

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

January 26, 2022 / 4:00 P.M.

AGENDA

This meeting will be 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.

This meeting may be viewed on the District's website at www.29palmswater.net

Next Resolution #22-04
Next Ordinance #102

Call to Order and Roll Call

Pledge of Allegiance

Additions/Deletions to the Agenda

Public Comments

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

1. Presentation and Consideration to Receive and File the Twentynine Palms Water District's Fiscal Year 2020/2021 Audited Financial Statements
2. Consideration of Resolution 22-01 Authorizing Grant Application for Well 11B
3. Consideration of Resolution 22-02 Adopting Annual Statement of Investment Policy
4. Consideration of Resolution 22-03 Changing from a Bi-monthly to Monthly Billing Cycle
5. President's Special Recognition Award from ACWA JPIA
6. 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 December 15, 2021
 - Audit List
7. Items Removed from the Consent Calendar for Discussion or Separate Action
8. Management Reports

- 8.1 Maintenance
- 8.2 Water Quality
- 8.3 Finance
- 8.4 General Manager
- 9. Future Agenda Items and Staff Tasks/Directors' Comments and Reports
- 10. 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., January 21, 2022.

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

TWENTYNINE PALMS WATER DISTRICT
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TO:	BOARD OF DIRECTORS
DATE:	JANUARY 12, 2022
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	PRESENTATION AND CONSIDERATION TO RECEIVE AND FILE THE TWENTYNINE PALMS WATER DISTRICT'S FISCAL YEAR 2020/2021 AUDITED FINANCIAL STATEMENTS

BACKGROUND AND DISCUSSION

The Fiscal Year (FY) 2020/2021 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 2020/2021
- Notes to the Basic Financial Statements: The footnotes provide information in greater detail on the District's financial policies, accounting, retirement plan, and other financial matters.

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 2020/2021 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 2020/2021 audited financial statements at this Board meeting.

November 1, 2021

To the Board of Directors and Management
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, 2021, and have issued our report thereon dated November 1, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 18, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses, and material noncompliance, and other matters noted during our audit in a separate letter to you dated November 1, 2021.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm have complied with all relevant ethical requirements regarding independence.

Our firm has identified the self-review of nonattest services as a threat to independence. To eliminate this threat, the firm requires review by an independent partner, and acceptance of the report by management.

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 2021. 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 involve significant judgment and 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 to the performance of the audit.

Uncorrected and Corrected 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. Management has corrected all identified 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 written representations from management, which are included in a letter dated November 1, 2021.

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.

Very truly yours,

Eddie and Payne HP

November 1, 2021

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

Dear Board of Directors and Management:

In planning and performing our audit of the financial statements of Twentynine Palms Water District as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Twentynine Palms Water District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Twentynine Palms Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Twentynine Palms Water District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 1, 2021 on the financial statements of Twentynine Palms Water District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Formalize the Accounts Receivable Collection Procedures

The year-end accounts receivable aged trial balance that was presented to us for audit purposes indicates that approximately 43% are over 120 days old. At June 30, 2020, it was 39%. We recommend the following formal collection procedures should be established:

- The continuous review of accounts receivable for old and slow-paying accounts.



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- A formal periodic review of the account receivable aged trial balance.
- The implementation of formalized procedures for contacting delinquent accounts for payment, such as sending letters to slow-paying customers.
- The increased use of collection agencies to aid in collecting delinquent accounts.

Increased management effort in this area can result in a reduction in the number and amount of delinquent and potentially worthless receivables. The positive results from this process may include significantly improved cash flow.

We believe that the implementation of this recommendation will provide Twentynine Palms Water District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Eddie and Payne HP

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Twentynine Palms Water District
Twentynine 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 Twentynine Palms Water District (the District) and aggregate remaining fund information of as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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.

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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.

Eadie and Payne HP

Riverside, California
November 1, 2021



Twentynine Palms Water District

Twentynine Palms, California

Annual Financial Report

*For the Fiscal Year Ended
June 30, 2021 and 2020*

Twentynine Palms Water District

TABLE OF CONTENTS

June 30, 2021 and 2020

Financial Section

Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4

Basic Financial Statements

Statements of Net Position	12
Statements of Revenues, Expenses, and Changes in Fund Net Position	13
Statements of Cash Flows	14
Statements of Fiduciary Net Position	16
Statements of Changes in Fiduciary Net Position	17
Notes to the Financial Statements	19

Required Supplementary Information (Unaudited):

Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and Related Ratios	51
Schedule of the District's Contributions to the Pension Plan	52
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	53

FINANCIAL SECTION

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, 2021 and 2020, 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.



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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, 2021 and 2020, 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 51 through 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Eddie and Payne HP

Riverside, California
November 1, 2021

Twentynine Palms Water District
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2021 and 2020

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, 2021 and 2020. 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 increased 1.39%, or \$366,501, from \$26,452,278 to \$26,818,779 as of June 30, 2021. The net position decreased 2.76%, or \$750,202, from \$27,202,480 to \$26,452,278 as of June 30, 2020
- Total revenues from all sources for the District for the year ended June 30, 2021, increased by 23.63%, or \$1,300,224, from \$5,503,016 for the year ended June 30, 2020 to \$6,803,240. Total revenues from all sources for the District for the year end June 30, 2020, increased by 5.39%, or \$281,279, from \$5,221,737 for the year ended June 30, 2019 to \$5,503,016.
- Total expenses for the District's operations for the year ended June 30, 2021 increased by 2.93% or \$183,521 from \$6,253,218 for the year ended June 30, 2020 to \$6,436,739. Total expenses for the District's operations for the year ended June 30, 2020 increased by 12.33% or \$686,358 from \$5,566,860 for the year ended June 30, 2019 to \$6,253,218.

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, 2021 and 2020

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, 2021 and 2020

Statement of Net Position Proprietary Funds

	Condensed Statement of Net Position		
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Assets:			
Current assets	\$ 9,398,325	\$ 8,181,416	\$ 9,136,148
Capital assets, net	22,813,185	23,250,113	22,971,509
Total assets	<u>32,211,510</u>	<u>31,431,529</u>	<u>32,107,657</u>
Deferred Outflows of Resources			
	777,143	766,094	930,342
Liabilities			
Current liabilities	1,260,515	841,083	857,764
Long-term obligations	4,618,057	4,523,533	4,601,861
Total liabilities	<u>5,878,572</u>	<u>5,364,616</u>	<u>5,459,625</u>
Deferred Inflows of Resources			
	291,302	380,729	375,894
Net Position			
Net investment in capital assets	21,190,981	21,438,020	20,971,509
Restricted Net Position	153,500	-	-
Unrestricted Net Position	5,474,298	5,014,258	6,230,971
Total net position	<u>\$ 26,818,779</u>	<u>\$ 26,452,278</u>	<u>\$ 27,202,480</u>

As of June 30, 2021, the District reported a net position of \$26,818,779. An amount of \$5,474,298 constitutes the District's unrestricted net position balance which is available for future operations at June 30, 2021. An amount of \$153,500 constitutes the District's restricted net position balance which is restricted at June 30, 2021. 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.

Twentynine Palms Water District
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2021 and 2020

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

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Operating Revenue	\$ 6,359,026	\$ 5,168,917	\$ 4,904,575
Operating Expenses	(6,384,312)	(6,155,218)	(5,510,770)
Non-Operating Revenue, Net	391,787	236,099	261,072
Total Change in Net Position	<u>366,501</u>	<u>(750,202)</u>	<u>(345,123)</u>
Net Position, Beginning of Year	<u>26,452,278</u>	<u>27,202,480</u>	<u>27,547,603</u>
Net Position, End of Year	<u>\$ 26,818,779</u>	<u>\$ 26,452,278</u>	<u>\$ 27,202,480</u>

The statement shows how the fund's net position changed during the fiscal year. In the case of the District, net position increased by \$366,501 during the fiscal year ended June 30, 2021. The net position decreased by \$750,202 during the fiscal year ended June 30, 2020.

Proprietary Funds Revenues

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Revenues:			
Water consumption sales	\$ 3,671,784	\$ 3,087,635	\$ 2,860,092
Water service charges	1,421,893	1,340,467	1,265,924
Water availability charge	618,498	605,404	608,934
Other service charges	646,851	135,411	169,625
Intergovernmental	153,500	-	-
Rental revenue	147,606	138,885	130,242
Investment earnings	33,532	144,202	152,753
Gain/(Loss) on sale of assets	19,725	6,021	(2,139)
Other non-operating revenue	89,851	44,991	36,306
Total revenues	<u>\$ 6,803,240</u>	<u>\$ 5,503,016</u>	<u>\$ 5,221,737</u>

Revenues increased \$1,300,224 for the fiscal year ended June 30, 2021. Notable increases include water consumption revenue of \$584,149 and other service charges of \$511,440. These notable increases are offset by decreases in investment earnings of \$110,670 in combination with minor decreases/increases all other categories. Revenues increased \$281,279 for the fiscal year ended June 30, 2020. Notable increases include water consumption revenue of \$227,543 and water service charges of \$74,543. These notable increases are offset by decreases in other service charges of \$34,214 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, 2021 and 2020

Proprietary Funds Expenses

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Expenses:			
Source of supply	\$ 432,070	\$ 347,946	\$ 338,773
Pumping	249,718	221,212	252,510
Transmission and distribution	1,526,104	1,355,204	1,323,486
Customer accounts	398,185	366,952	304,577
General plant	658,778	727,351	670,459
General and administrative	1,799,585	1,740,372	1,230,357
Depreciation expense	1,319,872	1,396,181	1,390,608
Interest expense	52,427	58,000	16,090
Transfer out	-	40,000	40,000
Total expenses	<u>\$ 6,436,739</u>	<u>\$ 6,253,218</u>	<u>\$ 5,566,860</u>

Expenses increased \$183,521 for the fiscal year ended June 30, 2021. Many types of expenses experienced increases with the largest increase found in transmission and distribution expenses. On the other hand, notable decreases are seen in the general plant and the depreciation expenses for the year. Expenses increased \$686,358 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.

Statement of Fiduciary Net Position

Condensed Statements of Fiduciary Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Assets:			
Current assets	\$ 32,784	\$ 79,976	\$ 66,789
Restricted assets	1,844,163	1,630,409	1,491,541
Total assets	<u>1,876,947</u>	<u>1,710,385</u>	<u>1,558,330</u>
Deferred Outflows of Resources	182,369	183,841	269,236
Liabilities			
Current liabilities	14,211	4,863	8,565
Long-term obligations	507,129	400,701	321,995
Total liabilities	<u>521,340</u>	<u>405,564</u>	<u>330,560</u>
Deferred Inflows of Resources	<u>215,885</u>	<u>201,288</u>	<u>240,175</u>
Net Position			
Restricted	<u>\$ 1,322,091</u>	<u>\$ 1,287,374</u>	<u>\$ 1,256,831</u>

Twentynine Palms Water District
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2021 and 2020

As of June 30, 2021, the District reported a total fiduciary net position of \$1,322,091 an increase of \$34,717 from June 30, 2020. As of June 30, 2020, the District reported a total fiduciary net position of \$1,287,374 and increase of \$30,543 from June 30, 2019. 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, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Additions	\$ 179,512	\$ 185,820	\$ 242,755
Deductions	(144,795)	(155,277)	(125,593)
Total Change in Net Position	<u>34,717</u>	<u>30,543</u>	<u>117,162</u>
Net Position, Beginning of Year	<u>1,287,374</u>	<u>1,256,831</u>	<u>1,139,669</u>
Net Position, End of Year	<u>\$ 1,322,091</u>	<u>\$ 1,287,374</u>	<u>\$ 1,256,831</u>

Fiduciary Funds Additions

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Additions			
Property tax penalties	\$ 21,680	\$ 26,080	\$ 33,873
Other revenues	20,981	30,684	48,601
Intergovernmental	7,289	15,886	31,900
Investment earnings	129,562	73,170	88,381
Transfers in	-	40,000	40,000
Total additions	<u>\$ 179,512</u>	<u>\$ 185,820</u>	<u>\$ 242,755</u>

Additions decreased by \$6,308 for the fiscal year ended June 30, 2021 due to decreases in all addition categories offset by increased investment earnings. Additions decreased by \$56,935 for the fiscal year ended June 30, 2020 primarily due to decreases in all addition categories.

Fiduciary Funds Deductions

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Deductions:			
Pension expense	\$ 122,496	\$ 125,214	\$ 89,186
Transfer to San Bernardino	22,299	30,063	36,407
Total deductions	<u>\$ 144,795</u>	<u>\$ 155,277</u>	<u>\$ 125,593</u>

Deductions decreased \$10,482 and increased \$29,684 for the fiscal years ending June 30, 2021 and 2020, respectively.

Twentynine Palms Water District
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2021 and 2020

Capital Asset Administration

Capital assets were as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Non-depreciable capital assets	\$ 1,550,950	\$ 1,728,833	\$ 2,153,746
Depreciable capital assets	<u>50,640,128</u>	<u>49,950,560</u>	<u>47,870,023</u>
Total capital assets	52,191,078	51,679,393	50,023,769
Accumulated depreciation	<u>(29,377,893)</u>	<u>(28,429,280)</u>	<u>(27,052,260)</u>
Total capital assets, net	<u>\$ 22,813,185</u>	<u>\$ 23,250,113</u>	<u>\$ 22,971,509</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, 2021, the District's net investment in capital assets amounted to \$21,190,981, which is comprised of \$22,813,185 of capital assets net of related liabilities of \$1,622,204. Major capital asset additions during the year include various improvements and equipment purchases totaling \$882,944. At June 30, 2020, the District's net investment in capital assets amounted to \$21,438,020, which is comprised of capital asset of \$23,250,113 net of related liabilities of \$1,812,093. Major capital asset additions during the year include various improvements and equipment purchases totaling \$1,674,785. 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.

**Twentieth Century Water District
Financial Statement & Annual Report (2017-2018)**

Capital Asset Administration
City of Denver

	2017-2018	2016-2017	2015-2016
Non-debt related capital assets	\$ 1,751,808	\$ 1,010,000	\$ 1,010,000
Debt related capital assets	\$ 48,900,000	\$ 48,900,000	\$ 48,900,000
Total capital assets	\$ 50,651,808	\$ 50,000,000	\$ 50,000,000
Non-debt related debt	\$ 0	\$ 0	\$ 0
Debt related debt	\$ 48,900,000	\$ 48,900,000	\$ 48,900,000
Total debt	\$ 48,900,000	\$ 48,900,000	\$ 48,900,000

The District has a capital asset management plan that provides for the replacement and improvement of its infrastructure and equipment. The plan is based on a long-term capital asset management plan that was adopted in 2012. The plan provides for the replacement and improvement of capital assets over a 20-year period. The plan also provides for the replacement and improvement of capital assets over a 10-year period. The plan is based on a long-term capital asset management plan that was adopted in 2012. The plan provides for the replacement and improvement of capital assets over a 20-year period. The plan also provides for the replacement and improvement of capital assets over a 10-year period.

Contacting the District's Financial Management Team

BASIC FINANCIAL STATEMENTS

The District has provided a general overview of the District's financial statements. If you have any questions about the District's financial statements, please contact the District's Financial Management Team. The District's Financial Management Team is located at 1000 17th Street, Denver, CO 80202. The District's Financial Management Team can be reached at (303) 733-7333.

Twentynine Palms Water District
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and investments	\$ 7,856,845	\$ 6,974,121
Restricted - cash and investments	256,835	-
Accounts receivable – water sales and services, net	991,604	919,387
Accrued interest receivable	4,262	22,819
Special assessments receivable	4,283	19,107
Materials and supplies inventory	199,871	176,153
Prepaid items	<u>84,625</u>	<u>69,829</u>
Total current assets	<u>9,398,325</u>	<u>8,181,416</u>
Non-current assets:		
Capital assets – not being depreciated	1,550,950	1,728,833
Capital assets – being depreciated, net	<u>21,262,235</u>	<u>21,521,280</u>
Total non-current assets	<u>22,813,185</u>	<u>23,250,113</u>
Total assets	<u>32,211,510</u>	<u>31,431,529</u>
Deferred outflows of resources:		
Other post-employment benefits obligation related	83,704	72,601
Pension related	<u>693,439</u>	<u>693,493</u>
Total deferred outflows of resources	<u>777,143</u>	<u>766,094</u>
Total assets and deferred outflows of resources	<u>\$ 32,988,653</u>	<u>\$ 32,197,623</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	\$ 421,171	\$ 151,449
Accrued salaries and benefits	17,555	10,715
Unearned revenue and deposits	523,573	406,557
Long-term liabilities – due within one year:		
Current portion of loan payable	195,725	189,889
Compensated absences	<u>102,491</u>	<u>82,473</u>
Total current liabilities	<u>1,260,515</u>	<u>841,083</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Loan payable	1,426,479	1,622,204
Compensated absences	68,328	54,982
Net other post-employment benefits obligation	417,608	377,004
Net pension liability	<u>2,705,642</u>	<u>2,469,343</u>
Total non-current liabilities	<u>4,618,057</u>	<u>4,523,533</u>
Total liabilities	<u>5,878,572</u>	<u>5,364,616</u>
Deferred inflows of resources:		
Other post-employment benefits obligation related	134,033	153,688
Pension related	<u>157,269</u>	<u>227,041</u>
Total deferred inflows of resources	<u>291,302</u>	<u>380,729</u>
Net position:		
Net investment in capital assets	21,190,981	21,438,020
Restricted for intergovernmental grant	153,500	-
Unrestricted	<u>5,474,298</u>	<u>5,014,258</u>
Total net position	<u>26,818,779</u>	<u>26,452,278</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 32,988,653</u>	<u>\$ 32,197,623</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenue		
Water consumption sales	\$ 3,671,784	\$ 3,087,635
Water service charges	1,421,893	1,340,467
Water availability charge	618,498	605,404
Other service charges	<u>646,851</u>	<u>135,411</u>
Total operating revenue	<u>6,359,026</u>	<u>5,168,917</u>
Operating Expenses		
Source of supply	432,070	347,946
Pumping	249,718	221,212
Transmission and distribution	1,526,104	1,355,204
Customer accounts	398,185	366,952
General plant	658,778	727,351
General and administrative	<u>1,799,585</u>	<u>1,740,372</u>
Total operating expenses	<u>5,064,440</u>	<u>4,759,037</u>
Operating income before depreciation	1,294,586	409,880
Depreciation expense	<u>(1,319,872)</u>	<u>(1,396,181)</u>
Operating Loss	<u>(25,286)</u>	<u>(986,301)</u>
Non-Operating Revenues (Expenses)		
Rental revenue	147,606	138,885
Investment earnings	33,532	144,202
Gain on sale of assets	19,725	6,021
Intergovernmental grant	153,500	-
Interest expense	(52,427)	(58,000)
Other non-operating revenue	89,851	44,991
Transfers to fiduciary fund	<u>-</u>	<u>(40,000)</u>
Total non-operating revenues, net	<u>391,787</u>	<u>236,099</u>
Change in Net Position	366,501	(750,202)
Net Position, Beginning of Year	<u>26,452,278</u>	<u>27,202,480</u>
Net Position, End of Year	<u>\$ 26,818,779</u>	<u>\$ 26,452,278</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 6,809,606	\$ 5,247,092
Cash paid to employees for salaries and wages	(2,282,002)	(2,123,801)
Cash paid to vendors and suppliers for materials and services	<u>(2,387,026)</u>	<u>(2,433,291)</u>
Net cash provided by operating activities	<u>2,140,578</u>	<u>690,000</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(882,944)	(1,674,785)
Proceeds from sale of assets	19,725	6,021
Payments on long-term debt	(189,889)	(187,907)
Transfers to fiduciary fund	<u>-</u>	<u>(40,000)</u>
Net cash (used in) capital and related financing activities	<u>(1,053,108)</u>	<u>(1,896,671)</u>
Cash flows from investing activities:		
Proceeds from investment earnings	<u>52,089</u>	<u>165,416</u>
Net cash provided by investing activities	<u>52,089</u>	<u>165,416</u>
Net increase (decrease) in cash and investments	<u>1,139,559</u>	<u>(1,041,255)</u>
Cash and investments:		
Beginning of year	<u>6,974,121</u>	<u>8,015,376</u>
End of year	<u>\$ 8,113,680</u>	<u>\$ 6,974,121</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (25,286)	\$ (986,301)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	1,319,872	1,396,181
Provision for bad debt	125,841	50,632
Interest expense	(52,427)	(58,000)
Rental revenue	147,606	138,885
Other non-operating revenue	89,851	44,991
Intergovernmental grant	153,500	-
Changes in assets – (increase) decrease:		
Accounts receivable-water sales and services	(198,058)	(162,643)
Special assessments receivable	14,824	(9,261)
Materials and supplies inventory	(23,718)	(7,630)
Prepaid items	(14,796)	21,165
Change in deferred outflows of resources – (increase) decrease:		
Pension and OPEB related deferred outflows of resources	(11,049)	164,248
Changes in liabilities – increase (decrease):		
Accounts payable and accrued expenses	269,722	(3,563)
Accrued salaries and related payables	6,840	(44,935)
Unearned revenue and deposits	117,016	15,571
Compensated absences	33,364	23,775
Net other post-employment benefits obligation	40,604	(126,271)
Net pension liability	236,299	228,321
Change in deferred inflows of resources – increase (decrease):		
Pension and OPEB related deferred inflows of resources	(89,427)	4,835
Total adjustments	<u>2,165,864</u>	<u>1,676,301</u>
Net cash provided by operating activities	<u>\$ 2,140,578</u>	<u>\$ 690,000</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and investments	\$ 28,422	\$ 73,675
Restricted – cash and investments	1,844,163	1,630,409
Special assessments receivable	<u>4,362</u>	<u>6,301</u>
Total current assets	<u>1,876,947</u>	<u>1,710,385</u>
Deferred Outflows of Resources		
Pension related	<u>182,369</u>	<u>183,841</u>
Total Assets and Deferred Outflows of Resources	<u>2,059,316</u>	<u>1,894,226</u>
LIABILITIES, DEFERRED INFLOWS OR RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	14,211	4,863
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Net pension liability	<u>507,129</u>	<u>400,701</u>
Total liabilities	521,340	405,564
Deferred Inflows of Resources		
Pension related	<u>215,885</u>	<u>201,288</u>
Total Liabilities and Deferred Inflows of Resources	<u>737,225</u>	<u>606,852</u>
Fiduciary Net Position		
Restricted for pension liability	<u>\$ 1,322,091</u>	<u>\$ 1,287,374</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions		
Property tax penalties	\$ 21,680	\$ 26,080
Intergovernmental	7,289	15,886
Investment earnings	129,562	73,170
Other revenue	20,981	30,684
Transfers from proprietary fund	-	40,000
Total Additions	<u>179,512</u>	<u>185,820</u>
Deductions		
Pension expense	122,496	125,214
Transfer of fire revenues to San Bernardino County Fire District	<u>22,299</u>	<u>30,063</u>
Total Deductions	<u>144,795</u>	<u>155,277</u>
Change in Fiduciary Net Position	34,717	30,543
Fiduciary Net Position, Beginning of Year	<u>1,287,374</u>	<u>1,256,831</u>
Fiduciary Net Position, End of Year	<u>\$ 1,322,091</u>	<u>\$ 1,287,374</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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:

<u>CalPERS</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Measurement period	July 1, 2019 to June 30, 2020	July 1, 2018 to June 30, 2019

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, 2021 and 2020

Note 2 – Cash and Investments

Cash and investments as of June 30, 2021 and 2020, consisted of the following:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 1,350	\$ 1,350
Demand deposits with financial institutions	2,234,219	761,759
Investments	7,750,696	7,915,096
Total cash and investments	<u>\$ 9,986,265</u>	<u>\$ 8,678,205</u>

Demand Deposits

At June 30, 2021, the carrying amount of the District's demand deposits was \$2,234,219 and the financial institution balance was \$2,215,729. The \$18,490 net difference as of June 30, 2021, represents outstanding checks, deposits-in-transit and/or other reconciling items. 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.

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, 2021 and 2020

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, 2021 and 2020, none of the District's deposits and investments were exposed to disclosable custodial credit risk.

Investments

Investments as of June 30, 2021, consisted of the following:

<u>Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value June 30, 2021</u>	<u>Maturity 12 Months or Less</u>
External Investment Pools:				
California Local Agency Investment Fund (LAIF)	Level 2	n/a	\$ 5,803,198	\$ 5,803,198
Held with Fiscal Agent:				
PARS Pension Trusts	Level 2	n/a	1,947,498	1,947,498
Total investments			<u>\$ 7,750,696</u>	<u>\$ 7,750,696</u>

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>
External Investment Pools:				
California Local Agency Investment Fund (LAIF)	Level 2	n/a	\$ 6,284,687	\$ 6,284,687
Held with Fiscal Agent:				
PARS Pension Trust	Level 2	n/a	1,630,409	1,630,409
Total investments			<u>\$ 7,915,096</u>	<u>\$ 7,915,096</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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/

The District's investment with LAIF at June 30, 2021 and 2020, 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.

As of June 30, 2021 and 2020, the value of LAIF's portfolio approximated \$37.067 and \$32.075 billion, respectively. As of June 30, 2021 and 2020, the District had \$5,803,198 and \$6,284,687 invested in LAIF, respectively. LAIF had invested 2.31% and 3.37% of the pool's investment funds in structured notes and medium-term asset-backed securities at June 30, 2021 and 2020, respectively.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

Note 2 – Cash and Investments (Continued)

Public Agency Retirement Services (PARS) Pension Trust

The District established an IRS Section 115 pension irrevocable trust accounts 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 and Miscellaneous Employees' Pension Plans. 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, 2021 and 2020, 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, 2021 and 2020

Note 3 – Accounts Receivable, Net

The accounts receivable, net balance as of June 30, 2021 and 2020 consisted of the following:

Description	2021	2020
Accounts receivable – water sales and services	\$ 1,480,795	\$ 1,282,737
Allowance for doubtful accounts	(489,191)	(363,350)
Total accounts receivable, net	<u>\$ 991,604</u>	<u>\$ 919,387</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, 2021 and 2020, the District recorded revenue from this special assessment of \$618,498 and \$605,404 as water availability charges, respectively. At June 30, 2021 and 2020, the outstanding balance of the special assessment receivable was \$4,283 and \$19,107, respectively.

Note 5 – Capital Assets

Changes in capital assets for the year ended June 30, 2021 were as follows:

	Balance July 1, 2020	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable capital assets:				
Land	\$ 174,626	\$ -	\$ -	\$ 174,626
Construction-in-process	1,554,207	612,436	(790,319)	1,376,324
Total non-depreciable capital assets	<u>1,728,833</u>	<u>612,436</u>	<u>(790,319)</u>	<u>1,550,950</u>
Depreciable capital assets:				
Source of supply plant	13,843,265	753,233	-	14,596,498
Pumping plant	434,992	19,075	(158,603)	295,464
Transmission and distribution plant	29,984,826	279,769	-	30,264,595
Buildings and structures	2,267,655	-	(5,714)	2,261,941
Office equipment	491,731	-	(89,648)	402,083
Transportation/heavy equipment	1,966,306	8,750	(42,363)	1,932,693
Radio and communication equipment	148,616	-	-	148,616
Field equipment and tolls	813,169	-	(74,931)	738,238
Total depreciable capital assets	<u>49,950,560</u>	<u>1,060,827</u>	<u>(371,259)</u>	<u>50,640,128</u>
Less accumulated depreciation	<u>(28,429,280)</u>	<u>(1,319,872)</u>	<u>371,259</u>	<u>(29,377,893)</u>
Total depreciable capital assets, net	<u>21,521,280</u>	<u>(259,045)</u>	<u>-</u>	<u>21,262,235</u>
Total capital assets, net	<u>\$ 23,250,113</u>	<u>\$ 353,391</u>	<u>\$ (790,319)</u>	<u>\$ 22,813,185</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

Note 5 – Capital Assets (Continued)

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

	<u>Balance July 1, 2019</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2020</u>
Non-depreciable capital assets:				
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>
Depreciable capital assets:				
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	463,687	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 tolls	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>

Construction in progress consist of several capital projects in which the District has expended \$1,376,324 as of June 30, 2021. The District estimates that the projects will be completed in the fiscal year 2023 and will need to expend an additional \$85,000 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, 2021 were as follows:

<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Current</u>	<u>Non-current</u>
\$ 137,455	\$ 204,555	\$ (171,191)	\$ 170,819	\$ 102,491	\$ 68,328

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>
\$ 113,680	\$ 180,784	\$ (157,009)	\$ 137,455	\$ 82,473	\$ 54,982

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Years Ended June 30, 2021 and 2020

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, 2021 and 2020, the following employees were covered by the benefit terms:

	<u>2021</u>	<u>2020</u>
Active plan members	25	25
Inactive plan members or beneficiaries currently receiving benefit payments	-	-
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Total Participants	<u>25</u>	<u>25</u>

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, 2021 and 2020, the District's average contribution rate was 4.31% and 15.04% 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, 2021 and 2020 was measured as of June 30, 2020 and 2019, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial assumptions: The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2019
Discount Rate	6.00% per annum
Inflation	2.50% per annum
Salary Increases	3.00% per annum, in aggregate
Investment Rate of Return	6.00%
Mortality Rate	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data
Healthcare Cost Trend Rates	6.25% decreasing to 4.5% over future periods

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

The actuarial assumptions used in the July 1, 2019 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, 2021 and 2020

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, 2021 and 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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, 2021 and 2020 were both 6.00%. 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, 2021 and 2020

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, 2021 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	NET OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2020	\$ 1,035,089	\$ 658,085	\$ 377,004
Changes for the year:			
Service cost	50,524	-	50,524
Interest	64,684	-	64,684
Differences between expected and actual experience	(17,960)	-	(17,960)
Contributions - employer	-	15,317	(15,317)
Net investment income	-	41,653	(41,653)
Benefit payments	(15,317)	(15,317)	-
Administrative expense	-	(326)	326
Net changes	81,931	41,327	40,604
Balance at June 30, 2021	<u>\$ 1,117,020</u>	<u>\$ 699,412</u>	<u>\$ 417,608</u>

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	NET OPEB Liability/(Asset)
	(a)	(b)	(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	<u>\$ 1,035,089</u>	<u>\$ 658,085</u>	<u>\$ 377,004</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Years Ended June 30, 2021 and 2020

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:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability - June 30, 2021	\$ 509,859	\$ 417,608	\$ 333,448
Net OPEB liability - June 30, 2020	\$ 464,876	\$ 377,004	\$ 296,574

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

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

	1% Decrease (5.25% decreasing to 3.50%)	Current Healthcare Cost Trend Rate (6.25% decreasing to 4.50%)	1% Increase (7.25% decreasing to 5.50%)
Net OPEB liability - June 30, 2021	\$ 302,665	\$ 417,608	\$ 552,001
Net OPEB liability - June 30, 2020	\$ 275,795	\$ 377,004	\$ 494,254

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, 2021 and 2020

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

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

For the years ended June 30, 2021 and 2020, the District recognized OPEB expense of \$47,304 and \$31,428, respectively. At June 30, 2021 and 2020, 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	
	2021	2020	2021	2020
Changes in assumptions	\$ -	\$ 58,693	\$ (117,264)	\$ -
Differences between expected and actual experience	52,171	-	(16,327)	(150,260)
Net difference between projected and actual earnings on OPEB plan investments	-	4,516	(442)	(3,428)
Employer contributions made subsequent to the measurement date	31,533	9,392	-	-
Total	<u>\$ 83,704</u>	<u>\$ 72,601</u>	<u>\$ (134,033)</u>	<u>\$ (153,688)</u>

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	
	2021	2020
2021	\$ -	\$ (26,686)
2022	(28,755)	(26,686)
2023	(27,043)	(24,974)
2024	(28,533)	(26,464)
2025	(1,827)	240
2026	1,891	14,091
Thereafter	2,405	-
Total	<u>\$ (81,862)</u>	<u>\$ (90,479)</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
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		
2021	8.000%	6.750%
2020	8.000%	6.750%
Required employer contribution rates		
2021	14.729%	7.732%
2020	13.692%	6.985%

Safety Plan

	Safety Plan Classic Tier 1
	Hire date
Benefit formula	3.0% at 55
Benefit vesting schedule	5 years of service
Benefits payments	monthly for life
Retirement age	50 - 55 & up
Monthly benefits, as a percentage of eligible compensation	2.4% to 3.0%
Required member contribution rates	
2021	0.000%
2020	0.000%
Required employer contribution rates	
2021	0.000%
2020	0.000%

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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 Public Employees' Retirement Fund C (PERF C), a cost-sharing multiple employer defined benefit pension plan of public agencies with generally fewer than 100 active members, which is administered by California Public Employees' Retirement System (CalPERS). 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, 2019 and 2018 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, 2019 (Valuation Date), the following members were covered by the benefit terms:

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

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

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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

General Information about the Pension Plans (Continued)

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 Tier 1</u>	<u>PEPRA Tier 2</u>	
Active Members	13	6	19
Transferred and terminated members	21	1	22
Retired members and beneficiaries	19	-	19
Total plan members	53	7	60

<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
Total plan members	18

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, 2021 and 2020

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, 2020 and 2019 (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, 2021, the contributions made to the Plan were as follows:

Contribution Type	Miscellaneous Plans		
	Classic	PEPRA	Total
	Tier 1	Tier 2	
Contributions – employer	\$ 320,894	\$ 37,035	\$ 357,929
Contributions – members	82,100	30,927	113,027
Total contributions	\$ 402,994	\$ 67,962	\$ 470,956
Safety Plan			
Contribution Type	Classic		
	Tier 1		
Contributions – employer	\$ 26,711		
Contributions – members	-		
Total contributions	\$ 26,711		

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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

General Information about the Pension Plans (Continued)

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
Total contributions	\$ 368,125	\$ 55,069	\$ 423,194

Contribution Type	Safety Plan
	Classic
	Tier 1
Contributions – employer	\$ 17,414
Contributions – members	-
Total contributions	\$ 17,414

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, 2020 and 2019 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2019 and 2018 total pension liabilities. The June 30, 2019 and 2018 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. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50% per annum
Salary Increases	Varies by entry age and service
Mortality Rate ¹	Derived using CalPERS' Membership Data
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.50% thereafter

¹ 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, 2019 and 2018 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, 2021 and 2020

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, 2020 and 2019 (Measurement Date):

<u>Investment Type¹</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10²</u>	<u>Real Return Years 11+³</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>		

¹ 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

² An expected inflation rate of return of 2.00% is used for this period.

³ 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, 2021 and 2020

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:

Plan's Net Pension Liability at June 30, 2020			
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	\$ 4,314,548	\$ 2,705,642	\$ 1,376,255

Plan's Net Pension Liability at June 30, 2020			
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Safety Plan	\$ 1,041,579	\$ 507,129	\$ 68,563

Plan's Net Pension Liability at June 30, 2019			
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	\$ 3,953,356	\$ 2,469,343	\$ 1,244,396

Plan's Net Pension Liability at June 30, 2019			
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Safety Plan	\$ 921,143	\$ 400,701	\$ (25,980)

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement Date)	\$ 11,033,299	\$ 8,563,956	\$ 2,469,343
Balance as of June 30, 2020 (Measurement Date)	12,090,160	9,384,517	2,705,643
Change in Plan Net Pension liability	\$ 1,056,861	\$ 820,561	\$ 236,300
CalPERS – Safety Plan:			
Balance as of June 30, 2019 (Measurement Date)	\$ 3,797,647	\$ 3,396,946	\$ 400,701
Balance as of June 30, 2020 (Measurement Date)	3,935,460	3,428,331	507,129
Change in Plan Net Pension Liability	\$ 137,813	\$ 31,385	\$ 106,428

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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)

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
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
Change in Plan Net Pension liability	<u>\$ 700,981</u>	<u>\$ 472,660</u>	<u>\$ 228,321</u>
<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Safety Plan:			
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
Change in Plan Net Pension Liability	<u>\$ 123,500</u>	<u>\$ 44,794</u>	<u>\$ 78,706</u>

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
For the Years Ended June 30, 2021 and 2020

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, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019
CalPERS – Miscellaneous Plan			
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018
Percentage of Risk Pool Net Pension liability	0.064144%	0.061664%	0.059464%
Percentage of Plan (PERF C) Net Pension Liability	0.024867%	0.024098%	0.023256%
CalPERS – Safety Plan			
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018
Percentage of Risk Pool Net Pension Liability	0.007612%	0.006419%	0.005488%
Percentage of Plan (PERF C) Net Pension liability	0.004661%	0.003910%	0.003341%

For the year ended June 30, 2021, the District recognized pension expense in the amount of \$524,510 and \$149,207 for the CalPERS Miscellaneous and Safety Plans, respectively. 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.

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 EARSLS for PERF C for the measurement periods ending June 30, 2020 and 2019 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, 2021 and 2020

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, 2021, 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	\$ 357,929	\$ -	\$ 26,711	\$ -
Difference between actual and proportionate share of employer contributions	-	(137,971)	-	(214,196)
Adjustment due to difference in proportions	115,705	-	105,311	-
Differences between expected and actual experience	139,430	-	39,325	-
Differences between projected and actual earnings on pension plan investments	80,375	-	11,022	-
Changes in assumptions	-	(19,298)	-	(1,689)
Total Deferred Outflows/(Inflows) of Resources	\$ 693,439	\$ (157,269)	\$ 182,369	\$ (215,885)

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)
Total Deferred Outflows/(Inflows) of Resources	\$ 693,493	\$ (227,041)	\$ 183,841	\$ (201,288)

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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 June 30	2021		2020	
	Miscellaneous	Safety	Miscellaneous	Safety
2021	\$ -	\$ -	\$ 154,589	\$ (3,249)
2022	17,475	(30,676)	(30,451)	(17,589)
2023	66,454	(27,135)	16,910	(15,096)
2024	55,762	(7,938)	8,724	1,073
2025	38,550	5,523	-	-
Thereafter	-	-	-	-
Total	\$ 178,241	\$ (60,226)	\$ 149,772	\$ (34,861)

Note 9 – Long-Term Debt

In 2019, the District entered into an agreement to finance the purchase of water meters. The District's note from original direct borrowings of \$2,000,000 is secured by collateral of the water meters purchased under the agreement. Variable payments are due semi-annually, including interest at 3.05% per annum, with the final payment due October 2028. The note contains a provision that in an event of default, the equipment purchased under agreement may be repossessed by the lender.

Changes in long-term debt for the year ended June 30, 2021, are as follows:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021	Due Within One Year
Note from direct borrowings	\$ 1,812,093	\$ -	\$ (189,889)	\$ 1,622,204	\$ 195,725

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

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

Note 9 – Long-Term Debt (Continued)

Debt service requirements on long-term debt at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	Lease Financing	
	Principal	Interest
2022	\$ 195,725	\$ 48,007
2023	201,741	41,993
2024	207,941	35,793
2025	214,332	29,403
2026	220,919	22,816
2027-2029	581,546	87,450
Total	<u>\$ 1,622,204</u>	<u>\$ 265,462</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 year ended June 30, 2020, the City directed the District to deposit the \$40,000 into the PARS Pension Trust, which is the last transfer per the agreement.

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, 2021 and 2020, there were no claims liabilities to be reported. During the years ended June 30, 2021 and 2020, 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, 2021 and 2020, 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 up to \$500,000,000. General liability is insured up to \$60,000,000 with no deductible: the JPIA is self-insured to \$5,000,000 and has purchased excess insurance coverage.

Worker's compensation insurance coverage consists of statutory limits per occurrence for workers compensation and to total of \$2,000,000 per occurrence subject to a maximum aggregate limit of \$9,370,900 coverage by captive insurance company, California Water Insurance Fund (CWIF).

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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, 2020 and 2019 is as follows:

	2020	2019
Total assets	\$ 237,525,073	\$ 212,099,851
Deferred outflows of resources	1,054,750	553,790
Total assets and deferred outflows of resources	<u>\$ 238,579,823</u>	<u>\$ 212,653,641</u>
Total liabilities	\$ 113,075,164	\$ 112,046,920
Deferred inflows of resources	1,817,452	1,672,219
Net position	<u>123,687,207</u>	<u>98,934,502</u>
Total liabilities, deferred inflows, and net position	<u>\$ 238,579,823</u>	<u>\$ 212,653,641</u>
Total revenues	\$ 189,130,318	\$ 173,647,293
Total expenses	(172,886,738)	(169,356,246)
Total other income	<u>8,509,125</u>	<u>8,177,851</u>
Change in net position	<u>\$ 24,752,705</u>	<u>\$ 12,468,898</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, 2021 and 2020

Note 14 – Reclassifications

Certain reclassifications have been made to the fiscal year 2020 financial statement presentation to correspond to fiscal year 2021 format. Total net position and change in net position are unchanged due to these reclassifications.

Note 15 – Risks and Uncertainties

COVID-19

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 16 – Subsequent Events

Management has evaluated subsequent events through November 1, 2021, the date the financial statements were available to be issued. No events occurred through this date requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan							
Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17*	2015-16*	2014-15*
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016*	June 30, 2015*	June 30, 2014*
Employer's Proportion of the Net Pension Liability	0.024867%	0.024098%	0.023256%	0.023165%	0.025285%	0.028234%	0.028313%
Employer's Proportionate Share of the Collective Net Pension Liability	\$ 2,705,642	\$ 2,469,343	\$ 2,241,022	\$ 2,297,360	\$ 2,187,905	\$ 1,937,958	\$ 1,761,770
Employer's Covered Payroll	\$ 1,448,972	\$ 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	186.73%	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	77.71%	77.73%	77.69%	75.39%	74.06%	78.40%	83.02%

* Includes safety plan

California Public Employees' Retirement System (CalPERS) Safety Plan				
Fiscal Year	2020-21	2019-20	2018-19	2017-18
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Employer's Proportion of the Net Pension Liability	0.004661%	0.003910%	0.003341%	0.003236%
Employer's Proportionate Share of the Net Pension Liability	\$ 507,129	\$ 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%	0%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.12%	73.37%	73.39%	71.74%

¹ 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 ⁽¹⁾

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17*	2015-16*	2014-15*	2013-14*
Actuarially Determined Contribution	\$ 357,929	\$ 316,780	\$ 264,804	\$ 214,598	\$ 197,902	\$ 245,003	\$ 234,149	\$ 225,220
Contribution in Relation to the Actuarially Determined Contribution	(357,929)	(316,780)	(264,804)	(214,598)	(197,902)	(682,065)	(234,149)	(481,274)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (437,062)	\$ -	\$ (256,054)
Covered Payroll	\$ 1,448,972	\$ 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	24.70%	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	2020-21	2019-20	2018-19	2017-18
Actuarially Determined Contribution	\$ 26,711	\$ 17,414	\$ 7,668	\$ 2,064
Contribution in Relation to the Actuarially Determined Contribution	(26,711)	(17,414)	(7,668)	(2,064)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	-	-	-	-

¹ 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.

² 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.

³ 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 ⁽¹⁾

Fiscal Year	2020-21	2019-20	2018-19	2017-18
Measurement Period	2019-20	2018-19	2017-18	2016-17
Changes in total OPEB liability:				
Service cost	\$ 50,524	\$ 37,021	\$ 39,339	\$ 60,309
Interest	64,684	53,159	49,121	31,862
Difference between expected and actual experience	(17,960)	65,215	-	-
Changes of benefit terms	-	-	-	(187,021)
Changes in assumptions	-	(29,981)	(22,970)	-
Benefit payments including refunds*	<u>(15,317)</u>	<u>(39,679)</u>	<u>(46,508)</u>	<u>(64,899)</u>
Net changes	81,931	85,735	18,982	(159,749)
Total OPEB liability (beginning)	1,035,089	949,354	930,372	1,090,121
Total OPEB liability (ending)	<u>\$ 1,117,020</u>	<u>\$ 1,035,089</u>	<u>\$ 949,354</u>	<u>\$ 930,372</u>
Changes in plan fiduciary net position:				
Contributions – employer*	\$ 15,317	\$ 219,679	\$ 148,908	\$ 376,043
Contributions – employee	-	-	-	-
Net investment income	41,653	32,102	15,342	17,901
Benefit payments including refunds*	(15,317)	(39,679)	(46,508)	(64,899)
Administrative expense	(326)	(96)	(174)	(99)
Other expense	-	-	(435)	-
Net changes	<u>41,327</u>	<u>212,006</u>	<u>117,133</u>	<u>328,946</u>
Plan fiduciary net position (beginning)	<u>658,085</u>	<u>446,079</u>	<u>328,946</u>	<u>-</u>
Plan fiduciary net position (ending)	<u>\$ 699,412</u>	<u>\$ 658,085</u>	<u>\$ 446,079</u>	<u>\$ 328,946</u>
Net OPEB liability (ending)	\$ 417,608	\$ 377,004	\$ 503,275	\$ 601,426
Plan fiduciary net position as a percentage of the total OPEB liability	62.6%	63.6%	47.0%	35.4%
Covered employee payroll	\$ 1,710,995	\$ 1,464,438	\$ 1,100,000	\$ 1,100,000
Net OPEB liability as a percentage of covered payroll	24.4%	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.

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:	JANUARY 12, 2022
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	CONSIDERATION TO APPROVE AND ADOPT RESOLUTION 22-01, AUTHORIZING A GRANT APPLICATION FOR WELL 11B

BACKGROUND AND DISCUSSION

Well #11B was drilled in 2018 in response to the casing failure of Well #11. This well was drilled to a depth of 550 feet constructed with a stainless steel casing. During the drilling process, two (2) zone tests were performed at different depth levels. Water samples collected from the two (2) zones ranged from a 2.0 mg/L and 2.5 mg/L for fluoride. The California Maximum Contaminant Level (MCL) for fluoride is 2.0 mg/L and the Federal MCL is 4.0 mg/L. In 2019 and 2020, District staff began to collect samples from Well #11B on a regular basis to monitor fluoride levels. Sample results ranged from a low of 1.2 mg/L to a high of 2.1 mg/L with monthly averages below 2.0 mg/L for fluoride.

Based on the inconsistency of fluoride levels, the District requested that Well #11B be granted a permit for potable use without the requirement for fluoride removal. The District proposed that fluoride compliance would be based on a Running Annual Average (RAA) based on samples collected on a weekly basis. The RAA for calendar year 2021 is 1.95 mg/L for fluoride. Fluoride levels appear to be trending up and there is a concern that the RAA will exceed the MCL of 2.0 mg/L in the near future and require fluoride removal.

District staff with the assistance of Kennedy Jenks Consultants, have identified a grant opportunity that would fund a water treatment system for Well 11B to remove elevated levels of fluoride to meet the California MCL of 2.0 mg/L. Estimated cost of this project is \$2,000,000. Part of the grant application is to have an approved resolution of the Board to apply for the grant funds.

Attached with this report is the resolution for your consideration.

RECOMMENDATION

To adopt Resolution 22-01 Authorizing the Grant Application.

RESOLUTION NO. 22-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TWENTYNINE PALMS WATER DISTRICT AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, AND EXECUTION OF A FUNDING AGREEMENT FOR THE TREATMENT OF GROUNDWATER WELL 11B PROJECT

WHEREAS, Twentynine Palms Water District (District) determined that naturally occurring fluoride is a threat to the District's groundwater resources; and

WHEREAS, the Treatment of Groundwater Well 11B for such contamination is an important component to ensure the availability of groundwater; the District's only potable water source; and

WHEREAS, the current drought has exacerbated the groundwater situation within the District requiring the District to take quick action to address all contamination problems; and

WHEREAS, the District has the legal authority and is authorized to enter into a funding agreement with the State of California; and

WHEREAS, the District intends to apply for grant funding from the California Department of Water Resources for the Project under the 2021 Urban and Multi-benefit Drought Relief Program (the "Grant Program"); and

WHEREAS, there is no District funding match required under the Grant Program.

NOW, THEREFORE, the Board of Directors of the Twentynine Palms Water District hereby finds, determines, declares, and resolves as follows:

1. The Board hereby supports a grant application to the California Department of Water Resources for the Treatment of Groundwater Well 11B Project.
2. Pursuant and subject to all the terms and provisions of Budget Act of 2021 (Stats. 2021, ch. 240, § 80), the Board hereby authorizes and directs the General Manager, or designee, to prepare and file an application for funding with the Department of Water Resources, and take such other actions necessary or appropriate to obtain grant funding.
3. The General Manager, or designee, is hereby authorized and directed to execute the funding agreement with the Department of Water Resources and any amendments thereto.
4. If a grant award is made by the Department of Water Resources, the District, pending Board compliance with the California Environmental Quality Act (CEQA)

and approval of the Project, will fund up to the balance of funds needed to complete construction of the Project.

5. The General Manager, or designee, is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grant funding.

ADOPTED, SIGNED, AND APPROVED this 26th day of January, 2022.

Ayes:

Noes:

Abstain:

Absent:

Carol Giannini, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

3

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

TO:	BOARD OF DIRECTORS
DATE:	JANUARY 12, 2022
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	CONSIDERATION TO APPROVE RESOLUTION 22-02 ADOPTING ANNUAL STATEMENT OF INVESTMENT POLICY

BACKGROUND AND DISCUSSION

Every year the District reviews and adopts an investment policy that authorizes the District to invest funds and outlines criteria for such investments. There are no changes to the policy from prior year.

The investment policy and resolution are attached for your review.

RECOMMENDATION

Approve Resolution 22-02 Adopting Annual Statement of Investment Policy

RESOLUTION NO. 22-02
RESOLUTION OF THE BOARD OF DIRECTORS
OF TWENTYNINE PALMS WATER DISTRICT
ADOPTING ANNUAL STATEMENT OF INVESTMENT POLICY

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code Section 53600.6); and

WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5920 and 53600 *et. seq.*; and

WHEREAS, the General Manager of the Twentynine Palms Water District ("District") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting (California Government Code Section 53646[a]).

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

Section 1. Scope of Policy: This Investment Policy ("Policy") applies to all financial assets of the District. Funds in any deferred compensation plan and/or in a trust for retiree benefits are not included.

Section 2. Prudence: Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Section 3. Objectives: As specified in California Government Code Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

a. **Safety:** Safety of principal is the foremost objective of the Policy. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of

capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

b. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated.

c. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Section 4. Delegation of Authority: Authority to manage the Policy is derived from California Government Code Section 53600, *et. seq.* Management responsibility for the Policy is hereby delegated to the General Manager. No person may engage in an investment transaction except as provided under the terms of this Policy. The Board of Directors shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the General Manager or any other subordinate officials. Under the provisions of California Government Code Section 53600.3, the General Manager is a trustee and a fiduciary subject to the prudent investor standard.

Section 5. Ethics and Conflicts of Interest: Officers and employees involved in the investment process shall fully comply with the District's Conflict of Interest Code in the execution of this Policy. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Section 6. Authorized Financial Institutions and Dealers: The General Manager may maintain a list of financial institutions, selected on the basis of credit worthiness financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list may also be maintained of approved security brokers/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the General Manager shall select only brokers/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the General Manager shall have received from said firm a signed certification form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Policy and that the firm understands the Policy and intends to present

investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Policy.

Where all funds of the District not placed in FDIC -insured accounts are invested through the State of California Local Agency Investment Fund (LAIF), the District need not investigate the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

Section 7. Authorized and Suitable Investments:

a. **Permitted Investments:** District funds may be invested as authorized by, and subject to the limitations and special conditions of California Government Code Section 53601 *et. seq.*

b. **Prohibited Investments:** Under the provisions of California Government Code Section 53601.6 and 53635, the District shall not invest any funds covered by this Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools. In addition, and more generally, investments are further restricted as follows:

- No investment will be made that has either (1) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (2) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero interest accrual periods.
- No investment will be made that could cause the portfolio to be leveraged.

Section 8. Collateralization: All certificates of deposits must be collateralized by U. S. Treasury obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under California Government Code Section 53601(j)(2).

Section 9. Safekeeping and Custody: All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement as required by California Government Code Section 53601.

Section 10. Diversification: The District will diversify its investments by security type and institution. It is the policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

a. Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

b. Maturities selected shall provide for stability of income and liquidity.

c. Disbursement and payroll dates shall be covered through maturities investments, marketable U. S. Treasury Bills or other cash equivalent instruments such as money market mutual funds.

Section 11. Reporting: In accordance with California Government Code Section 53646(b) (1), the General Manager shall submit to each member of the Board a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values on current market values of each component of the portfolio, including funds managed for the District by third party contracted managers, if applicable. The report will also include a certification that **(1)** all investment actions executed since the last report have been made in full compliance with the 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. The General Manager shall maintain a complete and timely record of all investment transactions.

Section 12. Investment Policy Adoption: The Policy shall be adopted by resolution of the Board of Directors. The Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

PASSED, APPROVED AND ADOPTED this 26th day of January 2022 by the following vote:

Ayes:
Noes:
Abstain:
Absent:

Carol Giannini, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District



TWENTYNINE PALMS WATER DISTRICT INVESTMENT POLICY

Ray Kolisz
General Manager

January 2022

TABLE OF CONTENTS

Section

1. Scope of Policy.....	3
2. Prudence.....	3
3. Objectives.....	3
4. Delegation of Authority.....	4
5. Ethics and Conflict of Interest.....	4
6. Authorized Financial Institutions and Dealers.....	4
7. Authorized and Suitable Investments.....	5
8. Collateralization.....	5
9. Safekeeping and Custody.....	5
10. Diversification.....	5
11. Reporting.....	6
12. Investment Policy Adoption.....	6

Section 1. Scope of Policy: This Investment Policy ("Policy") applies to all financial assets of the District. Funds in any deferred compensation plan and/or in a trust for retiree benefits are not included.

Section 2. Prudence: Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Section 3. Objectives: As specified in California Government Code Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

a. Safety: Safety of principal is the foremost objective of the Policy. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

b. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated.

c. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Section 4. Delegation of Authority: Authority to manage the Policy is derived from California Government Code Section 53600, et. seq. Management responsibility for the Policy is hereby delegated to the General Manager. No person may engage in an investment transaction except as provided under the terms of this Policy. The Board of Directors shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the General Manager or any other subordinate officials. Under the provisions of California Government Code Section 53600.3, the General Manager is a trustee and a fiduciary subject to the prudent investor standard.

Section 5. Ethics and Conflicts of Interest: Officers and employees involved in the investment process shall fully comply with the District's Conflict of Interest Code in the execution of this policy. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Section 6. Authorized Financial Institutions and Dealers: The General Manager may maintain a list of financial institutions, selected on the basis of credit worthiness financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list may also be maintained of approved security brokers/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the General Manager shall select only brokers/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the General Manager shall have received from said firm a signed certification form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Policy.

Where all funds of the District not placed in FDIC -insured accounts are invested through the State of California Local Agency Investment Fund (LAIF), the District need not investigate the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

Section 7. Authorized and Suitable Investments:

a. Permitted Investments: District funds may be invested as authorized by, and subject to the limitations and special conditions of California Government Code Section 53601 et. seq.

b. Prohibited Investments: Under the provisions of California Government Code Section 53601.6, the District shall not invest any funds covered by this Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

Section 8. Collateralization: All certificates of deposits must be collateralized by U. S. Treasury obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under California Government Code Section 53601(i)(2).

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Section 10. Diversification: The District will diversify its investments by security type and institution. It is the policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

a. Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

b. Maturities selected shall provide for stability of income and liquidity.

c. Disbursement and payroll dates shall be covered through maturities investments, marketable U. S. Treasury Bills or other cash equivalent instruments such as money market mutual funds.

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Section 12. Investment Policy Adoption: The policy shall be adopted by resolution of the Board of Directors. The Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

4

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:	JANUARY 18, 2022
FROM:	RAY KOLISZ, GENERAL MANAGER
SUBJECT:	CONSIDERATION TO APPROVE AND ADOPT RESOLUTION 22-03 CHANGING FROM A BI-MONTHLY BILLING CYCLE TO A MONTHLY BILLING CYCLE

BACKGROUND AND DISCUSSION

The District historically has billed our customers on a bi-monthly basis with all of the water meters being manually read once every other month. This method of reading the meters was largely due to reducing the cost of labor, fuel, and vehicle maintenance of manually reading the meters which would be doubled if all the water meters were read on a monthly basis.

With the installation of the Advanced Metering Infrastructure (AMI) complete, the District can now consider changing our billing cycle to monthly from bi-monthly as water meters will be read automatically eliminating the high cost of manually performing this task. Some benefits to monthly billing are:

- Consistency for planning monthly home budgets
- Less fluctuation in billing amounts, especially after heavy water usage periods
- Monthly billing provides customers with more frequent and timely information about their water usage. This benefits the customer in two ways:
 - It allows customers to adjust their water usage habits if they feel they are using too much water
 - It allows customers to detect leaks sooner, reducing water usage and loss

The change to monthly billing will have no effect on the cost of water per unit and the ready to serve fee that is structured on a two month period. The current ready to serve fee will be divided by two (2) and billed on a monthly basis. For example, the current bi-monthly ready to serve fee, for a 5/8" water meter, is \$27.70 and will be \$13.85 per month if the District changes to monthly billing. There will be no change to the commodity (usage) charge.

The change to monthly billing will have financial impacts to the District. All costs associated with generating and mailing water bills will increase. These items include:

- Printing and preparation of regular water bills

- Printing and preparation of delinquent water bills
- Postage to mail regular and delinquent bills
- Envelopes
- SB998 Policy printing and preparation
- Printing of door hangers

The estimated cost of these items are approximately \$3,100 per month or annual cost of \$37,200.

RECOMMENDATION

Staff recommends adopting Resolution 22-03 changing the District billing cycle to monthly.

RESOLUTION NO. 22-03

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TWENTYNINE PALMS WATER DISTRICT
ADJUSTING WATER BILLING FREQUENCY FROM
BIMONTHLY TO MONTHLY**

WHEREAS, the Twentynine Palms Water District (the "District") provides the community with various public services, including water service; and

WHEREAS, Section 5.05.350 of the District Code provides that water meters will be read at regular intervals for the preparation of regular bills, and that bills for water service will be rendered monthly or bimonthly at the direction of the Board unless otherwise provided in the rate schedule; and

WHEREAS, the District currently provides regular water bills on a bimonthly basis but desires to implement a monthly billing schedule.

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

1. The above Recitals are true and correct and by this reference incorporated herein.
2. The Board of Directors hereby establishes a monthly billing schedule for the rendering of regular water bills. Any current rates or charges established on a bimonthly basis shall be collected on a monthly basis by dividing the bimonthly rate or charge in half.
3. This Resolution shall supersede all other previous District Board of Directors resolutions or actions that may conflict with, or be contrary to, this Resolution.
4. This Resolution shall become effective upon the date of adoption.

ADOPTED, SIGNED, AND APPROVED this 26th day of January 2022, by the following vote.

Ayes:
Noes:
Abstain:
Absent:

Carol Giannini, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

5



YOUR BEST PROTECTION

ACWA JPIA

P. O. Box 619082
Roseville, CA 95661-9082

phone
916.786.5742
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www.acwajpia.com

President

E.G. "Jerry" Gladbach

Vice President

Tom Cuquet

Chief Executive Officer

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Executive Committee

Fred Bockmiller

Tom Cuquet

David Drake

E.G. "Jerry" Gladbach

Brent Hastey

Melody A. McDonald

Randall Reed

J. Bruce Rupp

Pamela Tobin

Core Values

- People
- Service
- Integrity
- Innovation

RECEIVED

JAN 11 2022

TWENTYNINE PALMS WATER DISTRICT

November 03, 2021

Twentynine Palms Water District (T008)
72401 Hatch Road
Twentynine Palms, CA 92277-2935

General Manager:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property, or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Twentynine Palms Water District (T008) with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2022.

Sincerely,

E.G. "Jerry" Gladbach
President

Enclosure: President's Special Recognition Award(s)

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Twentynine Palms Water District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Liability Program for the period 10/01/2017 - 09/30/2020
announced at the Board of Directors' Meeting in Pasadena.*

E. G. "Jerry" Gladbach

E. G. "Jerry" Gladbach, President



December 15, 2021

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Twenty-nine Palms Water District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Property Program for the period 04/01/2017 - 06/30/2020
announced at the Board of Directors' Meeting in Pasadena.*

E. G. "Jerry" Gladbach

E. G. "Jerry" Gladbach, President



December 15, 2021

6

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

December 15, 2021 / 4:00 P.M.

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 Carol Giannini, Suzi Horn, and Randy Leazer. Directors Michael Arthur and Bob Coghill were late. Also present were General Manager Ray Kolisz, Director of Operations Matt Shragge, and District Secretary Cindy Fowlkes. Treatment/Production Superintendent Mike Minatrea and Financial Consultant Cindy Byerrum were absent.

Pledge of Allegiance

Cindy Fowlkes led the pledge.

Additions/Deletions to the Agenda

Well TP2 Fence Bid will be placed on the agenda as item 2A.

Public Comments

Ben Holstrom, of Twentynine Palms, spoke in opposition against City consolidation and commended the District for its informational bill stuffers.

Anna O'Hare, of Twentynine Palms, spoke in opposition of a City takeover and would like to see the star on Donell Hill lit December 1st of each year.

1. Election of Officers (moved after Agenda item #4)

2. Discussion of District's Supervisory Control and Data Acquisition Systems

Ray informed the Board that the current SCADA vendor for the distribution system has closed their doors with no advance notice. Staff is researching options and developing an RFP for a new system. Staff had anticipated major upgrades would take place in fiscal year 2023/2024 after a 25 year service life. \$250,000 has been allocated in the District's long range capital improvement planning.

2A. Well TP2 Fence Bid

The District contacted three companies for bids on fencing of the Well TP2 project. Only two companies responded. The District recommends accepting the bid from 29 Palms Fencing in the amount of \$38,800.

Director Horn moved to approve the bid from 29 Palms Fencing in the amount of \$38,800, seconded by Director Arthur, and unanimously approved.

3. Consent Calendar

- Minutes of a Regular Meeting held on November 17, 2021
- Audit List

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

4. Items Removed from the Consent Calendar for Discussion or Separate Action

None

4A. Election of Officers

Director Horn nominated Director Giannini to serve as President, seconded by Director Leazer, and unanimously approved.

Director Leazer nominated Director Horn to serve as Vice-President, seconded by Director Arthur, and unanimously approved.

The General Manager will serve as the Board Secretary, which is common practice with most Districts.

5. Management Reports

5.1 Maintenance

Matt Shragge reported that the District responded to 58 Underground Service Alerts, had 0 water main leaks, 0 water meter leaks, 0 service line leaks, 2 fire hydrant repair/maintenance, installed 3 new services, replaced 3 customer gate valves, performed 5 leak audits, painted 38 fire hydrants, performed 5 customer pressure checks, replaced 14 meters, Tested and exercised emergency generators and sounded wells for November. 0 water waste inquiries were received. There were no shut offs due to COVID-19. 0 AMI/AMR meters were installed. There was a total of 425 work orders that were processed during the month. Matt wished everyone a Merry Christmas and a Happy New Year!

5.2 Water Quality

Mike Minatrea was absent. Matt reported Water production was up slightly at .55% as compared to the same month in 2013. 50 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. Paymeter station is down 35% in production as compared to the same month last year. 33,000,000 gallons of water was produced in November. Mike asked Matt to wish the Board a Merry Christmas on his behalf and inform them that he plans on attending meetings in the near future.

5.3 Finance

Ms. Byerrum was absent. Ray reported that revenues are at 39% while expenditures are at 31%. The District is at 33% of the budget for the year.

5.4 General Manager

Mr. Kolisz reported that the quote for the shade structure came in at \$90,000 for a 20' deep x 100' wide structure that will accommodate 10 pieces of equipment. Ray and Matt attended the local Farmer's Market this past weekend promoting water conservation and providing the community with conservation material. Ray wished the Board and ratepayers a Merry Christmas and Happy New Year.

6. Closed Session – Public Employee Appointment Pursuant to Government Code Section 54957

Title: General Manager

Director Coghill moved to enter closed session at 4:32 p.m., seconded by Director Horn, and unanimously approved.

The Board returned to open session at 6:12 p.m. Director Giannini announced there was no reportable action.

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

There were none.

8. Adjournment

On motion by Director Coghill seconded by Director Arthur, and approved by the Board, the meeting was adjourned at: 6:12 p.m.

Carol Giannini, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

Twentynine Palms Water District

Check Date Range: 12/1/2021 thru 12/31/2021

Ck No	Ck Date	Payable To	Ck Amt	Ck Detail	GL Acct No	Description
17573	12/07/2021	Union Bank	4,083.99	7.96	100-600-0000-5330	Charges
				606.12	100-150-0000-5221	Charges
				774.05	100-875-0000-6001	Charges
				5.00	100-600-0000-5406	Charges
				1,003.30	100-130-0000-5407	Charges
				14.00	100-600-0000-5303	Charges
				79.59	100-600-0000-5203	Charges
				204.70	100-875-0000-6001	Charges
				581.82	100-875-0000-6001	Charges
				517.09	100-875-0000-6001	Charges
				184.17	100-120-0000-5220	Charges
				106.19	100-120-0000-5220	Charges
17574	12/08/2021	Customer Refund	161.56	161.56	100-000-0000-2000	Refund Check
17575	12/08/2021	Ansafone Contact Centers	255.08	255.08	100-160-0000-5406	Answering Service
17576	12/08/2021	Autozone Inc.	20.19	4.17	100-130-0000-5220	scent for duty truck
				16.02	100-130-0000-5220	microfiber cloth
17577	12/08/2021	Customer Refund	166.51	166.51	100-000-0000-2000	Refund Check
17578	12/08/2021	Customer Refund	95.54	95.54	100-000-0000-2000	Refund Check
17579	12/08/2021	Customer Refund	195.73	195.73	100-130-0000-5226	Safety Boots Reimbursement
17580	12/08/2021	Best Best & Krieger	263.70	263.70	100-600-0000-5403	Professional services rendered through November 30, 2021
17581	12/08/2021	Beyond Software Solutions	2,625.00	1,625.00	100-600-0000-5406	IT Consulting - Nov
				1,000.00	100-600-0000-5406	Monthly IT Bundled Services - Dec
17582	12/08/2021	Customer Refund	25.43	25.43	100-000-0000-2000	Refund Check
17583	12/08/2021	Customer Refund	183.25	183.25	100-000-0000-2000	Refund Check
17584	12/08/2021	Builders Supply - 29 Palms	25.28	15.06	100-130-0000-5220	universal paint and prime in one flat black
				10.22	100-130-0000-5220	best garden trimmer line green
17585	12/08/2021	Customer Refund	45.62	45.62	100-000-0000-2000	Refund Check
17586	12/08/2021	Cdw Government	2,269.41	2,261.41	100-875-0000-6001	Dell Latitude 3310 8265U - 8 -GB RAM - 256 GB SSD CDW Part: 5976
				8.00	100-875-0000-6001	Recycling Fee CDW Part: 654809
17587	12/08/2021	Customer Refund	65.41	65.41	100-000-0000-2000	Refund Check

Twentynine Palms Water District

Check Date Range: 12/1/2021 thru 12/31/2021

17588	12/08/2021	Clinical Lab of San Bern.	3,487.00	3,487.00	100-140-0000-5405	Water Samples - October
17589	12/08/2021	Customer Refund	129.01	129.01	100-000-0000-2000	Refund Check
17590	12/08/2021	Customer Refund	27.04	27.04	100-000-0000-2000	Refund Check
17591	12/08/2021	Core & Main LP	1,803.74	1,803.74	100-000-0000-1499	6" Hymax coupling
17592	12/08/2021	Customer Refund	181.74	181.74	100-000-0000-2000	Refund Check
17593	12/08/2021	Customer Refund	13.04	13.04	100-000-0000-2000	Refund Check
17594	12/08/2021	Customer Refund	27.19	27.19	100-000-0000-2000	Refund Check
17595	12/08/2021	Desert Hardware	305.55	29.04	100-150-0000-5220	Hose Nozzle
				0.43	100-130-0000-5220	s/c
				15.09	100-130-0000-5220	spray paint ace black
				3.00	100-130-0000-5220	u bolt 5/16 x 2.5 x 5.19
				2.59	100-130-0000-5220	u bolt 5/16 x 2.5 x 3.5
				85.52	100-130-0000-5220	ace shovel round point
				108.78	100-130-0000-5220	trenching shovel 48"
				15.06	100-130-0000-5220	taxes
46.04	100-150-0000-5220	Insect Killer, DuctTape				
17596	12/08/2021	Customer Refund	164.01	164.01	100-000-0000-2000	Refund Check
17597	12/08/2021	Eisenhower Occupational Health Services	310.00	310.00	100-130-0000-5406	Physicals
17598	12/08/2021	Customer Refund	56.74	56.74	100-000-0000-2000	Refund Check
17599	12/08/2021	Customer Refund	42.88	42.88	100-000-0000-2000	Refund Check
17600	12/08/2021	Customer Refund	31.46	31.46	100-000-0000-2000	Refund Check
17601	12/08/2021	Customer Refund	89.21	89.21	100-000-0000-2000	Refund Check
17602	12/08/2021	Customer Refund	25.29	25.29	100-000-0000-2000	Refund Check
17603	12/08/2021	Customer Refund	181.81	181.81	100-000-0000-2000	Refund Check
17604	12/08/2021	Customer Refund	59.62	59.62	100-000-0000-2000	Refund Check
17605	12/08/2021	Customer Refund	17.46	17.46	100-000-0000-2000	Refund Check
17606	12/08/2021	Customer Refund	167.01	167.01	100-000-0000-2000	Refund Check
17607	12/08/2021	Customer Refund	61.77	61.77	100-000-0000-2000	Refund Check
17608	12/08/2021	Hi-Desert Publishing Co.	102.40	102.40	100-600-0000-5406	Advertising
17609	12/08/2021	Hi-Grade Materials Co.	2,575.56	662.31	100-130-0000-5406	class 2 base
				20.00	100-130-0000-5406	environmental fee
				52.88	100-130-0000-5406	taxes

Twentynine Palms Water District

Check Date Range: 12/1/2021 thru 12/31/2021

				1,840.37	100-130-0000-5220	Concrete For The Paymeters Large Side
17610	12/08/2021	Customer Refund	25.24	25.24	100-000-0000-2000	Refund Check
17611	12/08/2021	Customer Refund	136.35	136.35	100-000-0000-2000	Refund Check
17612	12/08/2021	Customer Refund	187.77	187.77	100-000-0000-2000	Refund Check
17613	12/08/2021	Inland Water Works	3,453.83	594.05	100-825-0000-6001	WTP2 10" x 40" FL X FL Spool
				97.88	100-825-0000-6001	WTP2 10" Ring Gasket
				102.97	100-825-0000-6001	WTP2 4" Galvanized Nipple, 4" Coupling Air Vac
				212.91	100-825-0000-6001	WTP2 10" DI MJ SSB 90 ELL
				534.31	100-825-0000-6001	WTP2 10" x 24 x 1" Tape Spool, Ring Gaskets
				844.76	100-825-0000-6001	WTP2 10" FL x FL 22 1/2 ELL x 2
				792.42	100-825-0000-6001	WTP2 4" x 2" Blind FL, 8" x 2" Blind FL, 4" Ring Gasket, 8" Ring
				166.78	100-825-0000-6001	WTP2 4" x 24" x 2 Galvanized Nipple
				107.75	100-130-0000-5220	6" ring gasket
17614	12/08/2021	Customer Refund	134.72	134.72	100-000-0000-2000	Refund Check
17615	12/08/2021	Customer Refund	4.41	4.41	100-000-0000-2000	Refund Check
17616	12/08/2021	Kennedy/Jenks Consultants	8,975.00	8,975.00	100-600-0000-5412	Professional Services - Grant Writing
17617	12/08/2021	Customer Refund	58.64	58.64	100-000-0000-2000	Refund Check
17618	12/08/2021	Customer Refund	172.97	172.97	100-000-0000-2000	Refund Check
17619	12/08/2021	Layne Christensen	2,447.68	2,447.68	100-110-0000-5406	Video Log 3 Wells
17620	12/08/2021	M. Brey Electric, Inc.	50,600.00	50,600.00	100-825-0000-6001	Well TP2 Payment #7
17621	12/08/2021	Customer Refund	187.36	187.36	100-000-0000-2000	Refund Check
17622	12/08/2021	McCall's Meter Sales & Service	1,470.00	1,470.00	100-110-0000-5406	Field Test Seven Meters Well 16,14,17, 11- B, 12, 15
17623	12/08/2021	McMaster-Carr Supply Co.	321.81	321.81	100-130-0000-5220	Fuses, pointer, coating
17624	12/08/2021	Customer Refund	150.07	150.07	100-000-0000-2000	Refund Check
17625	12/08/2021	Minolta Business Systems	222.24	222.24	100-600-0000-5223	10/23/21 - 11/22/21
17626	12/08/2021	Customer Refund	200.00	200.00	100-000-0000-2000	Refund Check
17627	12/08/2021	Customer Refund	8.99	8.99	100-000-0000-2000	Refund Check
17628	12/08/2021	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
17629	12/08/2021	Customer Refund	61.91	61.91	100-000-0000-2000	Refund Check
17630	12/08/2021	Customer Refund	55.59	55.59	100-000-0000-2000	Refund Check
17631	12/08/2021	Customer Refund	46.07	46.07	100-000-0000-2000	Refund Check
17632	12/08/2021	Customer Refund	196.28	196.28	100-000-0000-2000	Refund Check

Twentynine Palms Water District

Check Date Range: 12/1/2021 thru 12/31/2021

17633	12/08/2021	Customer Refund	17.29	17.29	100-000-0000-2000	Refund Check
17634	12/08/2021	Customer Refund	183.78	183.78	100-000-0000-2000	Refund Check
17635	12/08/2021	Customer Refund	32.14	32.14	100-000-0000-2000	Refund Check
17636	12/08/2021	Pitney Bowes	460.49	460.49	100-600-0000-5223	Postage Machine Contract
17637	12/08/2021	Customer Refund	28.17	28.17	100-000-0000-2000	Refund Check
17638	12/08/2021	Customer Refund	13.71	13.71	100-000-0000-2000	Refund Check
17639	12/08/2021	Proforma	325.56	115.43	100-600-0000-5301	Office Supplies
				210.13	100-600-0000-5301	Office Supplies
17640	12/08/2021	Customer Refund	112.28	112.28	100-000-0000-2000	Refund Check
17641	12/08/2021	Prudential Overall Supply	572.88	225.25	100-130-0000-5253	Uniforms
				99.88	100-130-0000-5253	Uniforms
				144.85	100-130-0000-5253	Uniforms
				102.90	100-130-0000-5253	Uniforms
17642	12/08/2021	Customer Refund	185.66	185.66	100-000-0000-2000	Refund Check
17643	12/08/2021	S.C.E.	28,659.89	1,579.38	100-150-0000-5201	Plant
				1,128.06	100-110-0000-5201	Well 12
				32.27	100-110-0000-5201	Michel's
				16,661.94	100-110-0000-5201	Well TP-1
				3,709.93	100-110-0000-5201	Well 17
				1,744.78	100-110-0000-5201	Well 16
				1,061.28	100-600-0000-5201	Hatch
				68.05	100-110-0000-5201	Well 4
				2,624.29	100-110-0000-5201	Well 14
49.91	100-110-0000-5201	Donnell				
17644	12/08/2021	Customer Refund	12.52	12.52	100-000-0000-2000	Refund Check
17645	12/08/2021	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
17646	12/08/2021	Satmodo LLC	149.66	149.66	100-600-0000-5203	Iridium Monthly Minute Plans
17647	12/08/2021	Customer Refund	50.35	50.35	100-000-0000-2000	Refund Check
17648	12/08/2021	Customer Refund	65.03	65.03	100-000-0000-2000	Refund Check
17649	12/08/2021	Southern Calif. Gas Co.	50.96	50.96	100-600-0000-5202	Hatch
17650	12/08/2021	Spectrum Business	224.98	224.98	100-600-0000-5203	La Luna
17651	12/08/2021	Springbrook Holding Company LLC	1,975.75	1,632.00	100-600-0000-5408	CivicPay Transaction Fee - November 2021

Twentynine Palms Water District

Check Date Range: 12/1/2021 thru 12/31/2021

				343.75	100-600-0000-5408	Professional Services
17652	12/08/2021	Bob Stephenson	125.00	125.00	100-610-0000-5350	Video Recording Board Meeting - November
17653	12/08/2021	SWRCB-DWOC	105.00	105.00	100-130-0000-5242	D4 Renewal - Peters
17654	12/08/2021	Customer Refund	3.48	3.48	100-000-0000-2000	Refund Check
17655	12/08/2021	Customer Refund	14.69	14.69	100-000-0000-2000	Refund Check
17656	12/08/2021	Customer Refund	162.18	162.18	100-000-0000-2000	Refund Check
17657	12/08/2021	Customer Refund	182.87	182.87	100-000-0000-2000	Refund Check
17658	12/08/2021	United Cerebral Palsy Assoc.	369.12	369.12	100-160-0000-5406	Mail Production
17659	12/08/2021	Usa Blue Book	696.02	506.79	100-150-0000-5220	Tisab 11 4 Liters x4
				189.23	100-150-0000-5220	Tisab 11 4 Liters x 1
17660	12/08/2021	Verizon Wireless	706.50	706.50	100-600-0000-5203	Wireless
17661	12/08/2021	Versatel	301.70	301.70	100-600-0000-5301	Allworx 9212L VOIP Phone
17662	12/08/2021	Customer Refund	35.04	35.04	100-000-0000-2000	Refund Check
17663	12/08/2021	Customer Refund	185.10	185.10	100-000-0000-2000	Refund Check
17664	12/08/2021	Customer Refund	59.54	59.54	100-000-0000-2000	Refund Check
17665	12/08/2021	Customer Refund	47.82	47.82	100-000-0000-2000	Refund Check
17666	12/08/2021	Customer Refund	52.75	52.75	100-000-0000-2000	Refund Check
17667	12/08/2021	Customer Refund	191.33	191.33	100-000-0000-2000	Refund Check
17668	12/14/2021	Richard Capelli 29 Palms Fencing	13,900.00	13,900.00	100-850-0000-6001	Distribution System Upgrade Installing 315' Of Privacy Fence
17669	12/15/2021	Clinical Lab of San Bern.	22,050.00	15,750.00	100-875-0000-6001	Water Samples
				6,300.00	100-875-0000-6001	Water Samples
17670	12/15/2021	M. Brey Electric, Inc.	52,062.15	52,062.15	100-825-0000-6001	Well TP2 Retention
17671	12/15/2021	Pacific Western Bank	1,677.91	1,547.09	100-130-0000-5220	Charges
				2,219.57	100-130-0000-5220	Charges
				322.16	100-600-0000-5301	Charges
				79.37	100-130-0000-5220	Charges
				53.81	100-600-0000-5301	Charges
				447.32	100-130-0000-5228	Charges
				29.99	100-600-0000-5406	Charges
				110.20	100-600-0000-5406	Charges
				(1,547.09)	100-130-0000-5220	Charges
				(2,219.57)	100-130-0000-5220	Charges

Twentynine Palms Water District

Check Date Range: 12/1/2021 thru 12/31/2021

				129.59	100-150-0000-5203	Charges
				138.01	100-600-0000-5301	Charges
				52.00	100-130-0000-5220	Charges
				80.04	100-130-0000-5220	Charges
				160.08	100-130-0000-5220	Charges
				44.93	100-600-0000-5408	Charges
				30.41	100-130-0000-5220	Charges
17672	12/22/2021	Jeff Arwick	175.00	175.00	100-130-0000-5406	Reconnect Power To WIFI Shed, Repair P3 HOA Switch
17673	12/22/2021	ACWA/JPIA	38,308.24	34,672.19	100-310-0000-5140	Health Benefits - Jan 2022
				2,082.25	100-310-0000-5141	Health Benefits - Jan 2022
				609.30	100-310-0000-5142	Health Benefits - Jan 2022
				944.50	100-310-0000-5144	Health Benefits - Jan 2022
17674	12/22/2021	Customer Refund	188.59	188.59	100-000-0000-2000	Refund Check
17675	12/22/2021	Customer Refund	200.00	200.00	100-000-0000-2000	Refund Check
17676	12/22/2021	Customer Refund	41.54	41.54	100-000-0000-2000	Refund Check
17677	12/22/2021	Billings Transfer Inc.	650.00	650.00	100-130-0000-5406	Pick up and deliver asphalt from Victorville to TPWD
17678	12/22/2021	Customer Refund	190.87	190.87	100-000-0000-2000	Refund Check
17679	12/22/2021	Builders Supply - 29 Palms	321.88	72.95	100-130-0000-5220	berry plastics 10x100 poly black
				9.98	100-130-0000-5220	1.87" x 55 yd duct tape silver
				13.79	100-130-0000-5220	1/16 7x7 galvanized cable
				2.60	100-130-0000-5220	nuts, bolts, washers and screws
				48.65	100-130-0000-5220	gardner bender 3/8" x 50 fish tape
				2.29	100-130-0000-5220	empire 83-3 3" line and surface level
				119.01	100-130-0000-5220	misc pvc parts
				52.61	100-130-0000-5220	1/2x4x8 lumber
17680	12/22/2021	Burrtec Waste & Recycling Svcs	239.96	167.67	100-600-0000-5406	Hatch
				72.29	100-150-0000-5406	Plant
17681	12/22/2021	Ca-Nv Section Awwa	100.00	100.00	100-130-0000-5242	Cross-Connection Specialist Renewal - Minatrea
17682	12/22/2021	Calif. Rural Water Association	1,435.00	1,435.00	100-600-0000-5303	Annual CRWA Membership
17683	12/22/2021	Customer Refund	75.00	75.00	100-000-0000-2000	Refund Check
17684	12/22/2021	Centurylink Business Services	15.54	15.54	100-600-0000-5203	Hatch
17685	12/22/2021	City of Twentynine Palms	1,267.00	1,267.00	100-130-0000-5303	City Permits

Twentynine Palms Water District

Check Date Range: 12/1/2021 thru 12/31/2021

17686	12/22/2021	Copy Center Plus, Inc.	71.39	15.57	100-150-0000-5406	UPS Shipping Service
				55.82	100-130-0000-5406	Fedex Shipping Service
17687	12/22/2021	County Of San Bernardino	13.14	13.14	100-130-0000-5406	shop waste
17688	12/22/2021	Dangelo	1,130.57	192.60	100-130-0000-5220	4" spool 8 hole 4" x 15" flg x flg
				242.98	100-825-0000-6001	10" MJ x FL Adaptor WTP2
				560.30	100-825-0000-6001	10" PO x FLG x 2
				134.69	100-130-0000-5220	4" spool 8 hole 4" x 6" flg x flg
17689	12/22/2021	Desert Hardware	30.54	26.54	100-150-0000-5220	Gas Pressure Gauge, 0-200 PSI Gauge
				4.00	100-130-0000-5220	3/8x3/8 comp x mip fitting
17690	12/22/2021	Customer Refund	52.38	52.38	100-000-0000-2000	Refund Check
17691	12/22/2021	Ellison Systems Inc. Shoplet.Com	286.36	145.72	100-600-0000-5301	Office Supplies
				140.64	100-600-0000-5301	Office Supplies
17692	12/22/2021	Engineering Resources	8,546.70	8,546.70	100-825-0000-6001	Professional Services through 11/30/2021
17693	12/22/2021	Frontier Communications	177.55	177.55	100-150-0000-5203	Plant
17694	12/22/2021	Customer Refund	26.42	26.42	100-000-0000-2000	Refund Check
17695	12/22/2021	Customer Refund	138.12	138.12	100-000-0000-2000	Refund Check
17696	12/22/2021	Hi-Grade Materials Co.	139.75	139.75	100-150-0000-5220	#3 Rock Plant Pick Up
17697	12/22/2021	Home Depot Credit Services	340.27	340.27	100-130-0000-5220	Charges
17698	12/22/2021	Infrastructure Engineering Corporation	5,847.50	262.50	100-875-0000-6001	Shade Structure, Districts Yard
				5,585.00	100-875-0000-6001	Shade Structure, Districts Yard
17699	12/22/2021	Inland Water Works	5,887.51	184.25	100-825-0000-6001	10" Ring Gasket
				1,711.33	100-150-0000-5220	10" Mueller FLG BfV
				1,639.07	100-825-0000-6001	10" x 210" Spool
				66.81	100-825-0000-6001	WTP2 4" Galvanized 90 ELL x 2
				721.29	100-825-0000-6001	WTP2 10" x 60" FLxFL Spool with 1" Tap.
				489.31	100-825-0000-6001	WTP2 10" x 24" FLxFL Spool With 1' Tap
				433.69	100-825-0000-6001	WTP2 10" x 12" FLxFL Spool With 1" Tap
				574.95	100-825-0000-6001	WTP2 4" Gate Valve For Air Vac
66.81	100-825-0000-6001	WTP2 4" Galvanized 90 ELL x 1				
17700	12/22/2021	Kennedy/Jenks Consultants	5,413.75	4,197.50	100-600-0000-5412	Professional Services Rendered through 11/26/21
				1,216.25	100-800-0000-6001	Professional Services Rendered through 11/26/21
17701	12/22/2021	Customer Refund	52.25	52.25	100-000-0000-2000	Refund Check

Twentynine Palms Water District

Check Date Range: 12/1/2021 thru 12/31/2021

17702	12/22/2021	Customer Refund	22.75	22.75	100-000-0000-2000	Refund Check
17703	12/22/2021	Customer Refund	56.03	56.03	100-000-0000-2000	Refund Check
17704	12/22/2021	Customer Refund	36.33	36.33	100-000-0000-2000	Refund Check
17705	12/22/2021	Customer Refund	56.43	56.43	100-000-0000-2000	Refund Check
17706	12/22/2021	John May	375.00	375.00	100-150-0000-5406	Service Calls
17707	12/22/2021	McMaster-Carr Supply Co.	2,053.88	155.64	100-150-0000-5220	Bell 6" Diameter
				1,228.02	100-150-0000-5220	Desiccant, Air Filter Element, Filter Element
				670.22	100-150-0000-5220	Hole Punch 3/4", Hole Punch 1", Neoprene Rubber 3/8.
17708	12/22/2021	Customer Refund	200.00	200.00	100-000-0000-2000	Refund Check
17709	12/22/2021	Merit Oil Company	10,069.64	6,772.51	100-000-0000-1401	regular 87 unleaded fuel
				2,749.97	100-000-0000-1401	diesel clear #2
				27.00	100-000-0000-1401	fuel surcharge
				520.16	100-000-0000-1401	taxes
17710	12/22/2021	Customer Refund	60.99	60.99	100-000-0000-2000	Refund Check
17711	12/22/2021	Customer Refund	28.64	28.64	100-000-0000-2000	Refund Check
17712	12/22/2021	Customer Refund	18.01	18.01	100-000-0000-2000	Refund Check
17713	12/22/2021	Customer Refund	57.99	57.99	100-000-0000-2000	Refund Check
17714	12/22/2021	Northern Tool & Equipment	627.34	627.34	100-130-0000-5220	109135 60W LED Ballon Light
17715	12/22/2021	NorthStar Chemical	15,721.38	7,127.66	100-150-0000-5211	Load Of Acid 93% NSF 60 3200 Gallons
				8,593.72	100-150-0000-5211	Load of Caustic 50% Na OH 3,750 Gallons NSF 60
17716	12/22/2021	Ortega Strategies Group	7,781.14	7,781.14	100-600-0000-5350	Consulting Services Nov 2021
17717	12/22/2021	Customer Refund	150.22	150.22	100-000-0000-2000	Refund Check
17718	12/22/2021	Customer Refund	52.45	52.45	100-000-0000-2000	Refund Check
17719	12/22/2021	Customer Refund	385.39	385.39	100-000-0000-2000	Refund Check
17720	12/22/2021	Customer Refund	52.45	52.45	100-000-0000-2000	Refund Check
17721	12/22/2021	Pro Security Systems	432.00	144.00	100-600-0000-5406	Quarterly Monitoring Fees
				144.00	100-130-0000-5406	Quarterly Monitoring Fees
				144.00	100-150-0000-5406	Quarterly Monitoring Fees
17722	12/22/2021	Proforma	2,642.78	2,642.78	100-160-0000-5301	Policy for door hangers
17723	12/22/2021	Prudential Overall Supply	589.68	245.07	100-130-0000-5253	Uniforms
				99.88	100-130-0000-5253	Uniforms
				144.85	100-130-0000-5253	Uniforms

Twentynine Palms Water District

Check Date Range: 12/1/2021 thru 12/31/2021

				99.88	100-130-0000-5253	Uniforms
17724	12/22/2021	Customer Refund	175.64	175.64	100-000-0000-2000	Refund Check
17725	12/22/2021	S.C.E.	9,871.48	43.70	100-120-0000-5201	Desert Heights Reservoir
				781.67	100-110-0000-5201	Well 11
				1,542.37	100-120-0000-5201	Booster - Two Mile
				657.97	100-120-0000-5201	Booster H1N, H2S
				5,216.58	100-120-0000-5201	Cactus Booster TP-1
				1,629.19	100-110-0000-5201	Well 1
17726	12/22/2021	San Bernardino County	6.00	6.00	100-130-0000-5301	Monthly Assessor Parcel Map - Dec 2021
17727	12/22/2021	Customer Refund	165.04	165.04	100-000-0000-2000	Refund Check
17728	12/22/2021	Springbrook Holding Company LLC	531.21	531.21	100-600-0000-5408	Professional Services
17729	12/22/2021	Swrcb Accounting Office	25,580.00	25,580.00	100-110-0000-5303	Annual Renewal Permit
17730	12/22/2021	Swrcb Accounting Office	3,326.00	3,326.00	100-110-0000-5303	Annual Renewal Permit
17731	12/22/2021	SWRCB-DWOC	140.00	140.00	100-130-0000-5242	D3 Renewal - Meyers
17732	12/22/2021	Customer Refund	17.05	17.05	100-000-0000-2000	Refund Check
17733	12/22/2021	TPX Communications	946.60	946.60	100-600-0000-5203	Hatch
17734	12/22/2021	Customer Refund	442.20	442.20	100-000-0000-2000	AR Refund
17735	12/22/2021	Customer Refund	147.26	147.26	100-000-0000-2000	Refund Check
17736	12/22/2021	Customer Refund	18.51	18.51	100-000-0000-2000	Refund Check
17737	12/22/2021	Customer Refund	26.83	26.83	100-000-0000-2000	Refund Check
17738	12/22/2021	Customer Refund	40.28	40.28	100-000-0000-2000	Refund Check
17739	12/22/2021	Customer Refund	60.39	60.39	100-000-0000-2000	Refund Check
			Total	\$369,985.29		

8

8.1

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: January 7, 2022
SUBJECT: Management Report

A. The Operations and Maintenance Department performed the following tasks during the month of December 2021:

1. Responded to 67 Underground Service Alerts
2. Responded to and repaired
 - a. 1 water main leaks
 - b. 1 water meter leaks
 - c. 0 service line leaks
 - d. 2 fire hydrant repairs/maintenance
3. Installed 3 new services
4. Replaced 3 customer gate valves
5. Performed 0 leak audits
6. Painted 0 fire hydrants
7. Performed 12 customer pressure checks
8. Replaced 9 water meters
9. Tested and exercised emergency generators
10. Sounded wells for December
11. 1 water waste inquiries were reported
12. Installed 0 AMI/AMR meters

B. The following customer service tasks were performed:

1. 99 work orders were generated from reading meters
2. 17 work orders were generated from billing variance list
3. 191 work orders were generated for turn on or turn off
4. 416 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. 8 customer requests and 12 inquiries were logged and investigated

C. Valve and Hydrant Maintenance Update

	Valves Exercised (Began 07/21)	Dead Ends Flushed (Began 7/21)
Current Month	251	21
Year to Date	*1,159	103

*Biennial cycle

D. Status of Cross-Connection Control Program (Quarterly)

	In District	2021 Test/Surveys
Cross-Connection Devices	342	342

**Twentynine Palms Water District
Maintenance Report**

FY 2021/22

	USA	Leak Audits	Fire Hydrant Painting	Shut Offs	Total Work Orders Completed	Valves Exercised	Customer's Valve Replaced	New Service	Main Line Leaks	Active Account	Prior Year	%Increase (Decrease)
July	83	2	19	0	416	0	4	7	0			
August	96	1	15	0	360	96	0	1	0	7,944	7,839	1.34%
Sept.	63	3	12	0	500	237	4	2	1			
October	62	6	50	0	261	361	3	2	0	N/A	N/A	
Nov.	58	5	38	0	425	214	3	3	0			
Dec.	67	0	0	0	307	251	3	3	1	7,927	7,858	0.88%
Jan.												
Feb.										N/A	N/A	
March												
April												
May												
June										N/A	N/A	
Totals	429	17	134	0	2269	1159	17	18	2			

Total Connections in District= 8,3907,

8.2

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: January 5, 2022

SUBJECT: Management Report

1. ENGINEERING

A. No items to report.

2. WATER QUALITY

A. Chlorine Levels: Average levels maintained in the storage and distribution system ranged from a low of 0.08 mg/L to a high of 0.36 mg/L. Chlorination point (the point where chlorine is introduced into the distribution system) averages ranged from 0.10 mg/L to 1.03 mg/L.

B. Bacteria Samples: A total of 40 routine bacteria samples were collected at test points for the storage and distribution system during this past month. In addition 13 special bacteria samples were collected. All routine and special samples indicated ABSENT for Colilert.

C. Fluoride Samples: A total of 15 fluoride samples were collected at established test points for the storage and distribution system, and 9 fluoride samples were taken from potable water production wells. Fluoride levels in the distribution system ranged from a low of 1.1 mg/L to a high of 1.9 mg/L. Fluoride measurements collected at the wells ranged from a low of 0.38 to a high of 1.8 mg/L.

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

D. General Physical: A total of 11 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 <0.1-0.35 for turbidity.

TWENTYNINE PALMS WATER DISTRICT
Water Production Report
FY 2021/2022

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	147.849	94.643	35.693	24.477	302.662	310.537	-2.53%	-2.34%		
August	100.909	118.872	43.035	25.786	288.602	306.648	-5.88%	-1.24%		
Sept.	139.045	74.681	24.143	13.483	251.352	281.100	-10.58%	2.69%		
October	132.765	52.849	19.874	5.978	211.466	251.160	-15.80%	-2.04%		
Nov.	117.763	50.162	17.065	3.135	188.125	194.160	-3.10%	0.55%		
Dec.	81.89	64.280	20.618	4.014	170.802	182.526	-6.42%	3.70%		
Jan.					0.000					
Feb.					0.000					
March					0.000					
April					0.000					
May					0.000					
June					0.000					
Totals	720.221	455.487	160.428	76.873	1413.009	1526.131	-7.41%			

Production Totals Expressed in Acre Feet

NOTE: Year to Date Mesquite Springs Basin regeneration production of

11.71

acre feet =

1.60%

8.3

TWENTYNINE PALMS WATER DISTRICT

FINANCIAL REPORT

For The Month Of

November 2021

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



TwentyNine Palms Water District
Statement of Investments and Reserves
For the Period Ending November 30, 2021
(Unaudited)

<u>Operating Funds & Internal Reserves- LAIF:</u>	<u>Prior Balance</u>	<u>Deposits</u>	<u>Disbursements</u>	<u>Current Balance</u>	<u>Market</u>
Operating Funds	\$ 4,313,124	\$ -	\$ (12,359)	\$ 4,300,765	\$ 4,300,221
Capital Reserve	905,356	-	-	905,356	905,242
Capital Funds for Primary Infrastructure	417,392	12,359	-	429,751	429,697
Capital Funds for Secondary Infrastructure	174,643	-	-	174,643	174,621
Total Investments	\$ 5,810,515	\$ 12,359	\$ (12,359)	\$ 5,810,515	\$ 5,809,780

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

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 District
Statement of Revenues and Expenses
For the Period Ending November 30, 2021
(Unaudited)

	November 2021	YTD	Budget	YTD 42%	Prior YTD
1 Operating Revenues	\$ 397,355	\$ 2,449,377	\$ 5,287,400	46%	\$ 2,409,409
2 Non-Operating Revenues	93,457	351,367	634,800	55%	403,483
3 Total Revenue Available to Fund Operations & Capital	490,812	2,800,744	5,922,200	47%	2,812,892
4 Operating Expenses	342,863	1,799,607	4,771,600	38%	1,796,679
5 Non-Operating Expenses	16,858	84,290	345,300	24%	112,295
6 Total Debt Service	-	121,120	243,500	50%	121,142
7 Total Expenses & Debt Service	359,721	2,005,017	5,360,400	37%	2,030,116
8 Net Revenues Available to Fund Capital Expenditures	131,091	795,727	561,800	142%	782,776
9 District Projects	(1,216)	(20,956)	(280,000)	7%	(44,564)
10 CIP Projects	(65,778)	(667,414)	(1,304,800)	51%	(223,137)
11 Repairs & Replacement	-	(19,275)	(475,000)	4%	(17,970)
12 Capital Outlay	(29,975)	(36,120)	(365,000)	10%	(8,869)
Sub-Total: Net Debt Proceeds / Capital	(96,970)	(743,766)	(2,424,800)	31%	(294,539)
13 Transfers in from Special Revenue Fund	15,003	60,334	143,000	42%	41,919
14 Increase (Decrease) in Fund Balance	\$ 49,124	\$ 112,296	\$ (1,720,000)		\$ 530,155

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 District
Detail Statement of Revenues and Expenses
For the Period Ending November 30, 2021
(Unaudited)

	November 2021	YTD	Budget	YTD 42%	Prior YTD
1 Operating Revenues					
2 Water Sales (Volumetric)	\$ 259,737	\$ 1,759,274	\$ 3,706,100	47%	\$ 1,772,471
3 Readiness-To-Serve (Fixed)	120,810	598,110	1,603,600	37%	586,390
4 Other Operating Revenue	16,808	91,993	62,300	148%	50,548
5 Bad Debt Expense	-	-	(84,600)	0%	-
6 Total Operating Revenues	397,355	2,449,377	5,287,400	46%	2,409,409
7 Non-Operating Revenues					
8 Capital Impact Fees	12,753	66,769	-	0%	53,167
9 Water Availability Assessment	48,367	241,833	580,400	42%	241,208
10 Interest Revenue	-	3,536	16,100	22%	13,121
11 Other Penalties	32,111	36,394	23,300	156%	9,936
12 Reimbursed Expenses	603	805	5,000	16%	28,069
13 Miscellaneous Non-Op Revenue	(377)	2,030	10,000	20%	57,982
14 Total Non-Operating Revenues	93,457	351,367	634,800	55%	403,483
15 Total Revenues	\$ 490,812	\$ 2,800,744	\$ 5,922,200	47%	\$ 2,812,892
16 Operating Expenditures					
17 Source of Supply					
18 Labor & Benefits	498	2,447	16,300	15%	6,584
19 Direct Expenses	34,790	167,467	368,400	45%	150,026
20 Total Source of Supply	35,288	169,914	384,700	44%	156,611
21 Pumping					
22 Labor & Benefits	1,954	3,628	3,800	95%	2,018
23 Direct Expenses	14,039	58,203	124,700	47%	64,371
24 Total Pumping	15,994	61,831	128,500	48%	66,389
25 Transmission & Distribution					
26 Labor & Benefits	96,244	451,879	1,332,600	34%	474,059
27 Direct Expenses	22,976	152,523	394,100	39%	178,384
28 Total Transmission & Distribution	119,220	604,402	1,726,700	35%	652,443
29 Treatment Wells					
30 Labor & Benefits	3,532	25,280	73,000	35%	23,415
31 Direct Expenses	3,487	11,878	37,500	32%	13,483
32 Total Treatment Wells	7,019	37,159	110,500	34%	36,899
33 Treatment Facility					
34 Labor & Benefits	21,376	105,657	242,100	44%	97,895
35 Direct Expenses	23,756	171,733	566,300	30%	178,614
36 Total Treatment Facility	45,133	277,391	808,400	34%	276,508
37 Customer Accounts					
38 Labor & Benefits	21,955	100,701	211,400	48%	89,540
39 AMI Temporary Labor	-	-	-		1,447
40 Direct Expenses	664	20,788	65,800	32%	14,136
41 Total Customer Accounts	\$ 22,619	\$ 121,488	\$ 277,200	44%	\$ 105,123

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 District
Detail Statement of Revenues and Expenses
For the Period Ending November 30, 2021
(Unaudited)

	November 2021	YTD	Budget	YTD 42%	Prior YTD
42 General & Administration					
43 Labor & Benefits	\$ 36,695	\$ 174,853	\$ 535,100	33%	\$ 191,499
44 Outside Services	23,317	159,452	358,500	44%	207,023
45 Direct Expenses	36,081	186,982	265,200	71%	101,165
46 Total General & Administration	96,093	521,287	1,158,800	45%	499,687
47 Payouts & Retiree Medical					
48 Vacation / Sick Payouts	-	2,231	104,100	2%	1,075
49 Retiree Medical	772	2,316	40,200	6%	-
50 Total Payouts & Retiree Medical	772	4,547	144,300	3%	1,075
51 Board of Directors					
52 Director Fees	725	3,125	17,000	18%	1,575
53 Direct Expenses	-	100	15,500	1%	369
54 Total Board of Directors	725	3,225	32,500	10%	1,944
55 Total Operating Expenditures	342,863	1,799,607	4,771,600	38%	1,796,679
56 Non-Operating Expenditures					
57 Debt Service					
58 Debt Principal Payments	-	96,381	195,500	49%	93,508
59 Interest Expense	-	24,739	48,000	52%	27,634
60 Total Debt Service	-	121,120	243,500	50%	121,142
61 CalPERS UAL Payment (Required)	16,858	84,290	202,300	42%	70,629
62 Pension & OPEB Trust Contributions	-	-	143,000	0%	41,667
63 Total Non-Operating Expenditures	16,858	205,410	588,800	35%	233,437
64 Total Expenditures	\$ 359,721	\$ 2,005,017	\$ 5,360,400	37%	\$ 2,030,116
Net Revenues Available to Fund Capital					
65 Related Expenditures	\$ 131,091	\$ 795,727	\$ 561,800	142%	\$ 782,776

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 District
Special Revenue Fund
For the Period Ending November 30, 2021
(Unaudited)

	November 2021	YTD	Budget	YTD 42%
1 Tower Revenues	\$ 15,003	\$ 60,334	\$ 143,000	42%
2 Less Transfers Out To Water	(15,003)	(60,334)	(143,000)	42%
Ending Balance	\$ -	\$ -	\$ -	

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TwentyNine Palms Water District
Carryover CIP/Current CIP and R&M/Capital Outlay
For the Period Ending November 30, 2021
(Unaudited)

	Budget FY 21/22	Current Year Expenditures	Remaining Under / (Over) Budget
1 District Projects			
2 Treatment Feasibility & Exploration Costs	\$ 35,000	\$ 1,636	\$ 33,364
3 Standard Drawings Update	20,000	726	19,274
4 Salt Nutrient Monitoring Wells\Sampling	10,000	5,924	4,076
5 Asset Management Plan	40,000	-	40,000
6 USGS Study\Feasibility Study	25,000	-	25,000
7 Centralized Sewer Plan\Groundwater Analysis	25,000	7,420	17,580
8 Master Plan Updates	85,000	-	85,000
9 Campbell Reservoir Land Acquisition	40,000	-	40,000
10 AWIA Plan	-	5,250	(5,250)
11 Total District Projects	280,000	20,956	259,044
12 Capital Improvement Plan			
13 Chromium VI and Flouride for Well 11B	50,000	-	50,000
14 Fluoride Variance (Expiring) - TP2/W12/W16	1,000,000	667,414	332,586
15 AMI/AMR	129,800	-	129,800
16 Pay Meter Station Upgrade	125,000	-	125,000
17 Capital Improvement Plan	1,304,800	667,414	637,386
18 Repairs, Rehabilitation, & Maintenance			
19 Plant 6 Electrical and Well Upgrade	25,000	-	25,000
20 Emergency Repairs, Unspecified	75,000	-	75,000
21 Repiping/Distribution System Upgrades	75,000	8,500	66,500
22 Reservoir Recoating / Cathodic Protection	20,000	-	20,000
23 Large Meter Replacement Program	20,000	-	20,000
24 Fluoride Plant Instr.\Coating\SCADA	10,000	431	9,569
25 Treated Water Reservoir Coating	50,000	-	50,000
26 Campbell Reservoir Paving & Coating	100,000	10,344	89,656
27 Treatment Plant Concrete	100,000	-	100,000
28 Total Repairs & Maintenance	475,000	19,275	455,725
29 Capital Outlay			
30 Vehicle/Equipment Replacements	75,000	4,885	70,115
31 Computer/Technology Replacements	40,000	2,034	37,966
32 GIS	30,000	-	30,000
33 Administrative Building\Office Remodel	40,000	-	40,000
34 Energy Efficiency Projects	35,000	1,304	33,696
35 One-Time Existing Conditions Sampling	20,000	22,050	(2,050)
36 Parking Lot Seal\Paving	25,000	-	25,000
37 Equipment Shade Structure	100,000	5,848	94,153
38 Total Capital Outlay	365,000	36,120	328,880
39 Grand Total	\$ 2,424,800	\$ 743,766	\$ 1,681,034

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8.4

**NO
MATERIAL
PROVIDED**