

**A REGULAR MEETING OF THE BOARD OF DIRECTORS  
OF THE TWENTYNINE PALMS WATER DISTRICT**

**To be held via teleconference 1 (877) 568-4106 | Assess Code: 240 404 645#**

In an effort to protect public health and prevent the spread of COVID-19 (Coronavirus), and in accordance with the Governor's Executive Order N-29-20, the public may listen to this Board of Directors meeting via teleconference and make public comments, as there will be no public location for attending in person.

**December 16, 2020 / 4:00 P.M.**

**AGENDA**

Next Resolution #20-07  
Next Ordinance #100

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. Election of Officers
2. Review of Audit Report for Fiscal Year 2019/2020 by Eadie and Payne
3. Review and Consideration of Resolution 20-06 Opt-Out Policy for the District's Advanced Meter (AMI)
4. Consideration of Ordinance 99 Adopting of New or Increased Fees or Charges by Resolution or Ordinance and Taking Certain other Actions Relating Thereto
5. Consideration to Approve Funding to the City of Twentynine Palms for the Construction of Monitoring Wells and to Draft an Agreement to Assist the City with Sampling
6. Review Bid for Well TP-2
7. 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 18, 2020
- Audit List

8. Items Removed from the Consent Calendar for Discussion or Separate Action
9. Management Reports
  - 9.1 Maintenance
  - 9.2 Water Quality
  - 9.3 Finance
  - 9.4 General Manager
10. Future Agenda Items and Staff Tasks/Directors' Comments and Reports
11. 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 11, 2020.**



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.

**1**

**NO  
MATERIAL  
PROVIDED**

**2**

**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 10, 2020
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	PRESENTATION AND CONSIDERATION TO RECEIVE AND FILE THE TWENTYNINE PALMS WATER DISTRICT'S FISCAL YEAR 2019/2020 AUDITED FINANCIAL STATEMENTS

**BACKGROUND AND DISCUSSION**

The Fiscal Year (FY) 2019/2020 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 (GAAP).
- 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 (Fire) and enterprise (Water) activities and each major fund for FY 2019/2020
- 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, District staff and the Contract CPA firm 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 2019/2020 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**

Staff recommends the Board receive and file Twentynine Palms Water District's FY 2019/2020 audited financial statements at this Board meeting.

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

To the Board of Directors and Management  
Twenty-nine Palms Water District  
Twenty-nine Palms, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Twenty-nine Palms Water District (the District) and aggregate remaining fund information of as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2020.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Riverside, California  
December 3, 2020



December 3, 2020

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

We have audited the financial statements of Twentynine Palms Water District (District) as of and for the year ended June 30, 2020 and have issued our report thereon dated December 3, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Governmental Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 24, 2020. Professional standards also require that we communicate to you the following information related to our audit.

**Qualitative Aspects of the Entity's Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

The net pension and OPEB liabilities and the related deferred inflows and outflows of resources are based on amounts determined by an actuarial valuation. Actuarial computations are based on a number of assumptions, such as the rate of return on investments, rate of inflation, and life expectancy. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Allowance for doubtful accounts are calculated based on varying percentages of receivables outstanding. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The most sensitive disclosures affecting the financial statements are OPEB liabilities disclosures in Note 7 and the net pension disclosures in Note 8.

### **Significant Difficulties Encountered in Performing the Audit**

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

### **Corrected and Uncorrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### **Disagreements with Management**

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

### **Representations Requested from Management**

We have requested certain representations from management that are included in the management representation letter dated December 3, 2020.

### **Management's Consultations with Other Accountants**

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

### **Other Significant Matters, Findings, or Issues**

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

To the Board of Directors  
Twentynine Palms Water District

December 3, 2020  
Page 4

**Restriction on Use**

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties

Very truly yours,

DRAFT NOT FOR  
DISTRIBUTION 12-3-20



# **Twentynine Palms Water District**

Twentynine Palms, California

## **Annual Financial Report**

*For the Fiscal Year Ended  
June 30, 2020 and 2019*

TWENTYNINE PALMS WATER DISTRICT  
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June 30, 2020 and 2019

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DRAFT NOT FOR DISTRIBUTION 12-29-20

**FINANCIAL SECTION**

DRAFT NOT FOR  
DISTRIBUTION 12-9-20

## **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of Twentynine Palms Water District (District) and the aggregate remaining fund information, as of and for the years ended June 30, 2020 and 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**

The District's 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 audits. We conducted our audits 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. 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 and the aggregate remaining fund information, as of June 30, 2020 and 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 50 through 52, 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 December 3, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Riverside, California  
December 3, 2020

DRAFT NOT FOR DISTRIBUTION 12-9-20

Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2020 and 2019

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Twentynine Palms Water District (District) introduces the financial statements of the District for the fiscal years ended June 30, 2020 and 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 2.76%, or \$750,202, from \$27,202,480 to \$26,452,278 as of June 30, 2020. The net position decreased 1.25%, or \$345,123, from \$27,547,603 to \$27,202,480 as of June 30, 2019
- Total revenues from all sources for the District for the year ended June 30, 2020, increased by 4.63%, or \$239,369, from \$5,165,647 for the year ended June 30, 2019 to \$5,405,016. Total revenues from all sources for the District for the year end June 30, 2019, increased by 2.88%, or \$144,567, from \$5,021,080 for the year ended June 30, 2018 to \$5,165,647.
- Total expenses for the District's operations for the year ended June 30, 2020 increased by 11.69% or \$644,448 from \$5,510,770 for the year ended June 30, 2019 to \$6,155,218. Total expenses for the District's operations for the year ended June 30, 2019 increased by 4.52% or \$238,562 from \$5,272,208 for the year ended June 30, 2018 to \$5,510,770.

**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 of the 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 Years Ended June 30, 2020 and 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 Years Ended June 30, 2020 and 2019

**Statement of Net Position Proprietary Funds**

	<b>Condensed Statement of Net Position</b>		
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Assets:</b>			
Current assets	\$ 8,181,416	\$ 9,136,148	\$ 8,023,965
Capital assets, net	23,250,113	22,971,509	22,671,036
<b>Total assets</b>	<u>31,431,529</u>	<u>32,107,657</u>	<u>30,695,001</u>
<b>Deferred Outflows of Resources</b>	766,094	930,342	954,678
<b>Liabilities</b>			
Current liabilities	841,083	857,764	728,939
Long-term obligations	4,523,533	4,601,861	2,931,363
<b>Total liabilities</b>	<u>5,364,616</u>	<u>5,459,625</u>	<u>3,660,302</u>
<b>Deferred Inflows of Resources</b>	380,729	375,894	441,774
<b>Net Position</b>			
Net investment in capital assets	21,438,020	20,971,509	22,671,036
Unrestricted Net Position	5,014,258	6,230,971	4,876,567
<b>Total net position</b>	<u>\$ 26,452,278</u>	<u>\$ 27,202,480</u>	<u>\$ 27,547,603</u>

As of June 30, 2020, the District reported a net position of \$26,452,278. An amount of \$5,014,258 constitutes the District's unrestricted net position balance which is available for future operations at June 30, 2020. As of June 30, 2019, the District reported a net position of \$27,202,480. An amount of \$6,230,971 constitutes the District's unrestricted net position balance which is available for future operations at June 30, 2019.

Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2020 and 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, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Operating Revenue	\$ 5,168,917	\$ 4,904,575	\$ 4,762,405
Operating Expenses	(6,155,218)	(5,510,770)	(5,272,208)
Non-Operating Revenue, Net	236,099	261,072	258,675
<b>Total Change in Net Position</b>	<u>(750,202)</u>	<u>(345,123)</u>	<u>(251,128)</u>
<b>Net Position, Beginning of Year</b>	27,202,480	27,547,603	28,052,028
Less: Prior-period adjustment	-	-	(253,297)
<b>Net Position, End of Year</b>	<u>\$ 26,452,278</u>	<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 \$750,202 during the fiscal year ended June 30, 2020. The net position decreased by \$345,123 during the fiscal year ended June 30, 2019.

**Proprietary Funds Revenues**

	<u>Balance June 30, 2020</u>	<u>Balance June 30, 2019</u>	<u>Balance June 30, 2018</u>
<b>Revenues:</b>			
Water consumption sales	\$ 3,087,635	\$ 2,860,092	\$ 2,813,193
Water service charges	1,368,610	1,291,240	1,194,615
Water availability charge	605,404	608,934	620,558
Other service charges	107,268	144,309	134,039
Rental revenue	138,885	130,242	121,055
Investment earnings	144,202	152,753	72,263
Gain/(Loss) on sale of assets	6,021	(2,139)	10,401
Interest expense	(58,000)	(16,090)	-
Other non-operating revenue	44,991	36,306	94,956
Transfer out	(40,000)	(40,000)	(40,000)
<b>Total revenues</b>	<u>\$ 5,405,016</u>	<u>\$ 5,165,647</u>	<u>\$ 5,021,080</u>

Revenues increased \$239,302 for the fiscal year ended June 30, 2020. Notable increases include water consumption revenue of \$227,543 and water service charges of \$77,370. These notable increases are offset by decreases in other service charges of \$37,108 and interest expense of \$41,910 in combination with minor decreases/increases all other categories. Revenues increased \$144,567 for the fiscal year ended June 30, 2019. Notable increases include water consumption revenue of \$46,899 and water service charges of \$96,625. These notable increases are offset by decreases in other service charges of \$56,650 in combination with minor decreases/increases all other categories.

Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2020 and 2019

**Proprietary Funds Expenses**

	<u>Balance</u> <u>June 30, 2020</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Expenses:</b>			
Source of supply	\$ 347,946	\$ 338,773	\$ 305,440
Pumping	221,212	252,510	210,914
Transmission and distribution	1,355,204	1,323,486	1,065,225
Customer accounts	366,952	304,577	257,463
General plant	727,351	670,459	682,359
General and administrative	1,740,372	1,230,357	1,363,875
Depreciation expense	1,396,181	1,390,608	1,386,932
<b>Total expenses</b>	<u>\$ 6,155,218</u>	<u>\$ 5,510,770</u>	<u>\$ 5,272,208</u>

Expenses increased \$644,448 for the fiscal year ended June 30, 2020. Many types of expenses experienced increases with the largest increase found in general and administrative expenses. On the other hand, a notable decrease is seen in pumping expenses for the year. 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 for the year.

**Statement of Fiduciary Net Position**

**Condensed Statements of Fiduciary Net Position**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Assets:</b>			
Current assets	\$ 79,976	\$ 66,789	\$ 39,965
Restricted assets	1,630,409	1,491,541	1,331,803
<b>Total assets</b>	<u>1,710,385</u>	<u>1,558,330</u>	<u>1,371,768</u>
<b>Deferred Outflows of Resources</b>	183,841	269,236	402,869
<b>Liabilities</b>			
Current liabilities	4,863	8,565	20,683
Long-term obligations	400,701	321,995	320,883
<b>Total liabilities</b>	<u>405,564</u>	<u>330,560</u>	<u>341,566</u>
<b>Deferred Inflows of Resources</b>	<u>201,288</u>	<u>240,175</u>	<u>293,402</u>
<b>Net Position</b>			
Restricted	<u>\$ 1,287,374</u>	<u>\$ 1,256,831</u>	<u>\$ 1,139,669</u>

Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
For the Fiscal Years Ended June 30, 2020 and 2019

As of June 30, 2020, the District reported a total fiduciary net position of \$1,287,374 an increase of \$30,543 from June 30, 2019. As of June 30, 2019, the District reported a total fiduciary net position of \$1,256,831 and increase of \$117,162 from June 30, 2018 . This net position is restricted for future payments towards the District exiting its CalPERS Safety Pension Plan program

**Statement of Changes in Fiduciary Net Position**

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Additions	\$ 185,820	\$ 242,755	\$ 258,999
Deductions	(155,277)	(125,593)	(163,724)
<b>Total Change in Net Position</b>	<u>30,543</u>	<u>117,162</u>	<u>95,275</u>
<b>Net Position, Beginning of Year</b>	<u>1,256,831</u>	<u>1,139,669</u>	<u>1,044,394</u>
<b>Net Position, End of Year</b>	<u>\$ 1,287,374</u>	<u>\$ 1,256,831</u>	<u>\$ 1,139,669</u>

**Fiduciary Funds Additions**

	<u>Balance June 30, 2020</u>	<u>Balance June 30, 2019</u>	<u>Balance June 30, 2018</u>
<b>Additions</b>			
Property tax penalties	\$ 26,080	\$ 33,873	\$ 56,218
Other revenues	30,684	48,601	111,771
Intergovernmental	15,886	31,900	31,000
Investment earnings	73,170	88,381	20,010
Transfers in	40,000	40,000	40,000
<b>Total additions</b>	<u>\$ 185,820</u>	<u>\$ 242,755</u>	<u>\$ 258,999</u>

Additions decreased by \$56,935 for the fiscal year ended June 30, 2020 due to a combination of revenues decreasing. 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 was offset by increased investment earnings.

**Fiduciary Funds Deductions**

	<u>Balance June 30, 2020</u>	<u>Balance June 30, 2019</u>	<u>Balance June 30, 2018</u>
<b>Deductions:</b>			
General and administrative	\$ 125,214	\$ 89,186	\$ 71,039
Transfer to San Bernardino	30,063	36,407	92,685
<b>Total deductions</b>	<u>\$ 155,277</u>	<u>\$ 125,593</u>	<u>\$ 163,724</u>



Twentynine Palms Water District  
**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**  
 For the Fiscal Years Ended June 30, 2020 and 2019

Deductions increased \$29,684 for the fiscal year ended June 30, 2020 primarily due to increases in general and administrative expenses. Deductions decreased \$38,131 for the fiscal year ended June 30, 2019 primarily due less transfers out to San Bernardino.

**Capital Asset Administration**

Capital assets were as follows:

	<u>Balance June 30, 2020</u>	<u>Balance June 30, 2019</u>	<u>Balance June 30, 2018</u>
Non-depreciable capital assets	\$ 1,728,833	\$ 2,153,746	\$ 950,036
Depreciable capital assets	<u>49,950,560</u>	<u>47,870,023</u>	<u>47,597,900</u>
Total capital assets	51,679,393	50,023,769	48,547,936
Accumulated depreciation	<u>(28,429,280)</u>	<u>(27,052,260)</u>	<u>(25,876,900)</u>
Total capital assets, net	<u>\$ 23,250,113</u>	<u>\$ 22,971,509</u>	<u>\$ 22,671,036</u>

Net investment in capital assets includes structures and improvements, transmission and distribution system and water equipment and construction-in-process net of related liabilities. At June 30, 2020, the District's net investment in capital assets amounted to \$21,438,020. Major capital asset additions during the year include various improvements and equipment purchases totaling \$2,894,213. At June 30, 2019, the District's net investment in capital assets amounted to \$20,971,509. 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**

DRAFT NOT FOR  
DISTRIBUTION 12-9-20

Twentynine Palms Water District  
**STATEMENTS OF NET POSITION**  
 June 30, 2020 and 2019

	2020	2019
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current assets:</b>		
Cash and investments	\$ 6,974,121	\$ 8,015,376
Accrued interest receivable	22,819	44,033
Accounts receivable – water sales and services, net	919,387	807,376
Special assessments receivable	19,107	9,846
Materials and supplies inventory	176,153	168,523
Prepaid items	69,829	90,994
<b>Total current assets</b>	<b>8,181,416</b>	<b>9,136,148</b>
<b>Non-current assets:</b>		
Capital assets – not being depreciated	1,728,833	2,153,746
Capital assets – being depreciated, net	21,521,280	20,817,763
<b>Total non-current assets</b>	<b>23,250,113</b>	<b>22,971,509</b>
<b>Total assets</b>	<b>31,431,529</b>	<b>32,107,657</b>
<b>Deferred outflows of resources:</b>		
Other post-employment benefits obligation related	72,601	226,208
Pension related	693,493	704,134
<b>Total deferred outflows of resources</b>	<b>766,094</b>	<b>930,342</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 32,197,623</b>	<b>\$ 33,037,999</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 151,449	\$ 155,012
Accrued salaries and benefits	10,715	55,650
Unearned revenue and deposits	406,557	390,986
<b>Long-term liabilities – due within one year:</b>		
Current portion loan payable	189,889	187,907
Compensated absences	82,473	68,208
<b>Total current liabilities</b>	<b>841,083</b>	<b>857,763</b>
<b>Non-current liabilities:</b>		
<b>Long-term liabilities – due in more than one year:</b>		
Loan payable	1,622,204	1,812,093
Compensated absences	54,982	45,472
Net other post-employment benefits obligation	377,004	503,275
Net pension liability	2,469,343	2,241,022
<b>Total non-current liabilities</b>	<b>4,523,533</b>	<b>4,601,862</b>
<b>Total liabilities</b>	<b>5,364,616</b>	<b>5,459,625</b>
<b>Deferred inflows of resources:</b>		
Other post-employment benefits obligation related	153,688	158,418
Pension related	227,041	217,476
<b>Total deferred inflows of resources</b>	<b>380,729</b>	<b>375,894</b>
<b>Net position:</b>		
Net investment in capital assets	21,438,020	20,971,509
Unrestricted	5,014,258	6,230,971
<b>Total net position</b>	<b>26,452,278</b>	<b>27,202,480</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 32,197,623</b>	<b>\$ 33,037,999</b>

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

Twentynine Palms Water District

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

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Operating Revenue</b>		
Water consumption sales	\$ 3,087,635	\$ 2,860,092
Water service charges	1,368,610	1,291,240
Water availability charge	605,404	608,934
Other service charges	107,268	144,309
<b>Total operating revenue</b>	<u>5,168,917</u>	<u>4,904,575</u>
<b>Operating Expenses</b>		
Source of supply	347,946	338,773
Pumping	221,212	252,510
Transmission and distribution	1,355,204	1,323,486
Customer accounts	366,952	304,577
General Plant	727,351	670,459
General and administrative	1,740,372	1,230,357
<b>Total operating expenses</b>	<u>4,759,037</u>	<u>4,120,162</u>
<b>Operating income before depreciation</b>	409,880	784,413
Depreciation expense	<u>(1,396,181)</u>	<u>(1,390,608)</u>
<b>Operating Loss</b>	<u>(986,301)</u>	<u>(606,195)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Rental revenue	138,885	130,242
Investment earnings	144,202	152,753
Gain on sale of assets	6,021	(2,139)
Interest expense	(58,000)	(16,090)
Other non-operating revenue	44,991	36,306
Transfers to fiduciary fund	<u>(40,000)</u>	<u>(40,000)</u>
<b>Total non-operating revenues, net</b>	<u>236,099</u>	<u>261,072</u>
<b>Change in Net Position</b>	(750,202)	(345,123)
<b>Net Position, Beginning of Year</b>	<u>27,202,480</u>	<u>27,547,603</u>
<b>Net Position, End of Year</b>	<u>\$ 26,452,278</u>	<u>\$ 27,202,480</u>

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

Twentynine Palms Water District  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 5,247,092	\$ 5,071,591
Cash paid to employees for salaries and wages	(2,123,801)	(2,023,441)
Cash paid to vendors and suppliers for materials and services	(2,433,291)	(2,372,124)
<b>Net cash provided by operating activities</b>	<u>690,000</u>	<u>676,026</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(1,674,785)	(1,693,220)
Proceeds from sale of assets	6,021	2,000,000
Payments on long-term debt	(187,907)	-
Transfers to fiduciary fund	(40,000)	(40,000)
<b>Net cash (used in) capital and related financing activities</b>	<u>(1,896,671)</u>	<u>266,780</u>
<b>Cash flows from investing activities:</b>		
Proceeds from investment earnings	165,416	128,843
<b>Net cash provided by investing activities</b>	<u>165,416</u>	<u>128,843</u>
<b>Net increase in cash and investments</b>	<u>(1,041,255)</u>	<u>1,071,649</u>
<b>Cash and investments:</b>		
Beginning of year	8,015,376	6,943,727
End of year	<u>\$ 6,974,121</u>	<u>\$ 8,015,376</u>

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

Twentynine Palms Water District  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
For the Years Ended June 30, 2020 and 2019

	2020	2019
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
<b>Operating loss</b>	\$ (986,301)	\$ (606,195)
<b>Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:</b>		
Depreciation expense	1,396,181	1,390,608
Interest expense	(58,000)	(16,090)
Rental revenue	138,885	130,242
Other non-operating revenue	44,991	36,306
<b>Changes in assets – (increase) decrease:</b>		
Accounts receivable–water sales and services, net	(112,011)	(9,893)
Special assessments receivable	(9,261)	3,151
Materials and supplies inventory	(7,630)	3,357
Prepaid items	21,165	(13,239)
<b>Change in deferred outflows of resources – (increase) decrease:</b>		
Pension and OPEB related deferred outflows of resources	164,248	24,336
<b>Changes in liabilities – increase (decrease):</b>		
Accounts payable and accrued expenses	(3,563)	(99,379)
Accrued salaries and related payables	(44,935)	13,743
Unearned revenue and deposits	15,571	7,210
Compensated absences	23,775	32,238
Net other post-employment benefits obligation	(126,271)	(98,151)
Net pension liability	228,321	(56,338)
<b>Change in deferred inflows of resources – increase (decrease):</b>		
Pension and OPEB related deferred inflows of resources	4,835	(65,880)
<b>Total adjustments</b>	<u>1,676,301</u>	<u>1,282,221</u>
<b>Net cash provided by operating activities</b>	<u>\$ 690,000</u>	<u>\$ 676,026</u>

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

Twentynine Palms Water District  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUND**  
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current assets:</b>		
Cash and investments	\$ 73,675	\$ 57,131
Special assessments receivable	<u>6,301</u>	<u>9,658</u>
<b>Total current assets</b>	<u>79,976</u>	<u>66,789</u>
<b>Non-current assets:</b>		
Restricted – cash and investments	<u>1,630,409</u>	<u>1,491,541</u>
<b>Total assets</b>	<u>1,710,385</u>	<u>1,558,330</u>
<b>Deferred Outflows of Resources</b>		
Pension related	<u>183,841</u>	<u>269,236</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>1,894,226</u>	<u>1,827,566</u>
<b>LIABILITIES, DEFERRED INFLOWS OR RESOURCES AND NET POSITION</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	4,863	8,565
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Net pension liability	<u>400,701</u>	<u>321,995</u>
<b>Total liabilities</b>	<u>405,564</u>	<u>330,560</u>
<b>Deferred Inflows of Resources</b>		
Pension related	<u>201,288</u>	<u>240,175</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>606,852</u>	<u>570,735</u>
<b>Fiduciary Net Position</b>		
Restricted for pension liability	<u>\$ 1,287,374</u>	<u>\$ 1,256,831</u>

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

Twentynine Palms Water District  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUND**  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Additions</b>		
Property tax penalties	\$ 26,080	\$ 33,873
Intergovernmental	15,886	31,900
Investment earnings	73,170	88,381
Other revenue	30,684	48,601
Transfers from proprietary fund	<u>40,000</u>	<u>40,000</u>
<b>Total Additions</b>	<u>185,820</u>	<u>242,755</u>
<b>Deductions</b>		
General and administrative	125,214	89,186
Transfer of fire revenues to San Bernardino County Fire District	<u>30,063</u>	<u>36,407</u>
<b>Total Deductions</b>	<u>155,277</u>	<u>125,593</u>
<b>Change in Fiduciary Net Position</b>	30,543	117,162
<b>Fiduciary Net Position, Beginning of Year</b>	1,256,831	<u>1,139,669</u>
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 1,287,374</u>	<u>\$ 1,256,831</u>

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



**NOTES TO THE FINANCIAL STATEMENTS**

DRAFT NOT FOR  
DISTRIBUTION 12-9-20

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 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, 2016, 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, 2016.

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 Years Ended June 30, 2020 and 2019

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

***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. 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.

***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.

***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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Years Ended June 30, 2020 and 2019

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

***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.

***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</u>	<u>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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

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

***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.

***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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Years Ended June 30, 2020 and 2019

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

***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>CaIPERS</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Valuation date	June 30, 2018	June 30, 2017
Measurement date	June 30, 2019	June 30, 2018
Measurement period	July 1, 2018 to June 30, 2019	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.

***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*.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

**Note 2 – Cash and Investments**

Cash and investments as of June 30, 2020 and 2019 were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Cash and investments	\$ 7,047,796	\$ 8,072,507
Restricted – cash and investments	1,630,409	1,491,541
<b>Total cash and investments</b>	<b>\$ 8,678,205</b>	<b>\$ 9,564,048</b>

<u>Description</u>	<u>2020</u>	<u>2019</u>
Proprietary fund	\$ 6,974,121	\$ 8,015,376
Fiduciary fund	1,704,084	1,548,672
<b>Total cash and investments</b>	<b>\$ 8,678,205</b>	<b>\$ 9,564,048</b>

Cash and investments as of June 30, 2020 and 2019, consisted of the following:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 1,350	\$ 1,350
Demand deposits with financial institutions	761,759	1,058,242
Investments	7,915,096	8,504,456
<b>Total cash and investments</b>	<b>\$ 8,678,205</b>	<b>\$ 9,564,048</b>

***Demand Deposits***

At June 30, 2020, the carrying amount of the District's demand deposits was \$761,759 and the financial institution balance was \$927,703. The \$165,944 net difference as of June 30, 2020, represents outstanding checks, deposits-in-transit and/or other reconciling items. 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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

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

**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, 2020 and 2019, none of the District's deposits and investments were exposed to disclosable custodial credit risk.

**Investments**

Investments as of June 30, 2020, consisted of the following:

<u>Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2020</u>	<u>Maturity 12 Months or Less</u>
<b>External Investment Pools:</b>				
California Local Agency Investment Fund (LAIF)	Level 2	n/a	\$ 6,284,687	\$ 6,284,687
<b>Held with Fiscal Agent:</b>				
PARS Pension Trust	Level 2	n/a	<u>1,630,409</u>	<u>1,630,409</u>
<b>Total investments</b>			<u>\$ 7,915,096</u>	<u>\$ 7,915,096</u>

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

<u>Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2019</u>	<u>Maturity 12 Months or Less</u>
<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	<u>1,491,541</u>	<u>1,491,541</u>
<b>Total investments</b>			<u>\$ 8,504,456</u>	<u>\$ 8,504,456</u>



Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

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

***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, 2020 and 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.

**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, 2020 and 2019, the value of LAIF's portfolio approximated \$32.075 and \$24.585 billion, respectively. As of June 30, 2020 and 2019, the District had \$6,284,687 and \$7,012,915 invested in LAIF, respectively. LAIF had invested 3.37% and 1.77% of the pool's investment funds in structured notes and medium-term asset-backed securities at June 30, 2020 and 2019, respectively.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

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

**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, 2020 and 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 Years Ended June 30, 2020 and 2019

**Note 3 – Accounts Receivable, Net**

The accounts receivable, net balance as of June 30, 2020 and 2019 consisted of the following:

Description	2020	2019
Accounts receivable – water sales and services	\$ 1,259,066	\$ 1,119,596
Allowance for doubtful accounts	(361,714)	(312,220)
Total accounts receivable, net	<u>\$ 897,352</u>	<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 years ended June 30, 2020 and 2019, the District recorded revenue from this special assessment of \$605,404 and \$608,934 as water availability charges, respectively. At June 30, 2020 and 2019, the outstanding balance of the special assessment receivable was \$19,107 and \$9,846, respectively.

**Note 5 – Capital Assets**

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

	Balance July 1, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
<b>Non-depreciable capital assets:</b>				
Land	\$ 174,626	\$ -	\$ -	\$ 174,626
Construction-in-process	1,979,120	794,515	(1,219,428)	1,554,207
Total non-depreciable capital assets	<u>2,153,746</u>	<u>794,515</u>	<u>(1,219,428)</u>	<u>1,728,833</u>
<b>Depreciable capital assets:</b>				
Source of supply plant	13,831,565	11,700	-	13,843,265
Pumping plant	434,992	-	-	434,992
Transmission and distribution plant	28,376,155	1,608,671	-	29,984,826
Buildings and structures	2,254,669	12,986	-	2,267,655
Office equipment	463,887	28,044	-	491,731
Transportation/heavy equipment	1,547,170	438,297	(19,161)	1,966,306
Radio and communication equipment	148,616	-	-	148,616
Field equipment and tools	813,169	-	-	813,169
Total depreciable capital assets	<u>47,870,023</u>	<u>2,099,698</u>	<u>(19,161)</u>	<u>49,950,560</u>
Less accumulated depreciation	<u>(27,052,260)</u>	<u>(1,396,181)</u>	<u>19,161</u>	<u>(28,429,280)</u>
Total depreciable capital assets, net	<u>20,817,763</u>	<u>703,517</u>	<u>-</u>	<u>21,521,280</u>
Total capital assets, net	<u>\$ 22,971,509</u>	<u>\$ 1,498,032</u>	<u>\$ (1,219,428)</u>	<u>\$ 23,250,113</u>

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

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

Changes in capital assets for the year ended June 30, 2019 were as follows:

	<u>Balance July 1, 2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2019</u>
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 tools	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>

Construction in progress consist of several capital projects in which the District has expended \$1,554,207 as of June 30, 2020. The District estimates that the projects will be completed in the fiscal year 2022 and will need to expend an additional \$1,750,000 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 ended June 30, 2020 were as follows:

<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Current</u>	<u>Non-current</u>
\$ 45,472	\$ 180,784	\$ (88,801)	\$ 137,455	\$ 82,473	\$ 54,982

Changes in compensated absences balances for the year ended June 30, 2019 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>
\$ 81,442	\$ 168,909	\$ (136,671)	\$ 113,680	\$ 68,208	\$ 45,472

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Years Ended June 30, 2020 and 2019

**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, 2020 and 2019, the following employees were covered by the benefit terms:

	2020	2019
Active plan members	25	19
Inactive plan members or beneficiaries currently receiving benefit payments	-	2
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Total Participants	25	21

Contribution requirements of the District are established by Ordinance and may be amended through board action to update the original Ordinance. For the years ended June 30, 2020 and 2019, the District's average contribution rate was 15.04% and 20.02% of covered-employee payroll, respectively. Employees are not required to contribute to the plan.

***Net OPEB Liability***

The Agency's net OPEB liability at June 30, 2020 and 2019 was measured as of June 30, 2019 and 2018, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates.

***Actuarial assumptions:*** The total OPEB liability in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018	June 30, 2017
Discount Rate	6.00% per annum	5.50% per annum
Inflation	2.50% per annum	2.75% per annum
Salary Increases	3.00% per annum, in aggregate	3.00% per annum, in aggregate
Investment Rate of Return	6.00%	6.00%
Mortality Rate	CalPERS Membership Data	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data	CalPERS Membership Data
Healthcare Cost Trend Rates	6.5% decreasing to 4.5% over future periods	6.0% decreasing to 5.0% over future periods

Mortality rates were based on the CalPERS experience study, with adjustments for mortality improvements projected fully generational with Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 and 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 Years Ended June 30, 2020 and 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 for the years ended June 30, 2020 and 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Inflation Assets	26.0%	1.25%
Global Debt Securities	39.0%	2.25%
Global Equities	24.0%	5.25%
REITs	8.0%	4.50%
Commodities	3.0%	1.25%
Total	<u>100.0%</u>	

Long-term expected rate of return is 6.00%

*Discount rate:* The discount rates used to measure the total OPEB liability at June 30, 2020 and 2019 were 6.00 and 5.50 percent, respectively. 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 Years Ended June 30, 2020 and 2019

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

**Changes in the Net OPEB Liability**

Changes in net OPEB liability for the year ended June 30, 2020 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	NET OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2019	\$ 949,354	\$ 446,079	\$ 503,275
Changes for the year:			
Service cost	37,021	-	37,021
Interest	53,159	-	53,159
Differences between expected and actual experience	65,215	-	65,215
Changes of assumptions	(29,981)	-	(29,981)
Contributions - employer	-	219,679	(219,679)
Net investment income	-	32,102	(32,102)
Benefit payments	(39,679)	(39,679)	-
Administrative expense	-	(96)	96
Net changes	85,735	212,006	(126,271)
Balance at June 30, 2020	\$ 1,035,089	\$ 658,085	\$ 377,004

Changes in net OPEB liability for the year ended June 30, 2019 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	NET OPEB Liability/(Asset) (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
Differences between expected and actual experience	-	-	-
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

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

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

*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:

	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Net OPEB liability - June 30, 2020	\$ 464,876	\$ 377,004	\$ 296,574
	<u>1% Decrease (4.50%)</u>	<u>Current Discount Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
Net OPEB liability - June 30, 2019	\$ 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:

	<u>1% Decrease (5.50% decreasing to 3.50%)</u>	<u>Current Healthcare Cost Trend Rate (6.50% decreasing to 4.50%)</u>	<u>1% Increase (7.50% decreasing to 5.50%)</u>
Net OPEB liability - June 30, 2020	\$ 275,795	\$ 377,004	\$ 494,254
	<u>1% Decrease (5.00% decreasing to 4.00%)</u>	<u>Current Healthcare Cost Trend Rate (6.00% decreasing to 5.00%)</u>	<u>1% Increase (7.00% decreasing to 6.00%)</u>
Net OPEB liability - June 30, 2019	\$ 409,580	\$ 503,275	\$ 610,951

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



Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

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

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

For the year ended June 30, 2020 and 2019, the District recognized OPEB expense of \$31,428 and \$36,057, respectively. At June 30, 2020 and 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	
	2020	2019	2020	2019
Changes in assumptions	\$ 58,693	\$ -	\$ -	\$ (153,276)
Differences between expected and actual experience	-	-	(150,260)	-
Net difference between projected and actual earnings on OPEB plan investments	4,516	5,958	(3,428)	(5,142)
Employer contributions made subsequent to the measurement date	9,392	220,250	-	-
<b>Total</b>	<b>\$ 72,601</b>	<b>\$ 226,208</b>	<b>\$ (153,688)</b>	<b>\$ (158,418)</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. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources	
	2020	2019
2020	\$ -	\$ (30,222)
2021	(26,686)	(30,222)
2022	(26,686)	(30,222)
2023	(24,974)	(28,510)
2024	(26,464)	(30,000)
2025	240	(3,284)
Thereafter	14,090	-
<b>Total</b>	<b>\$ (90,480)</b>	<b>\$ (152,460)</b>

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 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		
2020	8.000%	6.750%
2019	8.000%	6.750%
Required employer contribution rates		
2020	12.759%	6.842%
2019	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	
Required member contribution rates	
2020	0.000%
2019	0.000%
Required employer contribution rates	
2020	17.614%
2019	16.842%

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

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

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

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, 2018 and 2017 Annual Actuarial Valuation Reports. These reports and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Members Covered by Benefit Terms

At June 30, 2018 (Valuation Date), the following members were covered by the benefit terms:

<u>Plan Members</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Active Members	13	9	22
Transferred and terminated members	21	2	23
Retired members and beneficiaries	19	-	19
<b>Total plan members</b>	<b>53</b>	<b>11</b>	<b>64</b>

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

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Years Ended June 30, 2020 and 2019

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

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

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

<u>Plan Members</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>	
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>

<u>Plan Members</u>	<u>Safety Plan</u>
	<u>Classic Tier 1</u>
Active members	-
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 Years Ended June 30, 2020 and 2019

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

**General Information about the Pension Plans (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, 2019 and 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, 2020, the contributions made to the Plan were as follows:

Contribution Type	Miscellaneous Plans		
	Classic	PEPRA	Total
	Tier 1	Tier 2	
Contributions – employer	\$ 287,930	\$ 28,750	\$ 316,680
Contributions – members	80,195	26,319	106,514
<b>Total contributions</b>	<b>\$ 368,125</b>	<b>\$ 55,069</b>	<b>\$ 423,194</b>
<b>Safety Plan</b>			
<b>Classic</b>			
<b>Tier 1</b>			
Contributions – employer	\$ 17,414		
Contributions – members	-		
<b>Total contributions</b>	<b>\$ 17,414</b>		

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Years Ended June 30, 2020 and 2019

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

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

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

Contribution Type	Miscellaneous Plans		
	Classic	PEPRA	Total
	Tier 1	Tier 2	
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>

**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 periods ended June 30, 2019 and 2018 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2018 and 2017 total pension liabilities. The June 30, 2018 and 2017 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with the requirement of GASB Statement No. 6
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50% per annum
Salary Increases	Varies by entry age and service
Mortality Rate <sup>1</sup>	Derived using CalPERS' Membership Data
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor Purchasing Power applies; 2.50% thereafter

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 and 2017 valuations 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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 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)***

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects expected real rate of return by asset class as of June 30, 2019 and 2018 (Measurement Date):

<u>Investment Type<sup>1</sup></u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10<sup>2</sup></u>	<u>Real Return Years 11+<sup>3</sup></u>
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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 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

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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's Net Pension Liability at June 30, 2019</b>			
<b>Plan Type</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	\$ 3,953,356	\$ 2,469,343	\$ 1,244,396

<b>Plan's Net Pension Liability at June 30, 2019</b>			
<b>Plan Type</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	\$ 921,143	\$ 400,701	\$ (25,980)

<b>Plan's Net Pension Liability at June 30, 2018</b>			
<b>Plan Type</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's Net Pension Liability at June 30, 2018</b>			
<b>Plan Type</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 Years Ended June 30, 2020 and 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 periods for the CalPERS Miscellaneous and Safety Plans as follows:

<b>Plan Type and Balance Descriptions</b>	<b>Plan Total Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Change in Plan Net Pension Liability</b>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2018 (Measurement Date)	\$ 10,332,318	\$ 8,091,296	\$ 2,241,022
Balance as of June 30, 2019 (Measurement Date)	11,033,299	8,563,956	2,469,343
<b>Change in Plan Net Pension liability</b>	<b>\$ 700,981</b>	<b>\$ 472,660</b>	<b>\$ 228,321</b>
<b>Plan Type and Balance Descriptions</b>	<b>Plan Total Pension</b>	<b>Plan Fiduciary Net Position</b>	<b>Change in Plan Net Pension Liability</b>
<b>CalPERS – Safety Plan:</b>			
Balance as of June 30, 2018 (Measurement Date)	\$ 3,674,147	\$ 3,352,152	\$ 321,995
Balance as of June 30, 2019 (Measurement Date)	3,797,647	3,396,946	400,701
<b>Change in Plan Net Pension Liability</b>	<b>\$ 123,500</b>	<b>\$ 44,794</b>	<b>\$ 78,706</b>

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 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)***

<b>Plan Type and Balance Descriptions</b>	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Change in Plan Net Pension Liability</b>
<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>	<b>\$ 595,859</b>	<b>\$ 652,197</b>	<b>\$ (56,338)</b>
<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>	<b>\$ 187,369</b>	<b>\$ 186,257</b>	<b>\$ 1,112</b>

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. The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation dates.
2. Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date. 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 the valuation date less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period.
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**  
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**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 District's proportionate share of the net pension liability was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	Fiscal Year Ending June 30, 2018
<b>CaIPERS – Miscellaneous Plan</b>			
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
Percentage of Risk Pool Net Pension liability	0.061664%	0.059464%	0.058278%
Percentage of Plan (PERF C) Net Pension Liability	0.024098%	0.023256%	0.023165%
<b>CaIPERS – Safety Plan</b>			
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
Percentage of Risk Pool Net Pension Liability	0.006419%	0.005488%	0.005370%
Percentage of Plan (PERF C) Net Pension liability	0.003910%	0.003341%	0.003236%

For the year ended June 30, 2020, the District recognized pension expense in the amount of \$565,207 and \$142,628 for the CalPERS Miscellaneous and Safety Plans, respectively. 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 EARSL for PERF C for the measurement periods ending June 30, 2019 and 2018 is 3.8 years, which was obtained by dividing the total service years (the sum of remaining service lifetimes of the active employees) by the total number of participants (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 Years Ended June 30, 2020 and 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, 2020, 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	\$ 316,680	\$ -	\$ 17,414	\$ -
Difference between actual and proportionate share of employer contributions	-	(128,840)	-	(192,571)
Adjustment due to difference in proportions	87,557	-	123,841	-
Differences between expected and actual experience	171,506	(13,288)	26,162	-
Differences between projected and actual earnings on pension plan investments	-	(43,172)	-	(5,512)
Changes in assumptions	117,750	(41,741)	16,424	(3,205)
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 693,493</b>	<b>\$ (227,041)</b>	<b>\$ 183,841</b>	<b>\$ (201,288)</b>

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>

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 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 (Continued)*

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	2020		2019	
	Miscellaneous	Safety	Miscellaneous	Safety
June 30				
2020	\$ -	\$ -	\$ 210,275	\$ 14,260
2021	154,589	(3,249)	104,788	9,655
2022	(30,451)	(17,589)	(73,062)	(292)
2023	16,910	(15,096)	(20,157)	(2,230)
2024	8,724	1,073	-	-
Thereafter	-	-	-	-
<b>Total</b>	<b>\$ 149,772</b>	<b>\$ (34,861)</b>	<b>\$ 221,844</b>	<b>\$ 21,393</b>

**Note 9 – Long-Term Debt**

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

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020	Due Within One Year
Note from direct borrowings	\$ 2,000,000	\$ -	\$ (187,907)	\$ 1,812,093	\$ 189,889

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

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019	Due Within One Year
Note from direct borrowings	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 187,907

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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

**Note 9 – Long-Term Debt (Continued)**

Debt service requirements on long-term debt at June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<b>Lease Financing</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 189,889	\$ 53,843
2022	195,725	48,007
2023	201,741	41,993
2024	207,941	35,793
2025	214,332	29,403
2026-2029	802,465	49,690
Total	<u>\$ 1,812,093</u>	<u>\$ 258,728</u>

**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 2020. For the years ended June 30, 2020 and 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, 2020, there were no claims liabilities to be reported. During the years ended June 30, 2020 and 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.

At June 30, 2020 and 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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

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

Condensed audited financial information of the Association of California Water Agencies Joint Powers Insurance Authority for the years ended September 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Total assets	\$ 212,099,851	\$ 188,344,217
Deferred outflows of resources	553,790	1,098,315
Total assets and deferred outflows of resources	<u>\$ 212,653,641</u>	<u>\$ 189,442,532</u>
Total liabilities	\$ 112,046,920	\$ 100,820,701
Deferred inflows of resources	1,672,219	2,156,227
Net position	<u>98,934,502</u>	<u>86,465,604</u>
Total liabilities, deferred inflows, and net position	<u>\$ 212,653,641</u>	<u>\$ 189,442,532</u>
Total revenues	\$ 173,647,293	\$ 176,044,304
Total expenses	(169,356,246)	(165,196,299)
Total other income	<u>8,177,851</u>	<u>294,925</u>
Change in net position	<u>\$ 12,468,898</u>	<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.

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

On July 1, 2016, the District reorganized its fire protection services to the San Bernardino County Fire District per the San Bernardino County LAFCO decision on February 17, 2016. 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, 2016. 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.

Twentynine Palms Water District  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2020 and 2019

**Note 14 – Subsequent Events**

In the preparation of these financial statements, the District considered subsequent events through December 3, 2020, which is the date these financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic risks and uncertainties have arisen which could negatively affect the District's operations and its financial results. However, management does not anticipate any negative impact at this time. No other events occurred through this date requiring disclosure.

**Note 15 – Reclassifications**

Certain reclassifications have been made to the fiscal year 2019 financial statement presentation to correspond to fiscal year 2020 format. Total net position and change in net position are unchanged due to these reclassifications.

DRAFT NOT FOR  
DISTRIBUTION 12-9-20



**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

DRAFT NOT FOR  
DISTRIBUTION 12-9-20

Twentynine Palms Water District  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PLAN'S NET**  
**PENSION LIABILITY AND RELATED RATIOS**  
 Last Ten Fiscal Years <sup>(1)</sup>

<b>California Public Employees' Retirement System (CalPERS) Miscellaneous Plan</b>						
<b>Fiscal Year</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17*</b>	<b>2015-16*</b>	<b>2014-16*</b>
<b>Measurement Date</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016*</b>	<b>June 30, 2015*</b>	<b>June 30, 2014*</b>
Employer's Proportion of the Net Pension Liability	0.024098%	0.023256%	0.023165%	0.025285%	0.028234%	0.028313%
Employer's Proportionate Share of the Collective						
Net Pension Liability	\$ 2,469,343	\$ 2,241,022	\$ 2,297,360	\$ 2,187,905	\$ 1,937,958	\$ 1,761,770
Employer's Covered Payroll	\$ 1,346,297	\$ 1,084,161	\$ 1,051,407	\$ 1,381,292	\$ 1,341,060	\$ 1,302,000
Employer's Proportionate Share of the Collective						
Net Pension Liability as a Percentage of						
Covered Payroll	183.42%	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	77.73%	77.69%	75.39%	74.06%	78.40%	83.02%

\* Includes safety plan

<b>California Public Employees' Retirement System (CalPERS) Safety Plan</b>			
<b>Fiscal Year</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
<b>Measurement Date</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Employer's Proportion of the Net Pension Liability	0.003910%	0.003341%	0.003236%
Employer's Proportionate Share of the			
Net Pension Liability	\$ 400,701	\$ 321,995	\$ 320,883
Employer's Covered Payroll	\$ -	\$ -	\$ -
Employer's Proportionate Share of the			
Net Pension Liability as a Percentage of			
Covered Payroll	0%	0%	0%
Plan's Fiduciary Net Position as a			
Percentage of the Plan's Total Pension Liability	73.37%	73.39%	71.74%

Historical information is required only for measurement periods for which GASB 68 is applicable. Additional years will be added as they become available in the future.

Twentynine Palms Water District  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE PENSION PLAN**  
 Last Ten Fiscal Years <sup>(1)</sup>

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

Fiscal Year	2019-20	2018-19	2017-18	2016-17*	2015-16*	2014-15*	2013-14*
Actuarially Determined Contribution	\$ 316,780	\$ 264,804	\$ 214,598	\$ 197,902	\$ 245,003	\$ 234,149	\$ 225,220
Contribution in Relation to the Actuarially Determined Contribution	(316,780)	(264,804)	(214,598)	(197,902)	(682,065)	(234,149)	(481,274)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (437,062)	\$ -	\$ (256,054)
Covered Payroll	\$ 1,346,297	\$ 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	23.53%	20.94%	19.79%	18.82%	49.38%	17.46%	36.96%

\* Includes safety plan

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

Fiscal Year	2019-20	2018-19	2017-18
Actuarially Determined Contribution	\$ 17,414	\$ 7,668	\$ 2,064
Contribution in Relation to the Actuarially Determined Contribution	(17,414)	(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. Additional years will be added as they become available in the future.

<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**  
Last Ten Fiscal Years <sup>(1)</sup>

Fiscal Year Measurement Period	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
<b>Changes in total OPEB liability:</b>			
Service cost	\$ 37,021	\$ 39,339	\$ 60,309
Interest	53,159	49,121	31,862
Difference between expected and actual experience	65,215	-	-
Changes of benefit terms	-	-	(187,021)
Changes in assumptions	(29,981)	(22,970)	-
Benefit payments including refunds*	(39,679)	(46,508)	(64,899)
Net changes	85,735	18,982	(159,749)
Total OPEB liability (beginning)	949,354	930,372	1,090,121
Total OPEB liability (ending)	<u>\$ 1,035,089</u>	<u>\$ 949,354</u>	<u>\$ 930,372</u>
<b>Changes in plan fiduciary net position:</b>			
Contributions – employer*	\$ 219,679	\$ 148,908	\$ 376,043
Contributions – employee	-	-	-
Net investment income	32,102	15,342	17,901
Benefit payments including refunds*	(39,679)	(46,508)	(64,899)
Administrative expense	(96)	(174)	(99)
Other expense	-	(435)	-
Net changes	212,006	117,133	328,946
Plan fiduciary net position (beginning)	446,079	328,946	-
Plan fiduciary net position (ending)	<u>\$ 658,085</u>	<u>\$ 446,079</u>	<u>\$ 328,946</u>
Net OPEB liability (ending)	\$ 377,004	\$ 503,275	\$ 601,426
Plan fiduciary net position as a percentage of the total OPEB liability	63.6%	47.0%	35.4%
Covered employee payroll	\$ 1,464,438	\$ 1,100,000	\$ 1,100,000
Net OPEB liability as a percentage of covered payroll	25.7%	45.8%	54.7%

\* Includes implied subsidy benefit payments for the 12-month period.

(1) 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.

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**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 10, 2020
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	REVIEW AND CONSIDER ADOPTION OF RESOLUTION 20-06 ESTABLISHING AN OPT-OUT POLICY FOR THE DISTRICT'S ADVANCED METER INFRASTRUCTURE

**BACKGROUND AND DISCUSSION**

In August of 2020, the District completed the installation of the Advanced Metering Infrastructure (AMI) project. This project involves the replacement of all water meters in the District, and a conversion to a fixed radio reading system. The installation involved two components: the replacement of the manually read meter with an AMI capable water meter, and a radio transmission unit connected to the meter. To date, the District has received several requests from customers asking if they can opt-out from having this style of meter installed for their water service. The primary reasons that opt-outs have been requested are concerns over the radio frequency from the meter communication device. AMI uses a low-powered communication device to transmit hourly water usage information over a secure network. The communication device is a battery powered low frequency radio that transmits data throughout the course of the day. All AMI radio devices are required to meet Federal Communications Commission (FCC) Radio Frequency limits and the equipment being used by the District meet these requirements. Many agencies are moving towards automated readers for multiple reasons, including reduction in operations costs for meter reading, greater accuracy in water use billing, and the ability to assist property owners with water use management.

The Board directed staff to develop a residential opt-out policy for consideration that would establish procedures and fees that would enable a customer to opt-out from having a fixed radio read water meter. The Board considered the policy on November 16<sup>th</sup>, and minor changes have been made to the policy based on discussion at that meeting. The purpose of tonight's action is to formally adopt the policy.

**Opt-Out Process**

Owners of single family residential houses residing at the property, that desire to opt-out will be required to fill out, sign and submit the Request and Agreement Form to opt-out of having an AMI meter for their property. Requests must be made by the property owner and will be reviewed by the billing department and authorized by the General

Manager. Once approved, the AMI meter will be removed and replaced with a non-automated meter that will be read manually for the billing cycle.

### **AMI Opt-Out Fees**

Costs for the program will include items such as, (a) removal of the newly installed meter and automated meter transmission unit, (b) the installation of a manual reading meter, (c) penalty fees if the meter cannot be accessed, (d) manually reading the meter and entering the meter readings into the District's billing system, (e) opting back into the AMI program. Billing cycle costs were calculated based upon average estimates for staff time to mobilize and manually read the meter along with staff time to manually enter the read into the system. The cost to manually read the meter would be \$25 per billing cycle which would be added to the regular scheduled water bill. There would also be a one-time setup fee up to \$65 due at installation.

The fees must still be formally adopted, and will be brought forward for consideration in early 2021 along with other fees of the District. As such, while the policy is being adopted tonight, the fees will not become effective unless they are adopted at a subsequent meeting. The cost breakdown are as follows:

- AMI Opt-Out Set Up Charge
  - One time installation and setup fee of \$65 to replace AMI meter with manual meter
  - If no AMI meter is installed then the charge will be reduced to \$15
- AMI Billing Cycle Fee
  - Staff will manually read meter and manually enter data into the billing system accordingly to the billing cycle, for a fee of \$25 per billing cycle.
- Penalty Fee
  - If the meter cannot be accessed at the time of reading, an additional meter read fee of \$10 would be charged for each additional attempt to read the meter
- AMI Opt-In
  - If a customer desires to opt back into the AMI program, a fee of \$65 will be charged one time to convert the manually read meter to an AMI meter.

### **Customer Water Management**

Meters that are manually read will not have the water usage information uploaded into the District's data system, therefore the District will not have access to methods of analyzing usage data to assist the customer for water management. Also, the customer will not be subject to leak alerts or the customer portal once this is established.

### **RECOMMENDATION**

Staff recommends adopting Resolution 20-06 establishing an opt-out of the advanced meter infrastructure (AMI) radio transmission unit program for owners of single family residential houses residing at the property, with associated fees becoming effective only after approval at a noticed public hearing.

**RESOLUTION NO. 20-06**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE TWENTYNINE PALMS WATER DISTRICT  
ESTABLISHING AN OPT-OUT OF THE ADVANCED METER  
INFRASTRUCTURE (AMI) RADIO TRANSMISSION UNIT PROGRAM FOR  
SINGLE FAMILY RESIDENTIAL UNIT HOMEOWNERS**

**WHEREAS**, the Twentynine Palms Water District (District) provides water service to properties located within its service area, and has installed or is installing Advanced Metering Infrastructure (“AMI”) for all water meters within the District’s service area and;

**WHEREAS**, despite the widespread acceptance of the AMI devices a small set of customers have expressed interest in not having AMI devices installed on the water meter that serves their property and;

**WHEREAS**, the District has determined that single family residential unit homeowners residing at the property, may request to opt-out from the AMI technology serving their property, and the District will approve such requests subject to the terms and conditions of the Request and Agreement Form to Opt-Out of the Advanced Meter Infrastructure (AMI) and;

**WHEREAS**, the District has determined the fees and charges associated with participating in the opt out program, attached as Exhibit “A” and;

**WHEREAS**, the District now wishes to adopt the AMI opt-out policy and fee structure, provided that such fee structure shall not go into effect until formally adopted by the Board at a later date after a noticed Public Hearing in accordance with the law.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Twentynine Palms Water District, hereby adopts the Single Family Residential Advanced Metering Infrastructure Opt-Out Program and Fee Schedule, provided such Fee Schedule shall not take effect until after it is formally adopted by the Board at a noticed Public Hearing held in accordance with the law.

**PASSED, APPROVED AND ADOPTED** this 16h day of December, 2020 by the following vote.

Ayes:

Noes:

Abstain:

Absent:

---

Carol Giannini, President  
Board of Directors

Attest:

---

Ray Kolisz, Board Secretary  
Twentynine Palms Water District



# EXHIBIT “A”

- **AMI Opt-Out Set Up Charge**
  - One time installation and setup fee of \$65 to replace AMI meter with manual meter
  - If no AMI meter is installed then the charge will be reduced to \$15
- **AMI Billing Cycle Fee**
  - Staff will manually read meter and manually enter data into the billing system accordingly to the billing cycle, for a fee of \$25 per billing cycle.
- **Penalty Fee**
  - If the meter cannot be accessed at the time of reading, an additional meter read fee of \$10 would be charged for each additional attempt to read the meter
- **AMI Opt-In**
  - If a customer desires to opt back into the AMI program, a fee of \$65 will be charged one time to convert the manually read meter to an AMI meter.

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

<b>TO:</b>	BOARD OF DIRECTORS
<b>DATE:</b>	DECEMBER 16, 2020
<b>FROM:</b>	RAY KOLISZ, GENERAL MANAGER
<b>SUBJECT:</b>	CONSIDERATION TO ADOPT ORDINANCE #99 AUTHORIZING THE BOARD OF DIRECTORS TO ADOPT FEES AND CHARGES BY RESOLUTION OR ORDINANCE

**BACKGROUND AND DISCUSSION**

The District is organized under the County Water District Law, which authorizes the Board to set rates for fees and charges for services provided, and generally to adopt such fees and charges by resolution or ordinance. The District has previously set such fees and charges by ordinance only and desires to change policy that allows for both forms of adoption.

In early 2021, the Board will be considering new or increased fees and charges, including fees for property-related services such as water, connection and capacity charges, opt-out fees for automated meter infrastructure, and other fees and charges for miscellaneous services provided by the District. Because such fees and charges were previously adopted by ordinance, any update to such fees and charges would need to be adopted by ordinance as well. Although ordinances and resolutions are largely similar under the County Water District Law, ordinances require additional publication after adoption that is not otherwise required for resolutions.

The purpose of this agenda item is to authorize the District to adopt new or increased fees and charges by resolution or ordinance, if there is no requirement in the California Water Law or other relevant body of law requiring otherwise. The benefit to the District is added flexibility for adoption of fees and charges in the future, in that the District can proceed within its full authority under the law by adopting such fees and charges by resolution or by ordinance. There will be no changes to the procedure of customer notification prior to any proposed fees and charges that are considered for adoption with this proposed ordinance.

**RECOMMENDATION**

Staff recommends adopting Ordinance #99 authorizing the Board to adopt fees and charges by ordinance or resolution.

## ORDINANCE NO. 99

### AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE TWENTYNINE PALMS WATER DISTRICT AUTHORIZING ADOPTION OF NEW OR INCREASED FEES OR CHARGES BY RESOLUTION OR ORDINANCE AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO

**WHEREAS**, the Twentynine Palms Water District (the "District") operates and is organized under Water Code section 30000 et seq.; and

**WHEREAS**, the District is authorized to fix and collect charges for the provision of services provided by the District; and

**WHEREAS**, the District continually strives to operate more efficiently and with greater flexibility on behalf of its ratepayers; and

**WHEREAS**, the District previously adopted fees and charges for certain services or governmental activity provided by the District, and now wishes to authorize future new or increased fees and charges by resolution, in the interests of flexibility and efficiency;

**NOW THEREFORE, BE IT ORDAINED**, by the Board of Directors of the Twentynine Palms Water District as follows:

1. The Board of Directors of the District finds and determines that the foregoing Recitals are true and correct and incorporates the Recitals herein.

2. Unless otherwise prohibited under any relevant statute, the District hereby authorizes any future new or increased fees or charges for services or regulatory activity provided by the District, to be adopted by resolution or ordinance. Any new or increased fee or charge adopted by resolution pursuant to the authority granted by this Ordinance shall have the same force and effect as if such new or increased fee or charge had been adopted by ordinance, and to the extent authorized in such resolution, shall repeal or replace any conflicting fee or charge previously adopted by the Board of Directors, whether such conflicting fee or charge had been adopted by resolution or ordinance.

3. The provisions of this Ordinance are hereby declared to be severable. If any provision, clause, sentence, or paragraph of this Ordinance, or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance or the application of those provisions.

4. This Ordinance shall become effective immediately upon adoption.

5. The Board Secretary shall certify to the adoption of this Ordinance and cause the same to be published as required by law.

**PASSED, APPROVED AND ADOPTED** this 16h day of December, 2020 by the following vote.

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

---

Carol Giannini, President  
Board of Directors

**Attest:**

---

Ray Kolisz, Board Secretary  
Twentynine Palms Water District

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**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 10, 2020
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	CONSIDERATION TO APPROVE FUNDING TO THE CITY OF TWENTYNINE PALMS FOR THE CONSTRUCTION OF MONITORING WELLS AND TO DRAFT AN AGREEMENT TO ASSIST THE CITY WITH SAMPLING

**BACKGROUND AND DISCUSSION**

The Twentynine Palms Water District (District) provides potable drinking water to the City of Twentynine Palms (City) and unincorporated areas of San Bernardino County. With the exception of several on-site wastewater package plants, the District's service area is comprised of septic tanks and leach fields to treat wastewater that is discharged into the ground. Given that groundwater is the District's only source of water supply, understanding the potential effects of water use and sewer loading rates from septic tanks and leach fields is very important.

Several years ago, the District and City executed a joint cost sharing agreement to develop a Waste Water Master Plan (WWMP) and Salt Nutrient Management Plan (SNMP). Both of these plans are two major elements of the overall management plan for assessing the potential impact on groundwater quality from existing septic systems and anticipated future development.

The SNMP outlines a long-term groundwater quality monitoring program to collect data from across the Twentynine Palms area to define the nature and extent of constituents of concern (COC's), primarily nitrates and salts by regular monitoring. To meet these objectives, it is recommended that a network of monitoring wells be established to conduct baseline data and collect regular interval sampling. Although the District is able to utilize the existing water production wells to collect data, there are no existing monitoring wells in areas of high density housing areas to analyze ground water conditions.

The City is currently in the process of developing the downtown area to include a wastewater collection system. This project is known as Project Phoenix. The Colorado River Regional Water Quality Control Board (RWQCB) has required the City to install three (3) groundwater monitoring wells that would be upgradient and downgradient of the collection system and are in a high density housing area. These monitoring wells will

not only meet the requirement for the City, but will also be beneficial to the District as data collected can be used to accomplish requirements of the SNMP. As such, District staff believes it would be beneficial to contribute funding towards the construction of the monitoring wells as this collaboration would be a cost savings measure. Monitoring well costs vary due to anticipated depth to water, soil conditions and economics. A standalone monitoring well cost with engineering, soil sample analysis, and drilling operations can exceed \$50K. In the case of Project Phoenix there will be three (3) monitoring wells installed and utilized for data collection.

The monitoring wells for the City will be subject to sample collection on a quarterly basis. Sampling of the well includes sounding of the wells to determine water depth, purging the well with a small pump to clear out any turbidity, and collecting samples in appropriate sampling containers. Water samples are then sent to a certified laboratory for analysis. This process is comparable to the five (5) monitoring wells that the District has at the Fluoride Treatment Plant that are sampled quarterly.

Due to the District's experience in sampling monitoring wells, the City has asked the District for assistance in performing this task. Through discussion with the City, the District desires to provide the labor to perform the sampling and data collection with the City paying for the hard costs that include sample analysis, report preparation and equipment to purge the monitoring well. The labor provided will be one (1) staff member once a quarter or 4 days per year. The data collected from these monitoring wells is beneficial to the District and will meet some requirements of the SNMP. Therefore staff feels that the labor cost provided to complete this task is reasonable.

### **RECOMMENDATION**

Authorize the General Manager to contribute \$30,000 to the City of Twentynine Palms for the construction of monitoring wells for Project Phoenix and develop an agreement to provide labor to collect samples.

### **FISCAL IMPACT**

The current fiscal year budget has \$50K allocated for monitoring wells and sampling. No additional impacts to the annual labor budget will be incurred.



**6**



05-013.019

December 10, 2020

**Twentynine Palms Water District**  
72401 Hatch Road  
Twentynine Palms, CA 92277-2935

Attn: Ray Kolisz, General Manager

**SUBJECT: EQUIPPING OF WELL TP-2**

Gentlemen:

Only a single bid for equipping of Well TP-2 was received on the due date of December 7, 2020. Bid amount was \$1,318,375.42, greatly exceeding Engineers Estimate of \$700,000, and the District's budget. Reasons for the huge discrepancy are several. Paramount is the finding, as related by several contractors/potential bidders, was that there were three multi-million dollar well construction/treatment projects bidding in the days just preceding the District's bid date, those for the City of Inglewood, City of Holtville, and Mission Springs Water District. Thus, the District had the misfortune of being the last of four projects and the smallest, for which the contractor's estimators didn't have time to put together prices and therefore couldn't submit. As a result, it is not unusual, when only one bid is received, for the bid amounts to be high, as the lone bidder senses no competition and does not need to tighten prices or take risk.

Review of the lone bid indicates that the bid prices for the earthwork, slope protection, pumping equipment and piping were, in aggregate, very close to Engineers Estimate. However, bidder's prices rendered for electrical portions, also in aggregate, greatly exceed the project estimate, by a factor of over three. Engineer's Estimate for electrical work for Equipping of Well TP-2 was about \$260,000, whereas the lone bidder's cost for this portion of the work, in five items, was nearly \$857,000. In one of the items, it was found, however, that an error was made in the published bid schedule (Item No. 15), in which a feature requiring but one, was incorrectly labeled as twelve(12), raising the bid price by about \$52,000.

From this review/analysis comes the second, but speculative finding, that estimated costs for the electrical features of the project were, however, likely too low. We are currently awaiting a firm estimate from an electrical contractor to verify and/or update the estimate for this portion of the project.

I and/or our electrical designer have conversed with several contractors, both prime and sub(s) who have indicated they will submit a bid for the project if it is rebid, provided adequate time and staff are available.

**Twentynine Palms Water District**

05-013.019

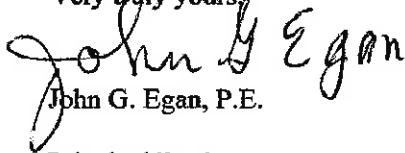
**December 10, 2020**

Page 2

With this background it is recommended that the lone bid be rejected and the project be advertised again, with a bid date preferably in mid to late January, as it has been indicated that contractors' estimators will be vacating the last two weeks of December.

Should there be any questions, please contact me.

Very truly yours,

A handwritten signature in black ink that reads "John G. Egan". The signature is written in a cursive style with a large, prominent "J" and "E".

John G. Egan, P.E.

Principal Engineer

JGE:je

7

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

**November 18, 2020 / 4:00 P.M.**

In accordance with the Governor's Executive Order N-29-20, in an effort to protect the public health and prevent the spread of COVID-19, this meeting was open to the public with limited seating due to social distancing restrictions in an effort to protect public health and prevent the spread of COVID-19.

Call to Order and Roll Call

President Giannini called the Board meeting to order at 4:00 p.m. Those responding to roll call were Directors Michael Arthur, Bob Coghill, Carol Giannini, and Randy Leazer. Director Suzi Horn was absent. Also present were General Manager Ray Kolisz, Treatment/Production Superintendent Mike Minatrea, Maintenance Superintendent Matt Shragge, and District Secretary Cindy Fowlkes. Financial Consultant Cindy Byerrum was absent.

Pledge of Allegiance

Director Coghill led the pledge.

Additions/Deletions to the Agenda

None

Public Comments

Karalee Hargrove, understood the reasoning for rate increases but asked the Board to keep fees as low as possible.

1. Discussion of District's Schedule of Fees and Consideration to Set a Public Hearing Date to Change these Fees

Staff recommends the Board direct staff to schedule a public hearing on January 27, 2021, and consider adopting the new schedule of fees at that meeting.

Schedule of fees include but are not limited to deposits, return checks fees, and after hour connection fees.

The Board was in unanimous agreement to bring the item back for adoption and to schedule a public hearing on January 27, 2021. Director Horn was not present but made it clear to the Board President and General Manager that she, too, was in agreement with changing the Schedule of Fees.

2. Discussion of District's Current Bi-Monthly Billing Cycle and Consideration to Change to Monthly Billing

With the installation of AMI meters, the District can now look to change the bi-monthly billing to a monthly billing cycle. There are several benefits to the customer in doing so: Easier to budget, more frequent and timely information about their water usage, leaks are detected sooner, and water usage habits can be adjusted accordingly. Any additional printing and mailing costs would be

absorbed by the District with no change in commodity or ready to serve costs to the ratepayers.

The Board was in unanimous agreement by all present to move forward with monthly billing and bring it back for adoption at the next Board meeting. Director Horn was absent.

3. Review and Discussion of an Opt-Out Policy for the District's Advanced Meter (AMI)

Staff recommends bringing this item back at the December Board meeting for adoption.

The Board was in unanimous agreement by all present to bring the item back for adoption at the December Board meeting with clarification from legal counsel. Director Horn was absent.

4. Consent Calendar

- Minutes of a Regular Meeting held on October 28, 2020
- Audit List

Director Arthur, moved to approve the Minutes and Audit List, seconded by Director Leazer, and unanimously approved.

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

6. Management Reports

6.1 Maintenance

Matt Shragge reported that the District responded to 58 Underground Service Alerts, had 2 water main leaks, 1 water meter leak, 0 service line leaks, 0 fire hydrant repairs/maintenance, installed 5 new services, replaced 5 customer gate valves, performed 6 leak audits, painted 0 fire hydrants, performed 7 customer pressure checks, replaced 2 meters Tested and exercised emergency generators and sounded wells for October. 0 water waste inquiries were received. 354 work orders were generated and performed during the month. There were no shut offs due to COVID-19. 0 AMI/AMR meters were installed. With work orders trending downward, the field crews would be able to handle all that is entailed with a monthly billing cycle.

6.2 Water Quality

Mike Minatrea reported Water production was up 16.34% as compared to the same month in 2013. 38 routine and 11 special water samples 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. The District produced 81,100,000 gallons during the month.

6.3 Finance

Ms. Byerrum was absent due to scheduling conflict. Mr. Kolisz said revenues are at 35% with expenditures at 26%. The District is looking at the possibility that higher revenues may be due to the new meters being more accurate.

6.4 General Manager

Mr. Kolisz reported staff had their first customer portal program presentation by Beyond Software Solutions. The program is user friendly and would allow customers to pay their bills online and monitor their water usage. The contract would include safeguards for ratepayer information. The District continues to monitor COVID-19 increases and guidelines. The City received a grant for over \$900,000 for a wastewater feasibility study and planning, and the District looks forward to working with the City.

7. Future Agenda Items and Staff Tasks/Directors' Comments and Reports

None

8. Adjournment

On motion by Director Arthur, seconded by Director Leazer, and approved by the Board, the meeting was adjourned at: 4:44 p.m.

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

Attest:

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

# Twentynine Palms Water District

Check Date Range: 11/1/2020 thru 11/30/2020

Ck No	Ck Date	Payable To	Ck Amt	Ck Detail	GL Acct No	Description
15588	11/12/2020	Jeff Arwick	9,660.00	675.00	100-150-0000-5406	Replace 6 GFCI Brakers, 2 Led Flood Lights Snares Plant 11.
				8,985.00	100-850-0000-6001	Retrofit Emergency Generator Connections, Plant 11A Booster. 240.
15589	11/12/2020	Customer Refund	16.31	16.31	100-000-0000-2000	Refund Check
15590	11/12/2020	Customer Refund	19.40	19.40	100-000-0000-2000	Refund Check
15591	11/12/2020	ACWA/JPIA	34,228.98	593.65	100-310-0000-5142	Health Benefits Dec 2020
				31,686.42	100-310-0000-5140	Health Benefits Dec 2020
				1,948.91	100-310-0000-5141	Health Benefits Dec 2020
15592	11/12/2020	Customer Refund	24.65	24.65	100-000-0000-2000	Refund Check
15593	11/12/2020	Alternative Hose Inc.	358.72	315.52	100-130-0000-5222	Veh. #81-New Hose, Nozzles, Adapter and Tabs.
				43.20	100-130-0000-5220	New Hose for Powder Puff and Tabs.
15594	11/12/2020	Ansafone Contact Centers	202.48	202.48	100-160-0000-5406	Answering Service
15595	11/12/2020	Autozone Inc.	99.08	8.01	100-130-0000-5220	Shop Supplies-Car Wash.
				32.89	100-130-0000-5220	Shop Supplies-Straps.
				5.38	100-130-0000-5220	Shop Supplies-Air Hose Fittings.
				30.17	100-130-0000-5220	Shop Supplies-Thread Sealant Tape and 80/90wt Gear Oil.
				22.63	100-130-0000-5220	Shop Supplies-Wire Connectors.
15596	11/12/2020	Customer Refund	56.53	56.53	100-000-0000-2000	Refund Check
15597	11/12/2020	Best Best & Krieger	7,113.60	5,587.20	100-600-0000-5403	Professional Services Oct 2020
				1,526.40	100-600-0000-5403	Professional Services Oct 2020
15598	11/12/2020	Beyond Software Solutions	1,585.00	1,585.00	100-600-0000-5406	IT Consulting
15599	11/12/2020	Builders Supply - 29 Palms	159.27	22.90	100-130-0000-5220	Shop Supplies-Buckets and a U bolt.
				47.71	100-130-0000-5220	Shop Supplies-12' Turbine and 1 Tube of Silicone.
				39.85	100-130-0000-5220	Shop Supplies-Cut Off Wheels.
				12.92	100-130-0000-5220	long hdl shovel
				10.76	100-130-0000-5220	misc parts
				25.13	100-130-0000-5220	propane refill 7.8 gal
15600	11/12/2020	Burrtec Waste & Recycling Svcs	234.10	70.61	100-150-0000-5406	Plant
				163.49	100-600-0000-5406	Hatch
15601	11/12/2020	California Community Water Svstems Alliance	2,500.00	2,500.00	100-600-0000-5303	Monthly Charter Sponsorship 2020-21
15602	11/12/2020	Customer Refund	43.21	43.21	100-000-0000-2000	Refund Check



# Twentynine Palms Water District

Check Date Range: 11/1/2020 thru 11/30/2020

15603	11/12/2020	Clinical Lab of San Bern.	870.50	870.50	100-140-0000-5405	Water Samples
15604	11/12/2020	Core & Main LP	3,230.35	51.72	100-130-0000-5220	3/4" sch 40 pvc
				155.17	100-130-0000-5220	1" sch 40 pvc
				1,810.20	100-000-0000-1499	1" soft copper tube
				1,213.26	100-000-0000-1499	6" c-900 dr18 cl 150
15605	11/12/2020	Customer Refund	24.62	24.62	100-000-0000-2000	Refund Check
15606	11/12/2020	Dangelo	294.51	223.75	100-130-0000-5220	bury 6" x 48" mj 8 hole
				49.58	100-130-0000-5220	megalug 6" c-900 kit complete
				21.18	100-130-0000-5220	sales tax
15607	11/12/2020	Desert Hardware	31.96	2.16	100-130-0000-5220	Shop Supplies-Fender Washers.
				15.40	100-150-0000-5220	Misc Galv Nipples
				14.40	100-150-0000-5220	Battery
15608	11/12/2020	Customer Refund	50.39	50.39	100-108-0000-4999	Re-issue deposit refund
15609	11/12/2020	Eisenhower Occupational Health Services	620.00	310.00	100-130-0000-5406	Physicals
				310.00	100-130-0000-5406	Physicals
15610	11/12/2020	Ellison Systems Inc. Shoplet.Com	255.31	255.31	100-600-0000-5301	Office Supplies
15611	11/12/2020	Frontier Communications	330.75	330.75	100-150-0000-5203	Plant
15612	11/12/2020	Customer Refund	14.67	14.67	100-000-0000-2000	Refund Check
15613	11/12/2020	Customer Refund	56.70	56.70	100-000-0000-2000	Refund Check
15614	11/12/2020	Customer Refund	39.88	39.88	100-000-0000-2000	Refund Check
15615	11/12/2020	HASA, INC.	1,040.44	1,040.44	100-140-0000-5211	Carboy's of Sodium Hypochlorite 12.5 % NSF 60 5Gallon Muti Chlor
15616	11/12/2020	Customer Refund	39.98	39.98	100-000-0000-2000	Refund Check
15617	11/12/2020	Customer Refund	43.21	43.21	100-000-0000-2000	Refund Check
15618	11/12/2020	Home Depot Credit Services	1,334.84	1,334.84	100-150-0000-5220	Supplies
15619	11/12/2020	Inland Water Works	8,308.69	768.59	100-000-0000-1499	6" FL X FL gate vlv
				698.22	100-000-0000-1499	6" hymax couplings
				1,294.96	100-000-0000-1499	6" X 1" C-900 TAP SADDLE
				348.30	100-000-0000-1499	3/4" X 1.5" METER TAIL
				1,229.58	100-000-0000-1499	3/4" X 1.5" METER TAIL
				118.31	100-000-0000-1499	3/4" X 1.5" METER TAIL
				771.49	100-000-0000-1499	6" mueller po x fl gate vlv
				118.65	100-130-0000-5220	6" pvc dr35 sewer pipe for valve can material

# Twentynine Palms Water District

**Check Date Range:** 11/1/2020 thru 11/30/2020

				697.84	100-000-0000-1499	1320 METER BOX COMPLETE
				2,262.75	100-130-0000-5220	Zenner ETR w/Itron Inline Cable Connector
15620	11/12/2020	Customer Refund	38.36	38.36	100-000-0000-2000	Refund Check
15621	11/12/2020	Customer Refund	36.55	36.55	100-000-0000-2000	Refund Check
15622	11/12/2020	Kennedy/Jenks Consultants	8,645.00	2,230.00	100-800-0000-6001	Professional Services Oct 2020
				2,012.50	100-600-0000-5412	Professional Services Oct 2020
				4,402.50	100-800-0000-6001	Professional Services Oct 2020
15623	11/12/2020	Customer Refund	8.53	8.53	100-000-0000-2000	Refund Check
15624	11/12/2020	Customer Refund	63.36	63.36	100-000-0000-2000	Refund Check
15625	11/12/2020	Customer Refund	16.21	16.21	100-000-0000-2000	Refund Check
15626	11/12/2020	Customer Refund	51.26	51.26	100-000-0000-2000	Refund Check
15627	11/12/2020	Mark Speer Automotive	103.55	23.55	100-130-0000-5220	Shop Supplies-Lube Bottle.
				25.00	100-130-0000-5407	Veh. #22-Tire Repair.
				30.00	100-130-0000-5407	Veh. #42-Dismount and Mount Tire.
				25.00	100-130-0000-5407	Tire Repair Veh. #11.
15628	11/12/2020	Customer Refund	51.26	51.26	100-000-0000-2000	Refund Check
15629	11/12/2020	Customer Refund	110.95	110.95	100-000-0000-2000	Refund Check
15630	11/12/2020	Mcmaster-Carr Supply Co.	1,060.10	71.46	100-130-0000-5220	Hex head screw pack/metal coating
				300.86	100-130-0000-5222	Veh. #40-Vacuum Hose
				84.51	100-120-0000-5220	Oil-Resistant Gasket with Bolt Holes 18" Pipe
				41.36	100-120-0000-5220	Standard-Wall Brass Nipples 1/4", Brass Plug 1/4"
				561.91	100-150-0000-5220	Desiccant, Air Filter Element
15631	11/12/2020	Customer Refund	31.38	31.38	100-000-0000-2000	Refund Check
15632	11/12/2020	Merit Oil Company	7,932.85	5,226.12	100-000-0000-1401	gasoline 87 regular unleaded
				2,679.73	100-000-0000-1401	diesel fuel
				27.00	100-000-0000-1401	fuel surcharge
15633	11/12/2020	Napa Auto Parts	455.54	100.57	100-130-0000-5220	Shop Supplies-Relay Tester w/Leads.
				28.25	100-130-0000-5220	Shop Supplies-Socket Holders.
				76.07	100-130-0000-5220	Shop Supplies-Wire Wheels
				250.65	100-130-0000-5220	Shop Supplies-Drill Bits and Tubeless Tire Repair Strings.
15634	11/12/2020	NBS	8,801.25	4,342.50	100-600-0000-5406	Professional Services Oct 2020
				4,458.75	100-600-0000-5406	Professional Services Oct 2020

# Twentynine Palms Water District

Check Date Range: 11/1/2020 thru 11/30/2020

15635	11/12/2020	Customer Refund	17.96	17.96	100-000-0000-2000	Refund Check
15636	11/12/2020	Nyhart Company	2,400.00	2,400.00	100-600-0000-5406	GASB 74/75 Report 10/01/2020 - 10/31/2020
15637	11/12/2020	O'Reilly Automotive Inc.	39.99	39.99	100-130-0000-5330	On Line Class.
15638	11/12/2020	Engineering Pacwest	4,900.00	2,104.13	100-130-0000-5406	Grand and base pave 6" in depth with conventional asphalt
				2,795.87	100-130-0000-5406	Grand and base pave 1.5" in depth with conventional asphalt
15639	11/12/2020	Palm Springs Motors Inc.	297.98	297.98	100-130-0000-5220	Shop Supplies-Various filters for different trucks.
15640	11/12/2020	Customer Refund	10.40	10.40	100-000-0000-2000	Refund Check
15641	11/12/2020	Customer Refund	26.56	26.56	100-000-0000-2000	Refund Check
15642	11/12/2020	Prudential Overall Supply	619.28	212.20	100-130-0000-5253	Uniforms
				96.63	100-130-0000-5253	Uniforms
				213.82	100-130-0000-5253	Uniforms
				96.63	100-130-0000-5253	Uniforms
15643	11/12/2020	Radar Environmental	494.00	494.00	100-130-0000-5406	Waste Oil Pick Up.
15644	11/12/2020	Reed & Davidson, LLP	158.00	158.00	100-600-0000-5403	Professional Services
15645	11/12/2020	Customer Refund	44.35	44.35	100-000-0000-2000	Refund Check
15646	11/12/2020	S.C.E.	26,716.73	539.18	100-120-0000-5201	Booster H1N, H2S
				1,819.16	100-110-0000-5201	Well 16
				48.74	100-110-0000-5201	Donnell
				3,203.45	100-110-0000-5201	Well 14
				865.16	100-110-0000-5201	Well 1
				1,191.36	100-600-0000-5201	Hatch
				43.92	100-110-0000-5201	Well 4
				4,665.77	100-110-0000-5201	Well 17
				1,349.31	100-150-0000-5201	Amboy
				16.77	100-110-0000-5201	Michel's
12,973.91	100-110-0000-5201	Well TP-1				
15647	11/12/2020	Satmodo LLC	149.66	149.66	100-600-0000-5203	Iridium Monthly minute plans
15648	11/12/2020	Customer Refund	14.73	14.73	100-000-0000-2000	Refund Check
15649	11/12/2020	Spectrum Business	154.98	154.98	100-600-0000-5203	La Luna
15650	11/12/2020	Springbrook Holding Company LLC	24,075.00	24,075.00	100-600-0000-5408	Springbrook Maintenance 12/26/20 - 12/25/21
15651	11/12/2020	Bob Stephenson	250.00	250.00	100-610-0000-5350	Video Recording Board Meetings
15652	11/12/2020	Sturdivan Emergency Management Consulting	5,250.00	5,250.00	100-800-0000-6001	American Water Infrastructure Act

# Twentynine Palms Water District

**Check Date Range:** 11/1/2020 thru 11/30/2020

15653	11/12/2020	Tops'N Barricades Inc.	943.84	795.00	100-130-0000-5220	28" cone with sleeves
				72.90	100-130-0000-5220	36 x 18 end of road work signs
				75.94	100-130-0000-5220	taxes
15654	11/12/2020	Customer Refund	12.27	12.27	100-000-0000-2000	Refund Check
15655	11/12/2020	Underground Service Alert	138.21	110.65	100-130-0000-5406	61 new tickets
				27.56	100-130-0000-5406	California State Fee for Regulatory Costs
15656	11/12/2020	United Cerebral Palsy Assoc.	255.46	255.46	100-160-0000-5406	Mail Production
15657	11/12/2020	Usa Blue Book	3,084.93	108.82	100-150-0000-5220	Diecut Lettering, Hazardous Material Signals
				68.48	100-150-0000-5220	Hazardous Material Signals
				563.55	100-150-0000-5220	Ricca Fluoride Standard 1ppm, 10 ppm Ricca Fluoride Standard. Ga
				1,844.48	100-150-0000-5220	Hach sc200 Analog Controller, Ricca Fluoride Standard
				499.60	100-130-0000-5301	USA flag polyester 4x6
15658	11/12/2020	Vwr Scientific Products Corp.	939.94	939.94	100-150-0000-5220	BFFR TSAB 11 3.8L EA.
15659	11/12/2020	Customer Refund	11.62	11.62	100-000-0000-2000	Refund Check
15660	11/12/2020	WIN-911 Software	495.00	495.00	100-130-0000-5406	Annual Software Maintenance and Support
15661	11/12/2020	Yucca Rental	580.50	125.00	100-130-0000-5223	breaker attachment for bobcat
				170.00	100-130-0000-5223	loader bobcat
				120.00	100-130-0000-5223	delivery
				36.00	100-130-0000-5223	diesel fuel price per gallon
				100.00	100-130-0000-5223	replacement hose
				29.50	100-130-0000-5223	damage waiver
15662	11/18/2020	Pacific Western Bank	6,991.46	139.80	100-600-0000-5303	Charges
				743.42	100-120-0000-5220	Charges
				1,022.62	100-150-0000-5221	Charges
				125.58	100-150-0000-5203	Charges
				1,139.46	100-120-0000-5220	Charges
				2,781.85	100-130-0000-5222	Charges
				52.11	100-600-0000-5408	Charges
				22.86	100-130-0000-5220	Charges
				65.24	100-130-0000-5220	Charges
				179.88	100-600-0000-5301	Charges
				19.51	100-130-0000-5220	Charges

# Twentynine Palms Water District

Check Date Range: 11/1/2020 thru 11/30/2020

				346.15	100-130-0000-5226	Charges
				29.99	100-600-0000-5406	Charges
				108.00	100-600-0000-5406	Charges
				214.99	100-600-0000-5303	Charges
15663	11/24/2020	Autozone Inc.	130.99	130.99	100-130-0000-5222	Generator #55-Battery.
15664	11/24/2020	Customer Refund	16.82	16.82	100-000-0000-2000	Refund Check
15665	11/24/2020	Customer Refund	48.75	48.75	100-000-0000-2000	Refund Check
15666	11/24/2020	Builders Supply - 29 Palms	4.62	4.62	100-150-0000-5406	1/2" x3/8" Brass Bushing
15667	11/24/2020	Centurylink Business Services	19.11	19.11	100-600-0000-5203	Hatch
15668	11/24/2020	Customer Refund	28.11	28.11	100-000-0000-2000	Refund Check
15669	11/24/2020	Core & Main LP	4,161.60	581.52	100-000-0000-1499	16" X 6" FLANGE TEE
				1,552.72	100-000-0000-1499	8x6 mj taping sleeve red h619
				2,027.36	100-000-0000-1499	6" PUSH ON X FLANGE GATE VLV
15670	11/24/2020	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
15671	11/24/2020	Customer Refund	3.17	3.17	100-000-0000-2000	Refund Check
15672	11/24/2020	County Of San Bernardino	309.33	70.73	100-130-0000-5406	Shop waste disposal
				103.69	100-150-0000-5406	Treatment Plant Waste
				93.51	100-150-0000-5406	Treatment Plant Waste
				28.01	100-130-0000-5406	waste from a reservoir site
				13.39	100-150-0000-5406	Treatment Plant Waste
15673	11/24/2020	Customer Refund	46.84	46.84	100-000-0000-2000	Refund Check
15674	11/24/2020	Customer Refund	35.27	35.27	100-000-0000-2000	Refund Check
15675	11/24/2020	Customer Refund	36.75	36.75	100-000-0000-2000	Refund Check
15676	11/24/2020	E.H. Wachs	140.88	140.88	100-130-0000-5222	Veh. #40-Lid Assembly and Pull Knob.
15677	11/24/2020	Eadie + Payne	13,485.00	13,485.00	100-600-0000-5402	Audit of financial statements for year end June 30, 2020
15678	11/24/2020	Ellison Systems Inc. Shoplet.Com	373.57	373.57	100-600-0000-5301	Office Supplies
15679	11/24/2020	Engineering Solutions Services Inc.	4,112.50	4,112.50	100-600-0000-5412	Services for Grant Writing for Generator Replacement Equipment
15680	11/24/2020	Frontier Communications	149.12	149.12	100-600-0000-5203	Hatch
15681	11/24/2020	Customer Refund	64.18	64.18	100-000-0000-2000	Refund Check
15682	11/24/2020	Hi-Grade Materials Co.	117.59	5.00	100-130-0000-5406	environmental fee
				112.59	100-130-0000-5406	ascon recycling pert ton
15683	11/24/2020	Inland Water Works	966.52	144.39	100-130-0000-5220	Shop Supplies-Wire Pulling Sock for Pipe.

# Twentynine Palms Water District

**Check Date Range:** 11/1/2020 thru 11/30/2020

				50.64	100-130-0000-5220	Shop Supplies-Tap Mate Parts.
				771.49	100-000-0000-1499	6" po x flg gate vlv
15684	11/24/2020	Itron, Inc.	28,060.87	28,060.87	100-600-0000-5406	Network Software
15685	11/24/2020	Customer Refund	20.66	20.66	100-000-0000-2000	Refund Check
15686	11/24/2020	Konica Minolta Premier	333.94	333.94	100-600-0000-5223	11/01/2020 - 11/30/2020
15687	11/24/2020	Customer Refund	50.07	50.07	100-000-0000-2000	Refund Check
15688	11/24/2020	Legend Pump & Well Service	9,875.00	9,875.00	100-850-0000-6001	Replace and Repair Plant 11-B South Booster Pump
15689	11/24/2020	Mark Speer Automotive	179.90	89.95	100-130-0000-5407	Veh. #74 Four Wheel Alignment.
				89.95	100-130-0000-5407	Veh. #9 Four Wheel Alignment.
15690	11/24/2020	Mccall's Meter Sales & Service	250.00	250.00	100-110-0000-5406	Field Test WTP1 Flow Meter
15691	11/24/2020	Mcmaster-Carr Supply Co.	743.46	165.74	100-130-0000-5220	Shop Supplies-Spikes for Traffic Control.
				228.83	100-150-0000-5220	Fuse For Multimeter, Cable Tie, 2" Clamps
				348.89	100-150-0000-5200	Regen Misc Parts Well11-B
15692	11/24/2020	Customer Refund	45.82	45.82	100-000-0000-2000	Refund Check
15693	11/24/2020	Customer Refund	36.17	36.17	100-000-0000-2000	Refund Check
15694	11/24/2020	NorthStar Chemical	6,391.14	6,391.14	100-150-0000-5211	Load of Acid 93% Acid NSF 60 3200 Gallons
15695	11/24/2020	O'Reilly Automotive Inc.	119.97	39.99	100-130-0000-5330	Webinar Classes.
				39.99	100-130-0000-5330	Webinar Classes.
				39.99	100-130-0000-5330	Webinar Classes.
15696	11/24/2020	Palm Springs Motors Inc.	155.90	155.90	100-130-0000-5222	Veh. #9-Tie Rod Ends.
15697	11/24/2020	Paul Associates	1,404.76	1,404.76	100-160-0000-5301	Termination Door Hangers
15698	11/24/2020	Customer Refund	57.89	57.89	100-000-0000-2000	Refund Check
15699	11/24/2020	Pitney Bowes Postage By Phone	1,005.00	1,005.00	100-600-0000-5302	Postage Meter Refill
15700	11/24/2020	Customer Refund	33.47	33.47	100-000-0000-2000	Refund Check
15701	11/24/2020	Prudential Overall Supply	615.42	96.63	100-130-0000-5253	Uniforms
				96.63	100-130-0000-5253	Uniforms
				181.06	100-130-0000-5253	Uniforms
				241.10	100-130-0000-5253	Uniforms
15702	11/24/2020	Customer Refund	21.95	21.95	100-000-0000-2000	Refund Check
15703	11/24/2020	Customer Refund	63.46	63.46	100-000-0000-2000	Refund Check
15704	11/24/2020	S.C.E.	9,436.85	251.60	100-110-0000-5201	Well 15
				560.14	100-120-0000-5201	Booster 11A, 11B

# Twentynine Palms Water District

**Check Date Range:** 11/1/2020 thru 11/30/2020

				1,822.57	100-120-0000-5201	Booster Lupine
				1,107.65	100-120-0000-5201	Booster Sullivan
				3,260.42	100-120-0000-5201	Booster TP-1
				1,599.91	100-120-0000-5201	Booster Two Mile
				49.75	100-110-0000-5201	Well 9 Booster 6A, 6B
				68.05	100-120-0000-5201	D. H. Resv & Hydro
				716.76	100-110-0000-5201	Well 11
15705	11/24/2020	Customer Refund	42.95	42.95	100-000-0000-2000	Refund Check
15706	11/24/2020	Susan L. Simmons	1,425.00	1,425.00	100-600-0000-5406	Janitorial Services
15707	11/24/2020	Customer Refund	10.28	10.28	100-000-0000-2000	Refund Check
15708	11/24/2020	Springbrook Holding Company LLC	84.50	84.50	100-600-0000-5408	Server Migration
15709	11/24/2020	SWRCB-DWOCP	105.00	105.00	100-130-0000-5303	D5 Renewal - Kollisz
15710	11/24/2020	TPX Communications	844.74	844.74	100-150-0000-5203	Hatch
15711	11/24/2020	Customer Refund	26.76	26.76	100-000-0000-2000	Refund Check
15712	11/24/2020	Underground Service Alert	187.22	27.56	100-130-0000-5406	California State Fee for Regulatory Costs
				27.56	100-130-0000-5406	California State Fee for Regulatory Costs
				132.10	100-130-0000-5406	74 new tickets
15713	11/24/2020	UPS	201.28	201.28	100-160-0000-5302	Shipping
15714	11/24/2020	Usa Blue Book	592.62	103.93	100-130-0000-5226	cowhide leather gloves lg
				384.18	100-150-0000-5220	Salt Bridge RYTON, pH Sensors, pH Standard Cell So 500ml
				60.61	100-130-0000-5226	2x/3x class 3 mesh vest
				43.90	100-130-0000-5226	gray safety glasses
15715	11/24/2020	Verizon Wireless	551.23	551.23	100-600-0000-5203	Wireless
15716	11/24/2020	Customer Refund	40.18	40.18	100-000-0000-2000	Refund Check
15717	11/24/2020	Wells Tapping Service, Inc.	7,800.00	7,800.00	100-130-0000-5406	8" Insta valve complete material and labor
15718	11/24/2020	Customer Refund	53.01	53.01	100-000-0000-2000	Refund Check
			<b>Total</b>	<b>\$274,559.32</b>		

9



# 9.1

**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 2, 2020**

**SUBJECT: Management Report**

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**A. The Operations and Maintenance Department performed the following tasks during the month of November 2020:**

1. Responded to 86 Underground Service Alerts
2. Responded to and repaired
  - a. 0 water main leaks
  - b. 0 water meter leaks
  - c. 1 service line leak
  - d. 0 fire hydrant repairs/maintenance
3. Installed 12 new services
4. Replaced 2 customer gate valves
5. Performed 2 leak audits
6. Painted 87 fire hydrants
7. Performed 3 customer pressure checks
8. Replaced 0 water meters
9. Tested and exercised emergency generators
10. Sounded wells for November
11. 1 water waste inquiry was reported
12. Installed 0 AMI/AMR meters

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

1. 116 work orders were generated from reading meters
2. 35 work orders were generated from billing variance list
3. 204 work orders were generated for turn on or turn off
4. 219 termination notices were distributed
5. 0 non-pay turn offs were performed
6. 0 extensions were granted
7. 0 extensions were shut off for non-payment
8. 0 payment schedules have been granted
9. 0 payment schedules failed, total outstanding \$0
10. 6 customer requests and 3 inquiries were logged and investigated

**C. Valve and Hydrant Maintenance Update**

	Valves Exercised (Began 07/19)	Dead Ends Flushed (Began 7/19)
Current Month	106	23
Year to Date	*1,587	319

\*Triennial cycle

**Twentynine Palms Water District  
Maintenance Report**

FY 2020/21

	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	48	3	128	0	463	178	36	6				1
August	66	2	112	0	510	112	30	5	7,839	7,875	-0.46%	0
Sept.	77	7	0	0	501	85	15	14		N/A		1
October	58	6	89	0	354	103	0	5	N/A	N/A		2
Nov.	86	2	87	0	355	106	0	12				0
Dec.												
Jan.												
Feb.									N/A	N/A		
March												
April												
May												
June									N/A	N/A		
<b>Totals</b>	<b>335</b>	<b>20</b>	<b>416</b>	<b>0</b>	<b>2183</b>	<b>584</b>	<b>81</b>	<b>42</b>				<b>4</b>

**Total Connections in District= 8,170**

# 9.2

**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 4, 2020**  
**SUBJECT: Management Report**

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**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 0.14 mg/L to a high of 0.59 mg/L. Chlorination point (the point where chlorine is introduced into the distribution system) averages ranged from 0.18 mg/L to .73 mg/L.

B. Bacteria Samples: A total of 50 routine bacteria samples were collected at test points for the storage and distribution system during this past month. In addition 14 special bacteria samples were collected. One routine sample indicated "POSITIVE" for Colilert, which is an indicator that coliform bacteria may be present. All repeat and source water samples triggered by the positive routine sample 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 7 fluoride samples were taken from potable water production wells. Fluoride levels in the distribution system ranged from a low of .99 mg/L to a high of 1.9 mg/L. Fluoride measurements collected at the wells ranged from a low of 0.44 to a high of 1.9 mg/L.

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

D. General Physical: A total of 14 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 for turbidity.

**TWENTYNINE PALMS WATER DISTRICT**  
**Water Production Report**  
**FY 2020/2021**

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	151.697	103.759	33.891	21.190	310.537	259.777	19.54%	0.19%		
August	147.948	104.079	32.972	21.648	306.647	260.066	17.91%	4.93%		
Sept.	145.394	92.658	28.484	14.565	281.101	231.702	21.32%	14.85%		
October	116.727	93.044	28.695	12.695	251.161	207.558	21.01%	16.34%		
Nov.	86.227	74.384	23.671	9.878	194.160	170.208	14.07%	3.77%		
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>647.993</b>	<b>467.924</b>	<b>147.713</b>	<b>79.976</b>	<b>1343.606</b>	<b>1129.311</b>	<b>18.98%</b>			

Production Totals Expressed in Acre Feet

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

**9.691**

acre feet =

**1.47%**

# 9.3

**TWENTYNINE PALMS WATER DEPARTMENT**

**FINANCIAL REPORT**

**For The Month Of**

**Oct. 2020**

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



**TWENTYNINE PALMS WATER DEPARTMENT  
STATEMENT OF INVESTMENTS AND RESERVES  
For the Period Ending October 31, 2020  
(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	\$ 3,645,119	\$ 10,057	\$ (5,720)	\$ 3,649,456	\$ 3,664,472
Election Fund Reserve - LAIF	21,177	-	-	21,177	21,264
Capital Reserve - LAIF	899,260	2,468	-	901,729	905,439
Capital Funds for Primary Infrastructure - LAIF	129,790	5,896	-	135,686	136,245
Capital Funds for Secondary Infrastructure - LAIF	81,436	419	-	81,855	82,191
<b>Total Investments</b>	<b>\$ 4,776,782</b>	<b>\$ 18,841</b>	<b>\$ (5,720)</b>	<b>\$ 4,789,902</b>	<b>\$ 4,809,610</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, 2020  
(Unaudited)**

	Oct. 2020	Sept. 2020	YTD	Budget	YTD 33%	Prior YTD
1 Operating Revenues	\$ 461,205	\$ 543,661	\$ 1,980,817	\$ 4,294,100	46%	\$ 1,692,872
2 Non-Operating Revenues	84,106	72,817	323,678	728,000	44%	267,212
<b>Total Revenue Available to</b>						
3 <b>Fund Operations &amp; Capital/R&amp;R</b>	<b>545,311</b>	<b>616,478</b>	<b>2,304,496</b>	<b>5,022,100</b>	<b>46%</b>	<b>1,960,083</b>
4 Operating Expenses	311,658	395,361	1,428,762	4,399,600	32%	1,494,172
5 Non-Operating Expenses	22,459	22,459	89,836	269,500	33%	108,881
6 Total Debt Service	-	121,142	121,142	243,500	50%	125,917
7 Total Expenses	334,117	538,962	1,639,741	4,912,600	33%	1,728,970
<b>Net Revenues Available to Fund</b>						
8 <b>Capital Related Expenditures</b>	<b>211,195</b>	<b>77,516</b>	<b>664,755</b>	<b>109,500</b>	<b>607%</b>	<b>231,114</b>
9 District Projects	(6,633)	(19,293)	(32,011)	(415,000)	8%	(24,987)
10 CIP Projects	-	(50,531)	(194,151)	(2,300,000)	8%	(771,819)
11 Repairs & Replacement	(18,185)	-	(27,170)	(385,000)	7%	(801)
12 Capital Outlay	-	-	(8,750)	(195,000)	4%	(101,063)
13 Election Expense	-	-	-	-	0%	-
<b>Sub-Total</b>	<b>(24,818)</b>	<b>(69,824)</b>	<b>(262,082)</b>	<b>(3,295,000)</b>	<b>8%</b>	<b>(898,670)</b>
14 Transfers in from SRF for Election	11,237	6,482	35,437	137,400	26%	32,983
15 Transfers Out - PARS Trust Obligation	-	-	-	(40,000)	0%	-
<b>16 Increase (Decrease) in Fund Balance</b>	<b>\$ 197,614</b>	<b>\$ 14,174</b>	<b>\$ 438,110</b>	<b>\$ (3,088,100)</b>		<b>\$ (634,573)</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.*

**Twenty-nine Palms Water Department**  
**Detail Statement of Revenues and Expenses**  
**For the Period Ending October 31, 2020**  
**(Unaudited)**

	Oct. 2020	Sept. 2020	YTD	Budget	YTD 33%	Prior YTD
<b>1 Operating Revenues</b>						
2 Water Sales	\$ 339,217	\$ 406,768	\$ 1,477,578	\$ 3,213,200	46%	\$ 1,210,456
3 RTS	115,803	118,963	467,361	1,427,200	33%	435,560
4 Other Operating Revenue	6,185	17,930	35,878	85,000	42%	46,856
5 Anticipated Uncollectible - Covid	-	-	-	(431,300)	0%	-
<b>6 Total Operating Revenues</b>	<b>461,205</b>	<b>543,661</b>	<b>1,980,817</b>	<b>4,294,100</b>	<b>46%</b>	<b>1,692,872</b>
<b>7 Non-Operating Revenues</b>						
8 Capital Impact Fees	5,720	17,344	33,285	-	0%	6,400
9 Water Availability Assessment	48,242	48,242	192,967	578,900	33%	197,033
10 Interest Revenue	13,121	-	13,121	110,000	12%	46,969
11 Other Penalties	-	-	2,937	24,100	12%	-
12 Reimbursed Expenses	(284)	6,356	27,926	5,000	559%	9,909
13 Other Non-Operating Revenue	17,308	874	53,443	10,000	534%	6,900
<b>14 Total Non-Operating Revenues</b>	<b>84,106</b>	<b>72,817</b>	<b>323,678</b>	<b>728,000</b>	<b>44%</b>	<b>267,212</b>
<b>15 Total Revenues</b>	<b>545,311</b>	<b>616,478</b>	<b>2,304,496</b>	<b>5,022,100</b>	<b>46%</b>	<b>1,960,083</b>
<b>16 Operating Expenditures</b>						
<b>17 Source of Supply</b>						
18 Labor & Benefits	2,267	1,078	6,192	8,600	72%	2,642
19 Direct Expenses	27,227	33,764	130,895	326,500	40%	106,370
<b>20 Total Source of Supply</b>	<b>29,494</b>	<b>34,842</b>	<b>137,087</b>	<b>335,100</b>	<b>41%</b>	<b>109,012</b>
<b>21 Pumping</b>						
22 Labor & Benefits	-	144	1,090	2,400	45%	1,374
23 Direct Expenses	11,673	13,540	50,706	134,000	38%	42,948
<b>24 Total Pumping</b>	<b>11,673</b>	<b>13,684</b>	<b>51,796</b>	<b>136,400</b>	<b>38%</b>	<b>44,321</b>
<b>25 Transmission &amp; Distribution</b>						
26 Labor & Benefits	89,987	90,241	374,701	1,196,400	31%	348,440
27 Direct Expenses	34,074	28,616	146,963	345,600	43%	132,594
<b>28 Total Transmission &amp; Distribution</b>	<b>124,061</b>	<b>118,857</b>	<b>521,664</b>	<b>1,542,000</b>	<b>34%</b>	<b>481,033</b>
<b>29 Treatment Wells</b>						
30 Labor & Benefits	4,463	5,363	17,868	63,800	28%	23,414
31 Direct Expenses	1,911	1,798	10,509	26,200	40%	8,477
<b>32 Total Treatment Wells</b>	<b>6,374</b>	<b>7,161</b>	<b>28,377</b>	<b>90,000</b>	<b>32%</b>	<b>31,891</b>
<b>33 Treatment Facility</b>						
34 Labor & Benefits	17,252	17,957	80,635	243,300	33%	84,577
35 Direct Expenses	26,902	75,511	148,882	479,400	31%	278,269
<b>36 Total Treatment Facility</b>	<b>44,155</b>	<b>93,468</b>	<b>229,518</b>	<b>722,700</b>	<b>32%</b>	<b>362,846</b>
<b>37 Customer Accounts</b>						
38 Labor & Benefits	14,548	15,972	73,020	198,800	37%	90,535
39 AMI Temporary Labor	-	-	1,447	-	0%	15,543
40 Direct Expenses	3,009	7,833	12,195	55,500	22%	13,866
<b>41 Total Customer Accounts</b>	<b>17,557</b>	<b>23,805</b>	<b>86,661</b>	<b>254,300</b>	<b>34%</b>	<b>119,944</b>

**Twentynine Palms Water Department  
Detail Statement of Revenues and Expenses  
For the Period Ending October 31, 2020  
(Unaudited)**

	Oct. 2020	Sept. 2020	YTD	Budget	YTD 33%	Prior YTD
<b>42 General Administration</b>						
43 Outside Services	25,255	40,666	138,400	416,400	33%	85,377
44 Direct Expenses	17,683	25,105	79,009	299,700	26%	88,856
<b>45 Total General Admin.</b>	<b>42,938</b>	<b>65,771</b>	<b>217,409</b>	<b>716,100</b>	<b>30%</b>	<b>174,233</b>
<b>46 Employee Salaries</b>						
47 Direct Labor	112,434	112,382	487,901	1,509,800	32%	521,598
48 Less Transfer to Operations	(89,309)	(88,179)	(384,115)	(1,175,900)	33%	(408,541)
<b>49 Total General &amp; Admin. Salaries</b>	<b>23,124</b>	<b>24,203</b>	<b>103,786</b>	<b>333,900</b>	<b>31%</b>	<b>113,057</b>
<b>50 District Benefits / G&amp;A Benefits</b>						
51 District Benefits - (H/D/V)	29,275	31,910	123,353	385,100	32%	115,092
52 District Benefits - Taxes	7,770	8,447	35,897	121,600	30%	39,151
53 District Benefits - Workers Comp	3,595	2,468	14,381	61,700	23%	19,980
54 District Benefits - CalPERS	13,631	13,801	61,504	189,000	33%	50,961
55 Subtotal District Benefits	54,272	56,626	235,135	757,400	31%	225,184
56 Less: Transfer to Operations	(54,272)	(56,626)	(235,135)	(757,400)	31%	(225,184)
<b>57 Total G&amp;A Benefits Allocated</b>	<b>11,162</b>	<b>12,195</b>	<b>49,971</b>	<b>167,500</b>	<b>30%</b>	<b>49,370</b>
<b>58 Payouts &amp; Retiree Medical</b>						
59 Vacation / Sick Payouts	-	1,075	1,075	66,500	2%	2,337
60 Retiree Medical	-	-	-	2,600	0%	3,271
<b>61 Total Payouts &amp; Retiree Medical</b>	<b>-</b>	<b>1,075</b>	<b>1,075</b>	<b>69,100</b>	<b>2%</b>	<b>5,608</b>
<b>62 Board of Directors</b>						
63 Directors' Fees	750	300	1,050	17,000	6%	2,600
64 Direct Expenses	369	-	369	15,500	2%	257
<b>65 Total Board of Directors</b>	<b>1,119</b>	<b>300</b>	<b>1,419</b>	<b>32,500</b>	<b>4%</b>	<b>2,857</b>
<b>66 Total Operating Expenditures</b>	<b>311,658</b>	<b>395,361</b>	<b>1,428,762</b>	<b>4,399,600</b>	<b>32%</b>	<b>1,494,172</b>
<b>67 Non-Operating Expenditures</b>						
<b>68 Debt Service</b>						
69 Principal	-	93,508	93,508	189,700	49%	94,400
70 Interest / Issuance Costs	-	27,634	27,634	53,800	51%	31,517
<b>71 Total Debt Service</b>	<b>-</b>	<b>121,142</b>	<b>121,142</b>	<b>243,500</b>	<b>50%</b>	<b>125,917</b>
<b>72 PERS Unfunded</b>						
73 Unfunded PERS Annual Payment	14,126	14,126	56,503	169,500	33%	42,214
74 Unfunded Pension & OPEB Trust Payments	8,333	8,333	33,333	100,000	33%	66,667
<b>75 Total PERS Unfunded</b>	<b>22,459</b>	<b>22,459</b>	<b>89,836</b>	<b>269,500</b>	<b>33%</b>	<b>108,881</b>
<b>76 Total Non-Operating Expenditures</b>	<b>22,459</b>	<b>143,601</b>	<b>210,978</b>	<b>513,000</b>	<b>41%</b>	<b>234,797</b>
<b>77 Total Expenditures</b>	<b>334,117</b>	<b>538,962</b>	<b>1,639,741</b>	<b>4,912,600</b>	<b>33%</b>	<b>1,728,970</b>
<b>Net Revenues Available to Fund Capital</b>						
<b>78 Related Expenditures</b>	<b>\$ 211,195</b>	<b>\$ 77,516</b>	<b>\$ 664,755</b>	<b>\$ 109,500</b>	<b>607%</b>	<b>\$ 231,114</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, 2020  
(Unaudited)**

	<u>Oct. 2020</u>	<u>Sept. 2020</u>	<u>YTD</u>	<u>Budget</u>	<u>YTD 33%</u>	<u>Prior YTD</u>
1 Tower Revenues	\$ 14,570.29	\$ 9,814.89	\$ 44,014.96	\$ 131,100.00	34%	\$ 46,316.68
2 Less Transfers Out to Fire	\$ -	\$ -	\$ -	\$ -	N/A	\$ -
3 Less Transfers Out To Water	\$ (11,236.96)	\$ (6,481.56)	\$ (30,681.64)	\$ (91,100.00)	34%	\$ (32,983.36)
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, 2020**  
**(Unaudited)**

<b>Carryover Capital Approved in Previous Years</b>	<b>Budget FY 20/21</b>	<b>Current Year Expenditures</b>	<b>Remaining Budget / (Over Budget)</b>
<b>District Projects</b>			
1 GW Mgmt. Plan & Urban Water Mgmt. Plan	\$ 100,000	\$ 9,505	\$ 90,495
2 Treatment Feasibility & Exploration Costs	35,000	-	35,000
3 Vulnerability Assesment AWIA	45,000	10,500	34,500
4 Standard Drawings Update	25,000	-	25,000
5 Asset Management Plan	50,000	12,006	37,994
6 Salt Nutrient Monitoring Wells\Sampling	50,000	-	50,000
7 USGS Study\Feasibility Study	25,000	-	50,000
8 Master Plan Updates	85,000	-	50,000
9 <b>Total Carryover Capital Approved in Previous Years</b>	<b>415,000</b>	<b>32,011</b>	<b>372,989</b>
<b>Capital Improvement Plan</b>			
10 Chromium VI and Flouride for Well 11B	1,000,000	1,110	998,890
11 Fluoride Variance (Expiring) - TP-2, W12, W16	1,000,000	31,307	968,693
12 AMI / AMR Meters	300,000	161,734	138,266
14 <b>Total Capital Improvement Plan</b>	<b>2,300,000</b>	<b>194,151</b>	<b>2,105,849</b>
<b>Repairs, Rehabilitation, &amp; Maintenance</b>			
15 Plant 6 Electrical and Well Upgrade	25,000	-	25,000
16 Emergency Repairs, Unspecified	75,000	27,170	47,830
17 Repiping/Distribution System Upgrades	75,000	-	75,000
18 Reservoir Recoating / Cathodic Protection	20,000	-	20,000
19 Large Meter Replacement Program	30,000	-	30,000
20 Fluoride Plant Instrumentation\Coating	10,000	-	10,000
21 Treated Water Reservoir Coating	50,000	-	50,000
22 Campbell Reservoir Road Paving	100,000	-	100,000
24 <b>Total Repairs &amp; Maintenance</b>	<b>385,000</b>	<b>27,170</b>	<b>357,830</b>
<b>Capital Outlay</b>			
25 Vehicle/Equipment Replacements	40,000	8,750	31,250
26 Computer/Technology Replacements	30,000	-	30,000
27 GIS	20,000	-	20,000
28 Administrative Building\Office Remodel	35,000	-	35,000
29 Energy Efficiency Projects	35,000	-	35,000
30 One-Time Existing Conditions Sampling Event	20,000	-	20,000
31 Parking Lot Seal\Paving	15,000	-	15,000
32 <b>Total Capital Outlay</b>	<b>195,000</b>	<b>8,750</b>	<b>186,250</b>
34 <b>TOTAL</b>	<b>\$ 3,295,000</b>	<b>\$ 262,082</b>	<b>\$ 3,022,918</b>

**9.4**

**NO  
MATERIAL  
PROVIDED**