

**A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE TWENTYNINE PALMS WATER DISTRICT  
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277**

**December 18, 2019 / 4:00 P.M.**

**AGENDA**

This meeting may be viewed on the District's website at [www.29palmswater.net](http://www.29palmswater.net)

Next Resolution #19-16  
Next Ordinance #98

Call to Order and Roll Call

Pledge of Allegiance

Additions/Deletions to the Agenda

Public Comments

Please complete a "Request to be Heard" form prior to the start of the meeting. The public may address the Board for 3 minutes on District-related matters. Government Code prohibits the Board from taking action on matters that are not on the agenda. However, the Board may refer matters for future consideration.

1. Presentation of Audit Report for Fiscal Year 2018/2019 by Eadie and Payne
2. Update from Ortega Strategies Group
3. Consideration to Approve Resolution 19-15 Declaring Certain Water District Property as Surplus and Authorizing Disposal of Same
4. Election of Officers
5. Consent Calendar  
Matters under the Consent Calendar are to be considered routine and will be enacted in a single motion. There will be no separate discussion of these items unless the Board, staff or the public requests specific items be removed for separate discussion and action before the Board votes on the motion to adopt.
  - Minutes of the Regular Meeting held on November 21, 2019
  - Audit List
6. Items Removed from the Consent Calendar for Discussion or Separate Action
7. Management Reports
  - 7.1 Maintenance

- 7.2 Water Quality
- 7.3 Finance
- 7.4 General Manager
- 8. Future Agenda Items and Staff Tasks/Directors' Comments and Reports
- 9. Adjournment

The Board reserves the right to discuss only or take action on any item on the agenda.

**Notice of agenda was posted on or before 4:00 p.m., December 13, 2019.**



Ray Kolisz, General Manager

Upon request, this Agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Cindy Fowlkes at (760) 367-7546 at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that: (1) is a public record; (2) relates to an agenda item for an open session of a regular meeting of the Board of Directors; and (3) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at the District offices located at 72401 Hatch Road, Twentynine Palms, CA 92277. In addition, any such writing may also be posted on the District's website.



**TWENTYNINE PALMS WATER DISTRICT**  
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935  
760.367.7546 PHONE 760.367.6612 FAX

TO:	BOARD OF DIRECTORS
DATE:	DECEMBER 18, 2019
FROM:	CINDY BYERRUM, FINANCIAL CONSULTANT
SUBJECT:	PRESENTATION AND CONSIDERATION TO RECEIVE AND FILE THE TWENTYNINE PALMS WATER DISTRICT'S FISCAL YEAR 2018/2019 AUDITED FINANCIAL STATEMENTS

**BACKGROUND AND DISCUSSION**

The Fiscal Year 2018-19 District's audit consists of five parts, which are provided as attachments:

- **Independent Auditor's Report:** An audit report cover letter from Eadie & Payne outlining the auditor's professional responsibilities, accounting basis, and opinion on whether the financial statements comply with Generally Accepted Accounting Practices
- **Auditor Report on Internal Controls:** A report identifying and disclosing any material weaknesses or significant deficiencies in internal controls.
- **Management's Discussion and Analysis:** This section summarizes the financial statements and explains any major changes from the prior fiscal year to the current fiscal year.
- **Twentynine Palms Water District Financial Statements:** A depiction of the agency's governmental and enterprise activities and each major fund for FY 2018-19.
- **Notes to the Basic Financial Statements:** The footnotes provide information in greater detail on the District's financial policies, accounting, retirement plan, and other financial matters.

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

**DISTRICT'S FY 2018-19 AUDITED FINANCIAL STATEMENTS**

The auditor found the District's financial reporting to be in compliance with Generally Accepted Accounting Principles, and as such, issued an Unqualified Opinion, the highest level opinion an entity can receive. Additionally, the Report on Internal Controls noted that the District had no significant deficiencies or material weaknesses in internal

controls. Further, the auditor noted no transactions that were both significant and unusual, and no misstatements were identified during the audit.

### **RECOMMENDATION**

The attached financial statements are in draft format only, and are waiting on the final technical review from the technical audit partner. If there are any changes to report, in amounts or wording, staff will return to the January 2020 meeting after the report is final for a new receive and file. Staff recommends the Board receive and file Twentynine Palms Water District's FY 2018/2019 audited financial statements at this Board meeting, pending no changes brought forward to the January 2020 meeting.



# **Twentynine Palms Water District**

Twentynine Palms, California

## **Annual Financial Report**

*For the Fiscal Year Ended June 30, 2019*

TWENTYNINE PALMS WATER DISTRICT  
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## FINANCIAL SECTION



## Independent Auditor's Report

To the Board of Directors  
Twentynine Palms Water District  
Twentynine Palms, California

We have audited the accompanying financial statements of Twentynine Palms Water District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



LLP

**EADIE + PAYNE**

*Celebrating a Century  
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**Eadie + Payne, LLP**

3880 Lemon St., Ste. 300  
Riverside, CA 92501

P.O. Box 1529  
Riverside, CA 92502-1529

Office: 951-241-7800

[www.eadielapayne.com](http://www.eadielapayne.com)

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and the schedules related to the District's pension and other post-employment benefit plans on pages 47 through 49, respectively, are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Eadie and Payne, LLP*

November 26, 2019  
Riverside, California

Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the fiscal year ended June 30, 2019

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Twentynine Palms Water District (District) introduces the financial statements of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- The District's net position decreased 1.25%, or \$345,123, from \$27,547,603 to \$27,202,480.
- Total revenues from all sources for the District increased by 2.88%, or \$144,567, from \$5,021,080 to \$5,165,647 from the prior year.
- Total expenses for the District's operations increased by 4.52% or \$238,562 from \$5,272,208 to \$5,510,770 from the prior year.

**Using This Financial Report**

These financial statements consist of several interrelated statements designed to provide the reader with relevant, understandable data about the District's financial condition and operating results.

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position provide information about the activities and performance of the District using accounting methods like those used by private sector companies. The Statements of Net Position includes all the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. The current year's revenue and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness. The Statement of Cash Flows conveys to financial statement readers how the District managed cash resources during the year. This statement converts the Change in Net Position presented on the Statement of Revenues, Expenses and Changes in Net Position into actual cash provided by or used for operations. The Statement of Cash Flows also details how the District obtains cash through financing and investing activities and, conversely, how cash is spent for these purposes.

Fiduciary funds are used to account for assets held in trust by the government for the benefit of individuals or other entities. The District maintains the Private-Purpose Trust Fund to report the assets, liabilities, deferred inflows and deferred outflows of resources, and activities fire protection fund. Fiduciary funds are reflected separately because the resources of those funds are not available to support the programs of the District. The fiduciary fund financial statements include the Statement of Fiduciary Net Position, and the Statement of Changes in Fiduciary Net Position.

Twentynine Palms Water District

**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**

For the fiscal year ended June 30, 2019

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

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All the current year's revenues and expenses are considered regardless of when the cash is received or paid. These two statements report the District's net position and changes in them. Think of the District's net position- the difference between assets and liabilities- as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors; however, such as changes in the District's property tax base to assess the overall health of the District.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension and OPEB activities.

Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the fiscal year ended June 30, 2019

**Statement of Net Position Proprietary Funds**

**Condensed Statement of Net Position**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Assets:</b>		
Current assets	\$ 9,136,148	\$ 8,023,965
Capital assets, net	<u>22,971,509</u>	<u>22,671,036</u>
<b>Total assets</b>	<u>32,107,657</u>	<u>30,695,001</u>
 <b>Deferred Outflows of Resources</b>	 930,342	 954,678
 <b>Liabilities</b>		
Current liabilities	857,764	728,939
Long-term obligations	<u>4,601,861</u>	<u>2,931,363</u>
<b>Total liabilities</b>	<u>5,459,625</u>	<u>3,660,302</u>
 <b>Deferred Inflows of Resources</b>	 375,894	 441,774
 <b>Net Position</b>		
Investment in capital assets	22,971,509	22,671,036
Unrestricted Net Position	<u>4,230,971</u>	<u>4,876,567</u>
<b>Total net position</b>	<u>\$ 27,202,480</u>	<u>\$ 27,547,603</u>

As of June 30, 2019, the District reported a net position of \$27,202,480. An amount of \$4,230,971 constitutes the District's *unrestricted net position* balance which is available for future operations.

Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the fiscal year ended June 30, 2019

**Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds**

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Operating Revenue	\$ 4,904,575	\$ 4,762,405
Operating Expenses	(5,510,770)	(5,272,208)
Non-Operating Revenue, Net	261,072	258,675
<b>Total Change in Net Position</b>	<u>(345,123)</u>	<u>(251,128)</u>
<b>Net Position</b>		
Beginning of year, as previously reported	27,547,603	28,052,028
Less: Prior-period adjustment	-	(253,297)
<b>Net Position, End of Year</b>	<u>\$ 27,202,480</u>	<u>\$ 27,547,603</u>

The statement shows how the fund's net position changed during the fiscal year. In the case of the District, net position decreased by \$345,123 during the fiscal year ended June 30, 2019.

**Proprietary Funds Revenues**

	<u>Balance June 30, 2019</u>	<u>Balance June 30, 2018</u>	<u>Change</u>
<b>Revenues:</b>			
Water consumption sales	\$ 2,860,092	\$ 2,813,193	\$ 46,899
Water service charges	1,291,240	1,194,615	96,625
Water availability charge	608,934	620,558	(11,624)
Other service charges	144,309	134,039	10,270
Rental revenue	130,242	121,055	9,187
Investment earnings	152,753	72,263	80,490
Gain/(Loss) on sale of assets	(2,139)	10,401	(12,540)
Interest expense	(16,090)	-	(16,090)
Other non-operating revenue	36,306	94,956	(58,650)
Transfer out	(40,000)	(40,000)	-
<b>Total revenues</b>	<u>\$ 5,165,647</u>	<u>\$ 5,021,080</u>	<u>\$ 144,567</u>

Revenues increased \$144,567 for the fiscal year ended June 30, 2019. Notable increases include water consumption revenue of \$46,899, water service charges of \$96,625 and investment earnings of \$80,490. These notable increases are offset by a decrease in other non-operating revenue of \$58,650 in combination with minor decreases/increases all other categories.

Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the fiscal year ended June 30, 2019

**Proprietary Funds Expenses**

	Balance June 30, 2019	Balance June 30, 2018	Change
<b>Expenses:</b>			
Source of supply	\$ 338,773	\$ 305,440	\$ 33,333
Pumping	252,510	210,914	41,596
Transmission and distribution	1,323,486	1,065,225	258,261
Customer accounts	304,577	257,463	47,114
General plant	670,459	682,359	(11,900)
General and administrative	1,230,357	1,363,875	(133,518)
Depreciation expense	1,390,608	1,386,932	3,676
<b>Total expenses</b>	<b>\$ 5,510,770</b>	<b>\$ 5,272,208</b>	<b>\$ 238,562</b>

Expenses increased \$238,562 for the fiscal year ended June 30, 2019. Many types of expenses experienced increases with the largest increase found in transmission and distribution. On the other hand, a notable decrease is seen in general and administrative expenses.

**Statement of Fiduciary Net Position**

**Condensed Statements of Fiduciary Net Position**

	June 30, 2019	June 30, 2018
<b>Assets:</b>		
Current assets	\$ 66,789	\$ 39,965
Restricted assets	1,491,541	1,331,803
<b>Total assets</b>	<b>1,558,330</b>	<b>1,371,768</b>
 <b>Deferred Outflows of Resources</b>	 269,236	 402,869
 <b>Liabilities</b>		
Current liabilities	8,565	20,683
Long-term obligations	321,995	320,883
<b>Total liabilities</b>	<b>330,560</b>	<b>341,566</b>
 <b>Deferred Inflows of Resources</b>	 240,175	 293,402
 <b>Net Position</b>		
Restricted	\$ 1,256,831	\$ 1,139,669

As of June 30, 2019, the District reported a total fiduciary net position of \$1,256,831. This net position is restricted for future payments towards the District exiting its CalPERS Safety Pension Plan program.



Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the fiscal year ended June 30, 2019

**Statement of Changes in Fiduciary Net Position**

**Condensed Statements of Changes Fiduciary in Net Position**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Additions	\$ 242,755	\$ 258,999
Deductions	(125,593)	(163,724)
<b>Total Change in Net Position</b>	<u>117,162</u>	<u>95,275</u>
<b>Net Position, Beginning of Year</b>	1,139,669	1,044,394
<b>Net Position, End of Year</b>	<u>\$ 1,256,831</u>	<u>\$ 1,139,669</u>

The statement shows how the fiduciary net position changed during the fiscal year. In the case of the District, net position decreased by \$117,162 during the fiscal year ended June 30, 2019.

***Fiduciary Funds Additions***

	<u>Balance June 30, 2019</u>	<u>Balance June 30, 2018</u>	<u>Change</u>
<b>Additions</b>			
Property tax penalties	\$ 33,873	\$ 56,218	\$ (22,345)
Other revenues	48,601	111,771	(63,170)
Intergovernmental	31,900	31,000	900
Investment earnings	88,381	20,010	68,371
Transfers in	40,000	40,000	-
<b>Total additions</b>	<u>\$ 242,755</u>	<u>\$ 258,999</u>	<u>\$ (16,244)</u>

Additions decreased by \$16,244 for the fiscal year ended June 30, 2019 primarily due to decreases in property tax penalties and other revenues that are offset by increased investment earnings.

***Fiduciary Funds Deductions***

	<u>Balance June 30, 2019</u>	<u>Balance June 30, 2018</u>	<u>Change</u>
<b>Deductions:</b>			
General and administrative	\$ 89,186	\$ 71,039	\$ 18,147
Transfer to San Bernardino	36,407	92,685	(56,278)
<b>Total deductions</b>	<u>\$ 125,593</u>	<u>\$ 163,724</u>	<u>\$ (38,131)</u>

Deductions decreased \$38,131 for the fiscal year ended June 30, 2019 primarily due to less transfers out to San Bernardino. As the District collects property tax revenues they are remitted to San Bernardino. As a result, there will be a strong correlation between changes in property tax revenues and transfers to San Bernardino.

Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the fiscal year ended June 30, 2019

**Capital Asset Administration**

Changes in capital assets for the year were as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Balance</u> <u>June 30, 2018</u>
Non-depreciable capital assets	\$ 2,153,746	\$ 950,036
Depreciable capital assets	<u>47,870,023</u>	<u>47,597,900</u>
Total capital assets	50,023,769	48,547,936
Accumulated depreciation	<u>(27,052,260)</u>	<u>(25,876,900)</u>
Total capital assets, net	<u>\$ 22,971,509</u>	<u>\$ 22,671,036</u>

At June 30, 2019, the District's net investment in capital assets amounted to \$22,971,509 (net of accumulated depreciation). This investment in capital assets includes structures and improvements, transmission and distribution system and water equipment and construction-in-process. Major capital asset additions during the year include various improvements and equipment purchases totaling \$1,779,866. See Note 5 for further information on the District's capital assets.

**Contacting the District's Financial Management Team**

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District at the Twentynine Palms Water District, 72401 Hatch Road Twentynine Palms, California 92277 or (760) 367-7546.

## **BASIC FINANCIAL STATEMENTS**

Twentynine Palms Water District  
**STATEMENT OF NET POSITION**  
June 30, 2019

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**Current assets:**

Cash and investments	\$ 8,015,376
Accrued interest receivable	44,033
Accounts receivable – water sales and services, net	807,376
Special assessments receivable	9,846
Materials and supplies inventory	168,523
Prepaid items	90,994
<b>Total current assets</b>	<u>9,136,148</u>

**Non-current assets:**

Capital assets – not being depreciated	2,153,746
Capital assets – being depreciated, net	<u>20,817,763</u>
<b>Total non-current assets</b>	<u>22,971,509</u>
<b>Total assets</b>	<u>32,107,657</u>

**Deferred outflows of resources:**

Other post-employment benefits obligation related	226,208
Pension related	<u>704,134</u>
<b>Total deferred outflows of resources</b>	<u>930,342</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 33,037,999</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

**Current liabilities:**

Accounts payable and accrued expenses	\$ 155,012
Accrued salaries and benefits	55,650
Unearned revenue and deposits	390,986
Long-term liabilities – due within one year:	
Current portion loan payable	187,908
Compensated absences	<u>68,208</u>
<b>Total current liabilities</b>	<u>857,764</u>

**Non-current liabilities:**

Long-term liabilities – due in more than one year:	
Loan payable	1,812,092
Compensated absences	45,472
Net other post-employment benefits obligation	503,275
Net pension liability	<u>2,241,022</u>
<b>Total non-current liabilities</b>	<u>4,601,861</u>
<b>Total liabilities</b>	<u>5,459,625</u>

**Deferred inflows of resources:**

Other post-employment benefits obligation related	158,418
Pension related	<u>217,476</u>
<b>Total deferred inflows of resources</b>	<u>375,894</u>

**Net position:**

Investment in capital assets	22,971,509
Unrestricted	<u>4,230,971</u>
<b>Total net position</b>	<u>27,202,480</u>

**Total Liabilities, Deferred Inflows of Resources, and Net Position**

<b>\$ 33,037,999</b>
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The accompanying notes are an integral part of the financial statements.

Twentynine Palms Water District

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

For the year ended June 30, 2019

**Operating Revenue**

Water consumption sales	\$ 2,860,092
Water service charges	1,291,240
Water availability charge	608,934
Other service charges	144,309
<b>Total operating revenue</b>	<u>4,904,575</u>

**Operating Expenses**

Source of supply	338,773
Pumping	252,510
Transmission and distribution	1,323,486
Customer accounts	304,577
General Plant	670,459
General and administrative	1,230,357
<b>Total operating expenses</b>	<u>4,120,162</u>

**Operating income before depreciation** 784,413

Depreciation expense (1,390,608)

**Operating Loss** (606,195)

**Non-Operating Revenues (Expenses)**

Rental revenue	130,242
Investment earnings	152,753
Loss on sale of assets	(2,139)
Interest expense	(16,090)
Other non-operating revenue	36,306
Transfers out	(40,000)
<b>Total non-operating revenues, net</b>	<u>261,072</u>

**Change in Net Position** (345,123)

**Net Position, Beginning of Year** 27,547,603

**Net Position, End of Year** \$ 27,202,480

The accompanying notes are an integral part of the financial statements.

Twentynine Palms Water District  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2019

**Cash flows from operating activities:**

Cash receipts from customers and others	\$ 5,078,835
Cash paid to employees for salaries and wages	(4,310,640)
Cash paid to vendors and suppliers for materials and services	(92,169)
<b>Net cash provided by operating activities</b>	<u>676,026</u>

**Cash flows from capital and related financing activities:**

Acquisition and construction of capital assets	(1,693,220)
Proceeds from issuance of long-term debt	2,000,000
Transfers out	(40,000)
<b>Net cash (used in) capital and related financing activities</b>	<u>266,780</u>

**Cash flows from investing activities:**

Proceeds from investment earnings	128,843
<b>Net cash provided by investing activities</b>	<u>128,843</u>
<b>Net increase in cash and investments</b>	<u>1,071,649</u>

**Cash and investments:**

Beginning of year	6,943,727
<b>End of year</b>	<u><u>\$ 8,015,376</u></u>

The accompanying notes are an integral part of the financial statements.

Twentynine Palms Water District  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
For the year ended June 30, 2019

**Reconciliation of operating loss to net cash provided by operating activities:**

Operating loss	\$ (606,195)
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**Adjustments to reconcile operating loss to net cash provided by operating activities:**

Deprecation expense	1,390,608
Interest expense	(16,090)
Rental revenue	130,242
Other non-operating revenue	36,306

**Changes in assets – (increase) decrease:**

Accounts receivable-water sales and services, net	(9,893)
Special assessments receivable	3,151
Materials and supplies inventory	3,357
Prepaid items	(13,239)

**Change in deferred outflows of resources – (increase) decrease:**

Pension related deferred outflows of resources	24,336
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**Changes in liabilities – increase (decrease):**

Accounts payable and accrued expenses	(99,379)
Accrued salaries and related payables	13,743
Unearned revenue and deposits	7,210
Compensated absences	32,238
Net other post-employment benefits obligation	(98,151)
Net pension liability	(56,338)

**Change in deferred inflows of resources – increase (decrease):**

Pension related deferred inflows of resources	(65,880)
<b>Total adjustments</b>	<u>1,282,221</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 676,026</u></u>

The accompanying notes are an integral part of the financial statements.

## **FIDUCIARY FUND FINANCIAL STATEMENTS**



Twentynine Palms Water District  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUND**  
June 30, 2019

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**Current assets:**

Cash and investments	\$ 57,131
Special assessments receivable	9,658
<b>Total current assets</b>	<u>66,789</u>

**Non-current assets:**

Restricted – cash and investments	1,491,541
<b>Total assets</b>	<u>1,558,330</u>

**Deferred Outflows of Resources**

Pension related	269,236
<b>Total Assets and Deferred Outflows of Resources</b>	<u>1,827,566</u>

**LIABILITIES, DEFERRED INFLOWS OR RESOURCES AND NET POSITION**

**Current liabilities:**

Accounts payable and accrued expenses	<u>8,565</u>
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**Non-current liabilities:**

Long-term liabilities – due in more than one year:	
Net pension liability	321,995
<b>Total liabilities</b>	<u>330,560</u>

**Deferred Inflows of Resources**

Pension related	240,175
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>570,735</u>

**Fiduciary Net Position**

Restricted for pension liability	<u>\$ 1,256,831</u>
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The accompanying notes are an integral part of the financial statements.

Twentynine Palms Water District  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUND**  
For the year ended June 30, 2019

**Additions**

Property tax penalties	\$ 33,873
Intergovernmental	31,900
Investment earnings	88,381
Other revenue	48,601
Transfers from the district	<u>40,000</u>
<b>Total Additions</b>	<u>242,755</u>

**Deductions**

General and administrative	89,186
Transfer of fire revenues to San Bernardino County Fire District	<u>36,407</u>
<b>Total Deductions</b>	<u>125,593</u>

<b>Change in Fiduciary Net Position</b>	117,162
<b>Fiduciary Net Position, Beginning of Year</b>	<u>1,139,669</u>
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 1,256,831</u>

The accompanying notes are an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 1 – Reporting Entity and Summary of Significant Accounting Policies**

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

The Twentynine Palms Water District (District) was formed in 1954 under the County Water District Law, Division 12 of the Water Code of the State of California, for the purpose of supplying potable water and for other statutory purposes, including fire protection. The District is governed by a five-member Board of Directors whose members are elected by the registered voters in the District to staggered four-year terms.

On July 1, 2017, the District reorganized its fire protection services to the San Bernardino County Fire Protection District per the San Bernardino County LAFCO decision on February 17, 2017.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of U.S. GAAP. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable for a component that has substantively the same governing body as the District's governing body, and additionally (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

The Twentynine Palms Water District Financing Corporation (Corporation) has a financial and operational relationship which meets the reporting entity definition criteria under U.S. GAAP, for inclusion of the Corporation as a component unit of the District. The Corporation is governed by a five-member board appointed by the District board. Although it is legally separated from the District, the Corporation is reported as a blended component unit of the primary government because its sole purpose is to provide financing assistance to the District for construction and acquisition of major capital facilities.

***Basis of Accounting and Measurement Focus***

The District's financial statements are prepared in conformity with U.S. GAAP. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

The District reports its activities as a proprietary fund (enterprise fund). Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) 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 recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses 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 proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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

***New Accounting Pronouncement***

The District early implemented GASB Statement No. 84, Fiduciary Activities for the fiscal year ended June 30, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this Statement are effective for fiscal years beginning after December 15, 2018.

The District has determined that the remaining activities in the Fire Protection Fund after the transfer of services to the San Bernardino County Fire District are fiduciary in nature under the provisions of GASB Statement No. 84. As a result of implementing this standard, the District no longer has any governmental funds or governmental activities.

***Fiduciary Fund***

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The accounting used for fiduciary funds is much like that used for proprietary funds.

The District utilizes the Fire Protection Fund to account for resources held in trust for retirees and beneficiaries covered by the Public Safety Employees' Pension Plan.

***Use of Estimates***

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

***Cash and Cash Equivalents***

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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

***Investments***

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

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the balance sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

***Accounts Receivable and Allowance for Doubtful Accounts***

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

***Special Assessments Receivable***

The District contracts with the County of San Bernardino Tax Collector to collect the District's special assessments on the annual tax-roll billings. The County of San Bernardino Tax Collector remits the receipts from these collections to the District throughout the year.

***Materials and Supplies Inventory***

Inventories consist of expendable supplies and are valued at the lower of cost or market using first-in first-out basis.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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

***Capital Assets***

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Asset Class Useful Lives</u>	<u>Asset Class Useful Lives</u>
Buildings and structures	20 - 50 years
Improvements	20 - 70 years
Pumping and treatment equipment	10 - 25 years
Office equipment	3 - 10 years
Other equipment	3 - 20 years
Vehicles	5 years

Construction in progress includes all capitalized costs for expenditures directly incurred to bring a capital asset to a useable condition. These capitalized costs will be recorded to capital assets when the asset is operational. At that time, the costs will be depreciated or amortized over the respective capital asset's useful life.

***Deferred Outflows and Inflows of Resources***

Deferred outflows of resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred inflows of resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as a revenue until that time.

***Compensated Absences***

Employees are entitled to accumulate vacation leave. The total accumulated vacation time shall not exceed that amount earned by the employee in two years, not to exceed a maximum of 24 days per year, 48 days in a two year period. The employee will be required to accept compensation in lieu of vacation for the vacation time accrued in excess of the maximum in January of each year. Upon termination of employment for any reason, the District shall compensate the employee for his/her accumulated vacation time at his/her straight time rate of pay at the time of termination. In accordance with generally accepted accounting principles, the liability is reflected on the balance sheet and the current year allocation has been expensed.

Sick leave with pay will be granted to each employee at the rate of one day per month. Accumulated sick leave will not be paid to employees upon termination of employment. In December of each year, as long as a water department employee has accrued in excess of 5 days sick leave, he/she may choose to either be paid for any sick leave in excess of the 5 days or leave it to accumulate. Employees who do not utilize unused sick leave accrued in excess of 5 days between December 1st and November 30th each year, may be reimbursed at the rate of 100 percent if they have been employed during the entire period.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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

***Postemployment benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalPERS plan governed by the Public Employees' Medical & Hospital Care Act (PEMHCA) and additions to/deductions from PEMHCA's fiduciary net position have been determined on the same basis as they are reported by PEMHCA. For this purpose, PEMHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***Net Pension Liability***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<b>CalPERS</b>	<b>June 30, 2019</b>
Valuation date	June 30, 2017
Measurement date	June 30, 2018
Measurement period	July 1, 2017 to June 30, 2018

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



Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

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

***Net Position***

In the statement of net position, net position is categorized as follows:

**Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets.

**Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** - This component of net position consists of net amount of assets that are not included in the determination of *restricted* or *net investment in capital assets*.

**Note 2 – Cash and Investments**

Cash and investments as of June 30, 2019, were classified in the accompanying financial statements as follows:

<b>Description</b>	<b>Balance</b>
Cash and investments	\$ 8,072,507
Restricted – cash and investments	1,491,541
<b>Total cash and investments</b>	<b>\$ 9,564,048</b>

<b>Description</b>	<b>Balance</b>
Proprietary fund	\$ 8,015,376
Fiduciary fund	1,548,672
<b>Total cash and investments</b>	<b>\$ 9,564,048</b>

Cash and investments as of June 30, 2019, consisted of the following:

<b>Description</b>	<b>Balance</b>
Cash on hand	\$ 1,350
Demand deposits with financial institutions	1,058,242
Investments	8,504,456
<b>Total cash and investments</b>	<b>\$ 9,564,048</b>

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 2 – Cash and Investments (Continued)**

***Demand Deposits***

At June 30, 2019, the carrying amount of the District's demand deposits was \$1,058,242 and the financial institution balance was \$1,118,523. The \$60,281 net difference as of June 30, 2019, represents outstanding checks, deposits-in transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

***Custodial Credit Risk***

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery versus- payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2019, none of the District's deposits and investments was exposed to disclosable custodial credit risk.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 2 – Cash and Investments (Continued)**

**Investments**

Investments as of June 30, 2019, consisted of the following:

Investments	Measurement Input	Credit Rating	Fair Value June 30, 2019	Maturity 12 Months or Less
<b>External Investment Pools:</b>				
California Local Agency Investment Fund (LAIF)	Level 2	n/a	\$ 7,012,915	\$ 7,012,915
<b>Held with Fiscal Agent:</b>				
PARS Pension Trust	Level 2	n/a	1,491,541	1,491,541
<b>Total investments</b>			<u>\$ 8,504,456</u>	<u>\$ 8,504,456</u>

**Authorized Investments and Investment Policy**

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Investments are to be made in the following areas:

**External Investment Pools:**

California Local Agency Investment Fund (LAIF)  
Non-negotiable certificates-of-deposit  
Governmental agency securities

**Held with Fiscal Agent:**

PARS Pension Trust

**Investment in California- Local Agency Investment Fund (LAIF)**

The District is a voluntary participant in LAIF which 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 entity'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. Further information about LAIF is available on the California State Controller's website: [www.treasurer.ca.gov/pmia-laif/](http://www.treasurer.ca.gov/pmia-laif/)

The District's investment with LAIF at June 30, 2019, included a portion of the pool funds invested in structured notes and asset-backed securities:

**Structured Notes:** debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 2 – Cash and Investments (Continued)**

**Asset-Backed Securities:** generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

LAIF has indicated to the District that as of June 30, 2019, the value of LAIF's portfolio approximated \$24.585 billion. As of June 30, 2019, the District had \$7,012,915 invested in LAIF, which had invested 1.77% of the pool's investment funds in structured notes and medium-term asset-backed securities.

**Public Agency Retirement Services (PARS) Pension Trust**

The District established an IRS Section 115 pension irrevocable trust account with the Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's CalPERS Defined Benefit Safety Employees' Pension Plan. The PARS 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.

**Fair Value Measurement Input**

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the table above.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2019, the District's investment in the LAIF is noted in the table above.

**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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

**Concentration of Credit Risk**

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 3 – Accounts Receivable, Net**

The accounts receivable, net balance as of June 30, 2019, consisted of the following:

<b>Description</b>	<b>Balance</b>
Accounts receivable – water sales and services	\$ 1,119,596
Allowance for doubtful accounts	(312,220)
Total accounts receivable, net	<u>\$ 807,376</u>

**Note 4 – Special Assessments Receivable**

The Water Operations Fund receives water availability charge assessments of \$30 for each parcel that is one acre or less, whether serviced or un-serviced. These amounts are increased by amounts ranging from \$7.50 to \$8.00 per acre for incremental acreage. For the year ended June 30, 2019, the District recorded revenue from this special assessment of \$608,934 as water availability charges. At June 30, 2019, the outstanding balance of the special assessment receivable was \$9,846.

**Note 5 – Capital Assets**

Changes in capital assets for the year were as follows:

	<b>Balance July 1, 2018</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Balance June 30, 2019</b>
Non-depreciable capital assets:				
Land	\$ 174,626	\$ -	\$ -	\$ 174,626
Construction-in-process	775,410	1,290,356	(86,646)	1,979,120
Total non-depreciable capital assets	<u>950,036</u>	<u>1,290,356</u>	<u>(86,646)</u>	<u>2,153,746</u>
Depreciable capital assets:				
Source of supply plant	13,752,584	113,558	(34,577)	13,831,565
Pumping plant	434,992	-	-	434,992
Transmission and distribution plant	28,358,977	17,178	-	28,376,155
Buildings and structures	2,227,210	27,459	-	2,254,669
Office equipment	511,488	14,399	(62,200)	463,687
Transportation/heavy equipment	1,411,653	246,295	(110,778)	1,547,170
Radio and communication equipment	141,653	6,963	-	148,616
Field equipment and tolls	759,343	63,658	(9,832)	813,169
Total depreciable capital assets	<u>47,597,900</u>	<u>489,510</u>	<u>(217,387)</u>	<u>47,870,023</u>
Less accumulated depreciation	<u>(25,876,900)</u>	<u>(1,390,608)</u>	<u>215,248</u>	<u>(27,052,260)</u>
Total depreciable capital assets, net	<u>21,721,000</u>	<u>(901,098)</u>	<u>(2,139)</u>	<u>20,817,763</u>
Total capital assets, net	<u>\$ 22,671,036</u>	<u>\$ 389,258</u>	<u>\$ (88,785)</u>	<u>\$ 22,971,509</u>

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 5 – Capital Assets (Continued)**

Construction in progress consist of several capital projects in which the District has expended \$1,979,120 as of June 30, 2019. The District estimates that the projects are approximately 60% completed and will need to expend an additional \$2,230,000 to bring the projects to completion.

**Note 6 – Compensated Absences**

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually.

Changes in compensated absences balances for the year were as follows:

<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>	<u>Current</u>	<u>Non-current</u>
<u>\$ 81,442</u>	<u>\$ 168,909</u>	<u>\$ (136,671)</u>	<u>\$ 113,680</u>	<u>\$ 68,208</u>	<u>\$ 45,472</u>

**Note 7 – Net Other Post-Employment Benefits Obligation**

***Plan Description -Eligibility and Benefits***

The District's defined benefit postemployment healthcare plan, Twentynine Palms Water District Post-Retirement Medical Benefits Program (TPWDPRMBP), provides medical benefits to eligible District employees and spouses. TPWDPRMBP is a single employer defined benefit healthcare plan administered by the District. A menu of benefit provisions are established through the District's group health insurance plan, which covers both the active and retired members. The TPWDPRMBP does not issue a publicly available financial report.

At June 30, 2019, the following employees were covered by the benefit terms:

	<u>Number of Covered Employees</u>
Active plan members	19
Inactive plan members or beneficiaries currently receiving benefit payments	2
Inactive plan members entitled to but not yet receiving benefit payments	-
Total Participants	<u>21</u>

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 7 – Net Other Post-Employment Benefits Obligation (Continued)**

***Plan Description -Eligibility and Benefits (Continued)***

Contribution requirements of the District are established by Ordinance and may be amended through board action to update the original Ordinance. For the year ended June 30, 2019, the District's average contribution rate was 20.02% of covered-employee payroll. Employees are not required to contribute to the plan.

***Net OPEB Liability***

The Agency's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions:* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	5.50% per annum
Inflation	2.75% per annum
Salary Increases	3.00% per annum, in aggregate
Investment Rate of Return	6.00%
Mortality Rate	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data
Healthcare Cost Trend Rates	HMO 6.0% decreasing to 4.5% over future periods
	PPO 6.5% decreasing to 4.5% over future periods

Mortality rates were based on the CalPERS experience study, with adjustments for mortality improvements projected fully generational with Scale MP-17.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of a CalPERS actuarial experience study for the period 1997-2015.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 7 – Net Other Post-Employment Benefits Payable (Continued)**

***Net OPEB Liability (Continued)***

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return<sup>1 2</sup></u>
Global Equity	24.0%	5.25%
Global Fixed Income	39.0%	2.25%
Inflation Assets	26.0%	1.25%
Commodities	3.0%	1.25%
REITs	8.0%	4.50%
Total	<u>100.0%</u>	

<sup>1</sup> Assumed long-term rate of inflation is 2.75%.

<sup>2</sup> Long-term expected rate of return is 6.00%

\* CERBT asset allocation Strategy 3.

*Discount rate:* The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that Plan Assets will always exceed benefit payments. 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. 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.



Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 7 – Net Other Post-Employment Benefits Payable (Continued)**

***Changes in the Net OPEB Liability***

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	NET OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2018	\$ 930,372	\$ 328,946	\$ 601,426
Changes for the year:			
Service cost	39,339	-	39,339
Interest	49,121	-	49,121
Changes of assumptions	(22,970)	-	(22,970)
Contributions - employer	-	148,908	(148,908)
Net investment income	-	15,342	(15,342)
Benefit payments	(46,508)	(46,508)	-
Administrative expense	-	(609)	609
Net changes	18,982	117,133	(98,151)
Balance at June 30, 2019	\$ 949,354	\$ 446,079	\$ 503,275

*Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates:*

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage-point lower or 1.00 percentage-point higher than the current discount rate:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB liability	\$ 579,584	\$ 503,275	\$ 433,263

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:*

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.00 percentage point lower or 1.00 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.00% HMO and 5.50% PPO decreasing to 4.00% HMO and 4.00% PPO)	Current Healthcare Cost Trend Rate (6.00% HMO and 6.50% PPO decreasing to 5.00% HMO and 5.00% PPO)	1% Increase (7.00% HMO and 7.50% PPO decreasing to 6.00% HMO and 6.00% PPO)
Net OPEB liability	\$ 409,580	\$ 503,275	\$ 610,951

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 7 – Net Other Post-Employment Benefits Payable (Continued)**

***Changes in the Net OPEB Liability (Continued)***

*OPEB plan fiduciary net position:* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial report.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2019, the District recognized OPEB expense of \$36,057. At June 30, 2019, 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
Changes in assumptions	\$	\$ (153,276)
Net difference between projected and actual earnings on OPEB plan investments	5,958	(5,142)
Employer contributions made subsequent to the measurement date	220,250	
Total	<u>\$ 226,208</u>	<u>\$ (158,418)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	\$ (30,222)
2021	(30,222)
2022	(30,222)
2023	(28,510)
2024	(30,000)
Thereafter	(3,284)

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan**

**General Information about the Pension Plans**

The Plans' Description Schedule

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

Miscellaneous Plans

	<b>Miscellaneous Plans</b>	
	<b>Classic Tier 1</b>	<b>PEPRA Tier 2</b>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% at 60	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a percentage of eligible compensation	2.0% to 3.0%	1.0% to 2.5%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates	12.036%	6.533%

Safety Plan

	<b>Safety Plan Classic Tier 1</b>
	Prior to January 1, 2013
Hire date	3.0% at 55
Benefit formula	5 years of service
Benefit vesting schedule	monthly for life
Benefits payments	50 - 67 & up
Retirement age	2.4% to 3.0%
Monthly benefits, as a percentage of eligible compensation	0.000%
Required member contribution rates	16.842%
Required employer contribution rates	

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2017 Annual Actuarial Valuation Report. This report and CalPERS' audited financial **statements** are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

**General Information about the Pension Plans (Continued)**

Members Covered by Benefit Terms

At June 30, 2017 (Valuation Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active Members	13	5	18
Transferred and terminated members	21	1	22
Retired members and beneficiaries	19	-	19
<b>Total plan members</b>	<b>53</b>	<b>6</b>	<b>59</b>

  

Plan Members	Safety Plan
	Classic Tier 1
Active members	6
Transferred and terminated members	12
Retired members and beneficiaries	6
<b>Total plan members</b>	<b>18</b>

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

**General Information about the Pension Plans (Continued)**

Benefits Provided (Continued)

The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.65 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ended June 30, 2018 (Measurement Date), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

For the year ended June 30, 2019, the contributions made to the Plan were as follows:

Contribution Type	Miscellaneous Plans		
	Classic Tier 1	PEPRA Tier 2	Total
Contributions – employer	\$ 241,460	\$ 23,344	\$ 264,804
Contributions – members	76,735	21,124	97,859
<b>Total contributions</b>	<b>\$ 318,195</b>	<b>\$ 44,468</b>	<b>\$ 362,663</b>

  

Contribution Type	Safety Plan Classic Tier 1
Contributions – employer	\$ 7,668
Contributions – members	-
<b>Total contributions</b>	<b>\$ 7,668</b>

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans***

***Actuarial Methods and Assumptions Used to Determine the Total Pension Liability***

For the measurement period ended June 30, 2018 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50% per annum
Salary Increases	Varies by entry age and service
Mortality Rate	Derived using CalPERS' Membership Data
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.50% thereafter

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. 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.

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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Discount Rate (Continued)*

The table below reflects 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. These geometric rates of return are net of administrative expenses.

<b>Investment Type<sup>1</sup></b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1-10<sup>2</sup></b>	<b>Real Return Years 11+<sup>3</sup></b>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	(0.92%)
	<u>100.00%</u>		

<sup>1</sup> In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in short-term investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

<sup>2</sup> An expected inflation rate of return of 2.00% is used for this period.

<sup>3</sup> An expected inflation rate of return of 2.92% is used for this period.

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, 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 1.00 percentage-point lower or 1.00 percentage-point higher than the current rate:

<b>Plan Type</b>	<b>Plan's Net Pension Liability</b>		
	<b>Discount Rate - 1% 6.15%</b>	<b>Current Discount Rate 7.15%</b>	<b>Discount Rate + 1% 8.15%</b>
CalPERS – Miscellaneous Plan	\$ 3,638,687	\$ 2,241,022	\$ 1,087,272

  

<b>Plan Type</b>	<b>Plan's Net Pension Liability</b>		
	<b>Discount Rate - 1% 6.15%</b>	<b>Current Discount Rate 7.15%</b>	<b>Discount Rate + 1% 8.15%</b>
CalPERS – Safety Plan	\$ 828,500	\$ 321,995	\$ (92,995)

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Pension Plan Fiduciary Net Position*

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

*Proportionate Share of Net Pension Liability and Pension Expense*

The following table shows the plans proportionate share of the risk pool collective net pension liability over the measurement period for the CalPERS Miscellaneous and Safety Plans as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2017 (Measurement Date)	\$ 9,736,459	\$ 7,439,099	\$ 2,297,360
Balance as of June 30, 2018 (Measurement Date)	10,332,318	8,091,296	2,241,022
<b>Change in Plan Net Pension liability</b>	<u>\$ 595,859</u>	<u>\$ 652,197</u>	<u>\$ (56,338)</u>
<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
<b>CalPERS – Safety Plan:</b>			
Balance as of June 30, 2017 (Measurement Date)	\$ 3,486,778	\$ 3,165,895	\$ 320,883
Balance as of June 30, 2018 (Measurement Date)	3,674,147	3,352,152	321,995
<b>Change in Plan Net Pension Liability</b>	<u>\$ 187,369</u>	<u>\$ 186,257</u>	<u>\$ 1,112</u>



Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

***Proportionate Share of Net Pension Liability and Pension Expense (Continued)***

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

1. In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2017). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
2. Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2018). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2017 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2017-18 fiscal year).
3. The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
4. Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
5. The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
6. The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

The District's proportionate share of the net pension liability was as follows:

CalPERS – Miscellaneous Plan	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	
Measurement Date	June 30, 2018	June 30, 2017	
Percentage of Risk Pool Net Pension liability	0.059460%	0.058278%	0.001182%
Percentage of Plan (PERF C) Net Pension Liability	0.023260%	0.023165%	0.000095%
CalPERS – Safety Plan	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018	
Measurement Date	June 30, 2018	June 30, 2017	
Percentage of Risk Pool Net Pension Liability	0.005490%	0.005370%	0.000120%
Percentage of Plan (PERF C) Net Pension liability	0.003340%	0.003236%	0.000104%

For the year ended June 30, 2019, the District recognized pension expense in the amount of \$252,974 and \$89,186 for the CalPERS Miscellaneous and Safety Plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2018 is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 8 – Net Pension Liability and Defined Benefit Pension Plan (Continued)**

***Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)***

*Deferred Outflows of Resources and Deferred Inflows of Resources*

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 264,815	\$ -	\$ 7,669	\$ -
Difference between actual and proportionate share of employer contributions		(125,602)	79,871	(153,176)
Adjustment due to difference in proportions	86,773		141,004	(82,710)
Differences between expected and actual experience	85,984	(29,260)	6,919	(26)
Differences between projected and actual earnings on pension plan investments	11,079		2,180	
Changes in assumptions	255,483	(62,614)	31,593	(4,263)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 704,134</b>	<b>\$ (217,476)</b>	<b>\$ 269,236</b>	<b>\$ (240,175)</b>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year.

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Amortization Period	Deferred Outflows/(Inflows) of Resources	
	Miscellaneous	Safety
<b>June 30</b>		
2020	\$ 210,275	\$ 14,260
2021	104,788	9,655
2022	(73,062)	(292)
2023	(20,157)	(2,230)
2024	-	-
Thereafter		
<b>Total</b>	<b>\$ 221,844</b>	<b>\$ 21,393</b>

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 9 – Long-Term Debt**

Changes in long-term debt for the year ended June 30, 2019, are as follows:

	<u>Balance at July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2019</u>	<u>Due Within One Year</u>
Note from direct borrowings	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 187,908

In 2019, the District entered into agreement to finance the purchase of water meters. The District's outstanding note from direct borrowings of \$2,000,000 is secured by collateral of the water meters purchased under the agreement. The outstanding note from direct borrowings contains a provision that in an event of default, the equipment purchased under agreement may be repossessed by the lender.

Debt service requirements on long-term debt at June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Lease Financing</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 187,908	\$ 60,577
2021	189,889	53,843
2022	195,725	48,007
2023	201,741	41,993
2024	207,941	35,793
2024-2029	1,016,796	79,092
Total	\$ 2,000,000	\$ 319,305

**Note 10 – Transfers In/(Out)**

The District has an agreement with the City of Twentynine Palms where the District will transfer \$40,000 per year from its Water Operations Fund annual cell tower site-lease revenues to the City until fiscal year 2019. In 2019, the City directed the District to deposit the \$40,000 into the PARS Pension Trust.

**Note 11 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As of June 30, 2019, there were no claims liabilities to be reported. During the year ended June 30, 2019, the District participated in the following public entity risk pools:

*Association of California Water Agencies Joint Powers Insurance Authority*

The District is a participant in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA), which was organized for the purpose of providing liability insurance for the member agencies. The JPIA is a risk-pooling self-insurance authority created under the provisions of California Government Code Section 6500. The JPIA is governed by a board consisting of a representative from each member agency. The board controls the operations of the JPIA, including selections of management and approval of operating budgets. The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 11 – Risk Management (Continued)**

At June 30, 2019, the District's participation in the self-insurance programs of the JPIA was as follows:

Property loss is insured up to replacement value with deductibles starting from \$1,000; the JPIA is self-insured up to \$100,000 and has purchased excess insurance coverage. General liability is insured up to \$60,000,000 with no deductible; the JPIA is self-insured up to \$2,000,000 and has purchased excess insurance coverage. Auto liability is insured up to \$60,000,000 with no deductible; the JPIA is self-insured up to \$2,000,000 with \$1,000 deductible for property damage and has purchased excess insurance coverage.

Worker's compensation insurance coverage consists of statutory limits per occurrence for workers compensation and \$5,000,000 for employers' liability coverage, subject to various terms and conditions.

Condensed audited financial information of the Association of California Water Agencies Joint Powers Insurance Authority for the years ended September 30, 2018 is as follows:

	<u>2018</u>
Total assets	\$ 188,344,217
Deferred outflows of resources	<u>1,098,315</u>
Total assets and deferred outflows of resources	<u>\$ 189,442,532</u>
Total liabilities	\$ 100,820,701
Deferred inflows of resources	2,156,227
Net position	<u>86,465,604</u>
Total liabilities, deferred inflows, and net position	<u>\$ 189,442,532</u>
Total revenues	\$ 176,044,304
Total expenses	(165,196,299)
Total other income	<u>294,925</u>
Change in net position	<u>\$ 11,142,930</u>

**Note 12 – Commitments and Contingencies**

**Grants**

The District, from time to time, participates in various federal, state and local grant programs, the principal of which are subject to various program compliance audits. Accordingly, the District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be will not be significant.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2019

**Note 13 – Transfer of Fire Operation to San Bernardino County Fire Protection District**

On July 1, 2017, the District reorganized its fire protection services to the San Bernardino County Fire District per the San Bernardino County LAFCO decision on February 17, 2017. According to the executed Assignment and Assumption Agreement between the City of Twentynine Palms (City) and the District, the District closed its CalPERS Defined Benefit Safety Employees' Pension Plan (Plan) to new members as of June 30, 2017. The District will continue to adjust its net pension liability for the Plan as the net pension obligation changes annually with changes in the CalPERS annual actuarial valuation. In an effort to facilitate the annexation, the City has agreed to pay all future Plan obligation payments regardless of whether the Safety Employees PARS 115 Trust Fund has sufficient funds to make any and all future CalPERS obligation payments. The City has also agreed to pay the Plan's withdrawal liability, as required, directed, or permitted by CalPERS, and the City has the discretion to choose and direct the Water District on when that liability will be paid. Any further fire revenues received by the District are split 50/50 and submitted to the City of Twentynine Palms and the County of San Bernardino Fire Protection District, respectively.

**Note 14 – Subsequent Events**

In the preparation of these financial statements, the Agency considered subsequent events through November 26, 2019, which is the date these financial statements were issued. No events occurred through this date requiring disclosure.

## **REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Twentynine Palms Water District  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PLAN'S NET PENSION LIABILITY**  
For the Year Ended June 30, 2019

**Last Ten Fiscal Years**  
**California Public Employees' Retirement System (CalPERS)**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Measurement Date</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>6/30/2016*</b>	<b>6/30/2015*</b>	<b>6/30/2014*</b>
Employer's Proportion of the Net Pension Liability	0.023256%	0.023165%	0.025285%	0.028234%	0.028313%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,241,022	\$ 2,297,360	\$ 2,187,905	\$ 1,937,958	\$ 1,761,770
Employer's Covered Payroll	\$ 1,084,161	\$ 1,051,407	\$ 1,381,292	\$ 1,341,060	\$ 1,302,000
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	206.71%	218.50%	158.40%	144.51%	135.31%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.26%	73.31%	74.06%	78.40%	83.02%

\* Includes safety plan

**California Public Employees' Retirement System (CalPERS) Safety Plan**

<b>Measurement Date</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Employer's Proportion of the Net Pension Liability	0.003341%	0.003236%
Employer's Proportionate Share of the Net Pension Liability	\$ 321,995	\$ 320,883
Employer's Covered Payroll	\$ 2,064	\$
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	15600.53%	
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.26%	73.31%



Twentynine Palms Water District  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN**  
For the Year Ended June 30, 2019

**Last Ten Fiscal Years**  
**California Public Employees' Retirement System (CalPERS)**

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Fiscal Year</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17*</b>	<b>2015-16*</b>	<b>2014-15*</b>	<b>2013-14*</b>
Actuarially Determined Contribution	\$ 264,804	\$ 214,598	\$ 197,902	\$ 245,003	\$ 234,149	\$ 225,220
Contribution in Relation to the Actuarially Determined Contribution	(264,804)	(214,598)	(197,902)	(682,065)	(234,149)	(481,274)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ (437,062)	\$ -	\$ (256,054)
Covered Payroll	\$ 1,264,383	\$ 1,084,161	\$ 1,051,407	\$ 1,381,292	\$ 1,341,060	\$ 1,302,000
Contributions as a Percentage of Covered Payroll	20.94%	19.79%	18.82%	49.38%	17.46%	36.96%

\* Includes safety plan

**California Public Employees' Retirement System (CalPERS) Safety Plan**

<b>Fiscal Year</b>	<b>2018-19</b>	<b>2017-18</b>
Actuarially Determined Contribution	\$ 7,668	\$ 2,064
Contribution in Relation to the Actuarially Determined Contribution	(7,668)	(2,064)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	-	-

<sup>1</sup> Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

<sup>3</sup> Covered Payroll represented above is based on payroll on which contributions to a pension plan are based per GASBS No. 82.

**Notes to the Schedule:**

**Change in Benefit Terms:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Twentynine Palms Water District  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS**

For the Year Ended June 30, 2019

**Last Ten Fiscal Years\*\***

Fiscal Year Ended Measurement Period	2019 2017/2018	2018 2016/2017
Changes in total OPEB liability:		
Service cost	\$ 39,339	\$ 60,309
Interest	49,121	31,862
Difference between expected and actual experience	-	-
Changes of benefit terms	-	(187,021)
Changes in assumptions	(22,970)	-
Benefit payments including refunds*	(46,508)	(64,899)
Net changes	18,982	(159,749)
Total OPEB liability (beginning)	930,372	1,090,121
Total OPEB liability (ending)	\$ 949,354	\$ 930,372
Changes in plan fiduciary net position:		
Contributions – employer*	\$ 148,908	\$ 376,043
Contributions – employee	-	-
Net investment income	15,342	17,901
Benefit payments including refunds*	(46,508)	(64,899)
Administrative expense	(174)	(99)
Other expense	(435)	-
Net changes	117,133	328,946
Plan fiduciary net position (beginning)	328,946	-
Plan fiduciary net position (ending)	\$ 446,079	\$ 328,946
Net OPEB liability (ending)	\$ 503,275	\$ 601,426
Plan fiduciary net position as a percentage of the total OPEB liability	47.0%	35.4%
Covered employee payroll	\$ 1,100,000	\$ 1,100,000
Net OPEB liability as a percentage of covered payroll	45.8%	54.7%

\* Includes \$19,965 implied subsidy benefit payments for the 12-month period ending on June 30, 2018 (measurement date)

\*\* Historical information is required only for measurement periods for which GASB 75 is applicable.  
Additional years will be added as they become available in the future.

**NO  
MATERIAL  
PROVIDED**

3

**TWENTYNINE PALMS WATER DISTRICT**  
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935  
760.367.7546 PHONE 760.367.6612 FAX

TO:	BOARD OF DIRECTORS
DATE:	DECEMBER 18, 2019
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	CONSIDERATION TO APPROVE RESOLUTION 19-15 DECLARING CERTAIN WATER DISTRICT PROPERTY AS SURPLUS AND AUTHORIZING DISPOSAL OF SAME

**BACKGROUND AND DISCUSSION**

Over the course of time the Water District accumulates items and or equipment that have been taken out of service or are no longer useful for District operations. These items need to be declared as surplus property by the Board of Directors to allow staff to proceed with the sale of such items.

Exhibit "A" identifies the item for consideration to be declared surplus property.

**RECOMMENDED ACTION**

Approve Resolution 19-15 Declaring Certain Water District Property as Surplus and Authorizing Disposal of Same.

## **RESOLUTION 19-15**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TWENTYNINE PALMS WATER DISTRICT DECLARING CERTAIN WATER DISTRICT PROPERTY AS SURPLUS AND AUTHORIZING DISPOSAL OF SAME**

**WHEREAS**, an inventory of certain Water District property as listed on attached Exhibit "A" has been made; and

**WHEREAS**, a determination to be no longer necessary for the Water District's use has become appropriate.

**NOW, THEREFORE BE IT RESOLVED** that the Board of Directors of the Twentynine Palms Water District does hereby determine and declare the attached Exhibit "A" listing of property to be no longer necessary for the Water District's use and authorizing disposal at a surplus sale.

**PASSED, APPROVED AND ADOPTED** this 18th day of December 2019.

Ayes:  
Noes:  
Abstain:  
Absent:

---

Carol Giannini, President  
Board of Directors

Attest:

---

Ray Kolisz, Board Secretary  
Twentynine Palms Water District

# EXHIBIT “A”

<u>Item No.</u>	<u>Description</u>	<u>V.I.N.</u>
1.	1976 IR Roller	65

4

**NO  
MATERIAL  
PROVIDED**



**5**

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE TWENTYNINE PALMS WATER DISTRICT  
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277**

**November 21, 2019 / 4:00 P.M.**

Call to Order and Roll Call

President Giannini called the meeting to order at 4:00 p.m., 72401 Hatch Road, Twentynine Palms, California. Those responding to roll call were Directors Bob Coghill, Suzi Horn, Carol Giannini, Randy Leazer, and Neal Stephenson. Also present were, General Manager Ray Kolisz, Treatment/Production Superintendent Mike Minatrea, Maintenance Superintendent Matt Shragge, and Victoria Pinilla. District Secretary Cindy Fowlkes and Financial Consultant Cindy Byerrum were absent.

Pledge of Allegiance

Mr. Kolisz led the pledge.

Additions/Deletions to the Agenda

None

Public Comments

None

1. Consideration to Accept and Approve Well TP-2 Project and Authorize the General Manager to File a Notice of Completion

Staff recommends accepting and approving the Well TP-2 Project as complete and directing the General Manager to file a Notice of Completion with the County of San Bernardino.

Director Stephenson made a motion to accept and approve Well TP-2 project and authorize the General Manager to file a Notice of Completion, seconded by Director Leazer, and approved by the following roll call vote:

Ayes:	Directors Coghill, Horn, Leazer, Stephenson, and Giannini
Noes:	None
Abstain:	None
Absent:	None

2. Consent Calendar

- Minutes of a Regular Meeting held on October 23, 2019
- Audit List

Director Horn, moved to approve the Minutes and Audit List, seconded by Coghill and approved unanimously.

3. Items Removed from the Consent Calendar for Discussion or Separate Action  
None

4. Management Reports

4.1 Maintenance

Matt Shragge reported that the District responded to 46 Underground Service Alerts, had 0 water main leaks, 0 water meter leaks, 1 service line leak, 1 fire hydrant repair, performed 1 customer pressure check, replaced 14 meters, replaced 10 customer gate valves, and installed 1 new service. 0 water waste inquiries were received. 455 work orders were generated and performed during the month. 390 work orders were processed during the month. 1,013 AMI/AMR meters were installed in October, bringing the total to 4,459.

4.2 Water Quality

Mike Minatrea reported Water production was down 3.86% as compared to the same month in 2013. 38 routine and 6 special water were taken. All samples tested negative for Colilert. The fluoride variance of 3.0 mg/L will expire in 2023. All current wells meet the 2.0 mg/L standard variance set by the State Water Resource Control Board. Approximately 67,000,000 gallons of water was produced in the month of October.

4.3 Finance

Mr. Kolisz, reported water revenue is up more than projected and everything is tracking as normal.

4.4 General Manager

Mr. Kolisz briefed the Board on the governor's water policy. The District is trying to schedule a meeting with state water board officials. Larger agencies are looking to provide financial assistance to disadvantaged districts. AWWA recognized the Twentynine Palms Water District for its arsenic and fluoride removal. Director Stephenson was thanked for his time sitting on the Board.

5. Future Agenda Items and Staff Tasks/Directors' Comments and Reports  
None

6. Adjournment

On motion by Director Stephenson, seconded by Director Horn, and approved by the Board, the meeting was adjourned at: 4:18 p.m.

\_\_\_\_\_  
Carol Giannini, President  
Board of Directors

Attest:

\_\_\_\_\_  
Ray Kolisz, Board Secretary  
Twentynine Palms Water District

# Twentynine Palms Water District

Check Date Range: 11/1/2019 thru 11/30/2019

Ck No	Ck Date	Payable To	Ck Amt	Ck Detail	GL Acct No	Description
13780	11/14/2019	Accela, Inc. #774375	1,542.00	1,542.00	100-600-0000-5408	CivicPay Transaction Fees
13781	11/14/2019	ACWA/JPIA	33,385.53	30,769.60	100-310-0000-5140	Health Benefits Dec. 2019
				2,103.15	100-310-0000-5141	Health Benefits Dec. 2019
				512.78	100-310-0000-5142	Health Benefits Dec. 2019
13782	11/14/2019	Customer Refund	23.20	23.20	100-000-0000-2000	Refund Check
13783	11/14/2019	AnsaFone Contact Centers	193.22	193.22	100-160-0000-5406	Answering Service
13784	11/14/2019	Customer Refund	18.50	18.50	100-000-0000-2000	Refund Check
13785	11/14/2019	Autozone Inc.	556.34	26.93	100-130-0000-5220	Shop Supplies-Electrical Tools
				140.06	100-130-0000-5220	Shop Supplies-Relay CircutTool
				9.69	100-130-0000-5220	Shop Supplies-Ignition CirciutTool
				21.54	100-130-0000-5220	Shop Supplies-Blow Gun.
				234.31	100-130-0000-5222	Veh. #16 Battery.
				46.32	100-130-0000-5222	Veh. #21 Brake Pads.
				6.16	100-130-0000-5222	Veh. #71 Battery Holddown.
				29.28	100-130-0000-5220	Shop Supplies-Veh. Cleaning Gear.
				28.05	100-130-0000-5220	Shop Supplies-Veh. Cleaning Gear.
				14.00	100-130-0000-5220	Shop Supplies-Veh. Cleaning Gear.
13786	11/14/2019	Customer Refund	18.46	18.46	100-000-0000-2000	Refund Check
13787	11/14/2019	Customer Refund	26.06	26.06	100-000-0000-2000	Refund Check
13788	11/14/2019	Customer Refund	39.63	39.63	100-000-0000-2000	Refund Check
13789	11/14/2019	Beck Oil Inc.	10,400.83	6,785.34	100-000-0000-1401	Gasoline 87 carb reg w 10% ethanol
				1,972.88	100-000-0000-1401	taxes/fees
				1,636.02	100-000-0000-1401	diesel clear low sulfur
				6.59	100-000-0000-1401	regulatory compliance fee
13790	11/14/2019	Best Best & Krieger	3,080.00	3,080.00	100-600-0000-5403	Professional Services Rendered Oct. 2019
13791	11/14/2019	Beyond Software Solutions	1,000.00	1,000.00	100-600-0000-5406	Monthly monitoring and bundled services November 2019
13792	11/14/2019	Customer Refund	20.31	20.31	100-000-0000-2000	Refund Check
13793	11/14/2019	Customer Refund	52.76	52.76	100-000-0000-2000	Refund Check
13794	11/14/2019	Burrtec Waste & Recycling Svcs	217.40	147.85	100-600-0000-5406	Hatch
				69.55	100-150-0000-5406	Amboy

# Twentynine Palms Water District

Check Date Range: 11/1/2019 thru 11/30/2019

13795	11/14/2019	Calolympic Safety	219.35	109.56	100-130-0000-5406	Gas Calibration Test SN# KA417-1081948
				109.79	100-130-0000-5406	Gas Calibration Test SN# MA216-012544
13796	11/14/2019	Customer Refund	52.26	52.26	100-000-0000-2000	Refund Check
13797	11/14/2019	Customer Refund	25.31	25.31	100-000-0000-2000	Refund Check
13798	11/14/2019	Chem-Tech International Inc.	6,773.68	6,773.68	100-150-0000-5211	Load of Acid (Treatment Plant)
13799	11/14/2019	Customer Refund	19.83	19.83	100-000-0000-2000	Refund Check
13800	11/14/2019	Customer Refund	49.47	49.47	100-000-0000-2000	Refund Check
13801	11/14/2019	Customer Refund	13.55	13.55	100-000-0000-2000	Refund Check
13802	11/14/2019	Desert Hardware	235.33	5.16	100-130-0000-5220	3/4" x 1" male adapter
				6.38	100-130-0000-5220	1" sl x mpt
				3.00	100-130-0000-5222	Veh. #76 Parts.
				6.38	100-130-0000-5220	Plumber Cloth, 3/4" Copper Coupling
				43.07	100-130-0000-5220	Shop Supplies Drill Bits.
				31.01	100-150-0000-5220	Field supplies/plant
				28.04	100-150-0000-5220	Field supplies/plant
				27.73	100-130-0000-5220	Field supplies
				0.42	100-130-0000-5220	s/c
				84.14	100-130-0000-5220	shovel roundpoint 48"
13803	11/14/2019	Eagle Aerial Solutions	7,520.95	7,520.95	100-130-0000-5406	29 Palms Water District-Wall Murals 60x84 Color Murals. pri
13804	11/14/2019	Engineering Resources	369.78	369.78	100-825-0000-6001	Professional Services Oct. 2019
13805	11/14/2019	Customer Refund	53.13	53.13	100-000-0000-2000	Refund Check
13806	11/14/2019	Customer Refund	32.62	32.62	100-000-0000-2000	Refund Check
13807	11/14/2019	Frontier Communications	163.38	163.38	100-150-0000-5203	Plant
13808	11/14/2019	Customer Refund	13.15	13.15	100-000-0000-2000	Refund Check
13809	11/14/2019	Home Depot Credit Services	871.81	402.45	100-150-0000-5220	40LBS Solar Salt x6Bags
				199.00	100-150-0000-5220	Husky Shelf Welded Unit Treament Plant Low E.
				516.12	100-130-0000-5220	Metal Shed
				(245.76)	100-150-0000-5220	Credit/Return
13810	11/14/2019	Customer Refund	56.27	56.27	100-000-0000-2000	Refund Check
13811	11/14/2019	Customer Refund	23.52	23.52	100-000-0000-2000	Refund Check
13812	11/14/2019	Kennedy/Jenks Consultants	670.00	670.00	100-600-0000-5412	Professional Services Oct. 2019
13813	11/14/2019	Customer Refund	30.19	30.19	100-000-0000-2000	Refund Check

# Twentynine Palms Water District

Check Date Range: 11/1/2019 thru 11/30/2019

13814	11/14/2019	Customer Refund	32.32	32.32	100-000-0000-2000	Refund Check
13815	11/14/2019	Customer Refund	46.95	46.95	100-000-0000-2000	Refund Check
13816	11/14/2019	Customer Refund	38.50	38.50	100-000-0000-2000	Refund Check
13817	11/14/2019	Customer Refund	39.70	39.70	100-000-0000-2000	Refund Check
13818	11/14/2019	Customer Refund	26.66	26.66	100-000-0000-2000	Refund Check
13819	11/14/2019	Customer Refund	37.02	37.02	100-000-0000-2000	Refund Check
13820	11/14/2019	Mcmaster-Carr Supply Co.	194.58	65.09	100-130-0000-5222	Veh. #71 Parts.
				40.02	100-130-0000-5222	Veh. #76 Parts.
				89.47	100-150-0000-5220	Floor Squeegee With Scraper 36"
13821	11/14/2019	Customer Refund	33.26	33.26	100-000-0000-2000	Refund Check
13822	11/14/2019	Customer Refund	18.72	18.72	100-000-0000-2000	Refund Check
13823	11/14/2019	Ortega Strategies Group	5,147.32	5,147.32	100-600-0000-5350	Consulting Oct. 2019
13824	11/14/2019	Palm Springs Motors Inc.	169.38	169.38	100-130-0000-5222	Veh. #39 Engine Parts
13825	11/14/2019	Customer Refund	56.27	56.27	100-000-0000-2000	Refund Check
13826	11/14/2019	Customer Refund	67.94	67.94	100-000-0000-2000	Refund Check
13827	11/14/2019	Proforma	2,084.91	2,084.91	100-160-0000-5301	Water Bills
13828	11/14/2019	Prudential Overall Supply	727.91	95.47	100-130-0000-5253	Uniforms
				84.83	100-130-0000-5253	Uniforms
				98.29	100-130-0000-5253	Uniforms
				212.34	100-130-0000-5253	Uniforms
				92.64	100-130-0000-5253	Uniforms
				144.34	100-130-0000-5253	Uniforms
13829	11/14/2019	Customer Refund	2.14	2.14	100-000-0000-2000	Refund Check
13830	11/14/2019	Reed & Davidson, LLP	247.50	247.50	100-600-0000-5403	Professional Services
13831	11/14/2019	Customer Refund	26.13	26.13	100-000-0000-2000	Refund Check
13832	11/14/2019	S.C.E.	10,858.21	1,128.47	100-150-0000-5201	Plant
				2,397.84	100-110-0000-5201	Well 14
				3,045.89	100-110-0000-5201	Well 17
				1,039.65	100-110-0000-5201	Hatch
				15.63	100-110-0000-5201	Michel's
				471.27	100-120-0000-5201	Booster H1N, H2S
				942.24	100-110-0000-5201	Well 6, Well 12

# Twentynine Palms Water District

Check Date Range: 11/1/2019 thru 11/30/2019

				18.41	100-110-0000-5201	Well 4
				406.41	100-110-0000-5201	Well 1
				1,353.45	100-110-0000-5201	Well 16
				38.95	100-110-0000-5201	Donnell
13833	11/14/2019	Safety-Kleen Systems Inc.	205.26	205.26	100-130-0000-5406	Outside Services Parts Washer.
13834	11/14/2019	Customer Refund	52.17	52.17	100-000-0000-2000	Refund Check
13835	11/14/2019	Customer Refund	3.11	3.11	100-000-0000-2000	Refund Check
13836	11/14/2019	Customer Refund	26.66	26.66	100-000-0000-2000	Refund Check
13837	11/14/2019	Satmodo LLC	149.66	149.66	100-600-0000-5203	Iridium Monthly Minute Plans
13838	11/14/2019	Shoplet.Com	233.06	106.44	100-600-0000-5301	Office Supplies
				126.62	100-600-0000-5301	Office Supplies
13839	11/14/2019	Customer Refund	13.15	13.15	100-000-0000-2000	Refund Check
13840	11/14/2019	Customer Refund	12.06	12.06	100-000-0000-2000	Refund Check
13841	11/14/2019	Spectrum Business	154.98	154.98	100-600-0000-5203	La Luna
13842	11/14/2019	Bob Stephenson	125.00	125.00	100-610-0000-5350	Video Recording Board Meeting
13843	11/14/2019	Swrcb Accounting Office	27,127.00	2,625.00	100-110-0000-5303	Annual Permit Fee
				24,502.00	100-110-0000-5303	Annual Permit Fee
13844	11/14/2019	Underground Service Alert	99.10	99.10	100-130-0000-5406	54 new tickets
13845	11/14/2019	United Cerebral Palsy Assoc.	253.01	253.01	100-160-0000-5406	Mail Production
13846	11/14/2019	Vagabond Welding Supply	122.33	99.00	100-130-0000-5220	Shop Supply Flange Tool
				23.33	100-130-0000-5220	Shop Supply Metal Stock
13847	11/14/2019	Customer Refund	56.08	56.08	100-000-0000-2000	Refund Check
13848	11/14/2019	Customer Refund	44.15	44.15	100-000-0000-2000	Refund Check
13849	11/14/2019	WIN-911 Software	495.00	495.00	100-130-0000-5406	Annual Software Maintenance and Support
13850	11/14/2019	Customer Refund	62.53	62.53	100-000-0000-2000	Refund Check
13851	11/14/2019	Customer Refund	26.66	26.66	100-000-0000-2000	Refund Check
13852	11/19/2019	Pacific Western Bank	6,950.87	25.00	100-600-0000-5330	Charges
				25.00	100-600-0000-5330	Charges
				107.04	100-600-0000-5330	Charges
				25.00	100-600-0000-5330	Charges
				459.98	100-600-0000-5330	Charges
				25.00	100-600-0000-5330	Charges

# Twentynine Palms Water District

Check Date Range: 11/1/2019 thru 11/30/2019

25.00	100-600-0000-5330	Charges
344.63	100-600-0000-5330	Charges
344.63	100-600-0000-5330	Charges
85.15	100-600-0000-5301	Charges
140.02	100-130-0000-5220	Charges
29.99	100-130-0000-5220	Charges
96.92	100-600-0000-5301	Charges
100.00	100-600-0000-5406	Charges
315.16	100-110-0000-5220	Charges
214.99	100-600-0000-5406	Charges
70.00	100-600-0000-5330	Charges
44.20	100-600-0000-5330	Charges
16.51	100-600-0000-5330	Charges
27.00	100-600-0000-5330	Charges
7.33	100-600-0000-5330	Charges
10.00	100-600-0000-5330	Charges
1,349.30	100-130-0000-5228	Charges
25.00	100-600-0000-5330	Charges
25.00	100-600-0000-5330	Charges
179.96	100-600-0000-5330	Charges
97.57	100-150-0000-5203	Charges
8.00	100-600-0000-5301	Charges
127.42	100-610-0000-5330	Charges
29.44	100-130-0000-5220	Charges
178.81	100-130-0000-5220	Charges
21.52	100-130-0000-5220	Charges
19.44	100-600-0000-5301	Charges
107.66	100-130-0000-5220	Charges
25.00	100-600-0000-5330	Charges
375.96	100-600-0000-5330	Charges
1,015.83	100-150-0000-5220	Charges
43.22	100-130-0000-5406	Charges



# Twentynine Palms Water District

Check Date Range: 11/1/2019 thru 11/30/2019

				26.14	100-130-0000-5406	Charges
				26.17	100-130-0000-5406	Charges
				58.67	100-130-0000-5222	Charges
				213.29	100-130-0000-5222	Charges
				116.36	100-130-0000-5222	Charges
				100.00	100-130-0000-5222	Charges
				36.37	100-600-0000-5301	Charges
				86.19	100-130-0000-5220	Charges
				120.00	100-600-0000-5301	Charges
13853	11/27/2019	Jeff Arwick	12,025.00	325.00	100-110-0000-5406	Quarterly Electrical Tests
				11,700.00	100-850-0000-6001	Remove existing 400A fused service disconnect. Remove existing
13854	11/27/2019	Richard Capelli 29 Palms Fencing	325.00	325.00	100-130-0000-5406	Repair Hole in Fence, Plant 11
13855	11/27/2019	Accela, Inc. #774375	4,260.00	4,260.00	100-600-0000-5408	CivicPay Online 12/26/2019 - 12/25/2020
13856	11/27/2019	Accela, Inc. #774375	17,586.00	17,586.00	100-600-0000-5408	Support 12/26/2019 - 12/25/2020
13857	11/27/2019	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
13858	11/27/2019	Customer Refund	65.85	65.85	100-000-0000-2000	Refund Check
13859	11/27/2019	Customer Refund	23.20	23.20	100-000-0000-2000	Refund Check
13860	11/27/2019	Byrd Industrial Electron	1,220.24	1,220.24	100-110-0000-5225	Connected Well #14 Com/Flowmeter, Well #15 120VAC Power Fail Rel
13861	11/27/2019	Centurylink Business Services	28.07	28.07	100-600-0000-5203	Hatch
13862	11/27/2019	County Of San Bernardino	254.14	115.08	100-150-0000-5406	Treatment Plant Waste
				139.06	100-150-0000-5406	Treatment Plant Waste
13863	11/27/2019	Customer Refund	44.47	44.47	100-000-0000-2000	Refund Check
13864	11/27/2019	Customer Refund	3.17	3.17	100-000-0000-2000	Refund Check
13865	11/27/2019	Desert Hardware	275.81	3.71	100-130-0000-5220	level line 3" ace
				18.31	100-130-0000-5220	engineers fold rule 6 ft
				100.20	100-150-0000-5220	Visqueen, Film Poly Treatment Plant
				94.54	100-130-0000-5220	Misc Part Well #11-B Sheld
				31.01	100-150-0000-5220	Misc Part Treatment Plant
				28.04	100-130-0000-5220	Pipe Insulation
13866	11/27/2019	Frontier Communications	149.55	149.55	100-600-0000-5203	Hatch
13867	11/27/2019	Customer Refund	10.75	10.75	100-000-0000-2000	Refund Check
13868	11/27/2019	Customer Refund	18.78	18.78	100-000-0000-2000	Refund Check

# Twentynine Palms Water District

Check Date Range: 11/1/2019 thru 11/30/2019

13869	11/27/2019	Customer Refund	41.79	41.79	100-000-0000-2000	Refund Check
13870	11/27/2019	Inland Water Works	2,524.89	213.64	100-000-0000-1499	10" X 12" CLAMP 1185-1225
				96.34	100-000-0000-1499	2" BRONZE METER BOLT N NUT SET
				(823.15)	100-000-0000-1499	2" MIP X CTS CORP STOP
				726.22	100-000-0000-1499	2" Mueller A-2362 Fig Rw Gate
				96.91	100-000-0000-1499	2" Domestic Companion Flange
				29.07	100-130-0000-5220	3/4" x 1" pvc 40 male adapter
				8.00	100-130-0000-5220	3/4" pvc 40 slip 90 ell
				16.76	100-130-0000-5220	1" pvc 40 slip 90 ell
				13.35	100-130-0000-5220	1" pvc 40 male adapter
				96.98	100-130-0000-5220	sloan 110 1.6 gpm flush valve repair kit
				106.13	100-000-0000-1499	2" di meter flange
				969.17	100-000-0000-1499	2" MUELLER GATE VLV FLG X FIP
				538.00	100-000-0000-1499	2" MIP X CTS CORP STOP
				437.47	100-000-0000-1499	10" X 2" MUELLER SADDLE
13871	11/27/2019	Kennedy/Jenks Consultants	10,728.39	10,728.39	100-800-0000-6001	Professional Services
13872	11/27/2019	Customer Refund	23.05	23.05	100-000-0000-2000	Refund Check
13873	11/27/2019	Konica Minolta Premier	318.03	318.03	100-600-0000-5223	11/01/2019 - 11/30/2019
13874	11/27/2019	Coralyn Lawrence	170.00	170.00	100-600-0000-5406	Bee Removal
13875	11/27/2019	Customer Refund	16.87	16.87	100-000-0000-2000	Refund Check
13876	11/27/2019	Customer Refund	21.39	21.39	100-000-0000-2000	Refund Check
13877	11/27/2019	Mccall's Meter Sales & Service	1,037.49	1,037.49	100-120-0000-5406	Rebuild Well#16 Flowmeter
13878	11/27/2019	Mcmaster-Carr Supply Co.	719.66	544.31	100-150-0000-5220	Desiccant, Filter Element, Replacement Filter
				175.35	100-150-0000-5220	Duct tape, Dust Masks, Nitrile Gloves
13879	11/27/2019	Customer Refund	65.85	65.85	100-000-0000-2000	Refund Check
13880	11/27/2019	Customer Refund	43.37	43.37	100-000-0000-2000	Refund Check
13881	11/27/2019	Customer Refund	401.10	401.10	100-000-0000-2000	AR Refund
13882	11/27/2019	Customer Refund	40.85	40.85	100-000-0000-2000	Refund Check
13883	11/27/2019	Customer Refund	13.27	13.27	100-000-0000-2000	Refund Check
13884	11/27/2019	Customer Refund	14.21	14.21	100-000-0000-2000	Refund Check
13885	11/27/2019	Customer Refund	25.15	25.15	100-000-0000-2000	Refund Check
13886	11/27/2019	Prudential Overall Supply	645.60	92.64	100-130-0000-5253	Uniforms

# Twentynine Palms Water District

Check Date Range: 11/1/2019 thru 11/30/2019

				144.34	100-130-0000-5253	Uniforms
				92.64	100-130-0000-5253	Uniforms
				315.98	100-130-0000-5253	Uniforms
13887	11/27/2019	Customer Refund	3.10	3.10	100-000-0000-2000	Refund Check
13888	11/27/2019	Nicolas Robilio	100.00	100.00	100-130-0000-5242	D1 Cert
13889	11/27/2019	S.C.E.	7,113.66	3,244.53	100-120-0000-5201	Booster TP-1
				980.47	100-120-0000-5201	Booster Sullivan
				424.79	100-110-0000-5201	Well 11
				40.13	100-120-0000-5201	D.H. Resv & Hydro
				813.57	100-120-0000-5201	Booster Two Mile
				1,392.91	100-120-0000-5201	Booster Lupine
				217.26	100-110-0000-5201	Well 15
13890	11/27/2019	San Bernardino County	4.00	4.00	100-130-0000-5301	Assessor parcel map revisions Nov. 2019
13891	11/27/2019	Customer Refund	2.84	2.84	100-000-0000-2000	Refund Check
13892	11/27/2019	Shopleit.Com	330.35	330.35	100-600-0000-5301	Office Supplies
13893	11/27/2019	Zachary Siedschlag	200.00	200.00	100-130-0000-5242	D2 Cert
13894	11/27/2019	Susan L. Simmons	1,425.00	1,425.00	100-600-0000-5406	Janitorial Services Nov. 2019
13895	11/27/2019	Customer Refund	41.67	41.67	100-000-0000-2000	Refund Check
13896	11/27/2019	Southern Calif. Gas Co.	46.67	46.67	100-600-0000-5202	Hatch
13897	11/27/2019	Spectrum Business	149.99	149.99	100-150-0000-5203	Joe Davis
13898	11/27/2019	Sulzer	2,974.67	953.93	100-120-0000-5220	[6] AR440A Relay W/4 No contacts 2Mile
				2,020.74	100-120-0000-5406	Booster Pumps Refer to On 2400 Booster repair, SYMCOM 777-P2 Voltage-Amp-Phase- Relay .Mot
13899	11/27/2019	TPX Communications	785.17	785.17	100-600-0000-5203	Hatch
13900	11/27/2019	Trophy Express	17.19	17.19	100-610-0000-5301	name plate
13901	11/27/2019	Union Bank	1,305.32	660.67	100-130-0000-5220	Charges
				349.00	100-600-0000-5412	Charges
				4.34	100-600-0000-5301	Charges
				314.05	100-110-0000-5220	Charges
				162.04	100-130-0000-5220	Charges
				77.31	100-600-0000-5301	Charges
				64.57	100-600-0000-5203	Charges
				30.68	100-130-0000-5220	Charges

# Twentynine Palms Water District

Check Date Range: 11/1/2019 thru 11/30/2019

				7.67	100-600-0000-5330	Charges
				11.63	100-600-0000-5330	Charges
				7.28	100-600-0000-5330	Charges
				228.38	100-130-0000-5226	Charges
				7.38	100-600-0000-5330	Charges
				18.78	100-600-0000-5330	Charges
				12.76	100-600-0000-5330	Charges
				52.59	100-600-0000-5330	Charges
				(389.76)	100-600-0000-5330	Charges
				(314.05)	100-110-0000-5220	Charges
13902	11/27/2019	Usa Blue Book	1,311.63	1,311.63	100-150-0000-5220	PD1R1 PH Sensor Treatment Plant
13903	11/27/2019	Verizon Wireless	484.13	484.13	100-600-0000-5203	Wireless
13904	11/27/2019	Customer Refund	71.86	71.86	100-000-0000-2000	Refund Check
13905	11/27/2019	Wienhoff Drug Testing Inc.	900.00	900.00	100-600-0000-5303	Annual Consortium Membership
13906	11/27/2019	Customer Refund	39.36	39.36	100-000-0000-2000	Refund Check
			<b>Total</b>	<b>\$194,357.68</b>		

7

# 7.1

**TWENTYNINE PALMS WATER DISTRICT**  
**72401 Hatch Road/P. O. Box 1735**  
**Twentynine Palms, CA 92277-1000**  
**PHONE (760) 367-7546 FAX (760) 367-6612**

**TO:** Board of Directors

**FROM:** Matt Shragge, Maintenance Superintendent

**DATE:** December 9, 2019

**SUBJECT:** Management Report

---

**A. The Operations and Maintenance Department performed the following tasks during the month of November 2019:**

1. Responded to 45 Underground Service Alerts
2. Responded to and repaired
  - a. 2 water main leaks
  - b. 1 water meter leak
  - c. 0 service line leaks
  - d. 4 fire hydrant repair/maintenance
3. Installed 4 new services
4. Replaced 5 customer gate valves
5. Performed 7 leak audits
6. Painted 0 fire hydrants
7. Performed 1 customer pressure check
8. Replaced 7 water meters
9. Tested and exercised emergency generators
10. Sounded wells for November
11. 0 water waste inquiries were reported
12. Replaced 758 AMI/AMR meters

**B. The following customer service tasks were performed:**

1. 124 work orders were generated from reading meters
2. 32 work orders were generated from billing variance list
3. 220 work orders were generated for turn on or turn off
4. 624 termination notices were distributed
5. 76 non-pay turn offs were performed
6. 105 extensions were granted
7. 20 extensions were shut off for non-payment
8. 3 payment schedules have been granted
9. 0 payment schedules failed, total outstanding \$0
10. 20 customer requests and 1 inquiry was logged and investigated

**C. Valve and Hydrant Maintenance Update**

	Valves Exercised (Began 07/19)	Dead Ends Flushed (Began 7/19)
Current Month	78	28
Year to Date	*393	87

\*Triennial cycle

**Twentynine Palms Water District**  
**Maintenance Report**  
**FY 2019/2020**

	USA	Leak Audits	Fire Hydrant Painting	Shut Offs	Total Work Orders Completed	Valves Exercised	AMR/AMI Meter Exchange	New Service	Active Account	Prior Year	% Increase (Decrease)	Main
July	58	1	43	78	713	83	548	1				0
August	37	6	29	49	626	77	1,015	0	7,875	7,776	1.27%	0
Sept.	31	6	23	82	455	74	843	0				0
October	46	4	0	54	423	81	1,013	1	N/A	N/A		0
Nov.	45	7	0	96	376	78	758	4				2
Dec.										7,660		
Jan.												
Feb.									N/A	N/A		
March												
April										7,739		
May												
June												
Totals	217	24	95	359	2593	393	4177	6				2

**Total Connections in District = 8,127**



## 7.2

**TWENTYNINE PALMS WATER DISTRICT**  
**72401 Hatch Road/P. O. Box 1735**  
**Twentynine Palms, CA 92277-1000**  
**PHONE (760) 367-7546 FAX (760) 367-6612**

**TO: Board of Directors**

**FROM: Mike Minatrea, Treatment/Production Superintendent**

**DATE: December 9, 2019**

**SUBJECT: Management Report**

---

**1. ENGINEERING**

A. No items to report.

**2. WATER QUALITY**

A. Chlorine Levels: Average levels maintained in the storage and distribution system ranged from a low of 0.04 mg/L to a high of 0.36 mg/L. Chlorination point (the point where chlorine is introduced into the distribution system) averages ranged from 0.17 mg/L to 0.66 mg/L.

B. Bacteria Samples: A total of 38 routine bacteria samples were collected at test points for the storage and distribution system during this past month. In addition 7 special bacteria samples were collected. All routine and special samples indicated ABSENT for Colilert.

C. Fluoride Samples: A total of 15 fluoride samples were collected at established test points for the storage and distribution system, and 6 fluoride samples were taken from potable water production wells. Fluoride levels in the distribution system ranged from a low of 1.0 mg/L to a high of 1.6 mg/L. Fluoride measurements collected at the wells ranged from a low of 0.29 to a high of 1.7 mg/L.

\*Current fluoride variance of 3.0 mg/L expires in 2023.

D. General Physical: A total of 10 general physical samples were collected from established locations as a part of routine testing requirements. Levels reported for color are <3.0, 1 for threshold odor and <0.1-1.5 for turbidity.

**TWENTYNINE PALMS WATER DISTRICT**  
**Water Production Report**  
**FY 2019/2020**

Groundwater Source								
	Mesquite Springs Basin	Fortynine Palms Basin	Eastern Basin	Indian Cove Basin	Total Produced	Total Prior Yr	%Increase Decrease prior year	%Increase Decrease from 2013
July	133.027	84.554	27.996	14.200	259.777	274.305	-5.30%	-16.18%
August	131.666	90.607	29.445	16.347	268.065	280.666	-4.49%	-8.27%
Sept.	114.494	79.769	24.735	12.703	231.701	244.489	-5.23%	-5.34%
October	112.62	64.693	20.331	9.913	207.557	214.089	-3.05%	-3.86%
Nov.	99.787	45.311	17.177	7.932	170.207	175.348	-2.93%	-9.03%
Dec.					0.000			
Jan.					0.000			
Feb.					0.000			
March					0.000			
April					0.000			
May					0.000			
June					0.000			
<b>Totals</b>	<b>591.594</b>	<b>364.934</b>	<b>119.684</b>	<b>61.095</b>	<b>1137.307</b>	<b>1188.897</b>	<b>-4.34%</b>	

Production Totals Expressed in Acre Feet

**NOTE:** Year to Date Mesquite Springs Basin regeneration production of

**7.785**

acre feet =

**1.30%**

# 7.3

**TWENTYNINE PALMS WATER DEPARTMENT**

**FINANCIAL REPORT**

**For The Month Of**

**Oct 2019**

***PRELIMINARY -SUBJECT TO YEAR-END  
AND AUDIT ADJUSTMENTS***

**TWENTYNINE PALMS WATER DEPARTMENT  
STATEMENT OF INVESTMENTS AND RESERVES  
For the Period Ending October 31, 2019  
(Unaudited)**

<u>Operating Funds &amp; Internal Reserves:</u>	<u>Prior Balance</u>	<u>Deposits</u>	<u>Disbursements</u>	<u>Current Balance</u>	<u>Market</u>
Operating Funds - LAIF	\$ 5,692,002	\$ 35,025	\$ (605,680)	\$ 5,121,348	\$ 5,129,761
Election Fund Reserve - LAIF	20,925	129	-	21,054	21,088
Capital Reserve - LAIF	880,901	5,426	-	886,327	887,783
Capital Funds for Primary Infrastructure - LAIF	87,420	5,771	-	93,191	93,344
Capital Funds for Secondary Infrastructure - LAIF	63,714	875	-	64,590	64,696
<b>Total Investments</b>	<b>\$ 6,744,963</b>	<b>\$ 47,226</b>	<b>\$ (605,680)</b>	<b>\$ 6,186,508</b>	<b>\$ 6,196,672</b>

**CERTIFICATION**

I certify that (1) all investment actions executed since the last report have been made in full compliance with the District's Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively.

**Cindy Byerrum, CPA**  
**Contract CPA**

**\*\* Market values are adjusted on this report on a quarterly basis and recorded in the District's financials statements at the end of the fiscal year**

**Twentynine Palms Water Department  
Statement of Revenues and Expenses  
For the Period Ending October 31, 2019  
(Unaudited)**

	Oct 2019	Sept 2019	YTD	Budget	YTD 33%	Prior YTD
1 Operating Revenues	\$ 424,155	\$ 421,377	\$ 1,692,872	\$ 4,511,800	38%	\$ 1,639,471
2 Non-Operating Revenues	96,675	63,548	263,213	780,300	34%	255,316
<b>Total Revenue Available to</b>						
3 <b>Fund Operations &amp; Capital/R&amp;R</b>	<b>520,830</b>	<b>484,926</b>	<b>1,956,085</b>	<b>5,292,100</b>	<b>37%</b>	<b>1,894,786</b>
4 Operating Expenses	301,519	345,456	1,490,173	4,406,800	34%	1,288,421
5 Non-Operating Expenses	30,386	30,386	108,881	346,700	31%	99,636
6 Total Debt Service	-	125,917	125,917	249,200	51%	-
7 Total Expenses	331,905	501,759	1,724,971	5,002,700	34%	1,388,057
<b>Net Revenues Available to Fund</b>						
8 <b>Capital Related Expenditures</b>	<b>188,925</b>	<b>(16,833)</b>	<b>231,114</b>	<b>289,400</b>	<b>80%</b>	<b>506,729</b>
9 Debt Proceeds	-	-	-	2,000,000	0%	-
10 District Projects	(10,728)	(1,573)	(24,987)	(205,000)	12%	(7,500)
11 CIP Projects	(653,318)	(24,285)	(769,416)	(3,000,000)	26%	(52,147)
12 Repairs & Replacement	-	-	(801)	(795,000)	0%	(109,179)
13 Capital Outlay	(9,102)	(30,782)	(101,063)	(295,000)	34%	(153,878)
14 Election Expense	-	-	-	(20,000)	0%	-
<b>Sub-Total</b>	<b>(673,149)</b>	<b>(56,640)</b>	<b>(896,267)</b>	<b>(2,315,000)</b>		<b>(322,705)</b>
15 Transfers in from SRF for Election	10,491	6,000	32,983	95,100	35%	33,258
16 <b>Increase (Decrease) in Fund Balance</b>	<b>\$ (473,733)</b>	<b>\$ (67,473)</b>	<b>\$ (632,170)</b>	<b>\$ (1,930,500)</b>	<b>33%</b>	<b>\$ 217,282</b>

*No assurance is provided on these financial statements.*

*The financial statements do not include a statement of cash flows.*

*Substantially all disclosures required by accounting principles generally accepted in the United States are not included.*

**Twentynine Palms Water Department**  
**Detail Statement of Revenues and Expenses**  
**For the Period Ending October 31, 2019**  
**(Unaudited)**

	Oct 2019	Sept 2019	YTD	Budget	YTD 33%	Prior YTD
<b>1 Operating Revenues</b>						
2 Water Sales	\$ 301,723	\$ 301,599	\$ 1,210,456	\$ 3,055,500	40%	\$ 1,174,886
3 RTS	107,883	109,891	435,560	1,342,300	32%	409,086
4 Other Operating Revenue	14,549	9,887	46,856	114,000	41%	55,498
5 <b>Total Operating Revenues</b>	<b>424,155</b>	<b>421,377</b>	<b>1,692,872</b>	<b>4,511,800</b>	<b>38%</b>	<b>1,639,471</b>
<b>6 Non-Operating Revenues</b>						
7 Capital Impact Fees	5,680	-	6,400	-	0%	12,620
8 Water Availability Assessment	49,258	49,258	197,033	591,100	33%	197,033
9 Interest Revenue	41,546	-	42,970	124,300	35%	34,466
10 Other Penalties	-	-	-	34,900	0%	3,082
11 Reimbursed Expenses	46	7,985	9,909	5,000	198%	7,050
12 Other Non-Operating Revenue	145	6,305	6,900	25,000	28%	1,065
13 <b>Total Non-Operating Revenues</b>	<b>96,675</b>	<b>63,548</b>	<b>263,213</b>	<b>780,300</b>	<b>34%</b>	<b>255,316</b>
14 <b>Total Revenues</b>	<b>520,830</b>	<b>484,926</b>	<b>1,956,085</b>	<b>5,292,100</b>	<b>37%</b>	<b>1,894,786</b>
<b>15 Operating Expenditures</b>						
<b>16 Source of Supply</b>						
17 Labor & Benefits	667	616	2,642	19,400	14%	6,608
18 Direct Expenses	11,880	32,444	106,370	362,200	29%	88,225
19 <b>Total Source of Supply</b>	<b>12,547</b>	<b>33,060</b>	<b>109,012</b>	<b>381,600</b>	<b>29%</b>	<b>94,833</b>
<b>20 Pumping</b>						
21 Labor & Benefits	804	145	1,374	5,800	24%	789
22 Direct Expenses	11,216	9,503	42,948	125,000	34%	47,358
23 <b>Total Pumping</b>	<b>12,020</b>	<b>9,648</b>	<b>44,321</b>	<b>130,800</b>	<b>34%</b>	<b>48,147</b>
<b>24 Transmission &amp; Distribution</b>						
25 Labor & Benefits	81,539	70,927	348,440	993,900	35%	297,882
26 Direct Expenses	33,380	29,381	132,594	353,500	38%	113,792
27 <b>Total Transmission &amp; Distribution</b>	<b>114,918</b>	<b>100,307</b>	<b>481,033</b>	<b>1,347,400</b>	<b>36%</b>	<b>411,673</b>
<b>28 Treatment Wells</b>						
29 Labor & Benefits	4,490	6,475	23,414	67,200	35%	19,560
30 Direct Expenses	4,220	1,805	8,477	41,400	20%	10,798
31 <b>Total Treatment Wells</b>	<b>8,710</b>	<b>8,279</b>	<b>31,891</b>	<b>108,600</b>	<b>29%</b>	<b>30,357</b>
<b>32 Treatment Facility</b>						
33 Labor & Benefits	17,073	19,834	84,577	261,400	32%	87,920
34 Direct Expenses	29,803	63,481	278,269	514,700	54%	130,822
35 <b>Total Treatment Facility</b>	<b>46,876</b>	<b>83,315</b>	<b>362,846</b>	<b>776,100</b>	<b>47%</b>	<b>218,741</b>
<b>36 Customer Accounts</b>						
37 Labor & Benefits	19,530	20,675	90,535	256,500	35%	85,027
38 AMI Temporary Labor	5,418	5,388	15,543	55,000	28%	-
39 Direct Expenses	12,151	728	13,866	58,300	24%	11,733
40 <b>Total Customer Accounts</b>	<b>37,099</b>	<b>26,791</b>	<b>119,944</b>	<b>369,800</b>	<b>32%</b>	<b>96,760</b>



**Twentynine Palms Water Department**  
**Detail Statement of Revenues and Expenses**  
**For the Period Ending October 31, 2019**  
**(Unaudited)**

	Oct 2019	Sept 2019	YTD	Budget	YTD 33%	Prior YTD
<b>41 General Administration</b>						
42 Outside Services	14,993	21,251	81,378	412,400	20%	118,756
43 Direct Expenses	20,016	30,724	88,856	306,500	29%	88,956
<b>44 Total General Admin.</b>	<b>35,008</b>	<b>51,975</b>	<b>170,234</b>	<b>718,900</b>	<b>24%</b>	<b>207,711</b>
<b>45 Employee Salaries</b>						
46 Direct Labor	112,198	106,487	521,598	1,451,900	36%	464,765
47 Less Transfer to Operations	(89,275)	(86,800)	(408,541)	(1,142,900)	36%	(353,874)
<b>48 Total General &amp; Admin. Salaries</b>	<b>22,923</b>	<b>19,687</b>	<b>113,057</b>	<b>309,000</b>	<b>37%</b>	<b>110,891</b>
<b>49 District Benefits / G&amp;A Benefits</b>						
50 District Benefits - (H/D/V)	31,523	24,844	115,092	380,600	30%	109,558
51 District Benefits - Taxes	7,862	8,138	39,151	117,500	33%	34,846
52 District Benefits - Workers Comp	4,995	7,883	19,980	52,700	38%	16,636
53 District Benefits - CalPERS	12,226	11,448	50,961	164,500	31%	51,603
<b>54 Subtotal District Benefits</b>	<b>56,606</b>	<b>52,314</b>	<b>225,184</b>	<b>715,300</b>	<b>31%</b>	<b>212,643</b>
55 Less: Transfer to Operations	(56,606)	(52,314)	(225,184)	(715,200)	31%	(212,643)
<b>56 Total G&amp;A Benefits Allocated</b>	<b>12,152</b>	<b>10,187</b>	<b>49,370</b>	<b>152,100</b>	<b>32%</b>	<b>50,343</b>
<b>57 Payouts &amp; Retiree Medical</b>						
58 Vacation / Sick Payouts	-	-	2,337	58,000	4%	2,610
59 Retiree Medical	(1,720)	1,720	3,271	22,500	15%	9,211
<b>60 Total Payouts &amp; Retiree Medical</b>	<b>(1,720)</b>	<b>1,720</b>	<b>5,608</b>	<b>80,500</b>	<b>7%</b>	<b>11,822</b>
<b>61 Board of Directors</b>						
62 Directors' Fees	825	400	2,600	17,000	15%	2,475
63 Direct Expenses	161	85	257	15,000	2%	4,668
<b>64 Total Board of Directors</b>	<b>986</b>	<b>485</b>	<b>2,857</b>	<b>32,000</b>	<b>9%</b>	<b>7,143</b>
<b>65 Total Operating Expenditures</b>	<b>301,519</b>	<b>345,456</b>	<b>1,490,173</b>	<b>4,406,800</b>	<b>34%</b>	<b>1,288,421</b>
<b>66 Non-Operating Expenditures</b>						
<b>67 Debt Service</b>						
68 Principal	-	94,400	94,400	189,700	50%	-
69 Interest / Issuance Costs	-	31,517	31,517	59,500	53%	-
<b>70 Total Debt Service</b>	<b>-</b>	<b>125,917</b>	<b>125,917</b>	<b>249,200</b>	<b>51%</b>	<b>-</b>
<b>71 PERS Unfunded</b>						
72 Unfunded PERS Annual Payment	13,720	13,720	42,214	146,700	29%	39,636
73 Unfunded Pension & OPEB Trust Payments	16,667	16,667	66,667	200,000	33%	60,000
<b>74 Total PERS Unfunded</b>	<b>30,386</b>	<b>30,386</b>	<b>108,881</b>	<b>346,700</b>	<b>31%</b>	<b>99,636</b>
<b>75 Total Non-Operating Expenditures</b>	<b>30,386</b>	<b>156,303</b>	<b>234,797</b>	<b>595,900</b>	<b>39%</b>	<b>99,636</b>
<b>76 Total Expenditures</b>	<b>331,905</b>	<b>501,759</b>	<b>1,724,971</b>	<b>5,002,700</b>	<b>34%</b>	<b>1,388,057</b>
<b>Net Revenues Available to Fund Capital</b>						
<b>77 Related Expenditures</b>	<b>\$ 188,925</b>	<b>\$ (16,833)</b>	<b>\$ 231,114</b>	<b>289,400</b>	<b>80%</b>	<b>\$ 506,729</b>

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

**Twentynine Palms Water Department  
Special Revenue Fund  
For the Period Ending October 31, 2019  
(Unaudited)**

	<u>Oct 2019</u>	<u>Sept 2019</u>	<u>YTD</u>	<u>Budget</u>	<u>YTD 33%</u>	<u>Prior YTD</u>
1 Tower Revenues	\$ 13,824.69	\$ 9,333.65	\$ 46,316.68	\$ 131,100.00	35%	\$ 46,590.98
2 Less Transfers Out to Fire	-	-	-	-	N/A	-
3 Less Transfers Out To Water	(10,491.36)	(6,000.32)	(32,983.36)	(91,100.00)	36%	(33,257.66)
4 Transfer to PARS Trust	(3,333.33)	(3,333.33)	(13,333.32)	(40,000.00)	33%	(13,333.32)
<b>Ending Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

**Twentynine Palms Water Department**  
**Carryover CIP/Current CIP and R&M/Capital Outlay**  
**For the Period Ending October 31, 2019**  
**(Unaudited)**

	<b>Budget</b>	<b>Current Year</b>	<b>Remaining</b>
<b>Carryover Capital Approved in Previous Years</b>	<b>FY 19/20</b>	<b>Expenditures</b>	<b>Budget / (Over Budget)</b>
<b>District Projects</b>			
1 GW Mgmt. Plan & Urban Water Mgmt. Plan	\$ 45,000	\$ -	45,000
2 Treatment Feasibility & Exploration Costs	35,000	-	35,000
3 Standard Drawings Update	25,000	-	25,000
4 Asset Management Plan	50,000	24,987	25,013
5 Salt Nutrient Monitoring Wells\Sampling	50,000	-	50,000
6 <b>Total Carryover Capital Approved in Previous Years</b>	<b>205,000</b>	<b>24,987</b>	<b>180,013</b>
<b>Capital Improvement Plan</b>			
8 Chromium VI and Flouride for Well 11B	650,000	-	650,000
9 Fluoride Variance (Expiring) - TP-2, W12, W16	1,350,000	667,138	682,862
10 Well 11-B	-	16,955	(16,955)
11 AMI / AMR Meters	1,000,000	85,323	914,677
12 <b>Total Capital Improvement Plan</b>	<b>3,000,000</b>	<b>769,416</b>	<b>2,230,584</b>
<b>Repairs, Rehabilitation, &amp; Maintenance</b>			
14 Plant 6 Electrical and Well Upgrade	25,000	-	25,000
15 Emergency Repairs, Unspecified	50,000	801	49,199
16 Repiping/Distribution System Upgrades	50,000	-	50,000
17 Reservoir Recoating / Cathodic Protection	30,000	-	30,000
18 Meter Replacement Program	20,000	-	20,000
19 Well Rehabilitation	10,000	-	10,000
20 Fluoride Plant Instrumentation\Coating	10,000	-	10,000
21 Treated Water Reservoir Coating	500,000	-	500,000
22 Campbell Reservoir Road Paving	100,000	-	100,000
23 <b>Total Repairs &amp; Maintenance</b>	<b>795,000</b>	<b>801</b>	<b>794,199</b>
<b>Capital Outlay</b>			
25 Vehicle/Equipment Replacements	125,000	91,483	33,517
26 Computer/Technology Replacements	30,000	-	30,000
27 GIS	30,000	9,580	20,420
28 Administrative Building\Office Remodel	25,000	-	25,000
29 Energy Efficiency Projects	50,000	-	50,000
30 One-Time Existing Conditions Sampling Event	35,000	-	35,000
31 <b>Total Capital Outlay</b>	<b>295,000</b>	<b>101,063</b>	<b>193,937</b>

**7.4**

**NO  
MATERIAL  
PROVIDED**