3,643)	-27%	12,022	8,446	(3,576)	-30%	77,590	60,118	(17,472)	-23%
MUL	80,692	74,198	(6,494)	-8%	75,248	73,966	(1,282)	-2%	61,002	62,178	1,176	2%	456,871	435,981	(20,890)	-5%
RES	654,001	513,332	(140,669)	-22%	546,052	504,668	(41,384)	-8%	429,303	420,842	(8,461)	-2%	3,569,314	3,097,434	(471,880)	-13%
	898,416	710,432	(187,984)	-21%	769,243	689,846	(79,397)	-10%	605,664	569,659	(36,005)	-6%	4,930,858	4,209,630	(721,228)	-15%
IRRIGATION																
User Class	IRRIGATION				IRRIGATION				IRRIGATION				YTD IRRIGATION			
	Oct-13	Oct-20	Change	% Change	Nov-13	Nov-20	Change	% Change	Dec-13	Dec-20	Change	% Change	2013 YTD	FY 20-21	Change	% Change
COG	33,685	28,134	(5,551)	-16%	28,767	21,607	(7,160)	-25%	20,529	14,125	(6,404)	-31%	184,548	149,244	(35,304)	-19%
COM	33,660	28,832	(4,828)	-14%	28,388	27,214	(1,174)	-4%	18,794	19,517	723	4%	172,898	161,013	(11,885)	-7%
IND	2,072	2,042	(30)	-1%	2,204	1,245	(959)	-44%	1,320	837	(483)	-37%	12,004	9,058	(2,946)	-25%
RES	321	216	(105)	-33%	271	85	(186)	-69%	258	110	(148)	-57%	1,777	900	(877)	-49%
	69,738	59,224	(10,514)	-15%	59,630	50,151	(9,479)	-16%	40,901	34,589	(6,312)	-15%	371,227	320,215	(51,012)	-14%
RESIDENTIAL																
Residential	RESIDENTIAL				RESIDENTIAL				RESIDENTIAL				YTD 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
2013	277,665	277,554	98,782	654,001	267,823	216,199	62,030	546,052	250,744	142,104	36,455	429,303	1,629,171	1,470,206	469,937	3,569,314
FY 20-21	208,520	252,498	52,314	513,332	208,727	244,479	51,462	504,668	202,118	187,874	30,850	420,842	1,251,395	1,526,787	319,252	3,097,434
Difference	(69,145)	(25,056)	(46,468)	(140,669)	(59,096)	28,280	(10,568)	(41,384)	(48,626)	45,770	(5,605)	(8,461)	(377,776)	56,581	(150,685)	(471,880)
% Change	-25%	-9%	-47%	-22%	-22%	13%	-17%	-8%	-19%	32%	-15%	-2%	-23%	4%	-32%	-13%

Water Purchases							
	July	August	September	October	November	December	Total
2013	2,148.67	2,308.73	2,063.59	1,858.07	1,569.13	1,401.17	11,349.36
FY 20-21	1,853.69	1,912.15	1,786.74	1,665.24	1,363.83	1,386.99	9,968.65
Difference	(294.98)	(396.58)	(276.85)	(192.83)	(205.30)	(14.18)	(1,380.71)
% Change	-14%	-17%	-13%	-10%	-13%	-1%	-12%



Highlights

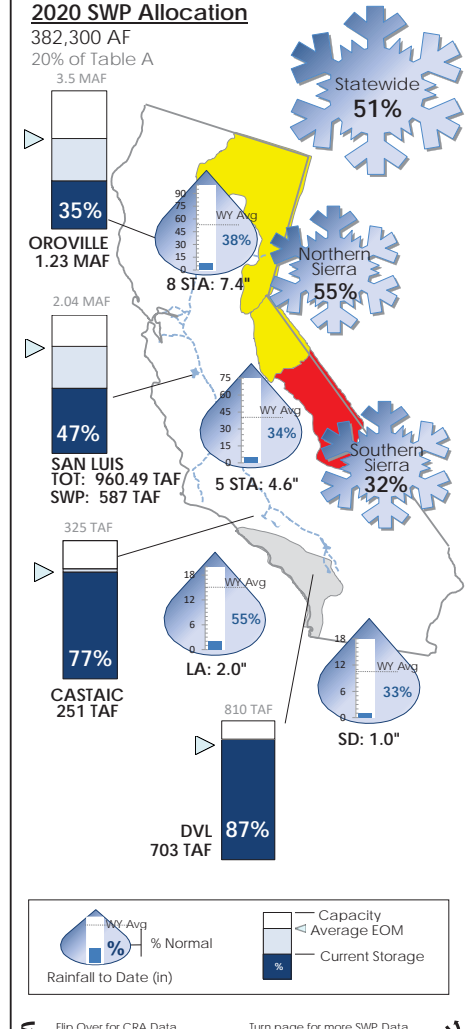
- ◆ Snowpack in the Sierra is at 51% of normal
- ◆ Precipitation at the 8 Station Index is at 38% of normal
- ◆ Snowpack in the Upper Colorado is at 75% of normal
- ◆ Precipitation in the Upper Colorado is at 65% of normal



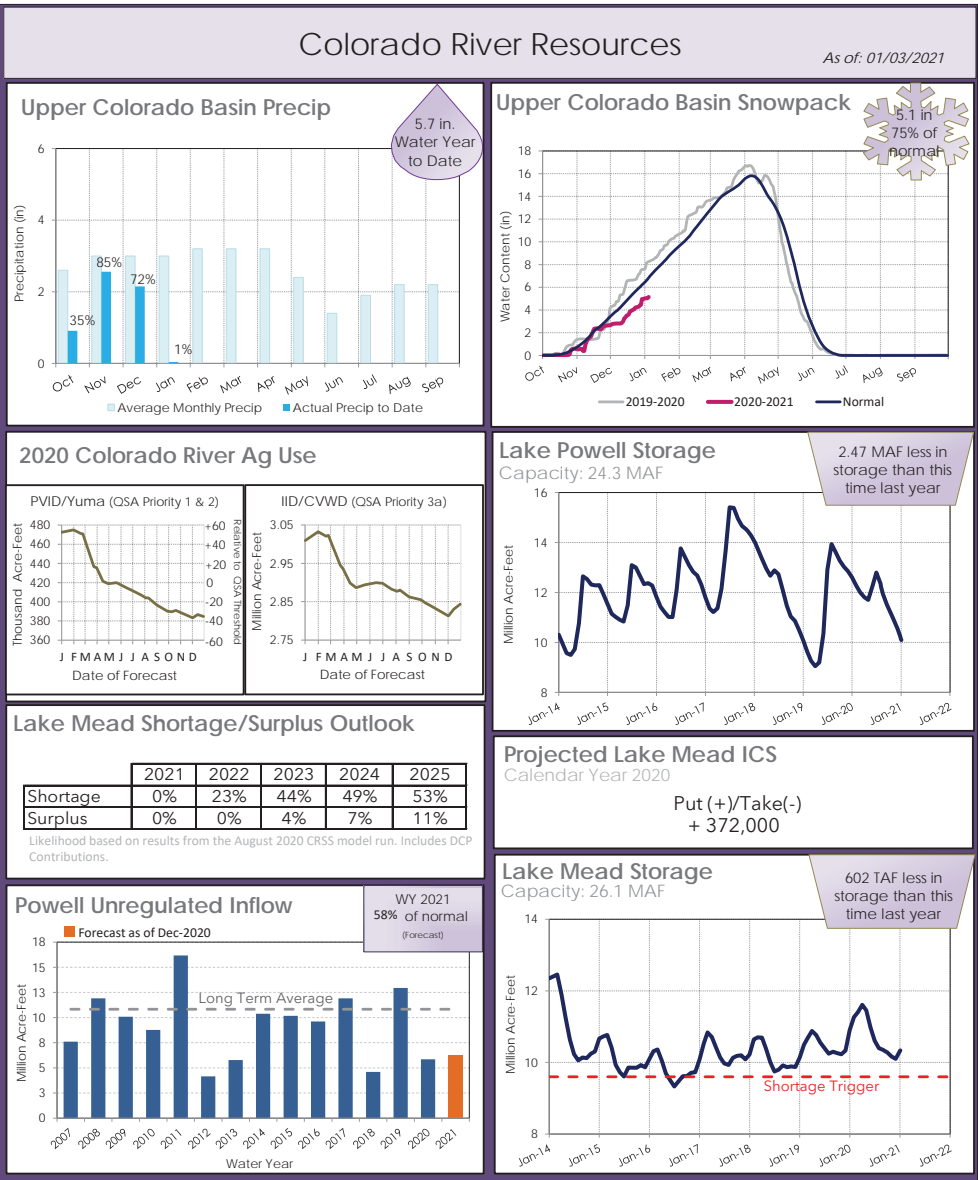
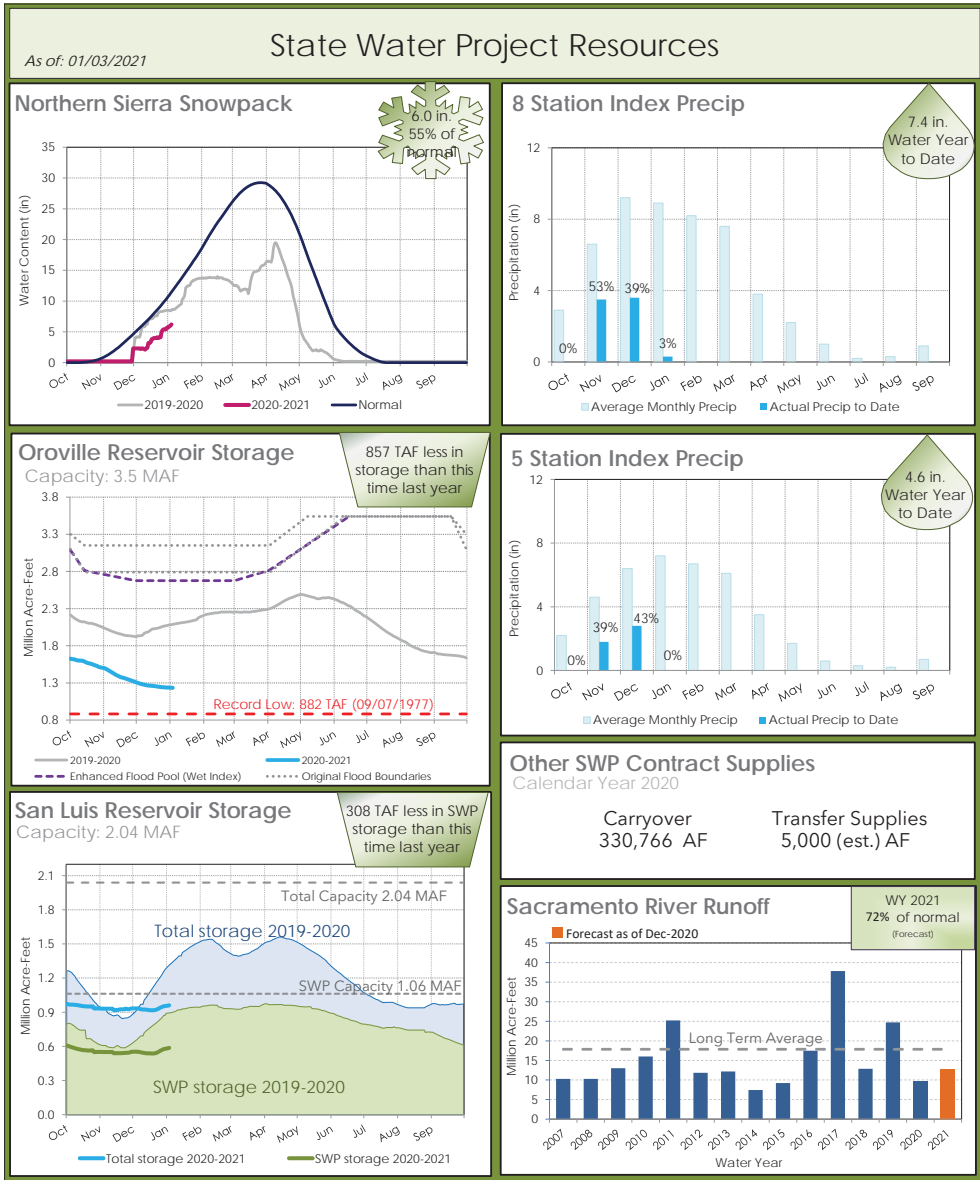
This report is produced by the Water Resource Management Group and contains information from various federal, state, and local agencies. The Metropolitan Water District of Southern California cannot guarantee the accuracy or completeness of this information. Readers should refer to the relevant state, 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.

<http://www.mwdh2o.com/WSCR>

This report is best printed double sided on legal size paper (8.5" x 14") and folded in quarters. Questions? Email mferreira@mwdh2o.com



Flip Over for CRA Data Turn page for more SWP Data

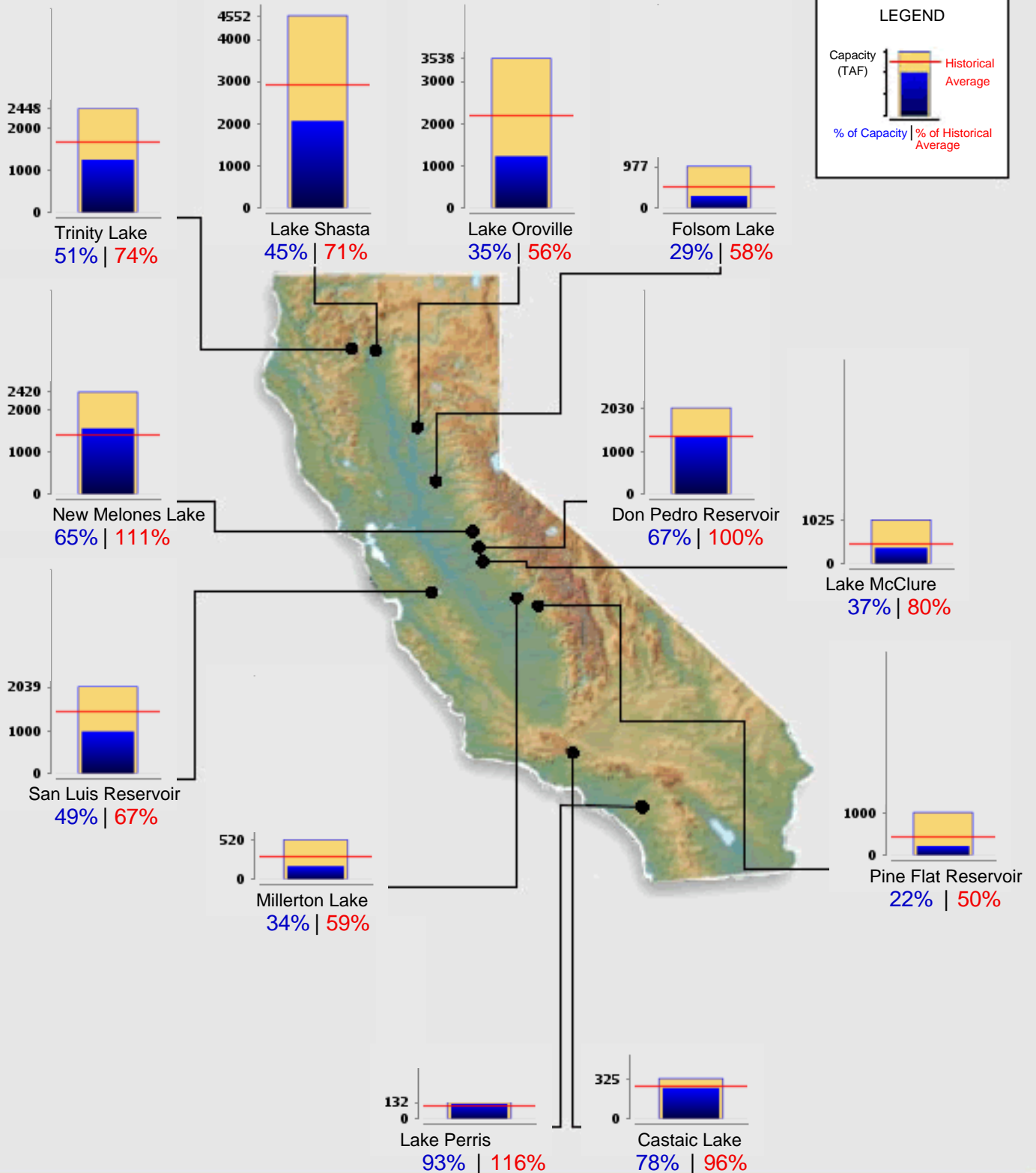




Reservoir Conditions

Ending At Midnight - January 12, 2021

CURRENT RESERVOIR CONDITIONS



WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: January 19, 2021
SUBJECT: Consideration of Annual Board Commission and Agency Assignment Selections for Calendar Year 2021

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That President Kwong appoint District representatives to commission and agency assignments for calendar year 2021.

Background Information

At the December 14, 2020 Board meeting, the Board approved the 2021 Standing Committee assignments and deferred approval of the commission/agency assignments to the January 19, 2021 Board meeting. The Board was therefore asked to advise Director Kwong of their interest in serving as District representatives on the commissions and agencies listed on the attached list.

The roster of 2020 composition of Commission/Agency assignments is attached for President Kwong's consideration.

Attachments as noted



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	<i>Vacant</i>
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	<i>Vacant</i>
ACWA Region 8 Delegate	Theresa Lee
ACWA Region 8 Delegate – Alternate	<i>Vacant</i>
Regional Chamber Representative	Scarlett Kwong
Regional Chamber Representative – Alternate	<i>Vacant</i>
Spadra Basin Executive Committee Member*	Jerry Tang
Spadra Basin Executive Committee Member—Alternate*	Theresa Lee

** To be approved by resolution*

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: January 19, 2021
SUBJECT: Adoption of Resolutions No. 01-21-672 Appointing Representatives to the Pomona-Walnut-Rowland Joint Water Line Commission, 01-21-673 Appointing Representatives to the Puente Basin Water Agency, and 01-21-674 Appointing Representatives to the Spadra Basin Groundwater Sustainability Agency Executive Committee

Action/Discussion
 Fiscal Impact
 Resolution
 Information Only

Recommendation

That the Board of Directors:

- A. Approve Resolution No. 01-21-672, appointing representatives to the Pomona-Walnut-Rowland (P-W-R) Joint Water Line Commission;
- B. Approve Resolution No. 01-21-673, appointing representatives to the Puente Basin Water Agency (PBWA); and
- C. Approve Resolution No. 01-21-674, appointing representatives to the Spadra Basin Groundwater Sustainability Agency (GSA) Executive Committee.

Background Information

To comply with the P-W-R Joint Water Line Commission, PBWA, and Spadra Basin GSA Joint Powers Agreement and bylaws, it is necessary to appoint representatives by resolution. Draft resolutions for that purpose are attached for review.

Agency	Position
Puente Basin Water Agency Commission	Two Representatives / One Alternate
P-W-R Joint Water Line Commission	One Representative / One Alternate
Spadra Basin GSA Executive Committee	One Representative / One Alternate

Following adoption, staff will prepare the resolutions for signature by President Kwong, and provide copies of the signed resolutions to the respective agencies.

Attachments as noted

RESOLUTION NO. 01-21-672

**RESOLUTION OF THE WALNUT VALLEY WATER DISTRICT
BOARD OF DIRECTORS
APPOINTING REPRESENTATIVES TO THE P-W-R JOINT WATER LINE COMMISSION**

WHEREAS, the Walnut Valley Water District is a contracting public agency with a vested interest in the POMONA-WALNUT-ROWLAND (P-W-R) JOINT WATER LINE; and

WHEREAS, the P-W-R Joint Waterline Commission Bylaws provide that the P-W-R JOINT WATER LINE shall be governed by a Commission consisting of three commissioners, and that the governing body of each of the contracting agencies shall annually appoint one representatives to the Commission and one alternate to serve in the absence of the appointed representative; and,

WHEREAS, each contracting public agency must file with the P-W-R JOINT WATER LINE COMMISSION a certified copy of the resolution appointing the Commissioner and Alternate(s);

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

1. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as representative of the Walnut Valley Water District to serve on the P-W-R JOINT WATER LINE COMMISSION.
2. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as an alternate representative of the Walnut Valley Water District to serve on the P-W-R JOINT WATER LINE COMMISSION in the absence of the appointed representative.
4. That the representative and the alternate appointed herein shall serve for a term of one year unless removed and replaced at the pleasure of the Board of Directors, or unless such representative or alternate resigns or becomes incapacitated.
5. That a certified copy of this Resolution be provided to the P-W-R JOINT WATER LINE COMMISSION.

**ADOPTED AT A REGULAR MEETING OF THE WALNUT VALLEY WATER DISTRICT HELD
JANUARY 19, 2021**

AYES:
NOES:
ABSENT:
ABSTAIN:

President
Board of Directors

ATTEST:

Secretary

RESOLUTION NO. 01-21-673

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

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

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

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

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

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

1. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as a representative of the Walnut Valley Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
2. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as a representative of the Walnut Valley Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
3. That _____, who is a member of the Board of Directors of the Walnut Valley Water District, shall be appointed as an alternate representative of the Walnut Valley Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY in the absence of either of the appointed representatives.
4. That each of the representatives and alternate appointed herein shall serve for a term of one year unless removed and replaced at the pleasure of the Board of Directors, or unless such representative or alternate resigns or becomes incapacitated.
5. That a certified copy of this Resolution be provided to the PUENTE BASIN WATER AGENCY.

**ADOPTED AT A REGULAR MEETING OF THE WALNUT VALLEY WATER DISTRICT
HELD JANAUARY 19, 2021**

AYES:
NOES:
ABSENT:
ABSTAIN:

President
Board of Directors

ATTEST:

Secretary

RESOLUTION NO. 01-21-674

**RESOLUTION OF THE WALNUT VALLEY WATER DISTRICT
BOARD OF DIRECTORS
APPOINTING DISTRICT REPRESENTATION ON THE EXECUTIVE COMMITTEE OF THE
SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY**

WHEREAS, the Walnut Valley Water District entered into a multiagency agency agreement with the city of Pomona to establish the SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY (the "Agency"), through execution of a Memorandum of Agreement dated January 2017, with the city of Pomona (the "Agreement"); and,

WHEREAS, the Agreement provides that the SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY shall be governed by a two member Executive Committee, and that the governing body of each of the members shall annually appoint one representative to the Executive Committee, and the Agency's operating rules will provide for one alternate to be appointed to serve in the absence of the appointed representative; and,

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

1. That _____, Director, who is of the Walnut Valley Water District Board of Directors, shall be appointed as a representative of the Walnut Valley Water District to serve on the Executive Committee of the SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY.
2. That _____, who is of the Walnut Valley Water District Board of Directors, shall be appointed as a representative of the Walnut Valley Water District to serve as an Alternate Representative to the Executive Committee of the SPADRA BASIN GROUNDWATER SUSTAINABILITY AGENCY.
3. That each of the representative and alternate appointed herein shall serve for a term of one year unless removed and replaced at the pleasure of the Board of Directors, or unless such representative or alternate resigns or becomes incapacitated.
4. That a certified copy of this Resolution shall be provided to the Spadra Basin Groundwater Sustainability Agency.

**ADOPTED AT A REGULAR MEETING OF THE WALNUT VALLEY WATER DISTRICT
HELD JANUARY 19, 2021.**

AYES:
NOES:
ABSENT:
ABSTAIN:

President
Board of Directors

ATTEST:

Secretary