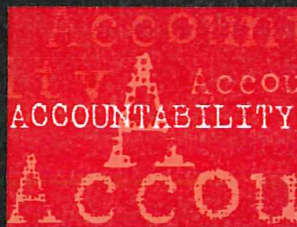


# ROWLAND WATER DISTRICT

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

## RWD BOARD VISION



### Our Mission:

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

**Board of Directors Regular Meeting**  
**January 8, 2019**  
**6:00 p.m.**



**AGENDA**  
Regular Meeting of the Board of Directors  
January 8, 2019  
6:00 PM

---

---

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL OF DIRECTORS**

Robert W. Lewis, President  
Teresa P. Rios, Vice President  
Anthony J. Lima  
Szu Pei Lu-Yang  
John Bellah

**ADDITION(S) TO THE AGENDA**

**PUBLIC COMMENT ON NON-AGENDA ITEMS**

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

*Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Rose Perea, Secretary to the Board at (562) 697-1726, or writing to Rowland Water District, at 3021 Fullerton Road, Rowland Heights, CA 91748. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included, so that District staff may discuss appropriate arrangements. Anyone requesting a disability-related accommodation should make the request with adequate time prior to the meeting in order for the District to provide the requested accommodation.*

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

*Materials related to an item on this Agenda submitted after distribution of the Agenda packet are available for public review at the District office, located at 3021 Fullerton Road, Rowland Heights, CA 91748.*

## Tab 1 CONSENT CALENDAR

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

- 1.1 Approval of the Minutes of Regular Board Meeting held on December 11, 2018**  
*Recommendation: The Board of Directors approve the Minutes as presented.*
- 1.2 Demands on General Fund Account for November 2018**  
*Recommendation: The Board of Directors approve the demands on the general fund account as presented.*
- 1.3 Investment Report for November 2018**  
*Recommendation: The Board of Directors approve the Investment Report as presented.*
- 1.4 Water Purchases for November 2018**  
*For information purposes only.*

**Next Special Board Meeting:** January 22, 2019, 6:00 p.m.  
**Next Regular Board Meeting:** February 12, 2019, 6:00 p.m.

## Tab 2 ACTION ITEMS

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

- 2.1 Review and Approve Directors' Meeting Reimbursements for December 2018**  
*Recommendation: The Board of Directors approve the Meeting Reimbursements as presented.*
- 2.2 Approve Change in IRS Mileage Rate from \$.545 to \$.58 effective January 1, 2019**  
*Recommendation: The Board of Directors approve the IRS rate as presented.*
- 2.3 Approve "Draft" RWD Financial Audit Report for Fiscal Year 2017-2018 Prepared by White Nelson Diehl Evans LLP**  
*Recommendation: The Board of Directors approve the Draft Financial Audit as presented.*
- 2.4 Receive and File Final Puente Basin Water Agency Financial Audit for Fiscal Year Ended June 30, 2018 prepared by Davis Farr Certified Public Accountants**  
*Recommendation: The Board of Directors Receive and File the Financial Audit As presented.*

- 2.5 **Review and approved “Quitclaim Deed” from Rowland Water District, Grantor, to Successor Agency to the Industry Urban Development Agency, Grantee, and “Relinquishment of Easement Rights” for real property located at 17647 Gale Avenue, City of Industry, CA (APN: Portions of 8264-012-923, 8264-013-913 and 914)**  
*Recommendation: The Board of Directors approve the Quitclaim Deed and Relinquishment of Easement Rights As presented.*
- 2.6 **Review and approved “Quitclaim Deed” from Rowland Water District, Grantor, to Industry Capital Partners, LLC, Grantee, and “Relinquishment of Easement Rights” for real property located at 17723 Gale Avenue, City of Industry, CA (APN: Portions of 8264-013-024)**  
*Recommendation: The Board of Directors approve the Quitclaim Deed and Relinquishment of Easement Rights As presented.*
- 2.7 **Review and Approve Resolution No. 1-2019 Educational Reimbursement Policy**  
*Recommendation: The Board of Directors approve the Resolution as presented.*
- 2.8 **Review and Approve Education Reimbursement Agreement**  
*Recommendation: The Board of Directors approve the Agreement as presented.*
- 2.9 **Consider Approval of Server Replication System for District Servers**  
*Recommendation: The Board of Directors approve the recommended replication.*
- 2.10 **Public Relations (Rose Perea)**
- **Communications Outreach (CV Strategies)**
  - **Education Update**
- For information purposes only.*
- 2.11 **Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)**
- **None**
- Intentionally left blank.*

**Tab 3 LEGISLATIVE INFORMATION**

- 3.1 **Updates on Legislative Issues**  
*Intentionally left blank.*

**Tab 4 REVIEW OF CORRESPONDENCE**

- **“Thank You” Letter from OPARC**
- **“Thank You” Letter from Water Education Foundation**

**Tab 5 COMMITTEE REPORTS**

*There are no tabs for the remainder of the meeting.*

- 5.1 **Three Valleys Municipal Water District** (Directors Lu-Yang/Lima)
- 5.2 **Joint Powers Insurance Authority** (Director Lewis/Mr. Coleman)
- 5.3 **Association of California Water Agencies** (Directors Lewis/Bellah)
- 5.4 **Puente Basin Water Agency** (Directors Lima/Lewis)
- 5.5 **Project Ad-Hoc Committee** (Directors Lima/Lu-Yang)
- 5.6 **Regional Chamber of Commerce-Government Affairs Committee**  
(Directors Lewis/Bellah)
- 5.7 **PWR Joint Water Line Commission** (Directors Lima/Rios)
- 5.8 **Sheriff's Community Advisory Council** (Directors Lu-Yang/Rios)
- 5.9 **Rowland Heights Community Coordinating Council**  
(Directors Lu-Yang/Bellah)

**Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS**

- 6.1 **Finance Report** (Mr. Henry)
- 6.2 **Operations Report** (Mr. Warren)
- 6.3 **Personnel Report** (Mr. Coleman)

**Tab 7 ATTORNEY'S REPORT** (Mr. Joseph Byrne)

**Tab 8 CLOSED SESSION**

- a. **CONFERENCE WITH LEGAL COUNSEL—**  
**Existing Litigation Paragraph (1) of subdivision (d) of Section 54956.9**  
**Name of Case: Rowland Water District vs. La Habra Heights County Water District**  
**Case No. KC070088**
- b. **Personnel; Public Employee Performance Evaluation; Cross Connection Control Specialist, Pursuant to Government Code Section 54957**
- c. **Conference with Real Property Negotiator Pursuant to Government Code Section 54956.8**  
Property: 18938 Granby Place, Rowland Heights, CA 91748  
District Negotiator: Tom Coleman, General Manager  
Negotiating Parties: Mark I. Chen Revocable Living Trust dated 9-8-17  
Under Negotiation: Price and Terms

## **Directors' and General Manager's Comments**

## **Future Agenda Items**

## **Late Business**

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

## **ADJOURNMENT**

President ROBERT W. LEWIS, Presiding

# Tab

# 1.1



Minutes of the Regular Meeting  
of the Board of Directors of the Rowland Water District  
December 11, 2018 - 6:00 p.m.  
Location: District Office

---

---

**PLEDGE OF ALLEGIANCE**

**ROLL CALL OF DIRECTORS**

President Szu Pei Lu-Yang  
Vice President Robert W. Lewis  
Director Anthony J. Lima  
Director John Bellah  
Director Teresa P. Rios

**ABSENT:**

None.

**OTHERS PRESENT:**

Joseph P. Byrne, Legal Counsel, Best Best & Krieger  
Erin LaCombe Gilhuly, CV Strategies  
Joe Ruzicka, Three Valleys Municipal Water District  
Kirk Howie, Three Valleys Municipal Water District  
Teri Malkin, Resident  
Denise Jackman, Resident

**ROWLAND WATER DISTRICT STAFF**

Tom Coleman, General Manager  
Rose Perea, Director of Administrative Services  
Dave Warren, Director of Operations  
Sean Henry, Finance Officer

**ADDITION(S) TO THE AGENDA**

None.

**PUBLIC COMMENT ON NON-AGENDA ITEMS**

None.



**Tab 1 - CONSENT CALENDAR**

Upon motion by Director Lewis, seconded by Director Lima, the Consent Calendar was unanimously approved.

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

**The approval of the Consent Calendar included:**

**1.1**

**Approval of the Minutes of Regular Board Meeting Held on November 13, 2018**

**1.2**

**Approval of the Minutes of Special Board Meeting Held on November 20, 2018**

**1.3**

**Demands on General Fund Account for October 2018**

**1.4**

**Investment Report for October 2018**

**1.5**

**Water Purchases for October 2018**

Next Regular Board Meeting

January 8, 2019, 6:00 p.m.

Next Special Board Meeting

January 22, 2019, 5:00 p.m.

**Tab 2 - ACTION ITEMS**

**2.1**

**Review and Approve Directors' Meeting Reimbursements for November 2018**

Upon motion by Director Lima, seconded by Director Rios, the Directors' Meeting Reimbursement Report was unanimously approved as presented.

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

**2.2**

**Administer Oaths of Office to John Bellah, Division 3, Robert W. Lewis, Division 4, and Szu Pei Lu-Yang, Division 5**

Legal counsel, Joseph Byrne, administered the Oaths of Office to Directors Bellah, Lewis and Lu-Yang.

### 2.3

#### **Approve Executive Officer Positions of the Board of Directors for 2019**

After discussion, upon motion by Director Lima, seconded by Director Bellah, the Board unanimously approved Director Robert W. Lewis' election to serve as President for calendar years 2019 and 2020, and Director Teresa Rios' election to serve as Vice President for calendar years 2019 and 2020.

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

### 2.4

#### **Review and Approve Board of Directors' Committee Assignments for 2019**

All Committee assignments for the 2019 calendar year were discussed. A motion was made by Director Lima, seconded by Director Rios, and unanimously approved, to confirm the following committee assignments for the 2019 calendar year:

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

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

**2.5**

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

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

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

**2.6**

**Review and Approve Resolution No. 12-2018 of the Board of Directors Appointing Representatives to the Puente Basin Water Agency**

A motion was made by Director Lima, seconded by Director Rios, to approve Resolution No. 12-2018 appointing Director Lima and Director Lewis as Commissioners of the Puente Basin Water Agency and General Manager, Tom Coleman, as Alternate Commissioner to represent the District. The motion was approved by the following roll-call vote:

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

Motion was passed by a vote of 5-0.

**2.7**

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

A motion made by Director Lewis, seconded by Director Rios, for the appointment of Director Lima as Commissioner, and Director Rios as alternate, to serve on the Pomona-Walnut-Rowland Joint Water Line Commission. The motion was unanimously carried.

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

**2.8**

**Review and Approve Resolution No. 12.1-2018 Establishing the Rowland Water District Investment Policy**

After discussion, a motion was made by Director Lewis, seconded by Director Lima, to approve Resolution No. 12.1-2018 Establishing the Rowland Water District Investment Policy. The motion was approved by the following roll-call vote:

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

Motion was passed by a vote of 5-0.

## 2.9

### **Review and Approve Resolution No. 12.2-2018 Re-Appointing the District Treasurer and Delegating Authority for the Investment of Surplus Funds of the District to the General Manager/Treasurer**

After discussion, a motion was made by Director Lewis, seconded by Director Lima, to approve Resolution No. 12.2-2018 Re-Appointing the District Treasurer and Delegating Authority for the Investment of Surplus Funds of the District to the General Manager. The motion was approved by the following roll-call vote:

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

Motion was passed by a vote of 5-0.

## 2.10

### **Public Relations (Rose Perea)**

Mrs. Perea reported that the District had one winner in the MWD 2019 *Water is Life* Poster Contest: Fiona Chen, Sixth Grade, from Blandford Elementary. The Student Recognition, Presentation and Luncheon took place on December 4, 2018, at the MWD headquarters.

Edu Bucks in the amount of \$4,000.00 (\$800.00 each) were awarded to four schools in the District's service area: Blandford Elementary (2), Rowland Elementary (1), and Jellick Elementary (2).

The Scholarship Applications were distributed to Wilson, Nogales and Santana High Schools. Four (4), \$1,500 scholarships will be awarded. The essay theme is: "Water Crisis: How would you solve a local/national water crisis that has occurred in the last five years?" The essays are due on or before January 24, 2019.

The Broadcast Media and Digital Art Contest flyers were distributed to Nogales, Wilson and Santana High Schools, as well as Telesis Academy and Alvarado Intermediate School. The entries are due on February 14, 2019. The awards are: First Place, \$400, Second Place \$300 and Third Place \$150 in each category, totaling \$1,700.

### **Communications Outreach (CV Strategies)**

Erin LaCombe Gilhuly, CV Strategies, reported that they are working on the customer survey presentation to be made to the Board at the January 22, 2019 meeting. Ms. Gilhuly highlighted several of the responses received and advised that more detail will be provided on January 22, 2019. Press Releases on the administration of the Oaths of Office to the three Directors and the Poster Contest winners will be prepared. CV Strategies is working with District staff formulate direct community outreach in connection with SB606 and AB1668.

### **Education Update**

No comments.

## 2.11

### **Discussion of Upcoming Conferences, Workshops, or Events (Including Items that May Have Arisen after the Posting of the Agenda)**

- **Urban Water Institute Spring Water Conference, February 27, 2019 to March 1, 2019, Hilton Palm Springs Hotel, Palm Springs, CA**

Staff was asked to make reservations for Director Bellah's attendance at the Conference. Upon motion by Director Lima, seconded by Director Rios, and unanimously carried, the Board approved the payment of *per diem* compensation to Directors for their attendance at the Conference.

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

### **Tab 3 LEGISLATIVE INFORMATION**

#### **3.1**

#### **Updates on Legislative Issues**

General Manager, Tom Coleman, advised the Board that staff from both Rowland Water District and Walnut Valley Water District have requested that the Commissioners of Puente Basin Water Agency consider adding Lobbyist services to Puente Basin Water Agency and further add the authority for Puente Basin Water Agency to allow for other agencies to join in this coalition.

### **Tab 4 REVIEW OF CORRESPONDENCE**

None.

### **Tab 5 COMMITTEE REPORTS**

#### **5.1**

#### **Three Valleys Municipal Water District**

Director Lima reported on his attendance at the December 5, 2019, Board meeting and advised that oaths of office were administered to Directors in Division 1, 3 and 5 for their new four-year term commencing December 7, 2018 through December 9, 2022. The Main San Gabriel Basin levels were also discussed. The January 2, 2019 Board meeting was cancelled. General Manager, Tom Coleman, advised the Board that a special Board meeting had been scheduled for December 12, 2018 for the purpose of accepting Director Dan Horan's resignation as Director and commencing the process to fill the vacancy which will exist through November 2020.

#### **5.2**

#### **Joint Powers Insurance Authority**

Director Lewis reported on his attendance at the JPIA segment of the ACWA Conference and advised that all premiums on the JPIA programs will remain the same. The JPIA voted to create a Captive Insurance Company which will allow the JPIA a greater return on their investments which in turn will help with rate stabilization.

#### **5.3**

#### **Association of California Water Agencies**

Mr. Lewis reported on his attendance at the ACWA Fall Conference in San Diego held November 27, 2018 through November 30, 2018.

#### **5.4**

##### **Puente Basin Water Agency**

Director Lima reported on his attendance at the meeting held on December 6, 2018 and advised that the Audited Financial Statements prepared by Davis Farr were discussed by teleconference and approved to receive and file. Project updates were provided and the 2019 meeting schedule was approved.

#### **5.5**

##### **Project Ad-Hoc Committee**

Nothing to report.

#### **5.6**

##### **Regional Chamber of Commerce**

The Government Affairs Committee will be dark in December.

#### **5.7**

##### **PWR Joint Water Line Commission**

Nothing to report. The next meeting will be held on February 14, 2019.

#### **5.8**

##### **Sheriff's Community Advisory Council**

Nothing to report.

#### **5.9**

##### **Rowland Heights Community Coordinating Council**

Director Bellah reported on his attendance at the December 10, 2018 meeting and advised that the Sheriff's Department and the California Highway Patrol representatives provided their reports and advised of the new reporting requirements.

### **Tab 6 OTHER REPORTS, INFORMATION ITEMS AND COMMENTS**

#### **6.1**

##### **Finance Report**

Finance Officer, Sean Henry, advised that the District Audit will be presented at the January Board meeting.

#### **6.2**

##### **Operations Report**

Director of Operations, Dave Warren, displayed the valve which was replaced at the Granby Booster Station as part of the District's proactive commitment to identify valves that require changing out in an effort to avoid any unexpected breaks.

#### **6.3**

##### **Personnel Report**

General Manager, Tom Coleman, advised that the Maintenance II position was filled with an in-house candidate after interviewing 15 candidates, both in-house and outside of the District. A Maintenance I vacancy now exists which the District hopes to fill with an in-house candidate.

**Tab 7 ATTORNEY’S REPORT**

Nothing to report.

**Tab 8 CLOSED SESSION**

Legal Counsel, Joseph Byrne, adjourned the meeting to closed session at 7:10 p.m. and announced that the purpose of the closed session, and the provisions of the Brown Act authorizing the closed session were listed in the agenda.

- a. **CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION  
Paragraph (1) of subdivision (d) of Section 54956.9: Name of Case: Rowland Water District vs. La Habra Heights County Water District, Case No. KC070088**
- b. **Personnel; Public Employee Performance Evaluation; Cross Connection Control Specialist, Pursuant to Government Code Section 54957**

The closed session was adjourned and the Board resumed the meeting in open session at 7:27 p.m.

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

**Directors’ and General Manager’s Comments**

Director Bellah advised that he was very impressed with the ACWA Conference presentations and provided comments on several of the sessions he attended.

**Future Agenda Items**

None.

**Late Business**

None.

A motion was made by Director Lima, seconded by Director Rios, and unanimously carried to adjourn the meeting. The meeting was adjourned at 7:52 p.m.

\_\_\_\_\_  
SZU PEI LU-YANG  
Board President

Attest: \_\_\_\_\_  
TOM COLEMAN  
Board Secretary

**Tab**

**1.2**



Report Criteria:

Actual Amounts  
 All Accounts  
 Summarize Payroll Detail  
 Print Period Totals  
 Print Grand Totals  
 [Report].Account Number = "135070"

Date	Journal	Reference Number	Payee or Description	Account Number	Debit Amount	Credit Amount	Balance
			CITIZENS BUSINESS BANK	09/30/2018 (09/18) Balance	13507-0		2,226,221.89
10/03/2018	CD2	90001	MERCHANT FEE			300.69-	
10/09/2018	CD2	90005	DIRECTORS PAYROLL			566.10-	
10/09/2018	CD2	90011	DIRECTORS PAYROLL			3,416.95-	
10/15/2018	CD2	90021	PAYROLL/10-15-18			906.00-	
10/15/2018	CD2	90022	PAYROLL/10-15-18			108,149.17-	
10/15/2018	CD2	90025	PERS PAYMENT			33,983.61-	
10/15/2018	CD2	90027	PARS PAYMENT			35,000.00-	
10/18/2018	CD2	90029	PAYMENTS FEE			4,990.27-	
10/22/2018	CD2	90031	ACCOUNT ANALYSIS FEE			5,452.49-	
10/19/2018	CD2	90033	DEPOSIT CORRECTION-COUNTERFEIT BILL			20.00-	
10/25/2018	CD2	90035	FSA ADMINISTRATIVE FEE			139.25-	
10/31/2018	CD2	90045	PAYROLL/10-31-18			906.00-	
10/31/2018	CD2	90046	PAYROLL/10-31-18			115,085.50-	
10/15/2018	CD2	90048	FSA-DAVE MILLER			33.33-	
10/15/2018	CD2	90050	FSA-JONATHAN VASQUEZ			20.83-	
10/31/2018	CD2	90052	FSA-DAVE MILLER			33.33-	
10/31/2018	CD2	90054	FSA-JONATHAN VASQUEZ			20.83-	
10/31/2018	CD2	90056	RETURNED ITEMS			4,971.14-	
10/09/2018	CD2	990001	TOTAL CHECKS & OTHER CHARGES - COM			2,969.21-	
10/02/2018	CDA2	95001	TOTAL CHECKS & OTHER CHARGES - COM			22,165.28-	
10/09/2018	CDA2	95002	TOTAL CHECKS & OTHER CHARGES - COM			473,741.06-	
10/15/2018	CDA2	95003	TOTAL CHECKS & OTHER CHARGES - COM			482,183.84-	
10/18/2018	CDA2	95004	TOTAL CHECKS & OTHER CHARGES - COM			318,217.24-	
10/22/2018	CDA2	95005	TOTAL CHECKS & OTHER CHARGES - COM			562,534.40-	
10/24/2018	CDA2	95006	TOTAL CHECKS & OTHER CHARGES - COM			473,995.96-	
10/24/2018	CDA2	95007	TOTAL CHECKS & OTHER CHARGES - COM			1,066.10-	
10/29/2018	CDA2	95008	TOTAL CHECKS & OTHER CHARGES - COM			82,016.02-	
10/19/2018	CDA2	95009	TOTAL CHECKS & OTHER CHARGES - COM			27,264.97-	
10/01/2018	CR	7	Credit Card - CB BANK - C		6,087.84		
10/01/2018	CR	8	Check - CB BANK - A		20,903.54		
10/01/2018	CR	9	Cash - CB BANK - B		6,290.81		
10/01/2018	CR	10	Check Free - CB BANK - D		8,042.77		
10/01/2018	CR	11	Citizens Busin. Bank - Lockbox - CB BANK - F		18,906.22		
10/01/2018	CR	12	Paymentus Payments - CB BANK - H		16,538.86		
10/01/2018	CR	1004	Paymentus Payments - CB BANK - H		6,363.11		
10/02/2018	CR	1012	Cash - CB BANK - B		8,320.15		
10/02/2018	CR	1013	Check - CB BANK - A		9,925.84		
10/02/2018	CR	1014	Credit Card - CB BANK - C		3,336.34		
10/02/2018	CR	1015	Check Free - CB BANK - D		7,474.81		
10/02/2018	CR	1016	Citizens Busin. Bank - Lockbox - CB BANK - F		12,264.33		
10/02/2018	CR	1017	Paymentus Payments - CB BANK - H		25,100.70		
10/02/2018	CR	1020	Paymentus Payments - CB BANK - H		3,895.00		
10/03/2018	CR	1028	Check - CB BANK - A		5,282.77		
10/03/2018	CR	1029	Cash - CB BANK - B		3,297.26		
10/03/2018	CR	1030	Credit Card - CB BANK - C		3,576.03		
10/03/2018	CR	1031	Check Free - CB BANK - D		4,848.00		
10/03/2018	CR	1032	Citizens Busin. Bank - Lockbox - CB BANK - F		12,668.52		
10/03/2018	CR	1033	Paymentus Payments - CB BANK - H		6,869.10		

Date	Journal	Reference Number	Payee or Description	Account Number	Debit Amount	Credit Amount	Balance
10/03/2018	CR	1036	Paymentus Payments - CB BANK - H		4,576.79		
10/04/2018	CR	1044	Cash - CB BANK - B		2,658.84		
10/04/2018	CR	1045	Check - CB BANK - A		62,396.09		
10/04/2018	CR	1046	Credit Card - CB BANK - C		2,557.34		
10/04/2018	CR	1047	Check Free - CB BANK - D		5,328.05		
10/04/2018	CR	1048	Citizens Busin. Bank - Lockbox - CB BANK - F		33,744.33		
10/04/2018	CR	1049	Paymentus Payments - CB BANK - H		8,367.38		
10/04/2018	CR	1052	Paymentus Payments - CB BANK - H		2,916.06		
10/05/2018	CR	1060	Credit Card - CB BANK - C		1,861.72		
10/05/2018	CR	1061	Cash - CB BANK - B		1,531.42		
10/05/2018	CR	1062	Check - CB BANK - A		3,552.42		
10/05/2018	CR	1063	Check Free - CB BANK - D		8,993.54		
10/05/2018	CR	1064	Citizens Busin. Bank - Lockbox - CB BANK - F		36,689.18		
10/05/2018	CR	1065	Paymentus Payments - CB BANK - H		12,759.36		
10/06/2018	CR	1068	Paymentus Payments - CB BANK - H		4,788.92		
10/07/2018	CR	1071	Paymentus Payments - CB BANK - H		2,729.39		
10/07/2018	CR	1074	Paymentus Payments - CB BANK - H		2,945.79		
10/08/2018	CR	1081	Cash - CB BANK - B		1,752.99		
10/08/2018	CR	1082	Check - CB BANK - A		10,021.64		
10/08/2018	CR	1083	Credit Card - CB BANK - C		3,719.57		
10/08/2018	CR	1084	Check Free - CB BANK - D		7,296.36		
10/08/2018	CR	1085	Paymentus Payments - CB BANK - H		8,200.99		
10/08/2018	CR	1088	Paymentus Payments - CB BANK - H		5,365.13		
10/09/2018	CR	1095	Cash - CB BANK - B		4,708.47		
10/09/2018	CR	1096	Check - CB BANK - A		31,835.05		
10/09/2018	CR	1097	Credit Card - CB BANK - C		2,534.17		
10/09/2018	CR	1098	Citizens Busin. Bank - Lockbox - CB BANK - F		287,062.90		
10/09/2018	CR	1099	Paymentus Payments - CB BANK - H		31,297.25		
10/09/2018	CR	1102	Paymentus Payments - CB BANK - H		4,181.35		
10/10/2018	CR	1110	Cash - CB BANK - B		3,648.29		
10/10/2018	CR	1111	Check - CB BANK - A		5,062.11		
10/10/2018	CR	1112	Credit Card - CB BANK - C		1,620.20		
10/10/2018	CR	1113	Check Free - CB BANK - D		3,392.93		
10/10/2018	CR	1114	Citizens Busin. Bank - Lockbox - CB BANK - F		27,416.68		
10/10/2018	CR	1115	Paymentus Payments - CB BANK - H		11,142.58		
10/10/2018	CR	1118	Paymentus Payments - CB BANK - H		3,349.96		
10/11/2018	CR	1126	Credit Card - CB BANK - C		1,251.16		
10/11/2018	CR	1127	Cash - CB BANK - B		2,055.81		
10/11/2018	CR	1128	Check - CB BANK - A		32,855.63		
10/11/2018	CR	1129	Check Free - CB BANK - D		3,189.95		
10/11/2018	CR	1130	Citizens Busin. Bank - Lockbox - CB BANK - F		28,226.21		
10/11/2018	CR	1131	Paymentus Payments - CB BANK - H		16,592.62		
10/12/2018	CR	1136	Check Free - CB BANK - D		3,155.52		
10/12/2018	CR	1137	Citizens Busin. Bank - Lockbox - CB BANK - F		44,173.61		
10/12/2018	CR	1138	Paymentus Payments - CB BANK - H		7,784.23		
10/13/2018	CR	1141	Paymentus Payments - CB BANK - H		5,310.72		
10/14/2018	CR	1144	Paymentus Payments - CB BANK - H		4,188.48		
10/14/2018	CR	1147	Paymentus Payments - CB BANK - H		1,197.94		
10/15/2018	CR	1155	Credit Card - CB BANK - C		1,566.92		
10/15/2018	CR	1156	Check - CB BANK - A		17,740.02		
10/15/2018	CR	1157	Cash - CB BANK - B		3,370.54		
10/15/2018	CR	1158	Check Free - CB BANK - D		2,496.12		
10/15/2018	CR	1159	Citizens Busin. Bank - Lockbox - CB BANK - F		88,018.81		
10/15/2018	CR	1160	Paymentus Payments - CB BANK - H		11,513.71		
10/15/2018	CR	1163	Paymentus Payments - CB BANK - H		3,985.55		
10/16/2018	CR	1171	Check - CB BANK - A		6,508.56		
10/16/2018	CR	1172	Cash - CB BANK - B		3,121.12		

Date	Journal	Reference Number	Payee or Description	Account Number	Debit Amount	Credit Amount	Balance
10/16/2018	CR	1173	Credit Card - CB BANK - C		5,773.72		
10/16/2018	CR	1174	Check Free - CB BANK - D		9,352.85		
10/16/2018	CR	1175	Citizens Busin. Bank - Lockbox - CB BANK - F		112,926.40		
10/16/2018	CR	1176	Paymentus Payments - CB BANK - H		9,518.81		
10/16/2018	CR	1179	Paymentus Payments - CB BANK - H		3,065.57		
10/17/2018	CR	1187	Check - CB BANK - A		50,299.13		
10/17/2018	CR	1188	Cash - CB BANK - B		2,069.37		
10/17/2018	CR	1189	Credit Card - CB BANK - C		1,445.52		
10/17/2018	CR	1190	Check Free - CB BANK - D		7,358.92		
10/17/2018	CR	1191	Citizens Busin. Bank - Lockbox - CB BANK - F		42,080.29		
10/17/2018	CR	1192	Paymentus Payments - CB BANK - H		8,155.69		
10/17/2018	CR	1195	Paymentus Payments - CB BANK - H		2,783.17		
10/18/2018	CR	1203	Credit Card - CB BANK - C		793.02		
10/18/2018	CR	1204	Cash - CB BANK - B		1,314.77		
10/18/2018	CR	1205	Check - CB BANK - A		13,198.41		
10/18/2018	CR	1206	Check Free - CB BANK - D		4,002.47		
10/18/2018	CR	1207	Citizens Busin. Bank - Lockbox - CB BANK - F		50,357.88		
10/18/2018	CR	1208	Paymentus Payments - CB BANK - H		6,912.36		
10/19/2018	CR	1214	Cash - CB BANK - B		1,825.75		
10/19/2018	CR	1215	Credit Card - CB BANK - C		1,469.29		
10/19/2018	CR	1216	Check - CB BANK - A		4,495.63		
10/19/2018	CR	1217	Check Free - CB BANK - D		5,574.99		
10/20/2018	CR	1220	Paymentus Payments - CB BANK - H		4,427.61		
10/21/2018	CR	1223	Paymentus Payments - CB BANK - H		3,024.08		
10/18/2018	CR	1226	Paymentus Payments - CB BANK - H		2,860.98		
10/19/2018	CR	1230	Citizens Busin. Bank - Lockbox - CB BANK - F		39,697.60		
10/19/2018	CR	1231	Paymentus Payments - CB BANK - H		10,700.42		
10/21/2018	CR	1234	Paymentus Payments - CB BANK - H		3,321.04		
10/22/2018	CR	1242	Cash - CB BANK - B		5,766.86		
10/22/2018	CR	1243	Check - CB BANK - A		10,127.99		
10/22/2018	CR	1244	Credit Card - CB BANK - C		1,202.28		
10/22/2018	CR	1245	Check Free - CB BANK - D		7,288.07		
10/22/2018	CR	1246	Citizens Busin. Bank - Lockbox - CB BANK - F		29,609.92		
10/22/2018	CR	1247	Paymentus Payments - CB BANK - H		14,282.22		
10/22/2018	CR	1250	Paymentus Payments - CB BANK - H		3,950.11		
10/23/2018	CR	1258	Cash - CB BANK - B		4,875.75		
10/23/2018	CR	1259	Credit Card - CB BANK - C		2,796.91		
10/23/2018	CR	1260	Check - CB BANK - A		7,713.55		
10/23/2018	CR	1261	Check Free - CB BANK - D		7,108.29		
10/23/2018	CR	1262	Citizens Busin. Bank - Lockbox - CB BANK - F		8,578.06		
10/23/2018	CR	1263	Paymentus Payments - CB BANK - H		48,984.52		
10/23/2018	CR	1266	Paymentus Payments - CB BANK - H		3,803.19		
10/24/2018	CR	1274	Cash - CB BANK - B		2,185.12		
10/24/2018	CR	1275	Check - CB BANK - A		10,526.19		
10/24/2018	CR	1276	Credit Card - CB BANK - C		1,241.56		
10/24/2018	CR	1277	Check Free - CB BANK - D		2,904.45		
10/24/2018	CR	1278	Citizens Busin. Bank - Lockbox - CB BANK - F		31,076.94		
10/24/2018	CR	1279	Paymentus Payments - CB BANK - H		5,325.20		
10/24/2018	CR	1282	Paymentus Payments - CB BANK - H		1,925.31		
10/25/2018	CR	1290	Cash - CB BANK - B		1,219.04		
10/25/2018	CR	1291	Check - CB BANK - A		7,019.20		
10/25/2018	CR	1292	Credit Card - CB BANK - C		1,898.21		
10/25/2018	CR	1293	Check Free - CB BANK - D		1,553.57		
10/25/2018	CR	1294	Citizens Busin. Bank - Lockbox - CB BANK - F		7,501.50		
10/25/2018	CR	1295	Paymentus Payments - CB BANK - H		10,667.26		
10/26/2018	CR	1300	Check Free - CB BANK - D		2,063.21		
10/26/2018	CR	1301	Citizens Busin. Bank - Lockbox - CB BANK - F		5,316.40		

Date	Journal	Reference Number	Payee or Description	Account Number	Debit Amount	Credit Amount	Balance
10/26/2018	CR	1302	Paymentus Payments - CB BANK - H		5,484.88		
10/27/2018	CR	1305	Paymentus Payments - CB BANK - H		1,995.46		
10/28/2018	CR	1308	Paymentus Payments - CB BANK - H		1,262.95		
10/28/2018	CR	1311	Paymentus Payments - CB BANK - H		1,513.74		
10/29/2018	CR	1319	Cash - CB BANK - B		3,352.04		
10/29/2018	CR	1320	Check - CB BANK - A		10,404.40		
10/29/2018	CR	1321	Credit Card - CB BANK - C		793.26		
10/29/2018	CR	1322	Check Free - CB BANK - D		772.96		
10/29/2018	CR	1323	Citizens Busin. Bank - Lockbox - CB BANK - F		84,959.03		
10/29/2018	CR	1324	Paymentus Payments - CB BANK - H		6,716.01		
10/29/2018	CR	1327	Paymentus Payments - CB BANK - H		2,861.88		
10/30/2018	CR	1335	Check - CB BANK - A		3,228.08		
10/30/2018	CR	1336	Cash - CB BANK - B		4,479.21		
10/30/2018	CR	1337	Credit Card - CB BANK - C		698.31		
10/30/2018	CR	1338	Check Free - CB BANK - D		3,760.72		
10/30/2018	CR	1339	Citizens Busin. Bank - Lockbox - CB BANK - F		88,473.72		
10/30/2018	CR	1340	Paymentus Payments - CB BANK - H		9,006.67		
10/30/2018	CR	1343	Paymentus Payments - CB BANK - H		904.17		
10/31/2018	CR	1350	Credit Card - CB BANK - C		1,024.53		
10/31/2018	CR	1351	Cash - CB BANK - B		746.29		
10/31/2018	CR	1352	Check Free - CB BANK - D		3,329.36		
10/31/2018	CR	1353	Citizens Busin. Bank - Lockbox - CB BANK - F		7,603.44		
10/31/2018	CR	1354	Paymentus Payments - CB BANK - H		4,310.96		
10/31/2018	CR	1357	Paymentus Payments - CB BANK - H		1,164.42		
10/03/2018	CRJE	90001	INTEREST UNION BANK (#2170)		25,389.48		
10/03/2018	CRJE	90003	INTEREST UNION BANK (#2171)		19,277.41		
10/10/2018	CRJE	90005	EFT Payment		76,024.71		
10/10/2018	CRJE	90007	EFT Payment		127,544.57		
10/17/2018	CRJE	90009	EFT Payment		22,232.03		
10/17/2018	CRJE	90011	EFT Payment		917.98		
10/17/2018	CRJE	90014	REVENUE BOND REIMBURSEMENT REQUIS		967,126.00		
10/24/2018	CRJE	90015	EFT Payment		9,257.92		
10/24/2018	CRJE	90017	EFT Payment		83,332.75		
10/31/2018 (10/18) Period Totals and Balance					3,367,566.43	2,760,149.57	2,833,638.75

Number of Transactions: 195 Number of Accounts: 1

	Debit	Credit	Proof
Grand Totals:	3,367,566.43	2,760,149.57	607,416.86

Report Criteria:

- Actual Amounts
- All Accounts
- Summarize Payroll Detail
- Print Period Totals
- Print Grand Totals
- [Report].Account Number = "135070"

## Report Criteria:

Report type: GL detail

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
<b>25197</b>						
11/18	11/05/2018	25197	62121	ANDREW J ANTUNEZ	TOTAL EXPENSES-BOOT ALLOWANCE	274.73
	Total 25197:					274.73
<b>25198</b>						
11/18	11/05/2018	25198	62524	BRITTNIE VAN DE CAR	MILEAGE REIMBURSEMENT	57.66
	Total 25198:					57.66
<b>25199</b>						
11/18	11/05/2018	25199	34	CRYSTAL RODRIGUEZ	TOTAL EXPENSES-DECORATIONS FOR OFFICE	152.84
	Total 25199:					152.84
<b>25200</b>						
11/18	11/05/2018	25200	62302	GEXPRO	IFIX ANNUAL GLOBALCARE RENEWAL 2018-2019	8,457.28
	Total 25200:					8,457.28
<b>25201</b>						
11/18	11/05/2018	25201	62526	HARRINGTON INDUSTRIAL PLASTICS	TOOLS & SUPPLIES	362.09
11/18	11/05/2018	25201	62526	HARRINGTON INDUSTRIAL PLASTICS	TOOLS & SUPPLIES	298.94
11/18	11/05/2018	25201	62526	HARRINGTON INDUSTRIAL PLASTICS	CREDIT MEMO REF INV #001T4066	54.75-
	Total 25201:					606.28
<b>25202</b>						
11/18	11/05/2018	25202	244	INFOSEND INC	BILLING SERVICE	1,673.37
11/18	11/05/2018	25202	244	INFOSEND INC	BILLING SERVICE	1,607.28
11/18	11/05/2018	25202	244	INFOSEND INC	BILLING SERVICE	25.05
	Total 25202:					3,305.70
<b>25203</b>						
11/18	11/05/2018	25203	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	600.00
11/18	11/05/2018	25203	62066	JANITORIAL SYSTEMS	WINDOW CLEANING INSIDE & OUT	300.00
	Total 25203:					900.00
<b>25204</b>						
11/18	11/05/2018	25204	62713	JCL TRAFFIC SERVICES	SAFETY VESTS	451.94
	Total 25204:					451.94
<b>25205</b>						
11/18	11/05/2018	25205	3300	LAGERLOF SENEAL ET AL	MAIN BASIN ANALYSIS	195.00
	Total 25205:					195.00
<b>25206</b>						
11/18	11/05/2018	25206	62573	MANAGED MOBILE INC	MAINTENANCE TRUCK 31	395.93

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 25206:						395.93
<b>25207</b>						
11/18	11/05/2018	25207	5000	PUENTE BASIN WATER AGENCY	ECTOTECH-AUG 2018	287.50
11/18	11/05/2018	25207	5000	PUENTE BASIN WATER AGENCY	ECOTECH SEPT 2018	237.50
11/18	11/05/2018	25207	5000	PUENTE BASIN WATER AGENCY	BOFA BANK FEES SEPT 2018	224.06
11/18	11/05/2018	25207	5000	PUENTE BASIN WATER AGENCY	AUTO & GEN LIABILITY 18-19	1,069.50
Total 25207:						1,818.56
<b>25208</b>						
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	SENTOUS VALVE 3 REPLACEMENT	742.42
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	SENTOUS VALVE 3 REPLACEMENT	742.42
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	931.35
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	1,252.40
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	1,252.40
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	20" FLG BFV	4,852.08
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	574.22
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	TOOLS & SUPPLIES	147.83
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR VALVE REPLACEMENTS	6,370.27
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	333.97
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	286.34
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	TOOLS & SUPPLIES	74.46
11/18	11/05/2018	25208	62502	S & J SUPPLY COMPANY, INC	TOOLS & SUPPLIES	789.98
Total 25208:						18,350.14
<b>25209</b>						
11/18	11/05/2018	25209	62249	SECURE SITE SOLUTIONS INC	REPLACEMENT OF 2 MOTION DETECTORS	271.88
Total 25209:						271.88
<b>25210</b>						
11/18	11/05/2018	25210	337	STATER BROS. MARKETS	HOLIDAY GIFT CARDS	2,667.50
11/18	11/15/2018	25210	337	STATER BROS. MARKETS	HOLIDAY GIFT CARDS	2,667.50-
Total 25210:						.00
<b>25211</b>						
11/18	11/05/2018	25211	62521	TRIEPEI SMITH & ASSOCIATES	MONTHLY WEBSITE MAINTENANCE	300.00
Total 25211:						300.00
<b>25212</b>						
11/18	11/05/2018	25212	323	UPS	POSTAGE	34.39
Total 25212:						34.39
<b>25213</b>						
11/18	11/06/2018	25213	62717	PALMDALE WATER DISTRICT	PWAG TRAINING LUNCH REIMBURSMENT	180.00
Total 25213:						180.00
<b>25214</b>						
11/18	11/06/2018	25214	6600	THREE VALLEYS MUN WATER DIST	PWAG TRAINING LUNCH REIMBURSMENT	370.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 25214:						370.00
<b>25229</b>						
11/18	11/13/2018	25229	910	ACWA	2019 AGENCY DUES	19,255.00
Total 25229:						19,255.00
<b>25230</b>						
11/18	11/13/2018	25230	1000	ACWA JPIA	EMPLOYEE HEALTH BENEFITS	37,606.14
11/18	11/13/2018	25230	1000	ACWA JPIA	EMPLOYEE VISION BENEFITS	487.14
11/18	11/13/2018	25230	1000	ACWA JPIA	EMPLOYEE ASSISTANCE PROGRAM	49.35
11/18	11/13/2018	25230	1000	ACWA JPIA	EMPLOYEE DENTAL BENEFITS	2,740.15
11/18	11/13/2018	25230	1000	ACWA JPIA	RETIREEES HEALTH BENEFITS	12,222.13
11/18	11/13/2018	25230	1000	ACWA JPIA	DIRECTORS HEALTH BENEFITS	10,230.55
Total 25230:						63,335.46
<b>25231</b>						
11/18	11/13/2018	25231	322	AMERICAN WATER WORKS ASSN	2019 MEMBERSHIP FEE	4,141.00
Total 25231:						4,141.00
<b>25232</b>						
11/18	11/13/2018	25232	3375	ANTHONY J. LIMA	MILEAGE REIMBURSEMENT	32.70
Total 25232:						32.70
<b>25233</b>						
11/18	11/13/2018	25233	62707	BOBCAT COMPANY	S650 T4 BOBCAT SKID-STEER LOADER	509.33
Total 25233:						509.33
<b>25234</b>						
11/18	11/13/2018	25234	62493	CADWAY INC (CAL DOMESTIC WATE	WATER CHARGE	17,248.78
11/18	11/13/2018	25234	62493	CADWAY INC (CAL DOMESTIC WATE	RTC CDWC	619.66
Total 25234:						17,868.44
<b>25235</b>						
11/18	11/13/2018	25235	6966	CINTAS CORPORATION LOC 693	UNIFORM RENTAL	4,163.51
Total 25235:						4,163.51
<b>25236</b>						
11/18	11/13/2018	25236	62700	CITIZENS TRUST C/O CITIZEN BUSIN	TRUSTEES FEES	693.97
Total 25236:						693.97
<b>25237</b>						
11/18	11/13/2018	25237	62505	D & H WATER SYSTEMS	REPLACEMENT CHLORINE SENSOR	246.67
Total 25237:						246.67
<b>25238</b>						
11/18	11/13/2018	25238	62433	EMPLOYEE RELATIONS INC	BACKGROUND VERIFICATION	269.85

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 25238:						269.85
<b>25239</b>						
11/18	11/13/2018	25239	62039	FAST EDDIE'S TRUCKING	HAUL DIRT	960.00
Total 25239:						960.00
<b>25240</b>						
11/18	11/13/2018	25240	5600	G M SAGER CONSTRUCTION	PROPOSAL-NATIVE/AGUIRO	28,425.00
Total 25240:						28,425.00
<b>25241</b>						
11/18	11/13/2018	25241	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	928.99
Total 25241:						928.99
<b>25242</b>						
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	253.62
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	142.31
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	183.17
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	84.54
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	100.04
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	126.81
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	70.45
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	257.84
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	140.90
11/18	11/13/2018	25242	62624	HASA INC	CHEMICALS FOR RCS	214.16
Total 25242:						1,573.84
<b>25243</b>						
11/18	11/13/2018	25243	2724	HOME DEPOT CREDIT SERVICES	TOOLS & SUPPLIES	879.57
11/18	11/13/2018	25243	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR VEHICLES	29.98
11/18	11/13/2018	25243	2724	HOME DEPOT CREDIT SERVICES	MATERIAL & SUPPLIES	96.83
Total 25243:						1,006.38
<b>25244</b>						
11/18	11/13/2018	25244	3300	LAGERLOF SENEAL ET AL	PWAG EMERGENCY PREPAREDNESS	1,570.81
Total 25244:						1,570.81
<b>25245</b>						
11/18	11/13/2018	25245	257	MCMaster-CARR SUPPLY CO	TOOLS & SUPPLIES	101.23
11/18	11/13/2018	25245	257	MCMaster-CARR SUPPLY CO	EXTRA LARGE BIN RACK WITH NINE 10-1/2" WIDE	3,110.81
11/18	11/13/2018	25245	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR PBWA	55.10
Total 25245:						3,267.14
<b>25246</b>						
11/18	11/13/2018	25246	62181	ONE TOUCH OFFICE TECHNOLOGY	CONTRACT RICO/MPC6003	1,935.84
11/18	11/13/2018	25246	62181	ONE TOUCH OFFICE TECHNOLOGY	CONTRACT RICO/MPC3500	376.06
Total 25246:						2,311.90



GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
<b>25247</b>						
11/18	11/13/2018	25247	62630	PEP BOYS	AUTO SUPPLIES	28.02
11/18	11/13/2018	25247	62630	PEP BOYS	AUTO SUPPLIES	26.50
Total 25247:						54.52
<b>25248</b>						
11/18	11/13/2018	25248	5000	PUENTE BASIN WATER AGENCY	LASER-AUG 2018	800.00
Total 25248:						800.00
<b>25249</b>						
11/18	11/13/2018	25249	5740	QUINN COMPANY	PAINT-MATTER BACKHOE TRAILER	67.02
Total 25249:						67.02
<b>25250</b>						
11/18	11/13/2018	25250	62502	S & J SUPPLY COMPANY, INC	CAP SCREW FULL THREAD	241.36
11/18	11/13/2018	25250	62502	S & J SUPPLY COMPANY, INC	2" MULR H15023 IPXCTS CORP	4,995.93
11/18	11/13/2018	25250	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	731.90
11/18	11/13/2018	25250	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	106.00
11/18	11/13/2018	25250	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	3,581.29
11/18	11/13/2018	25250	62502	S & J SUPPLY COMPANY, INC	MATERIAL FOR BOOSTER STATION VALVE	7,405.98
11/18	11/13/2018	25250	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	95.46
11/18	11/13/2018	25250	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	49.27
11/18	11/13/2018	25250	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	779.62
Total 25250:						17,986.81
<b>25251</b>						
11/18	11/13/2018	25251	339	S C W U A	RESERVATION (9)	270.00
Total 25251:						270.00
<b>25252</b>						
11/18	11/13/2018	25252	62549	SAN GABRIEL VALLEY EAC	ANNUAL MEMBERSHIP	95.00
Total 25252:						95.00
<b>25253</b>						
11/18	11/13/2018	25253	5900	SOCALGAS	GAS UTILITY BILL	32.48
Total 25253:						32.48
<b>25254</b>						
11/18	11/13/2018	25254	3550	SOUTHERN COUNTIES FUELS	DIESEL FUEL, CLEAR	735.51
11/18	11/13/2018	25254	3550	SOUTHERN COUNTIES FUELS	GASOLINE, REGULAR GRADE	2,322.37
11/18	11/13/2018	25254	3550	SOUTHERN COUNTIES FUELS	TAX & FEES	225.20
Total 25254:						3,283.08
<b>25255</b>						
11/18	11/13/2018	25255	62045	SZU-PEI LU-YANG	MILEAGE REIMBURSEMENT	25.07
Total 25255:						25.07

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
<b>25256</b>						
11/18	11/13/2018	25256	6500	THERMALAIR INC	AC AT WELL SITE	1,169.58
11/18	11/13/2018	25256	6500	THERMALAIR INC	REFRIGERATION UNIT LEAK-PUMP FACILITY	2,138.54
Total 25256:						3,308.12
<b>25257</b>						
11/18	11/13/2018	25257	62353	VERIZON	CONFERENCE CALLS	56.50
Total 25257:						56.50
<b>25258</b>						
11/18	11/13/2018	25258	382	W A RASIC CONSTRUCTION CO INC	REPAIR 16" MAIN-AZUSA/COLIMA	14,950.30
Total 25258:						14,950.30
<b>25259</b>						
11/18	11/15/2018	25259	337	STATER BROS. MARKETS	HOLIDAY GIFT CARDS	2,667.50
Total 25259:						2,667.50
<b>25260</b>						
11/18	11/19/2018	25260	4600	AIRGAS USA LLC	TANK RENTAL	84.63
Total 25260:						84.63
<b>25261</b>						
11/18	11/19/2018	25261	62704	ALEXANDRO ZARAGOZA	MILEAGE REIMSUREMENT	37.06
Total 25261:						37.06
<b>25262</b>						
11/18	11/19/2018	25262	62093	ASTRA INDUSTRIAL SERVICES INC	SUPPLIES FOR RES	63.57
Total 25262:						63.57
<b>25263</b>						
11/18	11/19/2018	25263	62071	CALIFORNIA LIVING INC	INTERIOR PLANT MAINTENANCE	430.00
Total 25263:						430.00
<b>25264</b>						
11/18	11/19/2018	25264	1079	CA-NV SECTION AWWA	CROSS CONNECTION SPECIALIST RENEWAL-ROB	80.00
Total 25264:						80.00
<b>25265</b>						
11/18	11/19/2018	25265	403	CASELLE INC	CONTRACT SUPPORT CHARGES	1,884.00
Total 25265:						1,884.00
<b>25266</b>						
11/18	11/19/2018	25266	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM	21,491.50
Total 25266:						21,491.50

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
<b>25267</b>						
11/18	11/19/2018	25267	62705	COMP	QT TEST-M LEON	40.00
11/18	11/19/2018	25267	62705	COMP	BH TEST-M LEON	35.00
11/18	11/19/2018	25267	62705	COMP	PHYSICAL EXAM-M LEON	65.00
Total 25267:						140.00
<b>25268</b>						
11/18	11/19/2018	25268	62645	CORE & MAIN LP	BLMJ METER 4G CF MM#	4,972.39
Total 25268:						4,972.39
<b>25269</b>						
11/18	11/19/2018	25269	2125	DANIELS TIRE SERVICE	TIRES TRUCK #7	695.76
Total 25269:						695.76
<b>25270</b>						
11/18	11/19/2018	25270	16	DAVE WARREN	TOTAL EXPENSES-GAS	270.21
Total 25270:						270.21
<b>25271</b>						
11/18	11/19/2018	25271	62652	DAVID TAPIA	TOTAL EXPENSES-BOOT ALLOWANCE	247.81
Total 25271:						247.81
<b>25272</b>						
11/18	11/19/2018	25272	2300	FEDERAL EXPRESS	POSTAGE	19.14
Total 25272:						19.14
<b>25273</b>						
11/18	11/19/2018	25273	330	FUEL PRO INC	D/O INSPECTION	170.00
Total 25273:						170.00
<b>25274</b>						
11/18	11/19/2018	25274	24701	GRAINGER	TOOLS & SUPPLIES	65.16
Total 25274:						65.16
<b>25275</b>						
11/18	11/19/2018	25275	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	946.08
11/18	11/19/2018	25275	2600	HACH COMPANY	WATER QUALITY TESTING SUPPLIES	41.78
Total 25275:						987.86
<b>25276</b>						
11/18	11/19/2018	25276	62624	HASA INC	CHEMICALS FOR RCS	121.17
11/18	11/19/2018	25276	62624	HASA INC	CHEMICALS FOR RCS	259.25
11/18	11/19/2018	25276	62624	HASA INC	CHEMICALS FOR RCS	170.49
11/18	11/19/2018	25276	62624	HASA INC	CHEMICALS FOR RCS	276.16
11/18	11/19/2018	25276	62624	HASA INC	CHEMICALS FOR RCS	169.08
11/18	11/19/2018	25276	62624	HASA INC	CHEMICALS FOR RCS	143.72

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 25276:						1,139.87
<b>25277</b>						
11/18	11/19/2018	25277	379	HIGHROAD INFORMATION TECHNOL	MANAGED SERVICES	4,416.67
11/18	11/19/2018	25277	379	HIGHROAD INFORMATION TECHNOL	DATA CENTER	2,557.00
Total 25277:						6,973.67
<b>25278</b>						
11/18	11/19/2018	25278	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	995.24
Total 25278:						995.24
<b>25279</b>						
11/18	11/19/2018	25279	62226	INLAND DESERT SECURITY &	ANSWERING SERVICE	298.60
Total 25279:						298.60
<b>25280</b>						
11/18	11/19/2018	25280	62713	JCL TRAFFIC SERVICES	RAIN JACKETS, WATERPROOF PANTS	79.09
Total 25280:						79.09
<b>25281</b>						
11/18	11/19/2018	25281	62664	M & J TREE SERVICE	TREE SERVICE FOR RES. 3, 6, 10, 14	9,600.00
Total 25281:						9,600.00
<b>25282</b>						
11/18	11/19/2018	25282	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR PUMPS	43.14
11/18	11/19/2018	25282	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR RES	68.87
11/18	11/19/2018	25282	257	MCMaster-CARR SUPPLY CO	TOOLS & SUPPLIES	124.40
Total 25282:						236.41
<b>25283</b>						
11/18	11/19/2018	25283	62525	MORROW-MEADOWS CORPORATION	TROUBLESHOOT AIR COMPRESSOR	237.92
11/18	11/19/2018	25283	62525	MORROW-MEADOWS CORPORATION	TROUBLESHOOT CO2 FLOW METER	951.68
11/18	11/19/2018	25283	62525	MORROW-MEADOWS CORPORATION	INSTALL 24VDC POWER SUPPLY	356.88
11/18	11/19/2018	25283	62525	MORROW-MEADOWS CORPORATION	TROUBLESHOOT P4 NO STARTING	237.92
11/18	11/19/2018	25283	62525	MORROW-MEADOWS CORPORATION	SETOUS VALVE 3 REPLACEMENT	4,059.19
11/18	11/19/2018	25283	62525	MORROW-MEADOWS CORPORATION	RES CHLORINE ANALYZER	4,183.30
Total 25283:						10,026.89
<b>25284</b>						
11/18	11/19/2018	25284	62649	OPARC	PAINTING FIRE HYDRANTS	575.20
Total 25284:						575.20
<b>25285</b>						
11/18	11/19/2018	25285	123	PROFORMA	STARFIRE GLASS AWARDS	134.54
Total 25285:						134.54

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount	
25286	11/18	11/19/2018	25286	5000	PUENTE BASIN WATER AGENCY	LASER-SEP 2018	900.00
Total 25286:						900.00	
25287	11/18	11/19/2018	25287	5100	PUENTE READY MIX INC	CRUSHER BASE & WASH CON SAND	1,555.26
Total 25287:						1,555.26	
25288	11/18	11/19/2018	25288	5740	QUINN COMPANY	BACKHOE REPAIRS	9,257.73
Total 25288:						9,257.73	
25289	11/18	11/19/2018	25289	62534	SHRED IT USA	SHREDDING SERVICE	459.69
Total 25289:						459.69	
25290	11/18	11/19/2018	25290	62166	SO CAL GAS CO	GAS UTILITY BILL-2505 ARTIGAS	52.25
Total 25290:						52.25	
25291	11/18	11/19/2018	25291	62481	STAPLES ADVANTAGE	OFFICE SUPPLIES	795.53
Total 25291:						795.53	
25292	11/18	11/19/2018	25292	2180	SWRCB-DWOCP	D5 RENEWAL-TOM COLEMAN	105.00
Total 25292:						105.00	
25293	11/18	11/19/2018	25293	6500	THERMALAIR INC	QUARTERLY PREVENTATIVE MAINTENANCE INSP	394.00
11/18	11/19/2018	25293	6500	THERMALAIR INC	SEMI ANNUAL PREVENTATIVE MAINTENANCE INS	264.00	
Total 25293:						658.00	
25294	11/18	11/19/2018	25294	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	229.45
Total 25294:						229.45	
25295	11/18	11/19/2018	25295	323	UPS	POSTAGE	9.28
Total 25295:						9.28	
25296	11/18	11/19/2018	25296	2900	VULCAN MATERIAL COMPANY	COLD MIX	1,737.78
Total 25296:						1,737.78	

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
<b>25297</b>						
11/18	11/19/2018	25297	382	W A RASIC CONSTRUCTION CO INC	JOB 18TC14-2420 DESIRE	10,615.00
Total 25297:						10,615.00
<b>25298</b>						
11/18	11/19/2018	25298	7700	WALNUT VALLEY WATER DISTRICT	RECYCLED WATER	875.26
Total 25298:						875.26
<b>25299</b>						
11/18	11/19/2018	25299	205	WARREN GRAPHICS	BUSINESS CARDS-R WHITE & C HAYES	77.76
Total 25299:						77.76
<b>25300</b>						
11/18	11/19/2018	25300	62432	WASTE MANAGEMENT COMPANY	HAUL DIRT	912.72
Total 25300:						912.72
<b>25301</b>						
11/18	11/20/2018	25301	4750	PWR JT WATER LINE COMMISSION	549.9 AC FT-SEP 2018 WATER	555,399.00
11/18	11/20/2018	25301	4750	PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	7,356.17
11/18	11/20/2018	25301	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	1,073.05
11/18	11/20/2018	25301	4750	PWR JT WATER LINE COMMISSION	TVMWD WATER USE CHARGE	1,736.18
11/18	11/20/2018	25301	4750	PWR JT WATER LINE COMMISSION	BUDGET ASSESSMENT-3RD QUARTER	12,523.08
Total 25301:						578,087.48
<b>111618</b>						
11/18	11/16/2018	111618	62558	PUENTE BASIN WATER AGENCY	PM 22/PM 9 CONNECTION	396,930.00
11/18	11/16/2018	111618	62558	PUENTE BASIN WATER AGENCY	TVMWD CONNECTION CAPACITY	1,330.23
11/18	11/16/2018	111618	62558	PUENTE BASIN WATER AGENCY	TVMWD EQUIVALENT SMALL METER	1,794.36
11/18	11/16/2018	111618	62558	PUENTE BASIN WATER AGENCY	TVMWD WATER USE CHARGE	1,509.14
11/18	11/16/2018	111618	62558	PUENTE BASIN WATER AGENCY	MWD CAPACITY CHARGE	8,122.36
Total 111618:						409,686.09
<b>725302</b>						
11/18	11/21/2018	725302	62719	FAMILY RESOURCE CENTER - RUSD	ADOPT N' SHOP DONATION	750.00
Total 725302:						750.00
Grand Totals:						1,308,741.60

Summary by General Ledger Account Number

GL Account	Debit	Credit	Proof
11170-0	5,093.44	.00	5,093.44
11185-0	509.33	.00	509.33
11505-0	67,515.97	.00	67,515.97
222100	2,722.25	1,311,463.85-	1,308,741.60-
51110-0	17,248.78	.00	17,248.78
51310-0	952,329.00	.00	952,329.00

GL Account	Debit	Credit	Proof
51410-1	3,245.32	.00	3,245.32
51410-2	2,403.28	.00	2,403.28
51410-3	1,794.36	.00	1,794.36
51410-5	15,478.53	.00	15,478.53
51510-0	22,366.76	.00	22,366.76
51610-0	619.66	.00	619.66
51810-0	12,523.08	.00	12,523.08
51910-0	2,993.56	.00	2,993.56
52210-0	3,351.26	.00	3,351.26
54209-0	1,189.60	.00	1,189.60
54210-0	26,484.86	.00	26,484.86
54211-0	8,601.35	.00	8,601.35
54213-0	9,732.44	.00	9,732.44
54215-0	575.20	.00	575.20
54216-0	594.80	.00	594.80
54217-0	3,708.95	.00	3,708.95
54219-0	580.10	.00	580.10
56210-0	4,796.50	.00	4,796.50
56211-0	693.97	.00	693.97
56214-0	795.53	.00	795.53
56215-0	23,491.00	.00	23,491.00
56216-0	275.11	.00	275.11
56217-0	152.49	.00	152.49
56218-0	195.00	.00	195.00
56218-2	1,570.81	.00	1,570.81
56219-0	141.23	.00	141.23
56220-0	7,273.67	.00	7,273.67
56221-0	750.00	.00	750.00
56226-0	8,457.28	.00	8,457.28
56312-0	13,982.85	.00	13,982.85
56320-0	270.00	.00	270.00
56411-0	37,606.14	.00	37,606.14
56413-0	2,740.15	.00	2,740.15
56415-0	487.14	.00	487.14
56417-0	12,222.13	.00	12,222.13
56419-0	49.35	.00	49.35
56421-0	10,230.55	.00	10,230.55
56710-0	9,342.36	.00	9,342.36
56812-0	6,830.23	2,667.50-	4,162.73
57312-0	6,485.50	54.75-	6,430.75
57314-0	1,026.71	.00	1,026.71
57320-0	185.00	.00	185.00
57321-0	2,226.85	.00	2,226.85
57323-0	246.67	.00	246.67
Grand Totals:	<u>1,314,186.10</u>	<u>1,314,186.10-</u>	<u>.00</u>

Report Criteria:  
 Report type: GL detail

Report Criteria:  
Detail Report

Check Number	Date	Payee						
25215	11/13/2018	DBI SERVICES LLC						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	134-00	DEPOSIT REFUND	22810-0	939.84	939.84
25216	11/13/2018	GRBCON INC						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	1048-03	DEPOSIT REFUND	22810-0	2,247.48	2,247.48
25217	11/13/2018	QIANRU XIE						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	23799-75	DEPOSIT REFUND	22810-0	137.31	137.31
25218	11/13/2018	CHI MING FAN						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	317402-18	DEPOSIT REFUND	22810-0	3,283.11	3,283.11
25219	11/13/2018	YUNJU WANG						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	493577-45	DEPOSIT REFUND	22810-0	150.18	150.18
25220	11/13/2018	HUIHAN WANG						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	546854-39	DEPOSIT REFUND	22810-0	140.34	140.34
25221	11/13/2018	SANDY KUEIFAN CHANG						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	727956-64	DEPOSIT REFUND	22810-0	156.61	156.61
25222	11/13/2018	DESHUANG DU						
			Sequence	Source	Description	GL Account	Amount	Check Amount
			1	33564-71	DEPOSIT REFUND	22810-0	143.66	143.66



Check Number	Date	Payee						
25223	11/13/2018	XIAO DAN TONG						
		Sequence	Source	Description	GL Account	Amount	Check Amount	
		1	208796-51	DEPOSIT REFUND	22810-0	142.28	142.28	
25224	11/13/2018	HUNG NGO						
		Sequence	Source	Description	GL Account	Amount	Check Amount	
		1	263316-68	DEPOSIT REFUND	22810-0	189.35	189.35	
25225	11/13/2018	GORDON TON						
		Sequence	Source	Description	GL Account	Amount	Check Amount	
		1	449515-47	DEPOSIT REFUND	22810-0	159.67	159.67	
25226	11/13/2018	RAYMOND MACABEO						
		Sequence	Source	Description	GL Account	Amount	Check Amount	
		1	561818-12	DEPOSIT REFUND	22810-0	93.36	93.36	
25227	11/13/2018	ZHONGHE WANG						
		Sequence	Source	Description	GL Account	Amount	Check Amount	
		1	926690-33	DEPOSIT REFUND	22810-0	194.36	194.36	
25228	11/13/2018	EFORCITY CORPORATION						
		Sequence	Source	Description	GL Account	Amount	Check Amount	
		1	190998-93	CREDIT REFUND	15210-0	467.76		
		2	851541-83	CREDIT REFUND	15210-0	100.76	568.52	
Grand Totals:							<u>8,546.07</u>	

Report Criteria:  
 Detail Report

**Tab**

**1.3**



# Rowland Water District Memorandum

To: Thomas Coleman, General Manager

From: Sean S. Henry, Finance Officer

CC:

Date: December 3, 2018

**Subject: Investment Update – November 2018**

---

**Economic Review:** The next meeting of the Federal Reserve is scheduled for December 18th. The last meeting was held on November 7th. The Fed Funds rate was maintained at target range of 2 to 2-1/4 percent. At the meeting, the Federal Reserve stated “the labor market has continued to strengthen and economic activity has been rising at a strong rate. Job gains have been strong, on average, in recent months, and the unemployment rate has declined. Household spending has continued to grow strongly, while growth of business fixed investments has moderated from its rapid pace earlier in the year. ON a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2 percent.” The latest reading of the Consumer Price Index (CPI) for Los Angeles, Riverside and Orange Counties was 4.3 for the month of October. The previous reading was 3.9 for the month of September.

**LAIF Update:** LAIF ended the month of October with a yield of 2.14%. This represents a .08 basis point increase from the month of September. A comparison with last year shows a 1.00 basis point increase from October 2018 when the yield stood at 1.14%.

**RWD Investments:** Rowland Water District’s bond portfolio carries an average yield of 1.94%. This is a .02 basis point increase from the month of November and a 0.20 basis point discount to LAIF. The District CD Placement program carries an effective yield of 2.28% and an average maturity of 686 days. The District had two bond maturities in the month of November. The first was a \$250,000 five year US Treasury Note with a yield of 1.38%. The second was \$245,000 five year FNMA bond with a yield of 1.63%. The District is currently looking at options to reinvest these funds.

Rowland Water District  
3021 South Fullerton Road  
Rowland Heights, CA 91748  
Tel (562) 697-1726

**ROWLAND WATER DISTRICT**  
**SUMMARY OF CASH AND INVESTMENTS**  
**FOR MONTH ENDED NOVEMBER 30, 2018**



<b>CASH</b>	
Citizens Business Bank	1,708,842.44
Comerica Bank MMIA	26,733.90
<b>TOTAL CASH</b>	<b>1,735,576.34</b>

<b>COMERICA SECURITIES CD PLACEMENT</b>	NA	1mth - 2 Years	NA	NA	NA	2.28%	686	<b>1,227,000.00</b>	7.49%
<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>	NA	NA	NA	NA	NA	2.14%	NA	<b>3,498,371.64</b>	21.34%

**CITIZENS TRUST INVESTMENTS  
(UNION BANK CUSTODIAN)**

	Term	Quantity	Purchase Price	Current Price	Maturity Date	Current Yield	Next Call	Current Value	% of Portfolio
US Treasury Note	5 Year	250,000.00	100.172	99.867	01/31/19	1.50%	NA	249,667.50	1.52%
US Treasury Note	5 Year	250,000.00	99.359	98.414	01/31/20	1.40%	NA	246,035.00	1.50%
US Treasury Note	5 Year	250,000.00	99.047	97.840	03/31/20	1.15%	NA	244,600.00	1.49%
US Treasury Note	5 Year	250,000.00	99.016	98.043	04/30/20	1.40%	NA	245,107.50	1.50%
US Treasury Note	5 Year	250,000.00	99.633	96.332	02/28/21	1.17%	NA	240,830.00	1.47%
US Treasury Note	5 Year	250,000.00	100.184	95.641	07/31/21	1.18%	NA	239,102.50	1.46%
US Treasury Note	5 Year	250,000.00	99.059	95.520	08/31/21	1.18%	NA	238,800.00	1.46%
US Treasury Note	5 Year	250,000.00	100.375	96.617	07/31/22	1.95%	NA	241,542.50	1.47%
Fedl Home Loan Bank	4 Year	100,000.00	99.529	98.690	03/11/22	2.54%	NA	98,690.00	0.60%
Fed Natl Mtg Assn	5 Year	250,000.00	100.535	96.746	04/05/22	1.95%	NA	241,865.00	1.48%
Fedl Home Loan Bank	5 Year	300,000.00	100.000	98.848	03/28/23	3.13%	NA	296,544.00	1.81%
Fedl Natl Mtg Assn	5 Year	500,000.00	100.000	99.465	05/24/23	3.29%	NA	497,325.00	3.03%
John Deere Capital Corp.	1 Year	350,000.00	100.059	99.761	04/17/19	2.25%	NA	349,163.50	2.13%
Danaher Corp.	2 Year	196,000.00	99.481	98.574	09/15/20	2.44%	NA	193,205.04	3.70%
Paccar Financial Corp.	2 Year	200,000.00	98.996	97.716	11/13/20	2.10%	NA	195,432.00	1.19%
San Diego Gas & Elec. Co.	3 Year	200,000.00	100.324	98.831	08/15/21	3.04%	NA	197,662.00	1.21%
United Parcel Service	4 Year	100,000.00	97.077	96.686	05/16/22	2.44%	NA	96,686.00	0.59%
Bank of New York Mellon Corp	5 Year	250,000.00	99.806	97.274	01/29/23	3.03%	NA	243,185.00	1.48%
Cash Reserve Account						1.87%		351,384.42	2.14%
<b>Total Citizens Trust Investments</b>								<b>4,706,826.96</b>	28.72%

**WELLS FARGO ADVISORS  
(UNION BANK CUSTODIAN)**

	Term	Quantity	Purchase Price	Current Price	Maturity Date	Current Yield	Next Call	Current Value	% of Portfolio
Fedl Home Loan Mtg Corp	5 Year	275,000.00	99.581	99.064	08/01/19	1.26%	NA	272,426.00	1.66%
Fedl Home Loan Mtg Corp	5 Year	275,000.00	99.344	98.760	10/02/19	1.27%	NA	271,590.00	1.66%
Fedl Farm Credit Bank	5 Year	240,000.00	98.229	98.698	10/22/19	1.27%	NA	236,875.20	1.45%
Fedl Home Loan Bank	2 Year	250,000.00	98.910	98.695	11/15/19	1.39%	NA	246,737.50	1.51%
Fedl Natl Mtg Assn	2 Year	250,000.00	99.416	97.891	07/30/20	1.54%	NA	244,727.50	1.49%
Fedl Home Loan Mtg Corp	2 Year	250,000.00	100.182	98.113	11/17/20	1.92%	NA	245,282.50	1.50%
Fedl Home Loan Bank	2 Year	250,000.00	99.786	98.270	12/11/20	2.04%	NA	245,675.00	1.50%
Fedl Home Loan Mtg Corp	3 Year	255,000.00	96.077	95.538	08/12/21	1.18%	NA	243,621.90	1.49%
Fedl Natl Mtg Assn	4 Year	250,000.00	100.141	95.860	10/07/21	1.44%	NA	239,650.00	1.46%
Fedl Home Loan Bank	4 Year	750,000.00	99.444	97.131	11/29/21	1.94%	NA	728,482.50	4.44%
Fedl Natl Mtg Assn	5 Year	300,000.00	101.614	97.402	01/05/22	2.06%	NA	292,206.00	1.78%
Fedl Home Loan Bank	5 Year	375,000.00	101.153	96.746	04/05/22	1.95%	NA	362,797.50	2.21%
Fedl Home Loan Bank	5 Year	200,000.00	99.334	95.381	04/13/22	1.56%	NA	190,762.00	1.16%
Fedl Home Loan Bank	5 Year	125,000.00	101.067	95.908	12/09/22	1.96%	NA	119,885.00	0.73%
Fedl Natl Mtg Assn	5 Year	505,000.00	100.242	97.895	01/19/23	2.44%	NA	494,369.75	3.02%
Fedl Home Loan Bank	5 Year	250,000.00	100.823	98.994	03/10/23	2.79%	NA	247,485.00	1.51%
Federal Natl Mtg Assn	5 Year	250,000.00	99.652	99.504	09/12/23	2.89%	NA	248,760.00	1.52%
Cash Reserve Account						1.87%		291,167.58	1.78%
<b>Total Wells Fargo Investments</b>								<b>5,222,500.93</b>	31.86%

**TOTAL INVESTMENTS**  
**TOTAL CASH AND INVESTMENTS**

**14,654,699.53**      100%  
**16,390,275.87**

**Weighted Average Yield of Total Investment Portfolio: 1.88%**

Market values determined by last business day of month values.

All listed investments comply with the District's Statement of Investment Policy as established in Resolution 2-2007.

The District's available cash and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations for at least a six-month period of time.

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

*Sean S. Henry*  
 Sean S. Henry, Finance Officer



## COMPARATIVE PURCHASED WATER REPORT FOR THE MONTH OF OCTOBER 2018

SOURCE / DESCRIPTION	2018			2017		
	ACRE-FEET	COST	COST/A.F.	ACRE-FEET	COST	COST/A.F.
<b>WATER CHARGES:</b>						
<b>POTABLE WATER</b>						
PUEBLO BASIN WATER AGENCY / TVMWD	71.7	72,417.00	1,010.00	335.8	403,717.55	1,202.26
POMONA-WALNUT-ROWLAND JWLC	762.7	770,327.00	1,010.00	472.5	466,357.50	987.00
CAL. DOMESTIC WATER COMPANY (CDWC)	46.7	17,248.78	369.27	146.5	51,527.08	351.79
LA HABRA HEIGHTS	0.0	-	-	0.0	-	-
	881.1	859,992.78		954.8	921,602.1	
RECLAIMED WATER	85.1	22,366.76	262.83	103.4	27,365.46	264.66
<b>TOTAL WATER CHARGES</b>	<b>966.2</b>	<b>882,359.54</b>		<b>1,058.2</b>	<b>948,967.59</b>	
<b>FIXED CHARGES:</b>						
<b>PUEBLO BASIN WATER AGENCY / TVMWD</b>						
CAPACITY RESERVATION		8,122.36			8,209.51	
CONNECTED CAPACITY		1,330.23			1,353.41	
WATER USE CHARGE		1,509.14			1,402.68	
EQUIV. SMALL METER		1,794.36			1,723.73	
SUBTOTAL		12,756.09			12,689.33	
<b>PWR JWLC</b>						
CAPACITY RESERVATION		7,356.17			7,487.10	
CONNECTED CAPACITY		1,073.05			1,091.75	
WATER USE CHARGE		1,736.18			1,782.72	
DEPRECIATION		-			-	
REPLACEMENT		-			-	
BUDGET ASSESSMENT		-			-	
SUBTOTAL		10,165.40			10,361.57	
<b>CDWC / LHH / ODWD</b>						
FIXED CHARGES		309.78			309.78	
SUBTOTAL						
<b>TOTAL FIXED CHARGES</b>		<b>23,231.27</b>			<b>23,360.68</b>	
<b>TOTAL PURCHASED WATER CHARGES</b>		<b>905,590.81</b>			<b>972,328.27</b>	
<b>AVERAGE WATER CHARGE:</b>		<b>\$ 937.26</b>			<b>\$ 918.88</b>	

**Tab**

**1.4**

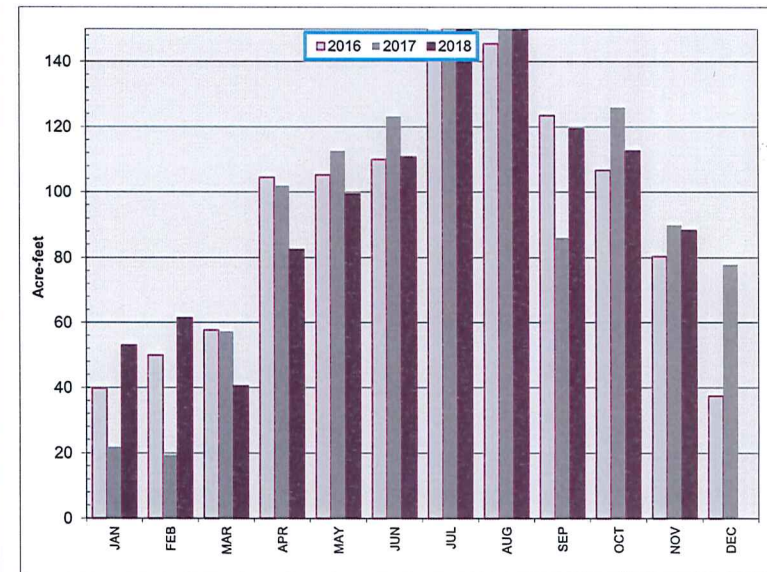
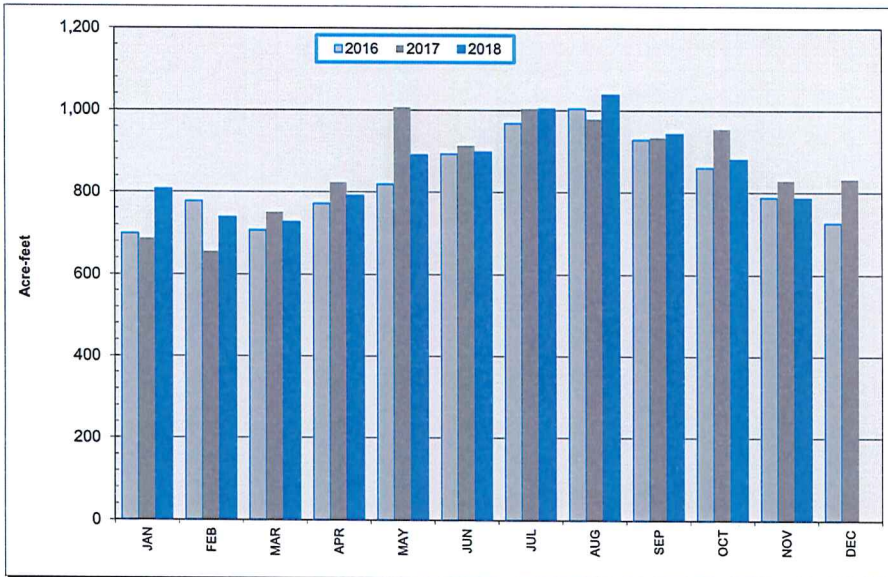


## Water Purchases for CY 2018 (Acre-feet)



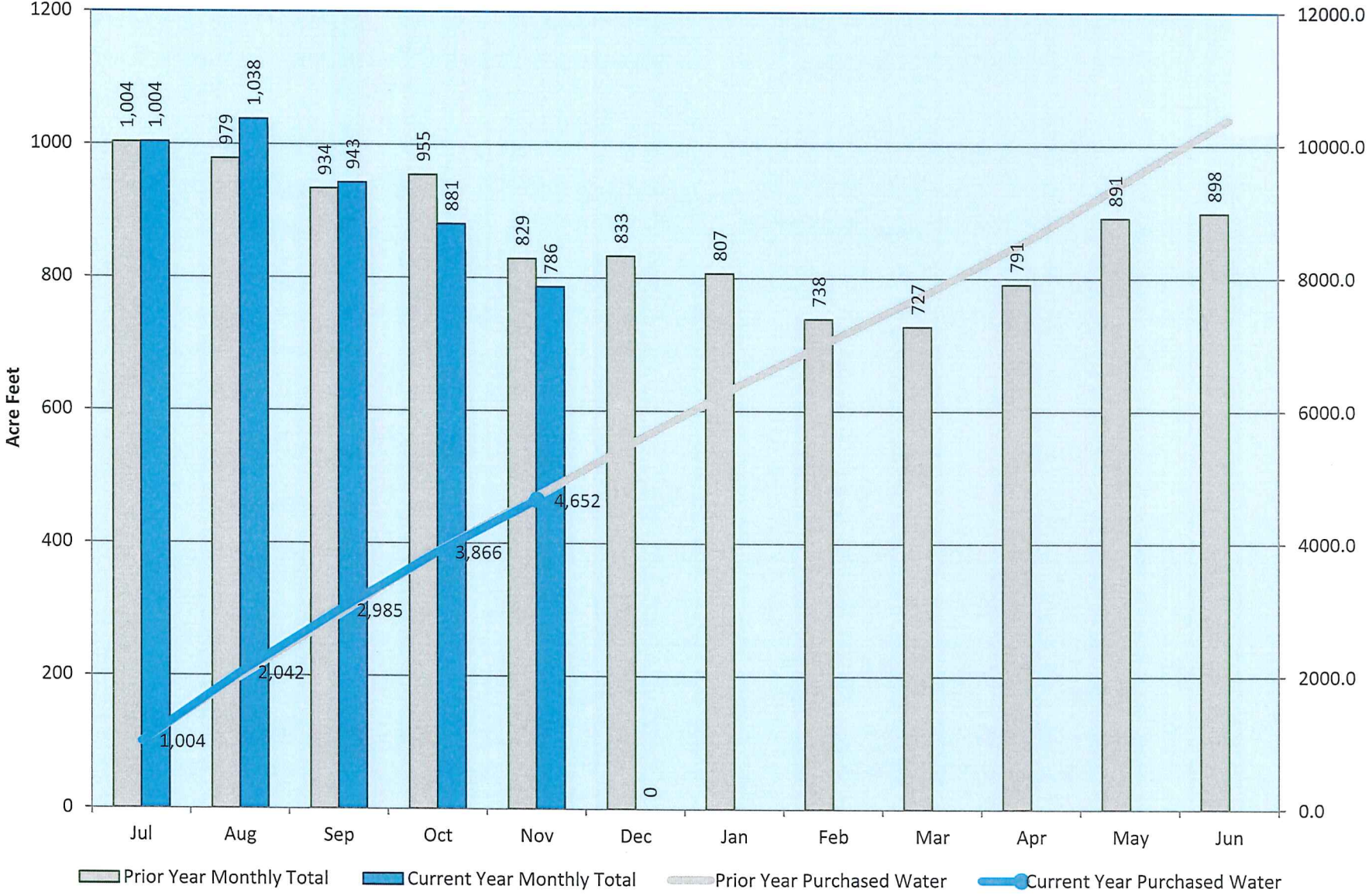
	POTABLE SYSTEM						TOTAL
	WBS	LHH	PM-9	PM-22	JWL		
					PM-15	Miramar	
JAN	194.6	0.0	0.0	127.0	347.1	138.4	807.1
FEB	156.8	0.0	0.0	211.9	313.4	56.3	738.4
MAR	125.5	0.0	0.0	204.3	242.1	155.4	727.3
APR	160.7	0.0	0.0	245.6	298.1	86.7	791.1
MAY	125.0	0.0	0.0	251.4	387.6	127.2	891.2
JUN	176.9	0.0	0.0	242.2	300.1	179.1	898.3
JUL	151.4	0.0	0.0	598.7	170.5	83.3	1,003.9
AUG	42.7	0.0	0.0	448.4	407.7	139.2	1,038.0
SEP	0.0	0.0	1.4	391.6	389.5	160.4	942.9
OCT	46.7	0.0	0.3	71.4	514.9	247.8	881.1
NOV	124.2	0.0	0.2	256.7	244.2	161.3	786.6
DEC							0.0
<b>TOTAL</b>	<b>1,304.5</b>	<b>0.0</b>	<b>1.9</b>	<b>3,049.2</b>	<b>3,615.2</b>	<b>1,535.1</b>	<b>9,505.9</b>

RECYCLED SYSTEM						TOTAL
Well 1	Wet Well	WVWD	Industry	Potable Make-up		
21.9	8.6	0.0	22.5	0.0	53.0	
35.0	3.5	1.0	22.0	0.0	61.5	
20.5	9.9	0.0	10.1	0.0	40.5	
17.0	8.2	2.0	55.3	0.0	82.5	
24.0	10.5	2.0	62.9	0.0	99.4	
28.1	15.0	2.0	65.8	0.0	110.9	
34.8	9.4	3.0	127.3	0.0	174.5	
38.0	14.4	6.6	103.2	11.2	173.4	
32.7	10.2	3.0	73.6	0.0	119.5	
25.9	2.8	2.0	81.1	0.9	112.7	
0.0	8.9	1.0	76.3	2.2	88.4	
					0.0	
<b>277.9</b>	<b>101.4</b>	<b>22.6</b>	<b>700.1</b>	<b>14.3</b>	<b>1,116.3</b>	



# Potable Water Purchases For FY 2018-2019

(Acre-feet)





# Tab

## 2.1



## DECEMBER 2018-DIRECTOR REIMBURSEMENTS

Director	Date of Meeting/Event	Meeting/Event Attended	Reimbursement	No Charge	Additional Comments <i>(Submit expense report if claiming mileage and/or meal reimbursement)</i>
<b>Anthony J. Lima</b>					
	12/5/2018	Three Valleys Board Meeting	\$185.00		Mileage
	12/6/2018	PBWA at RWD	\$185.00		
	12/11/2018	RWD Board Meeting	\$185.00		
	12/12/2018	Project Ad-Hoc Meeting	\$185.00		
		<b>TOTAL PAYMENT</b>	<b>\$740.00</b>		
<b>John Bellah</b>					
	12/10/2018	RHCCC Meeting	\$185.00		
	12/11/2018	RWD Board Meeting	\$185.00		
		<b>TOTAL PAYMENT</b>	<b>\$370.00</b>		
<b>Robert W. Lewis</b>					
	12/6/2018	PWBA at RWD	\$185.00		
	12/11/2018	RWD Board Meeting	\$185.00		
		<b>TOTAL PAYMENT</b>	<b>\$370.00</b>		
<b>Szu-Pei Lu</b>					
	12/11/2018	RWD Board Meeting	\$185.00		
	12/12/2018	Project Ad-Hoc Meeting	\$185.00		
		<b>TOTAL PAYMENT</b>	<b>\$370.00</b>		
<b>Teresa Rios</b>					
	12/11/2018	RWD Board Meeting	\$185.00		
		<b>TOTAL PAYMENT</b>	<b>\$185.00</b>		

APPROVED FOR PAYMENT:

Tom Coleman

**Tab**

**2.2**



# IRS issues standard mileage rates for 2019

---

IR-2018-251, December 14, 2018

WASHINGTON — The Internal Revenue Service today issued the 2019 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2019, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 58 cents per mile driven for business use, up 3.5 cents from the rate for 2018,
- 20 cents per mile driven for medical or moving purposes, up 2 cents from the rate for 2018, and
- 14 cents per mile driven in service of charitable organizations.

The business mileage rate increased 3.5 cents for business travel driven and 2 cents for medical and certain moving expense from the rates for 2018. The charitable rate is set by statute and remains unchanged.

It is important to note that under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. Taxpayers also cannot claim a deduction for moving expenses, except members of the Armed Forces on active duty moving under orders to a permanent change of station. For more details see Notice-2019-02.

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

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

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for more than four vehicles used simultaneously. These and other limitations are described in section 4.05 of Rev. Proc. 2010-51.

Notice 2019-02, posted today on IRS.gov, contains the standard mileage rates, the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that a taxpayer may use in computing the allowance under a fixed and variable rate plan.

*Page Last Reviewed or Updated: 14-Dec-2018*

**Tab**

**2.3**

**ROWLAND WATER DISTRICT**  
**FINANCIAL STATEMENTS**  
**WITH REPORT ON AUDIT**  
**BY INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PRELIMINARY DRAFT

**THIS PAGE INTENTIONALLY LEFT BLANK**

PRELIMINARY DRAFT



**ROWLAND WATER DISTRICT**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**  
**Table of Contents**

---

	<u>Page Number</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Required Supplementary Information)	5 - 15
<b>BASIC FINANCIAL STATEMENTS</b>	<b>17</b>
Proprietary Fund	
Statement of Net Position	18 - 19
Statement of Revenues, Expenses, and Changes in Net Position	20 - 21
Statement of Cash Flows	22 - 23
Fiduciary Fund	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to Basic Financial Statements	29 - 64
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>65</b>
Schedule of Proportionate Share of the Net Pension Liability	66
Schedule of Contributions - Defined Benefit Pension Plan	67
Schedule of Changes in the Net OPEB Liability and Related Ratios	68
Schedule of Contributions - Other Post-Employment Benefits (OPEB)	69
Other Post-Employment Benefit Plan - Schedule of Annual Money-Weighted Rate of Return on Investments	70
<b>OTHER SUPPLEMENTARY INFORMATION</b>	<b>71</b>
Schedule of Other Operating Expenses	72
Schedule of General and Administrative Expenses	73
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75 - 76

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Rowland Water District  
Rowland Heights, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Rowland Water District (the District) as of and for the year ended June 30, 2018, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 auditors' 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 auditors consider internal control relevant to the District'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 District'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 financial position of the Rowland Water District as of June 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 16 to the financial statements, the District made a restatement that resulted in a decrease in previously reported net position as a result of implementing Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Report on Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions for the defined benefit pension plan, the schedule of changes in the net OPEB liability and related ratios, the schedule of contributions for the OPEB plan, and the other post-employment benefit plan's annual money-weighted rate of return on investments, identified as required supplementary information in the accompanying table of contents, 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 the 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 schedule of other operating expenses and schedule of general and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of other operating expenses and schedule of general and administrative expenses 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 schedule of other operating expenses and schedule of general and administrative expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE], 2018, 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.

Irvine, California  
[DATE], 2018

Preliminary Draft

**THIS PAGE INTENTIONALLY LEFT BLANK**

PRELIMINARY DRAFT

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

DRAFT

ROWLAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

This section of the District's annual financial report presents our analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

Fiscal Year 2018

- The District's total net position decreased by \$1,491,528 or 2.45%.
- During the year, the District's total revenues increased to \$24,890,499 or 13.83%, and total expenses increased to \$22,341,409 or 5.45%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts: Management's Discussion and Analysis and the Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the Financial Statements.

**REQUIRED FINANCIAL STATEMENTS**

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statements of Net Position include all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the District's operations over the past two years and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of the statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, 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 reporting period.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2018

**FINANCIAL ANALYSIS OF THE DISTRICT**

Our analysis of the District begins on page 18 of the Financial Statements. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These statements report the net position of the District and changes in them. You can think of the District's net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation.

**NET POSITION**

To begin our analysis, a summary of the District's Net Position is presented in Table 1.

**TABLE 1**  
**Condensed Statements of Net Position**

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change
Assets:			
Current, restricted and noncurrent	\$ 46,587,443	\$ 44,250,892	\$ 2,336,551
Capital assets	<u>59,428,484</u>	<u>59,100,917</u>	<u>327,567</u>
Total Assets	<u>106,015,927</u>	<u>103,351,809</u>	<u>2,664,118</u>
Deferred outflows of resources	<u>5,145,319</u>	<u>4,513,864</u>	<u>631,455</u>
Liabilities:			
Current liabilities	4,829,915	3,859,861	970,054
Noncurrent liabilities	<u>45,598,796</u>	<u>42,948,961</u>	<u>2,649,835</u>
Total Liabilities	<u>50,428,711</u>	<u>46,808,822</u>	<u>3,619,889</u>
Deferred inflows of resources	<u>1,331,252</u>	<u>164,040</u>	<u>1,167,212</u>
Net Position:			
Net investment in capital assets	38,135,541	37,741,060	394,481
Unrestricted	<u>21,265,742</u>	<u>23,151,751</u>	<u>(1,886,009)</u>
Total Net Position	<u>\$ 59,401,283</u>	<u>\$ 60,892,811</u>	<u>\$ (1,491,528)</u>

As can be seen from Table 1, total assets and deferred outflows of resources increased \$3,295,573 from fiscal year 2017 to 2018. Total Net Position saw an decrease of \$1,491,528 or 2.45% from the previous fiscal year.



ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2018

**NET POSITION (CONTINUED)**

A further review shows total liabilities and deferred inflows of resources increased by \$4,787,101 from fiscal year 2017 to 2018. The main reason for this increase was required changes in reporting. The District now lists its Net OPEB liability of \$3,069,931 with total noncurrent liabilities and its deferred amounts from OPEB of \$1,186,860 with total deferred inflows of resources. These amounts total \$4,256,791 and were previously not shown on the statement of net position. The District also had a net pension liability increase of \$673,196 from the previous year.

Large projects completed during fiscal year 2018 included:

**Reservoir 6 Rehabilitation:**

Rowland Water District determined thru inspections that Reservoir 6 was in need of safety, sanitary and security upgrades, along with a complete interior recoating. Reservoir 6 is located at 2024 Tomich Rd., Hacienda Heights, California 91745. J. Colon was awarded the project thru a bid process and authorized to make the necessary coating repairs and upgrades. Safety, sanitary and security enhancements included, the installation of intrusion alarm switches, installation of a new hatch, improvements to the safety gate, adding a fall prevention cable, replacement of the interior ladder, along with recoating the entire interior coating with a multi-coat epoxy system.

**RCS Structure – Granby Booster Station:**

Rowland Water District started improving water quality at its reservoir sites with portable sheds which contained Residual Control Systems (RCS) equipment to maintain its high standard for water quality. Portable sheds were used initially so operators could move the equipment to the most critical reservoir site for maintaining the best water quality throughout the distribution system. Granby Booster Station was deemed one of these critical sites due to the fact that it sends water into two of our more challenging areas for water quality. The building houses the RCS equipment and chemical storage tanks, and is located at 18940 Granby Place in Rowland Heights, CA 91748.

**AMI Conversion:**

Rowland Water District determined through failing modules on the current AMR system and numerous rereads on all routes that the District was in need of a new reading system. The most affected areas of the District are routes 201, 221, 801, and 811. Rowland Water District has chosen to install a Master Meter AMI system on all meters in the District.

ROWLAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2018

**NET POSITION (CONTINUED)**

**TABLE 2**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change
Revenues:			
Operating revenues	\$ 24,195,942	\$ 21,310,310	\$ 2,885,632
Nonoperating revenues	694,557	555,362	139,195
Total Revenues	<u>24,890,499</u>	<u>21,865,672</u>	<u>3,024,827</u>
Expenses:			
Operating expenses	20,601,457	19,556,341	1,045,116
Nonoperating expenses	1,739,952	1,631,320	108,632
Total Expenses	<u>22,341,409</u>	<u>21,187,661</u>	<u>1,153,748</u>
Change in Net Position	<u>2,549,090</u>	<u>678,011</u>	<u>1,871,079</u>
Beginning Net Position	60,892,811	60,515,282	377,529
Restatement	<u>(4,040,618)</u>	<u>(300,482)</u>	<u>(3,740,136)</u>
Beginning Net Position, as Restated	<u>56,852,193</u>	<u>60,214,800</u>	<u>(3,362,607)</u>
Ending Net Position	<u>\$ 59,401,283</u>	<u>\$ 60,892,811</u>	<u>\$ (1,491,528)</u>

While the Statements of Net Position show the change in financial position, the Statements of Revenues, Expenses, and Changes in Net Position provide answers as to the nature and source of these changes. As can be seen in Table 2, a decrease in ending net position of \$1,491,528 occurred fiscal year 2018.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2018

**NET POSITION (CONTINUED)**

A closer examination of the sources of changes in Net Position reveals that the District's total revenues increased by \$3,024,827 or 13.83% in fiscal year 2018. Of the amount, operating revenues increased by \$2,885,632 or 13.54% and its nonoperating revenues increased by \$139,195 or 25.06% in the past fiscal year. The main factor attributing to the increase in operating revenues was an increase in residential and business water sales and an increase in water service charges. The majority of the increase in nonoperating revenue was the District seeing an increase in interest and dividend income and contributions from developers.

The District's total water sales increased from approximately 10,111 acre feet in fiscal year 2016-2017 to 10,387 acre feet in fiscal year 2017-2018. Most of the increase in revenue can be attributed to the increase in water rate and service charge that became effective on January 1, 2018. The base rate was increased \$0.19 from \$2.43 to \$2.62. The recycled water rate increased \$0.08 from \$1.71 to \$1.79. The District promotes the use of recycled water so there is no tiered rate structure. The monthly service charge for standard 5/8" to ¾" meters increased \$7.11 from \$33.44 to \$40.55. The District continues to use a tiered rate structure that was implemented in January 2009. The tiered rates as of January 2018 for Zone I were a rate of \$2.62 for 1-8 hcf, \$3.34 for 9-15 hcf, and \$4.62 for 16+ hcf. The District has six different pumping zones. Zonal surcharges cover the energy costs to pump water to each zone of elevation over Zone I. The additional Zonal surcharges is added to the base rate if the property resides in Zone II through Zone VI. The surcharges vary from \$0.16 in Zone II up to \$1.57 for Zone VI.

Nonoperating revenues increased in fiscal year 2018. The District saw interest and dividend income of \$285,990, property tax revenues of \$346,925 and rental/contract income of \$139,328. The District had non-restricted cash, cash equivalents, and investments totaling \$14,888,197 ended fiscal year 2018, an increase of \$1,951,538 from fiscal year 2017. The main cause of the increase is the additional revenue the District received due to the adjustment in the water rate and service charge.

While total revenues increased by \$3,024,827 or 13.83%, total expenses increased by \$1,153,748 or 5.45%. This resulted in a change in net position of \$1,871,079 in fiscal year 2018. While the District saw operating expenses increased \$1,045,116 from fiscal year 2017, Source of Supply cost increased \$666,445 and general and administrative expenses increased \$243,409 which mostly consisted of pension plan contribution expense.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2018

**NET POSITION (CONTINUED)**

The average cost of an acre foot of water increased from \$987.00 in 2017 to \$1,010.00 in 2018. Fixed charges decreased \$36,739 or 13.21% from fiscal year 2017 to 2018. General and administrative expenses saw an increase of 5.34%. Depreciation for fiscal year 2018 was \$2,598,348. The District continues to fund depreciation of its assets through its capital improvement plan.

**BUDGETARY HIGHLIGHTS**

**TABLE 3  
Budget vs. Actual**

	Fiscal Year 2018		
	Actual	Budget	Variance
Revenues:			
Operating revenues	\$ 24,195,942	\$ 21,270,000	\$ 2,925,942
Nonoperating revenues	694,557	575,000	119,557
<b>Total Revenues</b>	<b>24,890,499</b>	<b>21,845,000</b>	<b>3,045,499</b>
Expenses:			
Operating Expenses:			
Source of supply	10,670,626	10,195,000	(475,626)
Pumping and power	1,044,131	1,200,000	155,869
Transmission and distribution	1,106,635	1,265,000	158,365
Customer services	63,695	165,000	101,305
Depreciation expenses	2,598,348	-	(2,598,348)
Other operating expenses	312,614	445,000	132,386
General and administrative expenses	4,805,408	4,776,000	(29,408)
<b>Total Operating Expenses</b>	<b>20,601,457</b>	<b>18,046,000</b>	<b>(2,555,457)</b>
Nonoperating expenses	1,739,952	1,700,000	(39,952)
<b>Total Expenses</b>	<b>22,341,409</b>	<b>19,746,000</b>	<b>(2,595,409)</b>
<b>Change in Net Position</b>	<b>\$ 2,549,090</b>	<b>\$ 2,099,000</b>	<b>\$ 450,090</b>

In looking at Table 3, Budget vs. Actual, the discrepancy in change in Net position over budgeted change in net position and change in net position is \$450,090. Total Revenues shows a positive variance of \$3,045,499. Total operating expenses saw a negative variance of \$2,555,457 when depreciation is not included. Depreciation is not a direct expense to the District and funds are collected through rates and charges to fund it. Nonoperating expenses saw a negative variance of \$39,952.

ROWLAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2018

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At the end of fiscal year 2018, the District had invested \$59,428,484 in a broad range of Infrastructure as shown in Table 4.

**TABLE 4  
Capital Assets**

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change
Capital assets, not being depreciated:			
Land	\$ 261,340	\$ 261,340	\$ -
Water rights	5,000	5,000	-
Construction in progress	2,681,207	2,107,736	573,471
Total capital assets, not being depreciated	<u>2,947,547</u>	<u>2,374,076</u>	573,471
Capital assets, being depreciated:			
Intangible plant	1,022,551	1,022,551	-
Sources of supply plant	2,109,253	2,109,253	-
Pumping plant	10,667,579	10,037,819	629,760
Transmission and distribution plant	68,297,317	66,656,601	1,640,716
Telemetry equipment	1,540,618	1,540,617	1
General plant	584,639	584,639	-
Office building and equipment	6,472,790	6,459,188	13,602
Transportation equipment	985,914	951,628	34,286
Communication equipment	27,979	27,979	-
Total capital assets, being depreciated	<u>91,708,640</u>	<u>89,390,275</u>	2,318,365
Less accumulated depreciation	<u>(35,227,703)</u>	<u>(32,663,434)</u>	(2,564,269)
Total capital assets, being depreciated, net	<u>56,480,937</u>	<u>56,726,841</u>	(245,904)
Total capital assets, net	<u>\$ 59,428,484</u>	<u>\$ 59,100,917</u>	\$ 327,567

Additional information on the District's capital assets can be found in Note 4 of the notes to basic financial statements.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2018

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**DEBT ADMINISTRATION**

At the end of fiscal year 2018, the District had noncurrent liabilities totaling \$46,568,796 as shown in Table 5.

**TABLE 5**  
**Noncurrent Liabilities**

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change
Refunding Bond Series 2014A	\$ 19,468,198	\$ 20,045,112	\$ (576,914)
Installment purchase contract payable	19,126,537	19,603,876	(477,339)
Compensated absences	296,416	300,455	(4,039)
Net pension liability	4,607,714	3,934,518	673,196
Net OPEB obligation	3,069,931	4,570,547	(1,500,616)
	<u>\$ 46,568,796</u>	<u>\$ 48,454,508</u>	<u>\$ (1,885,712)</u>

The District currently has five sources of Noncurrent Liabilities in 2018. The Refunding Bond series 2014A is a refunding of the Certificate of Participation (COP) issued January 2009 that was used for the expansion of the District's Recycled Water System. The goal is to lower the dependence on import water by producing recycled water at a lower cost. Recycled water can be used for irrigation at schools, parks, industrial buildings, etc. In November 2012, the District entered into an installment purchase contract with Puente Basin Water Agency in order to finance the acquisition of certain water system improvements. The liability is payable over the next thirty years. Net pension liability is the amount by which the total pension liability exceeds the pension plan's net asset available for paying benefits. This amount increased in fiscal year 2018 to \$4,607,714 an increase of \$673,196 from fiscal year 2017. The District's pension plan is administered by CalPERS. The net OPEB liability refers to Other Post-Employment Benefits that would be owed to employees upon retirement after meeting certain criteria. This is an actuarially determined amount. The net OPEB liability for fiscal year 2018 was \$3,069,931.

Additional information on the District's noncurrent liabilities can be found in Notes 6 - 8 and 10 - 11 of the notes to basic financial statements.

ROWLAND WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2018

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's Board of Directors and management considered many factors when setting the fiscal year 2019 budget, user fees, and charges. A projection is made on the amount of acre feet of water that will be purchased and sold. The District also looks at the increase in the Source of Supply. Since the District heavily relies on import water, the costs are directly passed through by Metropolitan Water District and Three Valleys Municipal Water District. Most are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as Automobile and Truck Expenses or Workers' Compensation Insurance. The District's customer base has not changed significantly; therefore, revenue and costs are more easily projected.

**TABLE 6**  
**Fiscal Year 2019 Budget vs. Fiscal Year 2018 Actual**

	Fiscal Year 2018 Actual	Fiscal Year 2019 Budget	Variance
Revenues:			
Operating revenues	\$ 24,195,942	\$ 22,790,000	\$ (1,405,942)
Nonoperating revenues	626,307	550,000	(76,307)
<b>Total Revenues</b>	<b>24,822,249</b>	<b>23,340,000</b>	<b>(1,482,249)</b>
Expenses:			
Operating Expenses:			
Source of supply	10,670,626	10,605,000	65,626
Pumping and power	1,044,131	1,280,000	(235,869)
Transmission and distribution	1,106,635	1,405,000	(298,365)
Customer services	63,695	160,000	(96,305)
Depreciation expenses	2,598,348	-	2,598,348
Other operating expenses	312,614	395,000	(82,386)
General and administrative expenses	4,805,408	4,915,000	(109,592)
<b>Total Operating Expenses</b>	<b>20,601,457</b>	<b>18,760,000</b>	<b>1,841,457</b>
Nonoperating expenses	1,739,952	1,700,000	39,952
<b>Total Expenses</b>	<b>22,341,409</b>	<b>20,460,000</b>	<b>1,881,409</b>
Capital Contributions	68,250	-	(68,250)
<b>Change in Net Position</b>	<b>\$ 2,549,090</b>	<b>\$ 2,880,000</b>	<b>\$ 330,910</b>

ROWLAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

June 30, 2018

**CONTACTING THE DISTRICT'S FINANCIAL OFFICER**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Sean S. Henry, Finance Officer, Rowland Water District.

DRAFT FOR REVIEW



**THIS PAGE INTENTIONALLY LEFT BLANK**

DRAFT

**BASIC FINANCIAL STATEMENTS**

PRELIMINARY DRAFT

ROWLAND WATER DISTRICT  
STATEMENT OF NET POSITION

June 30, 2018

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$ 3,878,978
Investments	11,009,219
Accounts receivable, net of allowance for doubtful accounts of \$30,000	3,337,195
Interest receivable	72,893
Supply inventories	263,489
Water in storage	3,669,761
Prepaid items	45,181

TOTAL CURRENT ASSETS	22,276,716
----------------------	------------

RESTRICTED ASSETS:

Cash and cash equivalents	1,212,527
Investments	7,844,964

TOTAL RESTRICTED ASSETS	9,057,491
-------------------------	-----------

CAPITAL ASSETS:

Capital assets, not being depreciated	2,947,547
Capital assets, being depreciated, net	56,480,937

TOTAL CAPITAL ASSETS, NET	59,428,484
---------------------------	------------

OTHER NONCURRENT ASSETS:

Investments in joint ventures	15,253,236
-------------------------------	------------

TOTAL ASSETS	106,015,927
--------------	-------------

DEFERRED OUTFLOWS OF RESOURCES:

Deferred amounts from OPEB plans	599,152
Deferred amounts from pension plans	1,346,389
Deferred amounts on refunding	3,199,778

TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,145,319
--------------------------------------	-----------

(Continued)

ROWLAND WATER DISTRICT

STATEMENT OF NET POSITION  
(CONTINUED)

June 30, 2018

LIABILITIES:

CURRENT LIABILITIES (PAYABLE FROM  
UNRESTRICTED ASSETS):

Accounts payable	\$ 2,569,507
Interest payable	124,195
Current portion of installment purchase contract payable	445,000
Current portion of 2014A refunding bonds payable	<u>525,000</u>
	<u>3,663,702</u>

CURRENT LIABILITIES (PAYABLE FROM  
RESTRICTED ASSETS):

Refundable customer deposits	186,694
Unearned construction advances	<u>979,519</u>
	<u>1,166,213</u>

TOTAL CURRENT LIABILITIES 4,829,915

NONCURRENT LIABILITIES:

Compensated absences	296,416
Installment purchase contract payable	18,681,537
2014A refunding bonds payable	18,943,198
Net OPEB liability	3,069,931
Net pension liability	<u>4,607,714</u>

TOTAL NONCURRENT LIABILITIES 45,598,796

TOTAL LIABILITIES 50,428,711

DEFERRED INFLOWS OF RESOURCES:

Deferred amounts from OPEB	1,186,860
Deferred amounts from pension plans	<u>144,392</u>

TOTAL DEFERRED INFLOWS OF RESOURCES 1,331,252

NET POSITION:

Net investment in capital assets	38,135,541
Unrestricted	<u>21,265,742</u>

TOTAL NET POSITION \$ 59,401,283

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION

For the year ended June 30, 2018

OPERATING REVENUES:

Water sales:	
Residential	\$ 7,828,962
Business	6,058,449
Public entities	273,525
Industrial	7,319
Reclaimed water	623,705
Other	40,445

Total water sales	14,832,405
-------------------	------------

Water services:

Water service charges	8,482,070
Nonrefundable new service fees	67,129
New service connection fees	297,688
Reconnection fees	36,065
Customer penalties	244,122
Other	236,463

Total water services	9,363,537
----------------------	-----------

TOTAL OPERATING REVENUES	24,195,942
--------------------------	------------

OPERATING EXPENSES:

Source of supply	10,670,626
Pumping and power	1,044,131
Transmission and distribution	1,106,635
Customer services	63,695
Depreciation expense	2,598,348
Other operating expenses	312,614
General and administrative expenses	4,805,408

TOTAL OPERATING EXPENSES	20,601,457
--------------------------	------------

OPERATING INCOME	3,594,485
------------------	-----------

(Continued)

ROWLAND WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
(CONTINUED)

For the year ended June 30, 2018

NONOPERATING REVENUES (EXPENSES):

Investment income:

Interest and dividend income	\$ 285,990
Realized and unrealized gains (losses) on investments, net	(165,851)
Property tax revenues	346,925
Miscellaneous income	19,915
Rental and contract income	139,328
Interest expense	(1,499,385)
Amortization of debt premium/(discount)	(28,592)
Loss from investments in joint ventures	<u>(211,975)</u>

TOTAL NONOPERATING  
REVENUES (EXPENSES)

(1,113,645)

NET INCOME BEFORE  
CAPITAL CONTRIBUTIONS

2,480,840

CAPITAL CONTRIBUTIONS:

Contributions from developers	<u>68,250</u>
-------------------------------	---------------

CHANGE IN NET POSITION

2,549,090

NET POSITION - BEGINNING OF YEAR, AS RESTATED

56,852,193

NET POSITION - END OF YEAR

\$ 59,401,283

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 24,679,800
Cash payments to suppliers for goods and services	(15,237,918)
Cash payments to employees for services	(2,443,924)
NET CASH USED FOR OPERATING ACTIVITIES	<u>6,997,958</u>

CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES:

Proceeds from property taxes	346,925
Other receipts	19,915
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>366,840</u>

CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(2,925,915)
capital contributions received	
Principal payments on debt	(935,000)
Interest paid	(1,506,494)
Rental income	139,328
Capital contributions received	68,250
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,159,831)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Contributions to joint ventures	(191,821)
Purchases of investments	(13,670,796)
Proceeds from sale of investments	13,897,575
Investment income	244,616
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>279,574</u>

NET DECREASE IN CASH  
AND CASH EQUIVALENTS

2,484,541

CASH AND CASH EQUIVALENTS -  
BEGINNING OF YEAR

2,606,964

CASH AND CASH EQUIVALENTS - END OF YEAR

5,091,505

(Continued)

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT

STATEMENTS OF CASH FLOWS  
(CONTINUED)

For the year ended June 30, 2018

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 3,594,485
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,598,348
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(122,807)
(Increase) decrease in supply inventories	(151,707)
(Increase) decrease in water in storage	5,640
(Increase) decrease in prepaid items	1,011
(Increase) decrease deferred outflows of resources from OPEB	(24,780)
(Increase) decrease in deferred outflows of resources from pension plans	(180,148)
Increase (decrease) in accounts payables	407,058
Increase (decrease) in refundable customer deposits	(235)
Increase (decrease) in compensated absences	(4,039)
Increase (decrease) in unearned construction advances	606,900
Increase (decrease) in net OPEB liability	(1,500,616)
Increase (decrease) in net pension liability	673,196
Increase (decrease) in deferred inflows of resources from OPEB	1,186,860
Increase (decrease) in deferred inflows of resources from pension plans	<u>(19,648)</u>

NET CASH PROVIDED BY  
OPERATING ACTIVITIES

6,997,958

NONCASH CAPITAL AND RELATED  
FINANCING ACTIVITIES:

Amortization of debt premiums discounts and deferred amount on refunding	<u>\$ 28,592</u>
--	------------------

NONCASH INVESTING ACTIVITIES:

Loss from investment in joint ventures	<u>\$ (211,975)</u>
--	---------------------

See accompanying notes to basic financial statements.



**THIS PAGE INTENTIONALLY LEFT BLANK**

PRELIMINARY DRAFT

**FIDUCIARY FUND FINANCIAL STATEMENTS**

Preliminary Draft

ROWLAND WATER DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

	Other Post-Employment Benefit (OPEB) Trust Fund
ASSETS:	
Investments	<u>\$ 3,605,917</u>
TOTAL ASSETS	<u>3,605,917</u>
NET POSITION:	
Held in trust for OPEB benefits	<u>3,605,917</u>
TOTAL NET POSITION	<u><u>\$ 3,605,917</u></u>

See accompanying notes to basic financial statements.

ROWLAND WATER DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2018

	Other Post-Employment Benefit (OPEB) Trust Fund
ADDITIONS:	
Employer contributions	\$ 420,000
Investment income	203,850
TOTAL ADDITIONS	<u>623,850</u>
DEDUCTIONS:	
Administrative expense	<u>10,223</u>
TOTAL DEDUCTIONS	<u>10,223</u>
CHANGE IN NET POSITION	613,627
NET POSITION - BEGINNING OF YEAR	<u>2,992,290</u>
NET POSITION - END OF YEAR	<u>\$ 3,605,917</u>

See accompanying notes to basic financial statements.

**THIS PAGE INTENTIONALLY LEFT BLANK**

PRELIMINARY DRAFT

**NOTES TO BASIC FINANCIAL STATEMENTS**

DRAFT  
MEMORANDUM DRAFT

**THIS PAGE INTENTIONALLY LEFT BLANK**

PRELIMINARY DRAFT

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Nature of Organization

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

b. Basis of Presentation

The District's activities, other than those that are fiduciary in nature, are accounted for in an enterprise fund. An enterprise fund is a proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District's fiduciary activities related to its other post-employment benefit (OPEB) plan are accounted for in a fiduciary fund.

c. Measurement Focus and Basis of Accounting

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying proprietary fund financial statements are reported using the "economic resources measurement focus" and the "accrual basis of accounting." Under the economic measurement focus all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Fiduciary Funds**

The fiduciary fund financial statements are accounted for using the economic resources measurement focus and accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with these activities are included on the statement of fiduciary net position. The statement of changes in fiduciary net position presents increases (additions) and decreases (deductions) in total fiduciary net position. Under the accrual basis of accounting, additions are reported when earned and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows.



**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

d. New Accounting Pronouncements

**GASB Current Year Standards**

In fiscal year 2017-2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 by \$4,040,618.

GASB 81 - *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016. This statement did not impact the District.

GASB 82 - Pension Issues, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement did not impact the District.

GASB 85 - Omnibus 2017, effective for periods beginning after June 15, 2017. This statement did not impact the district.

GASB 86 - Certain Debt Extinguishment Issues, effective for periods beginning after June 15, 2017. This statement did not impact the district.

**Pending Accounting Standards**

GASB has issued the following statements, which may impact the District's financial reporting requirements in the future:

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

d. New Accounting Pronouncements (Continued)

**Pending Accounting Standards (Continued)**

- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

e. Deferred Outflows/Inflows of Resources

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

- Deferred outflow related to the pension and OPEB plans equal to employer contributions made after the measurement date of the net pension and OPEB liabilities.
- Deferred outflow related to pensions for annual differences between actual and expected experiences. Each annual amount is 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 plans.
- Deferred outflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to the pension plans for annual changes in employer's proportion and differences between employer contributions and the proportionate share of contributions. Each annual amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to the pension plans resulting from the annual differences in projected and actual earnings on investments of the pension plan fiduciary net position. Each annual amount is amortized over five years.
- Deferred amount on refunding. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the life of the refunding debt, which is 26 years.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

e. Deferred Outflows/Inflows of Resources (Continued)

- Deferred outflow from pensions and OPEB plans resulting from annual changes in assumptions. Each annual amount is 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 plans.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflow related to pensions and OPEB plans for annual differences between actual and expected experiences. Each annual amount is 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 plans.
- Deferred inflow from pensions and OPEB plans resulting from annual changes in assumptions. Each annual amount is 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 plans.
- Deferred inflow related to OPEB resulting from the difference in projected and actual earnings on investments of the OPEB plan fiduciary net position. These amounts are amortized over five years.

f. Net Position

Net position of the District can be classified into three components - net investment in capital assets, restricted net position, and unrestricted net position. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then use unrestricted resources as they are needed.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

g. Uniform System of Accounts for Water Utility Districts

The District follows the procedures and policies described by the Controller of the State of California for uniform system of accounts for nonprofit water utility districts.

h. Operating Revenues and Expenses

Operating revenues, such as water sales and services, 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 values. Nonoperating revenues, such as property taxes and investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

i. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents have been defined as unrestricted demand deposits and highly liquid investments with maturity of three months or less at date of purchase.

j. Investments

Investments are reported at the fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

k. Restricted Assets

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

l. Accounts Receivable

The District grants unsecured credit to its customers. Bad debts are accounted for by the reserve method, which establishes an allowance for doubtful accounts based upon historical losses and a review of past-due accounts.

m. Inventories and Water in Storage

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

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

n. Capital Assets and Depreciation

Capital assets are stated at cost, net of accumulated depreciation. District policy has set the capitalization threshold for reporting capital assets at \$2,500. Depreciation is recorded on the straight-line basis over the estimated useful lives as follows 5 years for computers, vehicles, office equipment, and furniture; 10 years for forklifts; 15 years for hydrants; 20 years for meters; and 75 years for mains. Maintenance and repairs are charged to expense as incurred. Significant renewals and betterments are capitalized.

o. Capitalized Interest

The District incurred interest charges on long-term debt totaling \$1,499,385 for the year ended June 30, 2018. No interest has been capitalized as additions to the cost of construction for the year ended June 30, 2018.

p. Restricted Liabilities

Certain liabilities that are currently payable have been classified as current liabilities payable from restricted assets and assets have been restricted for their payment.

q. Unearned Construction Advances and Capital Contributions

Construction advances from developers are unearned during the period of construction. When a project is completed, the applicable revenues earned are allocated to the contributed capital. Also, capital contributions represent cash and utility plant additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment.

r. Property Taxes

Property tax in California is levied in accordance with Article 13A of the State Constitution at 1% of county-wide assessed valuations. This 1% is allocated pursuant to state law to the appropriate units of local government. The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 10 Second Installment - February 10
Delinquent Date:	First Installment - December 10 Second Installment - April 10

s. Compensated Absences

Vested or accumulated vacation and sick leave are recorded as an expense and liability as benefits accrue to employees.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

t. Claims and Judgments

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the District records the estimated loss, net of any insurance coverage under its participation in the Joint Power Insurance Authority program. At June 30, 2018, in the opinion of the District's legal counsel, the District had no material claims that would require loss provision in the financial statements. Small dollar claims and judgments are recorded as expenses when paid.

u. 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 additions to/deductions from the Plans' fiduciary net position has been determined on the same basis as it is 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.

v. OPEB Plan

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 City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

w. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS**

**Cash and Investments**

Cash and investments as of June 30, 2018, are reported in the accompanying statement of net position as follows:

Financial Statement Classification:	Government Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted:			
Cash and cash equivalents	\$ 3,878,978	\$ -	\$ 3,878,978
Investments	11,009,219	3,605,917	14,615,136
Restricted:			
Cash and cash equivalents	1,212,527	-	1,212,527
Investments	7,844,964	-	7,844,964
 Total Cash and Investments	 <u>\$ 23,945,688</u>	 <u>\$ 3,605,917</u>	 <u>\$ 27,551,605</u>

Cash and investments as of June 30, 2018, consist of the following:

	District Funds	OPEB Trust	Total
Cash on hand	\$ 400	\$ -	\$ 400
Demand deposits	1,482,674	-	1,482,674
Investments	22,462,614	3,605,917	26,068,531
 Total Cash and Investments	 <u>\$ 23,945,688</u>	 <u>\$ 3,605,917</u>	 <u>\$ 27,551,605</u>

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

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

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS (CONTINUED)**

**Investments Authorized by the California Government Code and the District's Investment Policy (Continued)**

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

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

N/A - Not Applicable



**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS (CONTINUED)**

**Investments Authorized by Debt Agreements**

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

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

N/A - Not Applicable

**Disclosures Relating to Interest Rate Risk**

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

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Interest Rate Risk (Continued)**

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 as of June 30, 2018.

Investment Type	Remaining Maturity (in Years)				Fair Value Total
	Less Than 1 Year	1 to 2 Years	2 to 3 Years	3 to 5 Years	
District Investments:					
US Treasury Notes	\$ 498,213	\$ 734,658	\$ 240,538	\$ 719,415	\$ 2,192,824
US Government Sponsored Agency Securities:					
FFCB	-	236,210	-	-	236,210
FHLMC	-	542,377	245,380	742,939	1,530,696
FNMA	494,075	-	244,320	1,633,839	2,372,234
FHLB	-	246,280	246,145	1,686,694	2,179,119
Negotiable CD	590,375	629,562	-	-	1,219,937
Medium-Term Notes	349,080	-	388,850	540,271	1,278,201
LAIF	3,456,547	-	-	-	3,456,547
Money Market Mutual Funds	106,380	-	-	-	106,380
Held by Trustee:					
US Treasury Notes	1,490,191	-	-	-	1,490,191
US Government Sponsored Agency Securities:					
FHLMC	1,486,170	-	-	-	1,486,170
FHLB	-	1,500,465	-	-	1,500,465
LAIF	45,502	-	-	-	45,502
Money Market Mutual Funds	3,368,138	-	-	-	3,368,138
OPEB Trust Investments:					
PARS Trust Pool	3,605,917	-	-	-	3,605,917
	<u>\$ 15,490,588</u>	<u>\$ 3,889,552</u>	<u>\$ 1,365,233</u>	<u>\$ 5,323,158</u>	<u>\$ 26,068,531</u>

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**2. CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Credit Risk (Continued)**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are Standard & Poor's credit ratings for the District's investments as of June 30, 2018. US Treasury notes and bills are not required to be rated and therefore have been excluded from the tables below.

Investment	Minimum Legal Rating	Total as of June 30, 2018	AAA	AA+	A	Not Rated
District Investments:						
US Government						
Sponsored Agency Securities:						
FFCB	N/A	\$ 236,210	\$ -	\$ 236,210	\$ -	\$ -
FHLMC	N/A	1,530,696	-	1,530,696	-	-
FNMA	N/A	2,372,234	-	2,372,234	-	-
FHLB	N/A	2,179,119	-	2,179,119	-	-
Negotiable CD	N/A	1,219,937	1,219,937	-	-	-
Medium-Term Notes	A	1,278,201	-	439,524	838,677	-
LAIF	N/A	3,456,547	-	-	-	3,456,547
Money Market Mutual Funds	A	106,380	106,380	-	-	-
Held by Trustee:						
US Government						
Sponsored Agency Securities:						
FHLMC	N/A	1,486,170	-	1,486,170	-	-
FHLB	N/A	1,500,465	-	1,500,465	-	-
LAIF	N/A	45,502	-	-	-	45,502
Money Market Mutual Funds	A	3,368,138	3,368,138	-	-	-
OPEB Trust Investments:						
PARS Trust Pool	N/A	3,605,917	-	-	-	3,605,917
		<u>\$ 22,385,516</u>	<u>\$ 4,694,455</u>	<u>\$ 9,744,418</u>	<u>\$ 838,677</u>	<u>\$ 7,107,966</u>

**Concentration of Credit Risk**

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

Issuer	Investment Type	
Federal Home Loan Mortgage Corporation	US Government Sponsored Agency Securities	\$ 3,016,866
Federal National Mortgage Association	US Government Sponsored Agency Securities	\$ 2,372,234
Federal Home Loan Bank	US Government Sponsored Agency Securities	\$ 3,679,584

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2018, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

**Investment in State Investment Pool**

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

**Investments - Other Post-Employment Benefit (OPEB) Trust**

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's other post-employment benefit (OPEB) health plan. The OPEB trust's specific cash and investments are managed by a third-party portfolio manager and invested under a pool arrangement using certain investment guidelines offered by PARS and approved by the District.

Those investment guidelines approved by the District are as follows:

Risk Tolerance:	Moderate
Time Horizon:	Long Term
Income or Liquidity Needs:	As Requested
Account of Trust Restrictions:	None
Unique Needs and Circumstances:	None
Investment Objective:	Moderate Index Plus
Strategic Ranges:	0% - 20% Cash
	40% - 60% Fixed Income
	40% - 60% Equity

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS (CONTINUED)**

**Investments - Other Post-Employment Benefit (OPEB) Trust (Continued)**

Acceptable Investments

The following is a list of acceptable investments:

Equity Securities:

- Domestic
- American Depository Receipts (ADRs)

Equity Mutual Funds:

- Large-Cap Growth and Value
- Mid-Cap Core
- Small-Cap Growth and Value
- International and Emerging Markets

REITs

Exchange Traded Funds (ETFs)

Fixed Income Securities:

- Government/Agencies
- Mortgage-Backed Bonds
- Corporate Bonds and Notes
- Unit Trusts

Fixed Income Mutual Funds:

- Corporate
- Government
- High Yield
- International and Emerging Market
- Convertible
- Preferred
- Closed End Funds

Cash and Cash Equivalents:

- Money Market Mutual Funds
- Commercial Paper
- CDs and Banker's Acceptance

Fixed Income Guidelines

The fixed income guidelines consist of (a) the long-term fixed income investments (greater than seven years in maturity) shall constitute no more than 20%, and as little as 0% of the total Plan assets, (b) the intermediate-term fixed income investments (between three and seven years in maturity) shall constitute no more than 60%, nor less than 20% of the total Plan assets, (c) the high-yield portion of the Plan shall constitute no more than 10%, and as little as 0% of the total Plan assets, (d) the convertible bond exposure shall constitute no more than 10%, and as little as 0% of the total Plan assets, and (e) the short-term fixed income investments (between one and three years in maturity) shall constitute no more than 20%, and as little as 0% of the total Plan assets.

Equity Guidelines

The equity guidelines consist of (a) the domestic large capitalization equity investments of the Plan shall constitute no more than 50%, nor less than 20% of the total Plan assets, (b) the domestic mid-capitalization equity investments of the Plan shall constitute no more than 20%, and as little as 0% of the total Plan assets, (c) the domestic small capitalization equity investments of the Plan shall constitute no more than 20%, nor less than 0% of the total Plan assets, (d) the international equity investments of the Plan shall constitute no more than 20%, and as little as 0% of the total Plan assets, and (e) the real estate investments of the Plan shall constitute no more than 10%, and as little as 0% of the total Plan assets.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS (CONTINUED)**

**Investments - Other Post-Employment Benefit (OPEB) Trust (Continued)**

**Fair Value Measurements**

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

The District has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
US Treasury Notes	\$ -	\$ 2,192,824	\$ -	\$ 2,192,824
US Government Sponsored				
Agency Securities:				
FFCB	-	236,210	-	236,210
FHLMC	-	1,530,696	-	1,530,696
FNMA	-	2,372,234	-	2,372,234
FHLB	-	2,179,119	-	2,179,119
Negotiable CD	-	1,219,937	-	1,219,937
Medium-term Notes	-	1,278,201	-	1,278,201
Held by Trustee:				
US Treasury Notes	-	1,490,191	-	1,490,191
US Government Sponsored				
Agency Securities:				
FHLMC	-	1,486,170	-	1,486,170
FNMA	-	1,500,465	-	1,500,465
Total Investments	<u>\$ -</u>	<u>\$ 15,486,047</u>	<u>\$ -</u>	15,486,047
Investments not subject to hierarchy:				
LAIF				3,456,547
Money Market Mutual Funds				106,380
Held by Trustee:				
LAIF				45,502
Money Market Mutual Funds				3,368,138
OPEB Trust:				
PARS Trust Pool				<u>3,605,917</u>
Total Investments				<u>\$ 26,068,531</u>

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**3. RESTRICTED ASSETS**

Restricted assets were provided by, and are to be used for, the following:

Funding Source	Use	June 30, 2018
Deposits from customers	Security deposits for payment of utility bills	\$ 186,694
Customer advances	Construction	979,519
Bond proceeds	Construction projects	7,891,278
		<u>\$ 9,057,491</u>

**4. CAPITAL ASSETS**

Changes in capital assets for the year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Retirements/ Transfers	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 261,340	\$ -	\$ -	\$ 261,340
Water rights	5,000	-	-	5,000
Construction in progress	2,107,736	2,745,782	(2,172,311)	2,681,207
Total capital assets, not being depreciated	<u>2,374,076</u>	<u>2,745,782</u>	<u>(2,172,311)</u>	<u>2,947,547</u>
Capital assets, being depreciated:				
Intangible plant	1,022,551	-	-	1,022,551
Sources of supply plant	2,109,253	-	-	2,109,253
Pumping plant	10,037,819	629,760	-	10,667,579
Transmission and distribution plant	66,656,602	1,640,715	-	68,297,317
Telemetry equipment	1,540,618	-	-	1,540,618
General plant	584,639	-	-	584,639
Office building and equipment	6,459,188	13,602	-	6,472,790
Transportation equipment	951,628	68,367	(34,081)	985,914
Communication equipment	27,979	-	-	27,979
Total capital assets, being depreciated	<u>89,390,277</u>	<u>2,352,444</u>	<u>(34,081)</u>	<u>91,708,640</u>
Less accumulated depreciation	<u>(32,663,434)</u>	<u>(2,598,350)</u>	<u>34,081</u>	<u>(35,227,703)</u>
Total capital assets, being depreciated, net	<u>56,726,843</u>	<u>(245,906)</u>	<u>-</u>	<u>56,480,937</u>
Total Capital Assets, Net	<u>\$ 59,100,919</u>	<u>\$ 2,499,876</u>	<u>\$ (2,172,311)</u>	<u>\$ 59,428,484</u>

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**5. INVESTMENT IN JOINT VENTURES**

**Puente Basin Water Agency**

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

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

The District records its investment in the Puente Basin Water Agency as an other noncurrent asset, investment in joint ventures. The changes in its investment in Puente Basin Water Agency consist of the following as of June 30, 2018:

Beginning of year	\$ 14,565,991
Contributions	
Share of income	<u>(176,059)</u>
End of year	<u>\$ 14,389,932</u>

The following is condensed financial information of the investment in Puente Basin Water Agency as of and for the year ended June 30, 2018, including the participants' approximate percentage shares:

	Amount	Walnut Valley Water District	Rowland Water District
Total assets	\$ 67,698,402	50.0%	50.0%
Total liabilities	38,313,030	50.0%	50.0%
Total equity	29,131,982	50.0%	50.0%
Billings to participants	16,022,603		

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

The District is a member of the Pomona-Walnut-Rowland Joint Water Line Commission (the Commission). The Commission was formed under the Joint Powers Agreement (the JPA) of 1956 between the City of Pomona, the Walnut Valley Water District, and the Rowland Water District. The JPA's purpose is to acquire, construct, maintain, repair, manage, and operate a water transmission pipeline for the benefit of the members' water supplies. The Commission is governed by a three-member board composed of one appointee from each member agency.



**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**5. INVESTMENT IN JOINT VENTURES (CONTINUED)**

**Pomona-Walnut-Rowland Joint Water Line Commission (Continued)**

Each year, every member agency is charged an assessment for their share of the general and administrative costs of the Commission, which is allocated to each agency on a one-third basis. A budget assessment is collected each fiscal year and each agency pays one-third of the amount of the assessment. In addition, a capital surcharge is assessed for the future replacement of the pipeline. For the year ended June 30, 2018, the District remitted assessments totaling \$195,322 for their share of general and administrative costs and future replacement costs. Also, the District purchased water totaling \$5,404,537 for the Commission during the year ended June 30, 2018.

Upon dissolution of the Commission, the net position will be divided in proportion to the contribution each agency made to the maintenance and operation account during the last prior 12-month period. The District, consequently, has an ongoing financial responsibility in the activities of the Commission. However, the JPA does not explicitly require the measurement of the District's equity interest in the Commission. Complete financial statements for the Commission can be obtained by written request at P.O. Box 508, Walnut, California.

The District records its investment in the Commission as an other noncurrent asset, investment in joint ventures, primarily capital assets. The changes in its investment in the Commission consisted of the following:

Beginning of year	\$ 707,399
Share in income	<u>155,905</u>
End of Year	<u>\$ 863,304</u>

The following is condensed financial information of the investment in Pomona-Walnut-Rowland Joint Water Line Commission as of and for the year ended June 30, 2018, including the participants' approximate percentage shares:

	Amount	City of Pomona	Walnut Valley Water District	Rowland Water District
Total assets	\$ 6,141,582	25.8%	45.1%	29.1%
Total liabilities	\$ 3,174,902	25.8%	45.1%	29.1%
Total equity	\$ 2,966,680	25.8%	45.1%	29.1%
Water billings to participants	\$ 20,041,712			

**6. WATER REVENUE REFUNDING BONDS, SERIES 2014A**

Water Revenue Refunding Bonds, Series 2014A were issued on September 18, 2014, in the amount of \$20,060,000 to refund \$19,105,000 of outstanding balance on the 2008 Certificates of Participation. The prior obligations were issued to finance certain improvements. The District completed the advance refunding to reduce its total debt service over the next 26 years by \$3,455,528 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,659,410.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**6. WATER REVENUE REFUNDING BONDS, SERIES 2014A (CONTINUED)**

These bonds mature in various amounts through December 1, 2039. The balance outstanding as of June 30, 2018, is \$18,020,000. The bonds were issued at a premium of \$1,686,785, which is being amortized over the life of the debt on a straight-line basis. The unamortized premium outstanding as of June 30, 2018, is \$1,448,198.

Interest is payable semiannually on December 1 and June 1 at rates ranging from 2.00% to 5.00%. The installment payments on these bonds are secured by a first priority lien on the net revenues of the District. The following is a summary of the changes in Water Revenue Refunding Bonds, Series 2014A for the year ended June 30, 2018:

	Balance at June 30, 2017	Additions	Reductions	Balance at June 30, 2018	Due Within One Year
Water Revenue Refunding Bonds, Series 2014A	\$ 18,530,000	\$ -	\$ (510,000)	\$ 18,020,000	\$ 525,000
Add: Unamortized Premium	1,515,112	-	(66,914)	1,448,198	-
<b>Total</b>	<b>\$ 20,045,112</b>	<b>\$ -</b>	<b>\$ (576,914)</b>	<b>\$ 19,468,198</b>	<b>\$ 525,000</b>

Maturities of the Water Revenue Refunding Bonds, Series 2014A and interest payments subsequent to June 30, 2018, are as follows:

Year Ending	Principal	Interest	Total
2019	\$ 525,000	\$ 765,219	\$ 1,290,219
2020	540,000	749,244	1,289,244
2021	560,000	729,944	1,289,944
2022	585,000	707,044	1,292,044
2023	610,000	683,144	1,293,144
2024 - 2028	3,425,000	3,037,219	6,462,219
2029 - 2033	4,105,000	2,388,284	6,493,284
2034 - 2038	5,195,000	1,293,875	6,488,875
2039 - 2040	2,475,000	125,375	2,600,375
<b>Total</b>	<b>\$ 18,020,000</b>	<b>\$ 10,479,348</b>	<b>\$ 28,499,348</b>

**7. INSTALLMENT PURCHASE CONTRACT PAYABLE**

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

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**7. INSTALLMENT PURCHASE CONTRACT PAYABLE (CONTINUED)**

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

The District's obligation to make installment payments is a special obligation of the District payable solely from the net revenues of the District. The following is a summary of the installment purchase contract for the year ended June 30, 2018:

	Balance at June 30, 2017	Additions	Reductions	Balance at June 30, 2018	Due Within One Year
Installment purchase Contract	\$ 18,265,000	\$ -	\$ (425,000)	\$ 17,840,000	\$ 445,000
Add: Unamortized premium	1,338,876	-	(52,339)	1,286,537	-
<b>Total</b>	<b>\$ 19,603,876</b>	<b>\$ -</b>	<b>\$ (477,339)</b>	<b>\$ 19,126,537</b>	<b>\$ 445,000</b>

Maturities of the installment purchase contract and interest payments subsequent to June 30, 2018, are as follows:

Year Ending	Principal	Interest	Total
2019	\$ 445,000	\$ 710,575	\$ 1,155,575
2020	460,000	694,700	1,154,700
2021	475,000	676,000	1,151,000
2022	495,000	656,600	1,151,600
2023	515,000	636,400	1,151,400
2024 - 2028	2,905,000	2,860,375	5,765,375
2029 - 2033	3,405,000	2,359,456	5,764,456
2034 - 2038	4,035,000	1,736,719	5,771,719
2039 - 2043	5,105,000	663,625	5,768,625
<b>Total</b>	<b>\$ 17,840,000</b>	<b>\$ 10,994,450</b>	<b>\$ 28,834,450</b>

**8. COMPENSATED ABSENCES**

In accordance with the District's policy, employees may accrue up to 240 hours of vacation. For the year ended June 30, 2018, the total accrued vacation liability for all employees totaled \$158,364. Also, in accordance with the District's policy, employees may accrue up to 352 hours of sick leave. Upon attaining 352 hours, the employee may exercise a one-time option to exchange sick leave hours for cash or vacation time. Upon separation, retirement, or death, an employee shall receive, as an additional retirement benefit, an amount equal to 50% of accrued hours for unused sick leave pay for up to 352 hours or 176 hours.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**8. COMPENSATED ABSENCES (CONTINUED)**

The District has modified the Employment Agreement in regard to the General Manager's sick leave benefits. The General Manager shall receive the same sick leave benefits, upon the same terms and conditions, as provided to all other District employees. For the year ended June 30, 2018, the total accrued sick leave liability for all employees totaled \$138,052.

**9. DEFERRED COMPENSATION PLAN**

The District has adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all District employees, permits them to defer a portion of their salary until future years. The funds are not available to employees until termination, retirement, death, or an unforeseeable emergency. Employees may contribute to the plan up to 25% of their annual compensation, not to exceed limits established in the Internal Revenue Code. The District does not make any contributions to this plan. Deferred compensation plan assets are not included in the financial statements, as the plan assets are held in trust to protect them from general creditors of the District.

**10. DEFINED BENEFIT PENSION PLANS**

a. General Information about the Pension Plans

**Plan Descriptions**

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

**Benefits Provided**

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

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

a. General Information about the Pension Plans (Continued)

**Benefits Provided (Continued)**

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	PEPRA On or After January 1, 2013
Hire date		
Benefit formula	2%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.25%
Required employer contribution rates:		
Normal cost rate	10.11%	6.533%
Payment of unfunded liability	\$ 199,494	\$ 164

**Contributions**

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

b. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 4,607,714

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

- b. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for all Plans as of June 30, 2016 and 2017, is as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2016	0.11326%
Proportion - June 30, 2017	0.11689%
Change - Increase (Decrease)	0.00363%

For the year ended June 30, 2018, the District recognized pension expense of \$887,675. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 414,273	\$ -
Differences between actual and expected experience	6,070	(86,964)
Change in assumptions	753,148	(57,428)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	170,331	-
Net differences between projected and actual earnings on plan investments	<u>2,567</u>	<u>-</u>
Total	<u>\$ 1,346,389</u>	<u>\$ (144,392)</u>

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)5**

- b. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions  
(Continued)

An amount of \$414,273 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 230,940
2020	409,095
2021	248,816
2022	(101,127)
2023	-
Thereafter	-
Total	<u>\$ 787,724</u>

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

- b. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

**Actuarial Assumptions**

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	(1)
Mortality Rate Table	(2)
Post-Retirement Benefit Increase	(3)

- (1) Varies by age, service, and type of employment.  
(2) 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 April 2014 Experience Study report (based on CalPERS demographic data from 1997 to 2011) available on CalPERS website.  
(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

**Change of Assumptions**

In fiscal year 2017-18, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.



**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

- b. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all Plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11-60 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 PERF 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.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

- b. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

**Discount Rate (Continued)**

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. The target allocation shown was adopted by the CalPERS Board of Directors effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

- (a) An expected inflation of 2.5% used for this period.  
(b) An expected inflation of 3.0% used for this period.

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

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate 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:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$ 7,090,305
Current Discount Rate	7.15%
Net Pension Liability	\$ 4,607,714
1% Increase	8.15%
Net Pension Liability	\$ 2,551,588

**Pension Plans Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

c. Payable to the Pension Plans

At June 30, 2018, the District had no outstanding amount of contributions to the pension plans due for the year ended June 30, 2018.

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

a. Plan Description

The District has a single-employer other post-employment benefit plan that provides medical, dental, and vision coverage to 24 active employees and 10 retired employees through the ACWA health program. At retirement, the District provides a contribution for the continuation of these coverage's for eligible retirees. Eligibility for a District contribution requires retirement from the District and under CalPERS on or after age 50 with at least 15 years of continuous service. The District provides 100% of the cost of coverage for the retiree and any covered spouse. Employees hired on or after July 1, 2012, are eligible for a District contribution if retiring from the District and under CalPERS on or after age 62 with at least 15 years of continuous District service. The District provides 100% of the cost of coverage for the retiree only.

b. Funding Policy

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

c. Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District.

The annual contribution is based on the actuarially determined contributions. For fiscal year ending June 30, 2018, the District's contributions totaling \$599,152 included \$420,000 placed in its PARS OPEB Trust, \$160,068 in current year premium payments, and an implied subsidy of \$19,084.

d. Accounting for the Plan

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

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

e. Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date.

Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

f. Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	6.50%
Long-Term Expected Rate of Return on Investments	6.50%
Inflation	2.26%
Payroll increases	3.25%
Healthcare Trend Rates	8.00% trending down to 5.0% by 2031 and later
Mortality, Disability, Termination, Retirement	CalPERS 2014 Mortality tables

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

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

f. Total OPEB Liability (Continued)

**Actuarial Assumptions (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
PARS OPEB Trust:		
Equity	48.25%	5.65%
Fixed Income	45.00%	1.39%
Real Estate Investment Trusts	1.75%	5.06%
Commodities	5.00%	-0.26%
Total	100.00%	

Discount Rate

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

g. Changes in the Total OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
<b>Balance at June 30, 2016</b> <b>(Measurement Date)</b>	\$ 6,882,125	\$ 2,311,578	\$ 4,570,547
<b>Changes in the Year:</b>			
Service cost	121,597	-	121,597
Interest on the total OPEB liability	450,304	-	450,304
Differences between actual and expected experience	(710,721)	-	(710,721)
Changes in assumptions	(526,713)	-	(526,713)
Contributions - employer	-	574,372	(574,372)
Net investment income	-	261,561	(261,561)
Benefit payments	(154,372)	(154,372)	-
Administrative expenses	-	(850)	850
<b>Net Changes</b>	(819,905)	680,711	(1,500,616)
<b>Balance at June 30, 2017</b> <b>(Measurement Date)</b>	\$ 6,062,220	\$ 2,992,289	\$ 3,069,931

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

g. Changes in the Total OPEB Liability (Continued)

**Changes of Assumptions**

In fiscal year 2017-18, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

**Change of Benefit Terms**

There were no changes of benefit terms.

**Subsequent Events**

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

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ 4,085,843	\$ 3,069,931	\$ 2,256,460

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

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

	7.00% Decreasing to 4.00%	8.00% Decreasing to 5.00%	9.00% Decreasing to 6.00%
Net OPEB Liability	\$ 2,200,722	\$ 3,069,931	\$ 4,171,916

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$260,620. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 599,152	\$ -
Differences between actual and expected experience	-	(636,688)
Changes in assumptions	-	(471,855)
Differences between projected and actual earnings	-	(78,321)
Total	\$ 599,152	\$ (1,186,864)

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

h. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The differences between projected and actual earnings on plan investments is amortized over five years.

\$599,152 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (148,471)
2020	(148,471)
2021	(148,471)
2022	(148,472)
2023	(128,891)
Thereafter	(464,088)

i. Payable to the OPEB Plan

At June 30, 2018, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

**12. RISK MANAGEMENT**

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

At June 30, 2018, the District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$150,000,000 (total insurable value of \$46,263,235). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

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

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

**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**12. RISK MANAGEMENT (CONTINUED)**

Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

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

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

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

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

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

**13. UNRESTRICTED NET POSITION**

The District has adopted a policy to designate reserves of unrestricted net position. Total reserves are designated as follows as of June 30, 2018:

Designated reserves for:	
Operations	\$ 3,593,750
Rate stabilization	656,320
Capital funding including expansion of facilities and future repairs and maintenance	<u>10,209,418</u>
Total Designated Reserves	14,459,488
Undesignated net position	<u>6,787,170</u>
Total Unrestricted Net Position	<u><u>\$ 21,246,658</u></u>

**14. COMMITMENTS AND CONTINGENCIES**

The District is party to a water production and delivery agreement dated May 12, 2012, with the La Habra Heights County Water District ("La Habra Heights") for the purpose of assisting the District to access water rights in the Central Groundwater Basin of Los Angeles County ("Central Basin"). The District has acquired pumping rights in the Central Basin but has no facilities to produce water from Central Basin. La Habra Heights has facilities to produce water from the Central Basin and is able to assist the District to produce water, pursuant to the District's water rights, and deliver the water to the District's water distribution system.



**ROWLAND WATER DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**14. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Subject to certain limitations as specified in the agreement, La Habra Heights will convey to the District groundwater from the Central Basin. La Habra Heights will bill the District on a monthly basis for water delivery costs. The District will pay La Habra Heights for transporting water, La Habra Height's direct cost of production, energy costs associated with the delivery of the water to the delivery point, and any other variable cost of production. The District will pay a wheeling charge that is \$50 per acre-foot until the District has amortized its capital costs. After the District has fully amortized its capital cost, the wheeling charge is \$75 per acre-foot. In addition, La Habra Heights will share the cost savings that the District realizes as a result of La Habra Heights pumping and delivering water to the District from the Central Basin instead of the District purchasing water from other sources.

**15. SUBSEQUENT EVENTS**

Events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosure as of [DATE], 2018, which is the date these financial statements were available to be issued.

**16. RESTATEMENT OF NET POSITION**

Restatement of the District's net position as of July 1, 2017 is as follows:

Net position at July 1, 2017, as originally reported	\$ 60,892,811
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	<u>(4,040,618)</u>
Net position at July 1, 2017, as restated	<u>\$ 56,852,193</u>

**REQUIRED SUPPLEMENTARY INFORMATION**



ROWLAND WATER DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years\*

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.04646%	0.04547%	0.04441%	0.03764%
Plan's proportionate share of the net pension liability	\$ 4,607,714	\$ 3,934,518	\$ 3,048,469	\$ 2,341,881
Plan's covered - employee payroll	\$ 2,167,973	\$ 2,099,673	\$ 2,161,937	\$ 2,163,227
Plan's proportionate share of the net pension liability as percentage of its covered - employee payroll	212.54%	187.39%	141.01%	108.26%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.31%	74.06%	78.40%	83.35%
Plan's proportionate share of aggregate employer contributions				

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

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

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

There were no changes in assumptions.

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

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

\*Fiscal year 2015 was the first year of implementation; therefore, only four years is shown.

ROWLAND WATER DISTRICT

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN

Last Ten Fiscal Years\*

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 414,273	\$ 371,209	\$ 337,455	\$ 334,790
Contributions in relation to the actuarially determined contributions	<u>(414,273)</u>	<u>(371,209)</u>	<u>(337,455)</u>	<u>(334,790)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 2,279,335	\$ 2,167,973	\$ 2,099,673	\$ 2,161,937
Contributions as a percentage of covered - employee payroll	18.18%	17.12%	16.07%	15.49%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
----------------	-----------	-----------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry age normal cost method**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Varies by age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years (2%@55 and 2%@60), 52 years (2%@62)**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

\* Fiscal year 2015 was the first year of implementation; therefore, only four years are shown.

\*\* The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal year ended June 30, 2015, 2016, and 2017, respectively), included the same actuarial assumptions

\*\*\* The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015, valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018, respectively).

ROWLAND WATER DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years\*

Fiscal year ended	<u>June 30, 2018</u>
Measurement date	<u>June 30, 2017</u>
Total OPEB Liability:	
Service cost	\$ 121,597
Interest on total OPEB liability	450,304
Differences between expected and actual experience	(710,721)
Changes of assumptions	(526,713)
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(154,372)</u>
Net Change in Total OPEB Liability	(819,905)
Total OPEB Liability - Beginning of Year	<u>6,882,125</u>
Total OPEB Liability - End of Year (a)	<u>6,062,220</u>
Plan Fiduciary Net Position:	
Contributions - employer	574,372
Net investment income	261,561
Administrative expenses	(850)
Benefit payments, including refunds and the implied subsidy benefit payments	<u>(154,372)</u>
Net Change in Plan Fiduciary Net Position	680,711
Plan Fiduciary Net Position - Beginning of Year	<u>2,311,578</u>
Plan Fiduciary Net Position - End of Year (b)	<u>2,992,289</u>
Net OPEB Liability - Ending (a)-(b)	\$ 3,069,931
Plan fiduciary net position as a percentage of the total OPEB liability	49.36%
Covered - employee payroll	\$ 2,408,872
Net OPEB liability as percentage of covered - employee payroll	127.44%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The fiscal year ended June 30, 2018 is the first year of implementation; therefore, there are no previous GASB 75 actuarial reports for comparison.

\* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

ROWLAND WATER DISTRICT

SCHEDULE OF CONTRIBUTIONS - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Last Ten Fiscal Years\*

Fiscal year ended	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 343,260
Contributions in relation to the actuarially determined contributions	<u>(599,152)</u>
Contribution deficiency (excess)	<u>\$ (255,892)</u>
Covered - employee payroll	\$ -
Contributions as a percentage of covered - employee payroll	#DIV/0!

Notes to Schedule:

Valuation Date 6/30/2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Closed period, level percent of pay
Amortization period	25 years
Asset valuation method	Market value projected to fiscal year-end 2018
Discount rate	6.50%
Inflation	2.26%
Payroll increases	3.25%
Mortality, disability, termination, retirement	Most recent CalPERS valuations.
Healthcare trend rates	8.00% trending down to 5.0% in 2031 and later

\* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

ROWLAND WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2018

**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**SCHEDULE OF ANNUAL MONEY-WEIGHTED RETURN ON INVESTMENTS**

Fiscal Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense (1)
6/30/17	10.74%
6/30/18	6.42%

(1) Ten years of historical information is required by the Governmental Accounting Standards Board Statement No. 74. Fiscal year ended June 30, 2017, was the first year of implementation; therefore, only two years is presented.

**OTHER SUPPLEMENTARY INFORMATION**



ROWLAND WATER DISTRICT

SCHEDULE OF OTHER OPERATING EXPENSES

For the year ended June 30, 2018

Certification, fees, and permits	\$ 123,376
Water supply planning and development	85,556
Engineering	35,048
Maintenance and operations	24,423
Small tools and supplies	22,894
Water tests	<u>21,317</u>
 TOTAL OTHER OPERATING EXPENSES	 <u>\$ 312,614</u>

ROWLAND WATER DISTRICT

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended June 30, 2018

Salaries and wages	\$ 1,153,871
Insurance	669,343
Pension plan expense	1,063,009
Other post-employment benefits expense	241,532
Professional services	383,735
Payroll taxes	184,369
Office supplies and expenses	173,016
Directors' fees and expenses	145,771
Miscellaneous	126,670
Public relations	123,499
Utilities	119,135
Service charges	119,022
Automobile expenses	74,131
Seminars and training	50,844
Conferences and travel	46,843
Membership fees and dues	43,648
Conservation rebate program expenses	34,532
Repairs and maintenance	26,601
Uncollectable accounts	14,529
Taxes, permits, and fees	<u>11,308</u>
 TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	 <u><u>\$ 4,805,408</u></u>

**THIS PAGE INTENTIONALLY LEFT BLANK**

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

Board of Directors  
Rowland Water District  
Rowland Heights, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rowland Water District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated [DATE], 2018.

**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 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## 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*.

We noted a certain other matter that we have reported to management and the Board of Directors in a separate letter dated [DATE], 2018.

## Purpose of This Report

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

Irvine, California  
[DATE], 2018

# Tab

# 2.4

**PUENTE BASIN WATER AGENCY**  
**BASIC FINANCIAL STATEMENTS**

Year Ended June 30, 2018

(This page intentionally left blank)



**PUENTE BASIN WATER AGENCY**

**FINANCIAL STATEMENTS**

Year ended June 30, 2018

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	13
Statement of Revenues, Expenses and Changes in Net Position	14
Statement of Cash Flows	15
Notes to Basic Financial Statements	17
Supplementary Information	27
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31

(This page intentionally left blank)

Board of Commissioners  
Puente Basin Water Agency  
Walnut, California

## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Puente Basin Water Agency ("Agency") as of and for the year ended June 30, 2018, 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. 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 financial position of the Agency, as of June 30, 2018 and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the Agency's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2018 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.



Irvine, California  
November 5, 2018

(This page intentionally left blank)

**PUENTE BASIN WATER AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

This section of the Puente Basin Water Agency's (Agency) annual financial report presents our analysis of the Agency's financial performance during the fiscal years ending June 30, 2018 and June 30, 2017. Please read it in conjunction with the basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

Fiscal Year 2018

- The Agency's net assets as of June 30, 2018 were \$28,779,864, a decrease of \$352,117, or 1.2% over the prior year.
- Revenues totaled \$16,102,604 for the year, a decrease of \$5,735,162 from the prior year.
- Beginning in July 2014, in order to properly 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 2018, the total of these pass-through costs was \$14,742,678 and is reflected in both the revenues and expenses of the Agency.
- Operating expenses for the year totaled \$16,978,471 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 \$1,307, were incurred related to the maintenance and management of the project facilities.
- During the year the Cal Domestic Project water reliability project produced 1,804 acre-feet of water. The costs related to the production of this water totaled \$1,638,246 for the year. These costs included the use of stored water in the amount of \$588,382, that was purchased and paid for in prior years.
- The Agency recorded an additional \$186,327 and \$329,153 in construction costs related to the Pomona Basin Project and Pathfinder Project respectively, which is currently being constructed and is reflected in the Agency's Construction in Progress account.
- The Agency entered into a 20-year lease with the City of La Verne for land and an old well site, which was recorded as a capital lease. The value of the lease was recorded at the value of the future minimum lease payments in the amount of \$1,841,213

Fiscal Year 2017

- The Agency's net assets as of June 30, 2017 were \$29,131,981, an increase of \$565,038, or 2.0% over the prior year.
- Revenues totaled \$21,837,766 for the year, an increase of \$6,695,089 from the prior year.
- Beginning in July 2014, in order to properly 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 2017, the total of these pass-through costs was \$21,207,376 and is reflected in both the revenues and expenses of the Agency.
- Operating expenses for the year totaled \$22,014,724 for the year, these costs include the pass-through water costs from TVMWD.

**PUENTE BASIN WATER AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

- The La Habra Heights water reliability project produced no water for the year. Although no water was produced, internal costs, in the amount of \$23,650, were incurred related to the maintenance and management of the project facilities.
- During the year the Cal Domestic Project was completed, and produced 616 acre-feet of water. The costs related to the production of this water totaled \$509,239 for the year. These costs included the use of stored water in the amount of \$160,773, that was purchased and paid for in prior years.
- During the year, the Cal Domestic Project was completed and \$8,181,098 related to the facilities was transferred from Construction in Progress to Fixed Assets.
- The Agency recorded an additional \$741,996 in construction costs related to the Pomona Basin Project, which is currently being constructed and is reflected in the Agency's Construction in Progress account.

## **OVERVIEW OF THE 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 Assets, Statement of Revenues, Expenses and Changes in Net Assets 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 Assets

The Statement of Net Assets presents the Agency's financial position (assets and liabilities) as of June 30, 2018 and 2017. The Statement of Net Assets includes all of 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, 2018 and 2017 the Agency had net assets, assets in excess of liabilities, of \$28,779,864 and \$29,131,981, respectively.

### Statement of Revenues, Expenses & Changes in Net Assets

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in net Assets. 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 assets for the years ending June 30, 2018 and 2017, was \$(352,117) and \$565,038, respectively.

### 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, 2018, cash and cash equivalents totaled \$1,008,025 an increase of \$251,005 from the previous fiscal year.



**PUENTE BASIN WATER AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**FINANCIAL ANALYSIS OF THE AGENCY**

Our analysis of the Agency begins on page 15 of the financial statements. 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 Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Agency's finances in a way that will help answer that question. Measuring the change in the Agency's net assets, the difference between assets and liabilities, is one way to measure financial health or financial position. Over time, increases or decreases in the Agency's net assets 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.

**Statements of Net Assets**

Table A-1  
Condensed Statements of Net Assets

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Fiscal Year 2016	Dollar Change
<b>Assets:</b>					
Cash & Investments	\$ 1,008,025	\$ 757,020	\$ 251,005	\$ 610,299	\$ 146,721
Accounts Receivable	3,129,733	2,974,959	154,774	2,816,371	158,588
Interest Receivable	156,980	154,004	2,976	157,437	(3,433)
Installment Purchase Receivable	33,195,000	34,065,000	(870,000)	34,905,000	(840,000)
Prepaid Water/Stored Water	6,861,294	7,541,476	(680,182)	7,702,250	(160,774)
Capital Assets	22,741,862	20,703,199	2,038,663	20,080,470	622,729
Total Assets	<u>67,092,894</u>	<u>66,195,658</u>	<u>897,236</u>	<u>66,271,827</u>	<u>(76,169)</u>
<b>Liabilities:</b>					
Accounts Payable	3,156,515	2,844,673	311,842	2,642,447	202,226
Interest Payable	153,635	154,004	(369)	157,437	(3,433)
Long- Term Debt	35,002,880	34,065,000	937,880	34,905,000	(840,000)
Total Liabilities	<u>38,313,030</u>	<u>37,063,677</u>	<u>1,249,353</u>	<u>37,704,884</u>	<u>(641,207)</u>
<b>Net Assets:</b>					
Net Investment in Capital Assets	20,933,982	20,703,199	230,783	20,080,470	622,729
Unrestricted	7,845,882	8,428,782	(582,900)	8,486,473	(57,691)
Total Net Assets	<u>\$ 28,779,864</u>	<u>\$ 29,131,981</u>	<u>\$ (352,117)</u>	<u>\$28,566,943</u>	<u>\$ 565,038</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As seen from Table A-1, the Agency's net assets exceeded liabilities by \$28,779,864 and \$29,131,981 for the fiscal years ending June 30, 2018 and 2017, respectively.

**PUENTE BASIN WATER AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

By far, the largest component of net assets is the Agency's net investment in capital assets, which increased \$230,783 from the prior year. This increase was due primarily to the recognition of capital costs, attributable to the water supply reliability projects, which totaled \$515,480 for the year. As of June 30, 2018, the balance of the Construction in Progress account was \$2,141,249.

In 2017, the Agency's net investment in capital assets increased \$622,729 from the prior year. This increase was due to the recognition of capital costs, attributable to the water supply reliability project which totaled \$741,996 for the year. As of June 30, 2017, the balance of the Construction in Progress account was \$1,625,769.

In 2013, the Agency issued \$19,385,000 of 2012 Series A Water Revenue Bonds related to capital facilities of the RWD. In addition, the Agency issued \$17,300,000 related to capital facilities of the 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, 2018, the balance of the installment purchase receivable and related liability was \$33,195,000.

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

Fiscal Year 2018 – Revenues and Expenses

For fiscal year 2018 the Agency had total revenues of \$16,102,604, a decrease of \$5,735,162 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 \$14,742,678, a decrease of \$6,464,698 from the prior year. In addition, during the year the Cal Domestic project produced 1,804 acre-feet of water during the year. A total of \$1,093,524 was collected from the Districts to cover the costs related to the production of this water, an increase of \$618,328 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 \$186,402, an increase of \$31,208 over the prior year. During the year the Agency leased water to three agencies amounting to \$80,000 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 \$1,507,692.

For fiscal year 2018, the Agency had total operating expenses of \$16,978,471, a decrease of \$5,036,253 from the prior year. As discussed above, the most significant costs were attributable to the purchase and production of water, which totaled \$16,440,720 for the year, a decrease of \$5,299,545. Professional services for the year totaled \$79,511, an increase of \$12,147 from fiscal year 2017. This increase was expected, as the Agency incurred more costs for consultant fees related to government relations services.

Capital contributions for the year totaled \$515,480. Capital contributions included the money paid by each member agency for alternative water supply projects.

**PUENTE BASIN WATER AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

Fiscal Year 2017 – Revenues and Expenses

For fiscal year 2017 the Agency had total revenues of \$21,837,766, an increase of \$6,695,089 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 \$21,207,376, an increase of 6,946,752 from the prior year. In addition, during the year the Cal Domestic project was completed and produced 616 acre-feet of water during the year. A total of \$475,196 was collected from the Districts to cover the costs related to the production of this water. Member assessments vary from year to year and represent payments received from the Districts to cover the other general and administrative costs incurred by the Agency. For the year, member assessments totaled \$155,194, a decrease of \$3,421 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 \$1,387,763.

For fiscal year 2017, the Agency had total operating expenses of \$22,014,724, an increase of \$7,076,067 from the prior year. As discussed above, the most significant costs were attributable to the purchase and production of water, which totaled \$21,740,265 for the year, an increase of \$14,664,198. Professional services for the year totaled \$67,364, a decrease of \$52,521 from fiscal year 2016. This decrease was expected, as the Agency incurred less costs for consultant fees related to government relations services.

Capital contributions for the year totaled \$741,996. Capital contributions included the money paid by each member agency for alternative water supply projects, the purchase and transfer of stored water, and the state grant money received.

**PUENTE BASIN WATER AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

Table A-2

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Fiscal Year 2016	Dollar Change
<b>Revenues:</b>					
Sale of Water (TVMWD)	\$ 14,742,678	\$ 21,207,376	\$ (6,464,698)	\$ 14,260,624	\$ 6,946,752
Sale of Water (Project)	1,093,524	475,196	618,328	325,520	149,676
Member Assessments	186,402	155,194	31,208	158,615	(3,421)
Other	80,000	-	80,000	397,918	(397,918)
Total Operating Revenues	16,102,604	21,837,766	(5,735,162)	15,142,677	6,695,089
Interest Income	1,515,962	1,387,763	128,199	1,569,770	(182,007)
Total Revenues	17,618,566	23,225,529	(5,606,963)	16,712,447	6,513,082
<b>Expenses:</b>					
Water Supply (TVMWD)	14,740,618	21,207,376	(6,466,758)	14,260,624	6,946,752
Water Supply (Project)	1,731,353	532,889	1,198,464	403,574	129,315
Legal	16,709	43,115	(26,406)	26,513	16,602
Accounting	7,802	7,650	152	8,500	(850)
Engineering	21,955	1,423	20,532	2,335	(912)
Administrative	42,493	35,642	6,851	20,301	15,341
Professional Services	79,511	67,364	12,147	119,885	(52,521)
Depreciation	318,030	119,265	198,765	34,609	84,656
Total Operating Expenses	16,958,471	22,014,724	(5,056,253)	14,876,341	7,138,383
Non-Operating Interest Expense	1,507,692	1,387,763	119,929	1,569,770	(182,007)
Other Expenses	-	-	-	-	-
Total Expenses	18,466,163	23,402,487	(4,936,324)	16,446,111	6,956,376
Net Income (Loss)	(847,597)	(176,958)	(670,639)	266,336	(443,294)
Capital Contributions	515,480	741,996	(226,516)	7,400,093	(6,658,097)
Changes in Net Assets	(332,117)	565,038	(897,155)	7,666,429	(7,101,391)
Net Assets, Beg. of Year	29,131,981	28,566,943	565,038	20,900,514	7,666,429
Net Assets, End of Year	\$ 28,799,864	\$ 29,131,981	\$ (332,117)	\$ 28,566,943	\$ 565,038

**Capital Asset Administration**

As of June 30, 2018, the Agency had invested \$22,741,861 in capital assets, an increase of \$2,038,662 from the prior fiscal year. These assets were comprised of water rights, construction in progress capital assets related to several alternative water supply projects, and capital leases.

**PUENTE BASIN WATER AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**Debt Administration**

Table A-3  
Long-Term Debt

	Fiscal Year 2018	Fiscal Year 2017	Dollar Change	Fiscal Year 2016	Dollar Change
Long Term Debt:					
2012 Series A Water Revenue Bonds (RWD Project)	\$ 18,265,000	\$ 18,675,000	\$ (410,000)	\$ 19,070,000	\$ (395,000)
2013 Series A Water Revenue Bonds (WVWD Project)	\$ 15,800,000	\$ 16,230,000	\$ (430,000)	\$ 16,645,000	\$ (415,000)
Capital Lease	\$ 1,807,880	\$ -	\$ 1,807,880	\$ -	\$ -
Total Long-Term Debt	\$ 35,872,880	\$ 34,905,000	\$ 967,880	\$ 35,715,000	\$ (810,000)

**Economic Factors and Next Year's Budget**

Table A-4  
Fiscal Year 2019 Budget vs. Fiscal Year 2018 Actual

	Budget 2019	Actual 2018	Dollar Change
Revenues:			
Sale of Water (TVMWD)	\$ 13,508,930	\$ 14,742,678	\$ (1,233,748)
Sale of Water (Project)	2,032,290.00	\$ 1,093,524	
Member Assessments	278,040	186,402	91,638
Other	-	80,000	(80,000)
Total Operating Revenues	15,819,260	16,102,604	(1,222,110)
Use of Stored Water	1,581,000	588,382	992,618
Total	\$ 17,400,260	\$ 16,690,986	\$ (229,492)
Expenses:			
Water Supply (TVMWD)	\$ 13,508,930	\$ 14,740,618	\$ (1,231,688)
Water Supply (Project)	3,495,290	1,731,353	\$ 1,763,937
Legal	100,000	36,708	63,292
Accounting	8,040	7,803	237
Engineering	5,000	21,955	(16,955)
Professional Service	125,000	79,511	45,489
Administrative Expenses	40,000	42,493	(2,493)
Lease Agreement - Old Baldy	103,000	42,493	60,507
Total Operating Expenses	\$ 17,385,260	\$ 16,702,934	\$ 682,326
Net Income	\$ 15,000	\$ (11,948)	\$ (1,904,436)

(This page intentionally left blank)

PUENTE BASIN WATER AGENCY

STATEMENT OF NET POSITION

June 30, 2018

(with comparative information for prior year)

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and investments (note 2)	\$ 1,008,025	757,020
Accounts receivable		
WVWD	2,089,801	1,511,461
RWD	957,414	1,435,980
Other	55,000	-
Grants receivable	27,518	27,518
Interest receivable	156,980	154,004
Installment purchase receivable - current (note 3)	910,000	870,000
Prepaid water	-	91,801
Stored water	<u>6,861,294</u>	<u>7,449,675</u>
TOTAL CURRENT ASSETS	<u>12,066,032</u>	<u>12,297,459</u>
CAPITAL ASSETS (note 4):		
Capital assets not being depreciated	12,544,202	12,028,723
Capital assets being depreciated	10,714,539	8,873,325
Less accumulated depreciation	<u>(516,879)</u>	<u>(198,849)</u>
TOTAL CAPITAL ASSETS	<u>22,741,862</u>	<u>20,703,199</u>
NON CURRENT ASSETS		
Installment purchase receivable - non current (note 3)	<u>32,285,000</u>	<u>33,195,000</u>
TOTAL NON CURRENT ASSETS	<u>32,285,000</u>	<u>33,195,000</u>
TOTAL ASSETS	<u>67,092,894</u>	<u>66,195,658</u>
CURRENT LIABILITIES:		
Accounts payable	3,156,515	2,844,673
Interest payable	153,635	154,004
Current portion of long-term debt (note 5)	<u>937,961</u>	<u>870,000</u>
TOTAL CURRENT LIABILITIES	<u>4,248,111</u>	<u>3,868,677</u>
LONG-TERM DEBT (note 5)	<u>34,064,919</u>	<u>33,195,000</u>
TOTAL LIABILITIES	<u>38,313,030</u>	<u>37,063,677</u>
NET POSITION:		
Net investment in capital assets	20,933,982	20,703,199
Unrestricted	<u>7,845,882</u>	<u>8,428,782</u>
TOTAL NET POSITION	<u>\$ 28,779,864</u>	<u>29,131,981</u>

See Notes to Financial Statements

PUENTE BASIN WATER AGENCY  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION

For the Year Ended June 30, 2018  
(with comparative information for prior year)

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:		
Sale of water to member agencies	\$ 15,827,182	21,734,686
Member assessments	195,422	103,080
Water leases	<u>80,000</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>16,102,604</u>	<u>21,837,766</u>
OPERATING EXPENSES:		
Water supply	16,440,720	21,740,265
Legal	36,709	43,115
Accounting	7,802	7,650
Engineering	21,955	1,423
Administrative	42,493	35,642
Professional services	79,511	67,364
Other expenses	31,251	-
Depreciation	<u>318,030</u>	<u>119,265</u>
TOTAL OPERATING EXPENSES	<u>16,978,471</u>	<u>22,014,724</u>
OPERATING INCOME (LOSS)	<u>(875,867)</u>	<u>(176,958)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest revenue	1,515,962	1,387,763
Interest expense	<u>(1,507,692)</u>	<u>(1,387,763)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>8,270</u>	<u>-</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(867,597)	(176,958)
CAPITAL CONTRIBUTIONS:		
Capital contributions from RWD	257,740	370,998
Capital contributions from WVWD	<u>257,740</u>	<u>370,998</u>
CHANGE IN NET POSITION	(352,117)	565,038
NET POSITION - BEGINNING OF YEAR	<u>29,131,981</u>	<u>28,566,943</u>
NET POSITION - END OF YEAR	<u>\$ 28,779,864</u>	<u>29,131,981</u>

See Notes to Financial Statements



PUENTE BASIN WATER AGENCY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2018  
(with comparative information for prior year)

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received for water sales	\$ 15,965,300	21,557,132
Receipts from members for operations	195,422	103,082
Water purchases	(15,760,538)	(21,740,265)
Payments to suppliers for other goods and services	(219,721)	(95,014)
Sale of water leases	<u>80,000</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>260,463</u>	<u>(175,065)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Receipts from members for capital activities	515,480	741,996
Receipts from State Water Department for capital activities	-	145,837
Payments for the acquisition of capital assets	<u>(529,863)</u>	<u>(566,047)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(14,383)</u>	<u>321,786</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on cash and investments	<u>4,925</u>	<u>-</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>4,925</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>		
	<u>757,020</u>	<u>610,299</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		
	<u>\$ 1,008,025</u>	<u>757,020</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	<u>\$ (875,867)</u>	<u>(176,958)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	318,030	119,265
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(154,774)	(304,425)
(Increase) decrease in prepaid water	91,801	-
(Increase) decrease in stored water	588,381	160,774
Increase (decrease) in accounts payable	<u>292,892</u>	<u>26,279</u>
Total adjustments	<u>1,136,330</u>	<u>1,893</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 260,463</u>	<u>(175,065)</u>
<b>Noncash investing, capital and financing activities:</b>		
Member remittance of funds to bond service agent	<u>\$ 2,381,300</u>	<u>2,385,200</u>
Capital assets acquired with capital lease	<u>\$ 1,841,214</u>	<u>-</u>

(This page intentionally left blank)

## PUENTE BASIN WATER AGENCY

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Description of 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 and Walnut Valley Water District. 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 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.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Puente Basin Water Agency and its component units, if any for which the Agency is considered to be financially accountable. Based upon the application of required criteria, there were no potential component units to be considered for inclusion in the Agency's reporting entity.

##### B. Description of Fund:

The accounts of the Agency are organized in a fund, which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. The following fund type is used:

##### Proprietary Fund Type

Enterprise Fund is used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

##### C. Accounting and Reporting Policies:

The Agency has conformed to the pronouncements of the Governmental Accounting Standards Board (GASB), which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

##### D. Basis of Accounting/Measurement Focus:

Proprietary fund types are accounted for using the "economic resources" measurement focus and accrual basis of accounting. This means that all assets and liabilities (whether current or concurrent) associated with the activity are included on the balance sheet. Their reported fund equity

**PUENTE BASIN WATER AGENCY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

presents total net position. The operating statement of the proprietary funds presents increases (revenues) and decreases (expenses) in total net position. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency are water sales to members and member operating assessments. Operating expenses include the costs of legal, accounting, and engineering services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**E. Cash and Cash Equivalents:**

For purposes of the statement of cash flows, all cash and investments with an original maturity of 90 days or less are considered to be cash and cash equivalents.

**F. Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

**G. Capital Assets:**

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000. Contributed assets are recorded at estimated acquisition value at the date of contribution. 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.

**H. Net Position:**

In the Statement of Net Position, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

**PUENTE BASIN WATER AGENCY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Restricted net position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position - This amount is all net positions that do not meet the definition of "net investment in capital assets" or "restricted net position".

When both restricted and unrestricted resources are available for use, the Agency may use restricted resources or unrestricted resources based on the Board's discretion.

**I. Prior Year Comparative Information:**

Certain data has been presented for the prior year. Such data does not represent a complete presentation in accordance with generally accepted accounting principles, but has been presented for comparative purposes only.

**2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2018 consisted of the following:

Deposits	\$ 303,100
Investments	<u>704,925</u>
Total cash and investments	<u>\$ 1,008,025</u>

**Investments Authorized by the California Government Code**

The table below identifies the investment types that are authorized for the Agency by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

**PUENTE BASIN WATER AGENCY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**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>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

N/A – Not Applicable

**Investment in State Investment Pool**

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the 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 at fair value. The amount recorded in the State Investment Pool at June 30, 2018 is \$704,925. The Agency's investment in LAIF is considered to mature within twelve months or less is not rated.

## PUENTE BASIN WATER AGENCY

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 2. CASH AND INVESTMENTS (CONTINUED)

##### **Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the 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 is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Agency's deposits with financial institutions are available on demand.

##### **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. 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 the Agency's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Agency's deposits are collateralized as required by California Law.

#### 3. INSTALLMENT PURCHASE RECEIVABLE

The Agency entered into 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 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. Total amounts required to be paid by RWD and WVWD as of June 30, 2018 are \$17,840,000 and \$15,355,000, respectively.

**PUENTE BASIN WATER AGENCY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CAPITAL ASSETS**

Changes in capital assets for the year ended June 30, 2018 are as follows:

	Balance at <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>July 1, 2018</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 1,625,769	515,479	-	2,141,248
Water rights	<u>10,402,954</u>	<u>-</u>	<u>-</u>	<u>10,402,954</u>
Total capital assets, not being depreciated	<u>12,028,723</u>	<u>515,479</u>	<u>-</u>	<u>12,544,202</u>
Capital assets, being depreciated:				
Old Baldy well *	-	1,841,214	-	1,841,214
Pumping structure	<u>8,873,325</u>	<u>-</u>	<u>-</u>	<u>8,873,325</u>
Total capital assets, being depreciated	<u>8,873,325</u>	<u>1,841,214</u>	<u>-</u>	<u>10,714,539</u>
Less accumulated depreciation:				
*Old Baldy well	-	(29,458)	-	(29,458)
Pumping structure	<u>(198,849)</u>	<u>(288,572)</u>	<u>-</u>	<u>(487,421)</u>
Total accumulated depreciation	<u>(198,849)</u>	<u>(318,030)</u>	<u>-</u>	<u>(516,879)</u>
Total capital assets being depreciated, net	<u>8,674,476</u>	<u>1,523,184</u>	<u>-</u>	<u>10,197,660</u>
Total capital assets	<u>\$ 20,703,199</u>	<u>2,038,663</u>	<u>-</u>	<u>22,741,862</u>

\*See note 5 for Capital Leases



**PUENTE BASIN WATER AGENCY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT**

The changes in long-term debt for the year ended June 30, 2018, is as follows:

	Balance <u>7/1/2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/2018</u>	Due Within <u>One Year</u>
2012 Series A Water Revenue Bonds (RWD Project)	\$ 18,265,000	-	(425,000)	17,840,000	445,000
2013 Series A Water Revenue Bonds (WVWD Project)	15,800,000	-	(445,000)	15,355,000	465,000
Capital Lease	<u>-</u>	<u>1,841,213</u>	<u>(33,333)</u>	<u>1,807,880</u>	<u>27,961</u>
Total long-term debt	<u>\$ 34,065,000</u>	<u>1,841,213</u>	<u>(903,333)</u>	<u>35,002,880</u>	<u>937,961</u>

**2012 Series A Water Revenue Bonds (Rowland Water District Project)**

On November 1, 2012, the Agency issued \$19,385,000 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 will be amortized over the life of the debt service with RWD receiving the proceeds of the Bonds. Interest and principal are payable on December 1st and June 1st of each year beginning June 1, 2013, with interest rates ranging from 1.0% to 5.0%. 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.

**2013 Series A Water Revenue Bonds (Walnut Valley Water District Project)**

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 will be amortized over the life of the debt service with WVWD receiving the proceeds of the Bonds. Interest is payable on June 1st and December 1st of each year beginning December 1, 2013, with interest rates ranging from 1.0% to 5.0%. 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 BASIC FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT (Continued)**

Future annual debt service requirements of the Agency are as follows:

Year Ending <u>June 30</u>	2012 Series A Water Revenue Bonds (Rowland Water District Project)		2013 Series A Water Revenue Bonds (Walnut Valley Water District Project)	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 445,000	710,575	465,000	767,750
2020	460,000	694,700	490,000	744,500
2021	475,000	676,000	510,000	720,000
2022	495,000	656,600	535,000	694,500
2023	515,000	636,400	565,000	667,750
2024-2028	2,905,000	2,860,375	3,275,000	2,885,750
2029-2033	3,405,000	2,359,457	4,180,000	1,981,250
2034-2038	4,035,000	1,736,720	5,335,000	826,250
2039-2043	5,105,000	663,625	-	-
Total payments	\$ 17,840,000	10,994,452	15,355,000	9,287,750

**Capital Leases**

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 semiannual 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 four percent.

**PUENTE BASIN WATER AGENCY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. LONG-TERM DEBT (Continued)**

The future minimum lease obligations and the value of these minimum lease payments as of June 30, 2018 were as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 27,961	72,039
2020	32,122	70,878
2021	36,540	69,550
2022	41,231	68,042
2023	46,207	66,344
2024-2028	316,743	298,730
2029-2033	493,197	220,306
2034-2038	725,351	101,796
2039	<u>88,528</u>	<u>1,778</u>
Total payments	<u>\$ 1,807,880</u>	<u>969,463</u>

**6. NET POSITION**

Changes in net position by member during the fiscal year ended June 30, 2018 was as follows:

	<u>Walnut Valley Water District</u>	<u>Rowland Water District</u>	<u>Total</u>
Net Position June 30, 2017	<u>\$ 14,565,990</u>	<u>14,565,991</u>	<u>29,131,981</u>
Capital Contributions	257,740	257,740	515,480
Share of Joint Venture loss before member capital contributions	<u>(433,798)</u>	<u>(433,799)</u>	<u>(867,597)</u>
Change in Net Position	<u>(176,058)</u>	<u>(176,059)</u>	<u>(352,117)</u>
	<u>\$ 14,389,932</u>	<u>14,389,932</u>	<u>28,779,864</u>

(This page intentionally left blank)

**SUPPLEMENTARY INFORMATION**

(This page intentionally left blank)

## **PUENTE BASIN WATER AGENCY**

### **SUPPLEMENTARY INFORMATION**

June 30, 2018

#### PUENTE NARROWS AGREEMENT

On May 8, 1972, Puente Basin Water Agency and Upper San Gabriel Valley Municipal Water executed the Puente Narrows Agreement (the Agreement), which established the base water underflow from the Puente Basin to the Main San Gabriel Basin at 580 acre-feet per year. The Agreement requires Puente Basin Water Agency to make up payments in the following year where accumulated subsurface outflow falls below the accumulated base underflow. The Agency receives a credit for an excess of underflow over the base underflow. These credits can be applied only against deficiencies of underflow should such deficiencies occur in the future.

Puente Basin Water Agency had credits for excess of underflow of 13,336 acre-feet at June 30, 2018. The value of these credits have not been reflected in the accompanying financial statements because the likelihood of these credits being applied to material amounts of future deficiencies of underflow is extremely remote and the credits cannot be used for any other purpose. The administration of the Agreement is currently responsible for well measurement.

#### ADJUDICATION OF PUENTE BASIN WATER RIGHTS

The Puente Basin Watermaster allocates water rights among water producers in the Puente Basin. Water rights of 425 acre-feet were allocated to both Rowland Water District and Walnut Valley Water District. These amounts represent approximately 40 percent of the water rights available in the Puente Basin. The judgment allows some over and under allocation adjustments depending on water flow in the basin, limited carryover provisions, and credit for return water

(This page intentionally left blank)



Board of Commissioners  
Puente Basin Water Agency  
Walnut, California

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

**Independent Auditor's Report**

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 year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 5, 2018.

**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

Board of Commissioners  
Puente Basin Water Agency  
Page Two

noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in blue ink, appearing to read "David L. L. L.", is positioned above the typed name and date.

Irvine, California  
November 5, 2018

**Tab**

**2.5**

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL DOCUMENT AND TAX STATEMENT TO:

NAME ROWLAND WATER DISTRICT

STREET ADDRESS 3021 Fullerton Road

CITY, STATE & ZIP CODE Rowland Heights, CA 91748

TITLE ORDER NO. \_\_\_\_\_

ESCROW NO. \_\_\_\_\_

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

**QUITCLAIM DEED**

TRA: \_\_\_\_\_

APN: portions of 8264-012-923,  
8264-013-913 and 914

The undersigned grantor(s) declare(s)

DOCUMENTARY TRANSFER TAX \$ 0.00

- computed on full value of property conveyed, or
- computed on full value less liens and encumbrances remaining at time of sale.
- Unincorporated Area City of INDUSTRY

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, I (We) ROWLAND WATER DISTRICT

(NAME OF GRANTOR(S))

hereby remise, release and quitclaim to SUCCESSOR AGENCY TO THE INDUSTRY URBAN DEVELOPMENT AGENCY

(NAME OF GRANTEE(S))

the following described real property in the City of INDUSTRY, County of LOS ANGELES, State of CALIFORNIA.

(Insert Legal Description)

See attached.

DATED: \_\_\_\_\_

Name TOM COLEMAN

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Name \_\_\_\_\_

STATE OF CALIFORNIA  
COUNTY OF Los Angeles

On \_\_\_\_\_ before me, Rosemarie Perea, Notary Public, personally appeared  
(here insert name and title of the officer)

Tom Coleman

who proved to me on the basis of satisfactory evidence to be the person(x) whose name(x) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(x) on the instrument the person(x), or the entity upon behalf of which the person(x) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (SEAL)

**LEGAL DESCRIPTION**  
**(17647 Gale Avenue)**  
**APN: 8264-012-923, 8264-013-913 & 914**

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCELS 17, 18, 20 AND 21 OF PARCEL MAP NO. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

**BEGINNING** AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP NO. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 906.24 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 417.16 FEET TO THE SOUTHEAST CORNER OF PARCEL 1 OF MINOR LOT LINE ADJUSTMENT NO.62 IN SAID CITY, COUNTY AND STATE, RECORDED MAY 13, 2005, AS INSTRUMENT NO. 05-1141417 OF OFFICIAL RECORDS; THENCE LEAVING SAID NORTHERLY LINE ALONG THE EASTERLY LINE OF SAID PARCEL 1, NORTH 04° 05' 41" EAST, 622.04 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 23° 34' 09" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 05° 21' 30", AN ARC DISTANCE OF 540.51 FEET; THENCE LEAVING THE SOUTHERLY LINE OF SAID UNION PACIFIC RAILROAD, SOUTH 08° 28' 36" WEST, 368.75 FEET TO THE BEGINNING OF A NON TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 31° 30' 45" EAST; THENCE SOUTHWESTERLY AND SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 149° 54' 21", AN ARC DISTANCE OF 120.35 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 44.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 61° 36' 24" EAST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, SOUTH 08° 28' 36" WEST, 22.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND

HAVING A RADIUS OF 17.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 272,327 SQUARE FEET (6.2518 ACRES) OF LAND, MORE OR LESS.

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

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

---

APN: portions of 8264-012-923, 8264-013-913 and 914

DOCUMENTARY TRANSFER TAX \$ 0  
Computed on the consideration or value of property conveyed;

RELINQUISHMENT OF EASEMENT RIGHTS

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
ROWLAND WATER DISTRICT, does hereby REMISE, RELEASE AND RELINQUISH all  
easement rights in and to the property as described in the original easement recorded December  
20, 1988 as document number 88-2030144 (Easement #43) in the County of Los Angeles  
Recorder's office.

Dated \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Tab**

**2.6**



RECORDING REQUESTED BY

AND WHEN RECORDED MAIL DOCUMENT AND TAX STATEMENT TO:

NAME ROWLAND WATER DISTRICT

STREET ADDRESS 3021 Fullerton Road

CITY, STATE & ZIP CODE Rowland Heights, CA 91748

TITLE ORDER NO. \_\_\_\_\_

ESCROW NO. \_\_\_\_\_

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

# QUITCLAIM DEED

TRA: \_\_\_\_\_

APN: portions of 8264-013-024

The undersigned grantor(s) declare(s)

DOCUMENTARY TRANSFER TAX \$ 0.00

- computed on full value of property conveyed, or
- computed on full value less liens and encumbrances remaining at time of sale.
- Unincorporated Area City of INDUSTRY

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, I (We) ROWLAND WATER DISTRICT

(NAME OF GRANTOR(S))

hereby remise, release and quitclaim to INDUSTRY CAPITAL PARTNERS, LLC

(NAME OF GRANTEE(S))

the following described real property in the City of INDUSTRY, County of LOS ANGELES, State of CALIFORNIA.

(Insert Legal Description)

See attached.

DATED: \_\_\_\_\_

Name TOM COLEMAN

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Name \_\_\_\_\_

STATE OF CALIFORNIA  
COUNTY OF Los Angeles

On \_\_\_\_\_ before me, Rosemarie Perea, Notary Public, personally appeared  
(here insert name and title of the officer)

Tom Coleman

who proved to me on the basis of satisfactory evidence to be the person(x) whose name(x) is/~~is~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(~~ies~~), and that by his/~~her~~/their signature(~~s~~) on the instrument the person(x), or the entity upon behalf of which the person(x) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (SEAL)

Exhibit A

LEGAL DESCRIPTION

(17723 Gale Avenue)

APN: 8264-013-024

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF PARCEL MAP NO. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP NO. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH  $81^{\circ} 31' 24''$  WEST, 466.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH  $81^{\circ} 31' 24''$  WEST, 150.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 70.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF  $16^{\circ} 33' 42''$ , AN ARC DISTANCE OF 20.23 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH  $64^{\circ} 57' 42''$  WEST, 22.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 65.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF  $16^{\circ} 33' 42''$ , AN ARC DISTANCE OF 18.79 FEET TO A POINT OF TANGENCY WITH A LINE PARALLEL WITH AND 12.00 FEET NORTHERLY AS MEASURED AT RIGHT ANGLES FROM SAID NORTHERLY LINE; THENCE ALONG SAID PARALLEL LINE, NORTH  $81^{\circ} 31' 24''$  WEST, 140.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF  $90^{\circ} 00' 00''$ , AN ARC DISTANCE OF 26.70 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH  $08^{\circ} 28' 36''$  EAST, 10.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF  $36^{\circ} 52' 12''$ , AN ARC DISTANCE OF 28.31 FEET TO THE BEGINNING OF REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH  $44^{\circ} 39' 12''$  EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF  $103^{\circ} 50' 03''$ , AN ARC DISTANCE OF 83.36 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND 3.24 FEET WESTERLY OF THE EASTERLY LINE OF SAID PARCEL 18; THENCE ALONG LAST SAID PARALLEL LINE AND ITS NORTHERLY PROLONGATION NORTH  $08^{\circ} 28' 36''$  EAST, 368.75 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH  $18^{\circ} 12' 39''$  WEST; THENCE SOUTHEASTERLY ALONG SAID

CURVE, THROUGH A CENTRAL ANGLE OF  $03^{\circ} 46' 33''$ , AN ARC DISTANCE OF 380.88 FEET TO ITS INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF THAT LAND DESCRIBED IN DEED TO SUBARU OF AMERICA INC., RECORDED JUNE 29, 2007, AS INSTRUMENT N0.07-1568051 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID PROLONGATION AND SAID WESTERLY LINE SOUTH  $08^{\circ} 28' 36''$  WEST, 452.10 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 174,980 SQUARE FEET (4.0170 ACRES) OF LAND, MORE OR LESS.

APN: 8264-013-916

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

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

---

APN: portions of 8264-013-024

DOCUMENTARY TRANSFER TAX \$ 0  
Computed on the consideration or value of property conveyed;

RELINQUISHMENT OF EASEMENT RIGHTS

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
ROWLAND WATER DISTRICT, does hereby REMISE, RELEASE AND RELINQUISH all  
easement rights in and to the property as described in the original easement recorded December  
20, 1988 as document number 88-2030148 (Easement #47) in the County of Los Angeles  
Recorder's office.

Dated \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Tab**

**2.7**



## RESOLUTION NO. 1-2019

### ROWLAND WATER DISTRICT RESOLUTION OF THE BOARD OF DIRECTORS

#### EDUCATION REIMBURSEMENT POLICY

**WHEREAS**, the Board of Directors believes that the District and its customers derive great benefit from District employees continuing their education and training to improve knowledge and competence and to become familiar with new technology and information which is relevant and useful in performing their duties as District employees; and

**WHEREAS**, the Board of Directors desire to encourage District staff to improve their job skills and knowledge by pursuing educational opportunities offered by various colleges and training programs available to them; and

**WHEREAS**, the cost of tuition, books, materials and parking fees has increased over time, and the District's current reimbursement limit of \$1,500 for educational expenses is not adequate to enable some employees to pursue educational opportunities; and

**WHEREAS**, the Board of Directors desires to update the existing education reimbursement policy to raise the amount of expenses that may be reimbursed for educational purposes consistent with the below ("Education Reimbursement Program").

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

#### EDUCATIONAL REIMBURSEMENT POLICY

1. The District shall reimburse up to \$7,500 per year, and not more than \$37,500 in total, of expenses actually incurred by a full-time District employee for tuition, books, materials, parking, and other necessary and reasonable expenses of enrolling in and completing a qualifying course or courses. Qualifying courses are those which are directly related to improving the employee's job skills or knowledge with respect to his or her current position, or which will qualify him or her for advancement to a higher job classification.

2. In order to qualify for reimbursement, the course or courses must meet the following criteria.

a. Courses must pertain to a subject which will materially advance the employee's job skills or job-related knowledge or provide the employee with a job-related certification related to the employee's current position or to a position with the District to which employee seeks promotion.

b. The course must be provided by an accredited college, university, trade school, or other institution which is recognized to provide quality education or training.

c. The employee must maintain a grade of “C” or better if letter grades are given. If letter grades are not given, the employee must maintain a passing score if necessary to qualify for any certificate for which the course is given.

d. Prior to registering or enrolling for a course, the employee must provide the General Manager with the course description and a schedule of tuition, fees and costs for which reimbursement is requested, and obtain the prior written approval of the General Manager for the amount of reimbursable costs.

e. By participating in the Educational Reimbursement Program, the employee commits to continue as a District employee for at least four years after completing the course for which reimbursement is provided. In the event the employee voluntarily leaves District employment less than four years after completing the course for which reimbursement was provided, the employee shall refund to the District the entire amount paid by the District for reimbursement costs for those courses completed less than four years prior.

f. Any employee choosing to participate in the Educational Reimbursement Program must first enter into an agreement with the District that is consistent with this policy. The agreement will make clear and the employee must acknowledge that he or she understands that a reimbursement above \$5,250 in any year is taxable income and is the responsibility of the employee. If no such agreement is entered into between the employee and the District, the District will have no obligation to provide any reimbursement described in this policy.

3. **Reimbursable Costs.** The District shall reimburse 100% of the costs actually and necessarily incurred by the employee for tuition, registration, parking permits, and other required fees and charges for a qualifying course. In addition, the District shall reimburse 100% of the costs of texts, publications, and other materials purchase by the employee which are required for any qualifying course. The total reimbursement to any individual employee under the Educational Reimbursement Program shall not exceed \$7,500 per fiscal year, and under no circumstances may exceed \$37,500 in total. The employee shall be entitled to retain any books and materials purchased for a qualifying course.

4. **Request for Reimbursement.** In order to receive reimbursement, the employee must submit a request with receipts for reimbursable costs, along with proof of completion of the eligible course with a grade of “C” or better, or a passing grade or score for courses which do not give letter grades. Reimbursement will be made within thirty days of submittal of a request, provided the employee has met all requirements for eligibility.

5. **Previous Policy Superseded and Amendments.** The Educational Reimbursement Program shall supersede and replace all prior policies and programs of the District relating to reimbursement of employees for educational expenses and may be amended by motion and majority vote of the Board of Directors.

**PASSED, APPROVED AND ADOPTED THIS \_\_\_ DAY OF \_\_\_\_\_, 2019**

AYES:

NOES:

ABSENT:

ABSTAIN:

---

ROBERT W. LEWIS  
Board President

ATTEST:

---

TOM COLEMAN, Secretary



**Tab**

**2.8**

## EDUCATION REIMBURSEMENT AGREEMENT

This Education Reimbursement Agreement (“Agreement”) is entered into as of \_\_\_\_\_, 2019 (“Effective Date”) between Rowland Water District, a California county water district (“District”) and \_\_\_\_\_, an individual and employee of District (“Employee”), hereinafter referred to individually as a “Party” or collectively as the “Parties”.

### Recitals

A. The District has an Education Reimbursement Policy that the Board of Directors adopted on January 8, 2019 that encourages District staff to improve their job skills and knowledge by pursuing educational opportunities offered by various colleges and training programs available to them (the “Policy” or “Education Reimbursement Program”).

B. Pursuant to the Policy, District employees may be reimbursed for up to \$7,500 per year and no more than \$37,500 in total for approved education related expenses.

C. This Agreement between the District and the Employee sets forth the terms and conditions by which the Employee will participate in the Education Reimbursement Program.

### Terms

1. Terms and Conditions. By executing this Agreement, Employee is electing to participate in the District’s Education Reimbursement Policy and agrees to be bound by the terms and conditions in the Policy, which is attached as Exhibit A and incorporated herewith. District agrees to provide reimbursement for authorized expenses consistent with the Policy. Except as otherwise provided in this Agreement, Employee acknowledges that the Policy describes the entirety of the obligations and the terms and conditions under the Agreement.

2. Failure to Comply with Policy. If Employee fails to comply with any of the requirements and terms and conditions in the Policy, District is under no obligation to provide reimbursement described in the Policy.

3. Waiver and Release of Liability. Employee hereby waives any rights to and releases and discharges the District and its directors, officers, volunteers, agents, and employees, from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action that in any way relate to or arise out of this Agreement or the Policy.

4. Acknowledgment of Tax Responsibility. Employee hereby acknowledges, understands, and agrees that any reimbursement by the District to the Employee pursuant to the Policy above \$5,250 in any year is taxable income to the Employee and any obligations related to such are the responsibility of the Employee.

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE DATE FIRST SET FORTH ABOVE.

**ROWLAND WATER DISTRICT**

**EMPLOYEE**

By: \_\_\_\_\_  
Tom Coleman, General Manager

Title: \_\_\_\_\_

**EXHIBIT "A"**



**RESOLUTION NO. 1-2019**

**ROWLAND WATER DISTRICT  
RESOLUTION OF THE BOARD OF DIRECTORS**

**EDUCATION REIMBURSEMENT POLICY**

**WHEREAS**, the Board of Directors believes that the District and its customers derive great benefit from District employees continuing their education and training to improve knowledge and competence and to become familiar with new technology and information which is relevant and useful in performing their duties as District employees; and

**WHEREAS**, the Board of Directors desire to encourage District staff to improve their job skills and knowledge by pursuing educational opportunities offered by various colleges and training programs available to them; and

**WHEREAS**, the cost of tuition, books, materials and parking fees has increased over time, and the District's current reimbursement limit of \$1,500 for educational expenses is not adequate to enable some employees to pursue educational opportunities; and

**WHEREAS**, the Board of Directors desires to update the existing education reimbursement policy to raise the amount of expenses that may be reimbursed for educational purposes consistent with the below ("Education Reimbursement Program").

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

**EDUCATIONAL REIMBURSEMENT POLICY**

1. The District shall reimburse up to \$7,500 per year, and not more than \$37,500 in total, of expenses actually incurred by a full-time District employee for tuition, books, materials, parking, and other necessary and reasonable expenses of enrolling in and completing a qualifying course or courses. Qualifying courses are those which are directly related to improving the employee's job skills or knowledge with respect to his or her current position, or which will qualify him or her for advancement to a higher job classification.

2. In order to qualify for reimbursement, the course or courses must meet the following criteria.

a. Courses must pertain to a subject which will materially advance the employee's job skills or job-related knowledge or provide the employee with a job-related certification related to the employee's current position or to a position with the District to which employee seeks promotion.

b. The course must be provided by an accredited college, university, trade school, or other institution which is recognized to provide quality education or training.

c. The employee must maintain a grade of "C" or better if letter grades are given. If letter grades are not given, the employee must maintain a passing score if necessary to qualify for any certificate for which the course is given.

d. Prior to registering or enrolling for a course, the employee must provide the General Manager with the course description and a schedule of tuition, fees and costs for which reimbursement is requested, and obtain the prior written approval of the General Manager for the amount of reimbursable costs.

e. By participating in the Educational Reimbursement Program, the employee commits to continue as a District employee for at least four years after completing the course for which reimbursement is provided. In the event the employee voluntarily leaves District employment less than four years after completing the course for which reimbursement was provided, the employee shall refund to the District the entire amount paid by the District for reimbursement costs for those courses completed less than four years prior.

f. Any employee choosing to participate in the Educational Reimbursement Program must first enter into an agreement with the District that is consistent with this policy. The agreement will make clear and the employee must acknowledge that he or she understands that a reimbursement above \$5,250 in any year is taxable income and is the responsibility of the employee. If no such agreement is entered into between the employee and the District, the District will have no obligation to provide any reimbursement described in this policy.

3. **Reimbursable Costs.** The District shall reimburse 100% of the costs actually and necessarily incurred by the employee for tuition, registration, parking permits, and other required fees and charges for a qualifying course. In addition, the District shall reimburse 100% of the costs of texts, publications, and other materials purchase by the employee which are required for any qualifying course. The total reimbursement to any individual employee under the Educational Reimbursement Program shall not exceed \$7,500 per fiscal year, and under no circumstances may exceed \$37,500 in total. The employee shall be entitled to retain any books and materials purchased for a qualifying course.

4. **Request for Reimbursement.** In order to receive reimbursement, the employee must submit a request with receipts for reimbursable costs, along with proof of completion of the eligible course with a grade of "C" or better, or a passing grade or score for courses which do not give letter grades. Reimbursement will be made within thirty days of submittal of a request, provided the employee has met all requirements for eligibility.

5. **Previous Policy Superseded and Amendments.** The Educational Reimbursement Program shall supersede and replace all prior policies and programs of the District relating to reimbursement of employees for educational expenses and may be amended by motion and majority vote of the Board of Directors.

**PASSED, APPROVED AND ADOPTED THIS \_\_\_\_ day of \_\_\_\_\_, 2019**

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
ROBERT W. LEWIS  
Board President

ATTEST:

\_\_\_\_\_  
TOM COLEMAN, Secretary

**Tab**

**2.9**

January 8, 2019

ITEM NO. 2.9

## ROWLAND WATER DISTRICT

**TO:** Honorable President and Members of the Board

**SUBMITTED BY:** Tom Coleman, General Manager

**SUBJECT:** *Consider Approval of Server Replication System for District Servers*

---

### **PURPOSE:**

To request that the Board of Directors authorize additional funds in the amount of \$116,026.00 from District reserves and further direct staff to proceed with the purchase and installation of the Server Replication System for District Servers as outlined below.

### **Background:**

While typical computer infrastructures consist of banks of Servers, most of which provide a single function (File Servers, Accounting Servers, Email Servers, etc.); Rowland Water District (RWD) and our IT consultant Highroad I.T. (Highroad) have leveraged the use of “Virtualization” to achieve the goal of maximizing application software while lowering hardware costs. The concept of Virtualization combines typical computer resources such as CPU, Power, Memory and Disk Drives, along with specialized “Hypervisor” software, to allow multiple “Virtual” servers to operate from a single hardware platform. This allows for seamless management of our combined servers.

Highroad is currently utilizing this Virtualization technology for Rowland Water District in the Highroad Data Center, located in Irvine, California. The Data Center provides redundant power (Battery and Generator), Triple Redundant Internet Service Providers, inside a physical hardened facility. This provides protection of the equipment from damage (fire, flood, earthquake) or theft.

Even with the utilization of “virtual” environments, there is still the issue of hardware component failures. Typical component failures with servers include Power Supplies or disk drives. Less often, memory devices or Central Processing Units (CPU’s) can fail, resulting in significant downtime.

In order to prevent such failures, redundant devices are recommended. Concepts such as multiple power supplies, or drive arrays (multiple physical drives connected together) with logical volumes (how the drives are configured) can reduce downtime. These recommended solutions reduce the occurrence of downtime caused by single component failures.



The computer industry, knowing that this is the future, has created a new term for virtualized storage. The term “Storage Area Network” (SAN) has been coined to explain this concept. While typical virtualization solutions consist of servers with attached storage (disk drives), this new concept combines an external storage system connected over the network.

The storage array (SAN) consists of high-speed networking, disk drives, multiple power supplies and storage control units in a single chassis. The SAN would handle the storage for all virtualized servers. Each server would get an assigned “volume” from the available storage of the SAN. This concept allows for multiple failures (Drives, Power Supplies, or Storage Controllers), while keeping the data flowing among the servers.

By having the storage unit (SAN) separate from the virtualized hardware, you have eliminated the possibility of individual disk drive failures from bringing down the system. The SAN unit monitors the storage elements, and due to built-in redundancies, the effects of drive failures are reduced. The SAN unit is monitored for failures. When an issue is detected, an alert is generated, signaling that repairs are required to the system. These repairs can take place either on-site or remotely, depending on the severity of the repair.

Advantages of using SAN technology include local data replication as well as “site to site” data replication for Disaster Recovery purposes. By providing multiple paths of recovery, the system or failed server can be restored quickly. SAN usage also allows the use of thin provisioning, which conserves space by allowing fast and seamless disk space expansion as needed, instead of having to shut down servers and add physical drives to each server.

Staff and our consultant are confident that this new SAN Technology will easily integrate with our existing virtualization platform and maintain the Rowland’s IT Network computing integrity.

Upon approval from the Board of Directors the installation process will begin and Highroad IT will transfer the existing server data into the new storage system benefiting immediately from redundancy and seamless cutting-edge failover technology.

#### **RECOMMENDATION:**

It is recommended that the Board of Directors approve the additional funds of \$116,026.00 from District reserves and direct staff to proceed with the purchase and installation of the new SAN Technology as outlined in the above mentioned staff report.

**Tab**

**2.10**

**Rowland Water District  
Communication Strategies Update  
January 8, 2019**

• **Communications related to legislation (SB 606 and AB 1668)**

- Develop customer messaging plan
- Produce series of customer education videos
  - Where does our water come from?
  - Legislative impacts on the regular customer
- Other Collateral
  - Direct mailers; Bill inserts
  - Website information
  - Informational meetings to large-users (lunch & learn)
  - Media opportunities
  - Multi-language communications
  - Social media updates

• **District Press Releases**

- Board Appointments & Selection of Officers
- Mutual Aid Agreement/Public Water Agencies Group

• **Customer Survey Results**

- Board presentation 1.22.19
- Press releases to follow

• **Miscellaneous**

- Website (sliders and text updated as needed)
- On-Hold Messages

## Press Releases

Date	News Story	In Process	Completed	Distributed
2/27/18	Fix-A-Leak Week	*****	*****	*****
2/27/18	Wonderful World of Water	*****	*****	*****
3/10/18	AMI Consideration	*****		
3/29/18	EduBucks	*****	*****	*****
4/3/18	ADDY Awards	*****	*****	*****
5/1/18	CCR Availability	*****	*****	*****
5/1/18	Educational Campaign/SB 623	*****	*****	*****
5/18/18	Poster Contest Winners	*****	*****	*****
5/21/18	Water Tax Legislation	*****	*****	*****
5/30/18	Transparency Award	*****	*****	*****
6/18/18	Annual Budget Approval	*****	*****	*****
7/22/18	Conservation Ordinance	*****	*****	*****
8/23/18	Patch Program	*****	*****	*****
9/1/18	Employee Bldg Dedication	*****	*****	*****
9/24/18	S&P Ratings	*****	*****	*****
9/27/18	Buckboard Days	*****	*****	*****
10/15/18	ForUs Sponsorship	*****	*****	*****
11/1/18	Solar Cup/Other MWD	*****	*****	
11/13/18	Strategic Plan	*****	*****	*****
11/15/18	Industry Coverage	*****	*****	
12/4/18	Mutual Aid Agreement	*****	*****	*****
12/10/18	Board Appointments	*****	*****	*****
1/10/19	Poster Contest Winner	*****	*****	
1/22/19	Survey Results	*****	*****	



## Memorandum

To: Board of Directors

From: Brittnie Van De Car  
Public Affairs Representative

Date: January 8, 2019

Re: Community Affairs & Education Update

---

---

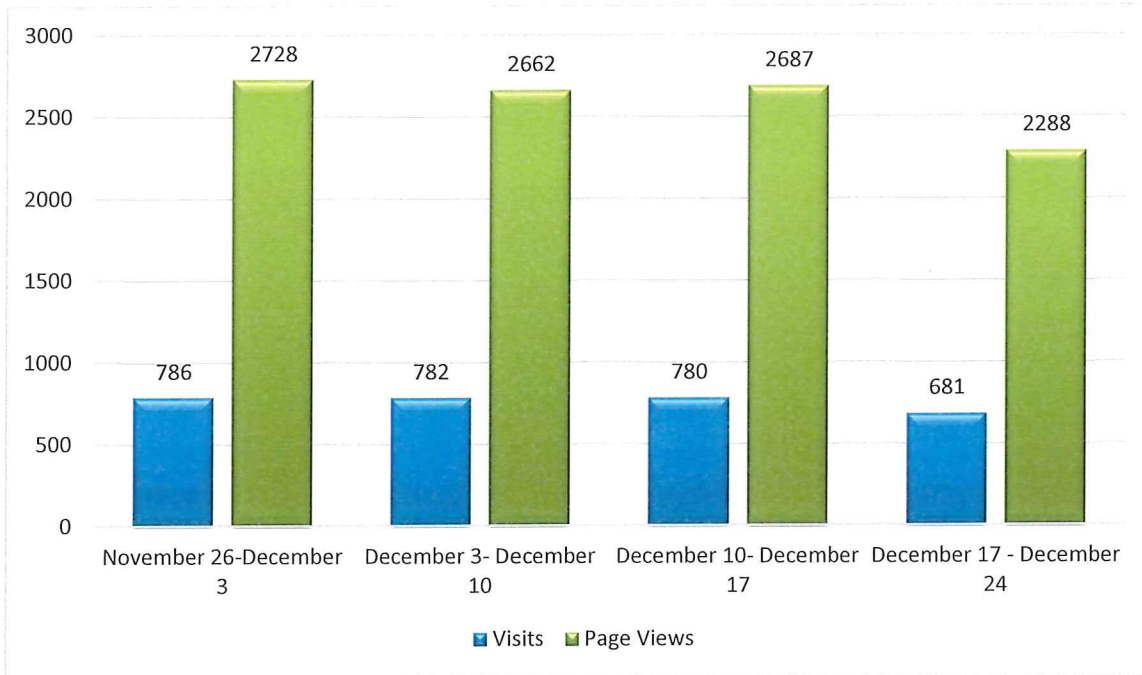
- Classroom Presentations:
  - January 16
    - Jellick Elementary School
    - Water Cycle Bracelet
    - 1<sup>st</sup> Grade
    - 2 Presentations
    - 52 TOTAL STUDENTS
- RWD has 4 recipients in the EduBucks program
  - Blandford Elementary School 2<sup>nd</sup> Grade- \$700.00
  - Jellick Elementary School 3<sup>rd</sup> Grade- \$800.00
  - Jellick Elementary School 5<sup>th</sup> Grade- \$793.97
  - Rowland Elementary School 1<sup>st</sup> Grade- \$640.00
    - Total= \$ 2,933.97
- Prepping Poster Contest Flyer and theme
- Buckboard Days Parade Theme 2019-“FALL In Love With Rowland Heights”
- Updating website to make it less busy with less redundancies with forms and documents in repeated places
  - Website re-design in process to make the website more user-friendly
- Working with 5<sup>th</sup> grade lead teachers to work on new STEAM (Science, Technology, Engineering, ART and Math) curriculum
  - The curriculum we are working on is a “Mini Solar Challenge” where 4-6<sup>th</sup> graders will compete in a mini solar boat challenge at a local high school. We are mocking the Solar Cup Event from MWD but making it relevant to the 4-6<sup>th</sup> grade standards.
- Printing appropriate promotional material and placing it at the Customer Service Counter for distribution to customers
- Attending bi-monthly webinars on upcoming promotional items and programs put on by the Environmental Protection Agency (EPA) WaterSense program
- Updating the Lobby TV on a daily/weekly/monthly basis
- Monitoring the District’s social media pages Daily
  - Use the same hashtag on all of our posts #DiscoverRWD and #RWDeducation for all educational posts



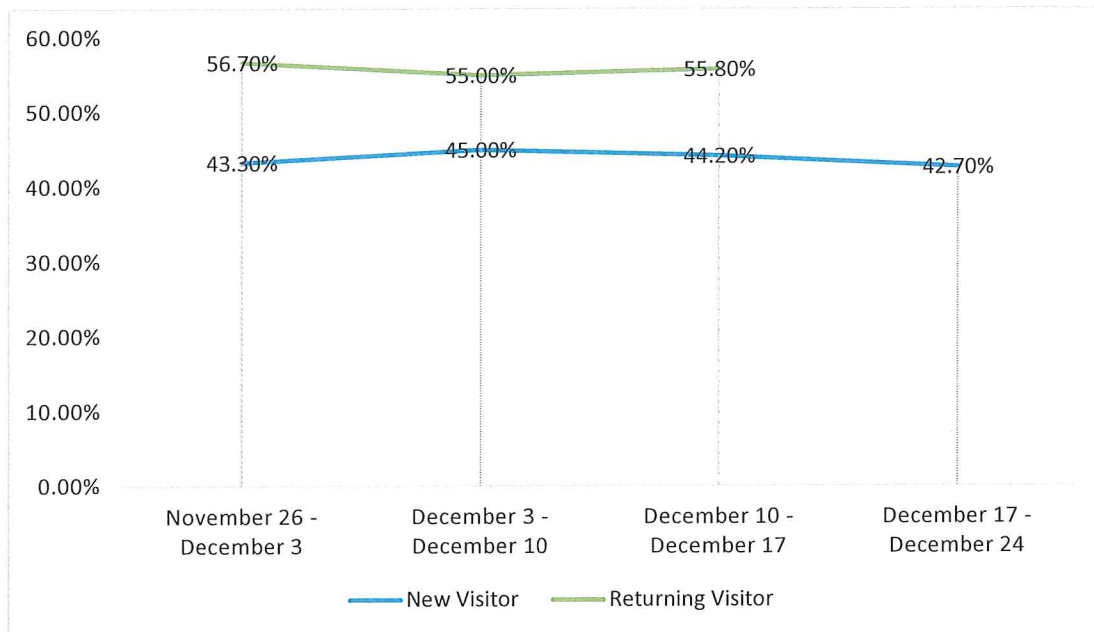
- Maintain and view District website on a daily basis
  - Update pages
  - Make relevant changes
  - Updating the Drought Monitor page weekly
  - Upload the Board packet, minutes and agendas when necessary
- Attended the monthly WEWAC meeting on Thursday, December 13, 2018
- Attended the DWR Education Meeting December 10-11<sup>th</sup>.

# November - December 2018 Website Google Analytics

## Website Visits and Pageviews



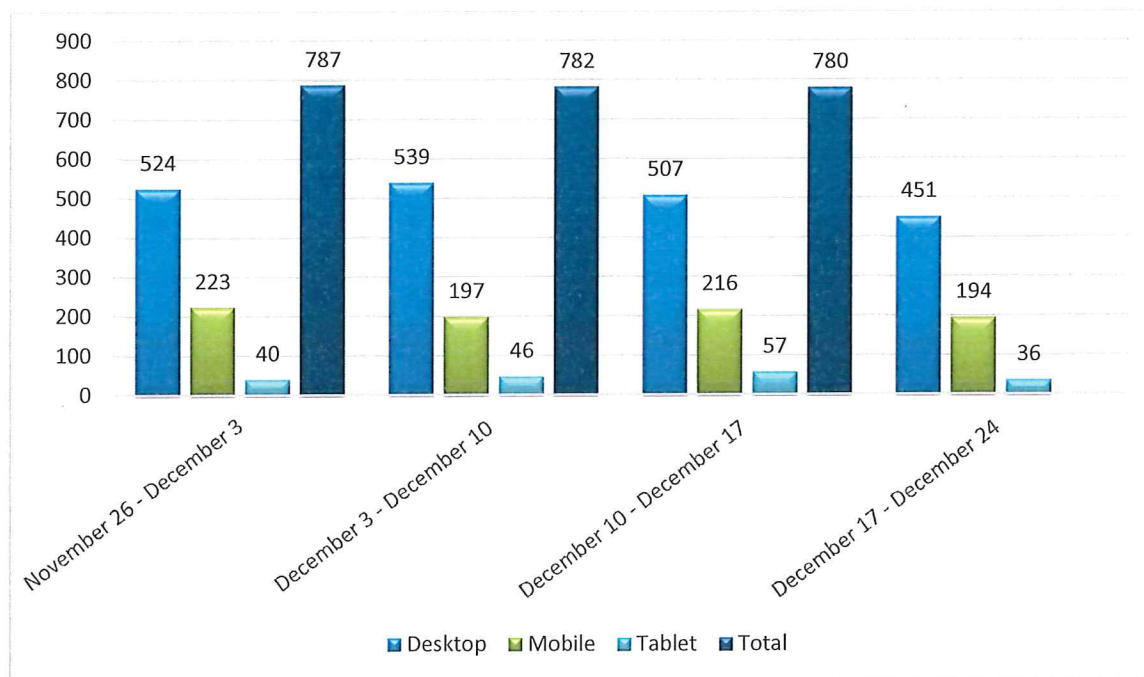
## Percentage of Website Viewers- New vs. Returning



### New vs. Returning Visitors



### Source of Viewing





**Tab**

**2.11**

**Intentionally  
Left Blank**

**Tab**

**3.1**

**Intentionally  
Left Blank**

**Tab**

**4**

November 14, 2018

Mr. Tom Coleman  
Rowland Water District  
3021 Fullerton Rd.  
Rowland Heights, CA 91748



Dear Tom,

Thank you for supporting OPARC's successful Turkey Bowl on Saturday, November 3<sup>rd</sup>, 2018! With over 160 bowlers in attendance, the support from our generous sponsors and help from our volunteers will make a difference to OPARC clients! Because of you we can achieve our mission to support, employ, and transform the lives of people with disabilities in our community. Your kindness, support, and participation **truly made a difference!**

This year's Turkey Bowl was a fun afternoon of bowling and competing for prizes with OPARC friends and family. Team **National CORE** won the Turkey Bowl award for the highest scoring team, and **Knights of the Roundtable** (Knights of Columbus Montclair #7412) won the award for being the most spirited! OPARC's own "**Ferris Bowlers Day Off**" won the award for the best team name. Lastly, we cannot forget about **The Dolls** who won the award for having the most fun. It truly was a joyous occasion where many friends and families came together to celebrate OPARC and each other!

A very special thank you to all of our sponsors, supporters, participants and families who helped make this event a huge success! Because of your support, we are happy to provide resources to help people with disabilities to lead more independent, productive, and socially integrated lives. We hope you will join us for Turkey Bowl 2019!

Sincerely,

A handwritten signature in blue ink that reads "Andrea Erickson".

Andrea Erickson  
President/CEO



Thank You to our Title Sponsor



**CUNNING DENTAL GROUP**  
Beautiful Permanent Teeth in 1 Day  
Dentistry While You Sleep

OPARC is a non-profit, 501 (c) (3) corporation under IRS code. Tax ID 95-1943396. Donations are tax deductible to the extent permitted by law less goods and services received

1401 21<sup>st</sup> Street, Suite 200  
Sacramento, CA 95811  
Phone: 916-444-6240  
Fax: 916-448-7699



www.watereducation.org

Follow us on



## WATER EDUCATION FOUNDATION

**PRESIDENT**, Robert W. Johnson  
Water Strategies LLC

**VICE PRESIDENT**, Scott A. Morris  
Kronick Moskowitz Tiedemann & Girard

**SECRETARY**, Celeste Cantú  
Water Education for Latino Leaders

**TREASURER**, Michael T. Savage  
Brown and Caldwell

**EXECUTIVE DIRECTOR**  
Jennifer Bowles

**DIRECTORS:**  
Jennifer P. Allen  
Contra Costa Water District

Richard Aragon  
Rancho California Water District

Kit Batten  
Pacific Gas & Electric Company

Thomas M. Berliner  
Duane Morris LLP

Roberta Borgonovo  
League of Women Voters of California

Gwendolyn M. Buchholz  
CH2M is now Jacobs

Mike Chrisman  
Chrisman Ranches

JaNell Cook  
HDR, Inc.

Ane D. Deister  
California Council Of Land Trusts

Kim Delfino  
Defenders of Wildlife

Danielle Duncan  
The Wonderful Company

Phil Dunn  
GEI Consultants

Bart Fisher  
Palo Verde Irrigation District

David J. Guy  
Northern California Water Association

Maurice Hall  
Environmental Defense Fund

Thomas Harter  
University of California

Cynthia Koehler  
WaterNow Alliance

Mary Aileen Matheis  
Irvine Ranch Water District

Cannon Michael  
Bowles Farming Company

Christopher Park  
CDM Smith

Jennifer G. Persike  
Leadership California

Thomas S. Philp  
MWD of Southern California

Sara Reid  
CoBank

Ronald B. Robie  
Court of Appeal, 3rd Appellate District

Peter S. Silva  
Silva-Silva International

Yung-Hsin Sun  
Stantec

Gary Weatherford  
California Public Utilities Commission

November 14, 2018

Tom Coleman  
Rowland Water District  
3021 Fullerton Road  
Rowland Heights, CA 91748

Dear Mr. ~~Coleman~~: *Tom,*

In today's crisis-driven world, you can continue to depend on access to reliable, factual information on water through your relationship with the **Water Education Foundation**.

The Foundation, 40+ years strong and counting, has been **the only organization in California over the years providing comprehensive, unbiased water information** to inform and engage stakeholders and the general public through tours, workshops and both online and print publications. [But we need your help!](#)

Your **tax-deductible contribution** helps us to carry out our mission in so many ways, including maintaining our user-friendly website at [www.watereducation.org](http://www.watereducation.org) as an up-to-date, relevant resource with the day's top water news on **Aquafornia**, our online water encyclopedia known as **Aquapedia**, and other features that help the user with research and provide context on important water issues.

**In 2018**, we took people on six major water tours, including our Headwaters Tour to illustrate the tough issues in the upper watershed that impact the cities and farms below. We held our Water Summit, which was attended by a diverse group and featured Reclamation Commissioner Brenda Burman as the keynote speaker. We also held our very popular Water 101 Workshop at McGeorge School of Law, which included a one-day water tour of the Delta! It's worth noting that we also took our flagship magazine, **Western Water**, to an online format, which provides readers with more articles and improved access as well as searching and sharing capabilities.

**Your ongoing support in 2019 would help us tremendously!** Your support will help us continue the respected **Project WET** (Water Education for Teachers) school program, the yearlong mentorship training program for early to mid-career professionals known as **Water Leaders**, and much more! Our Giving Back Contribution Plan gives supporters several membership benefits based off their level of support.

[So please continue with your commitment to our mission by renewing your membership today.](#) Our work would not be possible without strong supporters like you!

Sincerely,

*Jennifer*  
**Jennifer Bowles**  
Executive Director

*Thanks so much Tom  
for supporting our  
mission over the years.  
We are truly grateful!*