

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

January 25, 2023 / 4:00 P.M.

AGENDA

This meeting may be viewed on the District's website at www.29palmswater.net
The Board reserves the right to discuss only or take action on any item on the agenda.

Next Resolution #23-02
Next Ordinance #103

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 2021/2022 Audited Financial Statements
2. Consideration of Resolution 23-01 Adopting Annual Statement of Investment Policy
3. Discussion of Investment Strategies
4. Discussion of Board of Director's Stipend
5. Consent Calendar

Matters under the Consent Calendar are to be considered routine and will be enacted in a single motion. There will be no separate discussion of these items unless the Board, staff or the public requests specific items be removed for separate discussion and action before the Board votes on the motion to adopt.

 - Minutes of the Regular Meeting held on December 14, 2022
 - Audit List
6. Items Removed from the Consent Calendar for Discussion or Separate Action
7. Management Reports
 - 7.1 Maintenance

- 7.2 Water Quality
- 7.3 Finance
- 7.4 General Manager

- 8. Future Agenda Items and Staff Tasks/Directors' Comments and Reports
- 9. Adjournment

Notice of agenda was posted on or before 4:00 p.m., January 20, 2023.

Matthew Shragge, 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 Fowkes 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.

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TO:	BOARD OF DIRECTORS
DATE:	JANUARY 26, 2023
FROM:	MATTHEW SHRAGGE, GENERAL MANAGER
SUBJECT:	PRESENTATION AND CONSIDERATION TO RECEIVE AND FILE THE TWENTYNINE PALMS WATER DISTRICT'S FISCAL YEAR 2021/2022 AUDITED FINANCIAL STATEMENTS

BACKGROUND AND DISCUSSION

The Fiscal Year (FY) 2021/2022 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 2021/2022
- 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 2021/2022 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 2021/2022 audited financial statements at this Board meeting.



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December 28, 2022

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, 2022, and have issued our report thereon dated December 28, 2022. 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 May 18, 2022, 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.

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 a separate report on internal control over financial reporting and on compliance and other matters in accordance with Government Auditing Standards dated December 28, 2022.

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. Management adopted Governmental Accounting Standards Board Statement 87, Leases (GASB 87) during fiscal year ended June 30, 2022. GASB 87 requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract. 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.

The allowance for doubtful accounts is 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 OPEB liabilities disclosures in Note 7 and the net pension liabilities 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 December 28, 2022.

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,

Eadie and Payne, LLP



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**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) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Eadie and Payne, LLP

Riverside, California
December 28, 2022



Twentynine Palms Water District

Twentynine Palms, California

Annual Financial Report

*For the Fiscal Year Ended
June 30, 2022 and 2021*

Twentynine Palms Water District

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June 30, 2022 and 2021

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FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary fund of Twentynine Palms Water District (District) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary fund of the District as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, 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.

Eadie and Payne, LLP

Riverside, California
December 28, 2022

Twentynine Palms Water District
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2022 and 2021

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, 2022 and 2021. 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 1.20%, or \$322,746, from \$26,853,602 to \$27,176,348 as of June 30, 2022. The net position increased by 1.52%, or \$401,324, from \$26,452,278 to \$26,853,602 as of June 30, 2021
- Total revenues from all sources for the District for the year ended June 30, 2022, decreased by 4.28%, or \$292,388, from \$6,838,077 for the year ended June 30, 2021 to \$6,545,689. Total revenues from all sources for the District for the year end June 30, 2021, increased by 24.26%, or \$1,335,061, from \$5,503,016 for the year ended June 30, 2020 to \$6,838,077.
- Total expenses for the District's operations for the year ended June 30, 2022 decreased by 3.32% or \$213,810 from \$6,436,753 for the year ended June 30, 2021 to \$6,222,943. Total expenses for the District's operations for the year ended June 30, 2021 increased by 2.94% or \$183,535 from \$6,253,218 for the year ended June 30, 2020 to \$6,436,753.

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, 2022 and 2021

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, 2022 and 2021

Statement of Net Position Proprietary Funds

Condensed Statement of Net Position			
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets:			
Current assets	\$ 9,676,047	\$ 9,493,439	\$ 8,181,416
Noncurrent assets	23,691,808	24,068,294	23,250,113
Total assets	<u>33,367,855</u>	<u>33,561,733</u>	<u>31,431,529</u>
Deferred Outflows of Resources	720,973	777,143	766,094
Liabilities			
Current liabilities	1,258,064	1,262,215	841,083
Long-term obligations	2,671,319	4,621,412	4,523,533
Total liabilities	<u>3,929,383</u>	<u>5,883,627</u>	<u>5,364,616</u>
Deferred Inflows of Resources	2,983,097	1,601,647	380,729
Net Position			
Net investment in capital assets	21,112,934	21,190,967	21,355,547
Restricted Net Position	-	153,500	-
Unrestricted Net Position	6,063,414	5,509,135	5,096,731
Total net position	<u>\$ 27,176,348</u>	<u>\$ 26,853,602</u>	<u>\$ 26,452,278</u>

As of June 30, 2022, the District reported a net position of \$27,176,348. An amount of \$6,063,414 constitutes the District's unrestricted net position balance which is available for future operations at June 30, 2022. As of June 30, 2021, the District reported a net position of \$26,853,602. An amount of \$5,509,135 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 at June 30, 2021.

Twentynine Palms Water District
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2022 and 2021

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

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating Revenue	\$ 6,318,317	\$ 6,359,026	\$ 5,168,917
Operating Expenses	(6,176,312)	(6,384,326)	(6,155,218)
Non-Operating Revenue, Net	180,741	426,624	236,099
Total Change in Net Position	<u>322,746</u>	<u>401,324</u>	<u>(750,202)</u>
Net Position, Beginning of Year	<u>26,853,602</u>	<u>26,452,278</u>	<u>27,202,480</u>
Net Position, End of Year	<u>\$ 27,176,348</u>	<u>\$ 26,853,602</u>	<u>\$ 26,452,278</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 \$322,746 during the fiscal year ended June 30, 2022. The net position increased by \$401,324 during the fiscal year ended June 30, 2021.

Proprietary Funds Revenues

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Revenues:			
Water consumption sales	\$ 3,710,721	\$ 3,671,784	\$ 3,087,635
Water service charges	1,528,117	1,421,893	1,340,467
Water availability charge	691,365	618,498	605,404
Other service charges	388,114	646,851	135,411
Intergovernmental	-	153,500	-
Rental revenue	171,828	182,443	138,885
Investment earnings	11,111	33,532	144,202
Gain/(Loss) on sale of assets	-	19,725	6,021
Other non-operating revenue	44,433	89,851	44,991
Total revenues	<u>\$ 6,545,689</u>	<u>\$ 6,838,077</u>	<u>\$ 5,503,016</u>

Revenues decreased \$292,388 for the fiscal year ended June 30, 2022. Notable decreases include other service charges of \$258,737 and intergovernmental revenue of \$153,500 in combination with minor decreases in other categories. These notable decreases are offset by increases in water service charges of \$106,224, water availability charge of \$38,937, and water consumption sales of \$72,867. Revenues increased \$1,135,061 for the fiscal year ended June 30, 2021. Notable increases include water consumption sales of \$584,149, other service charges of \$511,440, and intergovernmental revenue of \$153,300 in combination with minor increases in other categories. These notable increases are offset by decrease in investment earnings of \$110,670.

Twentynine Palms Water District
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2022 and 2021

Proprietary Funds Expenses

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Expenses:			
Source of supply	\$ 454,720	\$ 432,070	\$ 347,946
Pumping	300,679	249,718	221,212
Transmission and distribution	1,488,472	1,526,104	1,355,204
Customer accounts	351,632	398,185	366,952
General plant	695,318	658,778	727,351
General and administrative	1,598,936	1,797,802	1,740,372
Depreciation expense	1,286,555	1,321,553	1,396,181
Interest expense	46,631	52,543	58,000
Transfer out	-	-	40,000
Total expenses	<u>\$ 6,222,943</u>	<u>\$ 6,436,753</u>	<u>\$ 6,253,218</u>

Expenses decreased \$213,810 for the fiscal year ended June 30, 2022. Many types of expenses experienced decreases with the largest decrease found in general and administrative expenses. On the other hand, notable increases are seen in the pumping and general plant expenses for the year. Expenses increased \$183,535 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.

Statement of Fiduciary Net Position

Condensed Statements of Fiduciary Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets:			
Current assets	7,741	\$ 32,784	\$ 79,976
Restricted assets	1,659,726	1,844,163	1,630,409
Total assets	<u>1,667,467</u>	<u>1,876,947</u>	<u>1,710,385</u>
Deferred Outflows of Resources	185,112	182,369	183,841
Liabilities			
Current liabilities	3,868	14,211	4,863
Long-term obligations	12,233	507,129	400,701
Total liabilities	<u>16,101</u>	<u>521,340</u>	<u>405,564</u>
Deferred Inflows of Resources	<u>250,436</u>	<u>215,885</u>	<u>201,288</u>
Net Position			
Restricted	<u>\$ 1,586,042</u>	<u>\$ 1,322,091</u>	<u>\$ 1,287,374</u>

Twentynine Palms Water District
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
For the Fiscal Years Ended June 30, 2022 and 2021

As of June 30, 2022, the District reported a total fiduciary net position of \$1,586,042, an increase of \$263,951 from June 30, 2021. 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. 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, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Additions	\$ (171,009)	\$ 179,512	\$ 185,820
Deductions	<u>434,960</u>	<u>(144,795)</u>	<u>(155,277)</u>
Total Change in Net Position	<u>263,951</u>	<u>34,717</u>	<u>30,543</u>
Net Position, Beginning of Year	1,322,091	1,287,374	1,256,831
Net Position, End of Year	<u>\$ 1,586,042</u>	<u>\$ 1,322,091</u>	<u>\$ 1,287,374</u>

Fiduciary Funds Additions

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Additions			
Property tax penalties	\$ 27,414	\$ 21,680	\$ 26,080
Other revenues	24,482	20,981	30,684
Intergovernmental	1,325	7,289	15,886
Investment earnings	(224,230)	129,562	73,170
Transfers in	<u>-</u>	<u>-</u>	<u>40,000</u>
Total additions	<u>\$ (171,009)</u>	<u>\$ 179,512</u>	<u>\$ 185,820</u>

Additions decreased by \$350,521 for the fiscal year ended June 30, 2022 due to decrease in investment earnings of \$353,792. Additions decreased by \$6,308 for the fiscal year ended June 30, 2021 primarily due to no transfers in and decreases in most addition categories offset by increased investment earnings.

Fiduciary Funds Deductions

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Deductions:			
Pension expense	\$ (463,087)	\$ 122,496	\$ 125,214
Transfer to San Bernardino	<u>28,127</u>	<u>22,299</u>	<u>30,063</u>
Total deductions	<u>\$ (434,960)</u>	<u>\$ 144,795</u>	<u>\$ 155,277</u>

Deductions decreased \$579,755 and \$10,482 for the fiscal years ending June 30, 2022 and 2021, respectively.

Twentynine Palms Water District
MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)
 For the Fiscal Years Ended June 30, 2022 and 2021

Capital Asset Administration

Capital assets were as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Non-depreciable capital assets	\$ 2,417,142	\$ 1,550,950	\$ 1,728,833
Depreciable capital assets	<u>50,791,755</u>	<u>50,646,850</u>	<u>49,950,560</u>
Total capital assets	53,208,897	52,197,800	51,679,393
Accumulated depreciation	<u>(30,666,128)</u>	<u>(29,379,574)</u>	<u>(28,429,280)</u>
Total capital assets, net	<u>\$ 22,542,769</u>	<u>\$ 22,818,226</u>	<u>\$ 23,250,113</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, 2022, the District's net investment in capital assets amounted to \$21,112,934, which is comprised of \$22,542,769 of capital assets net of related liabilities of \$1,429,835. Major capital asset additions during the year include various improvements and equipment purchases totaling \$1,011,096. At June 30, 2021, the District's net investment in capital assets amounted to \$21,190,967, which is comprised of capital asset of \$22,818,226 net of related liabilities of \$1,627,259. Major capital asset additions during the year include various improvements and equipment purchases totaling \$889,666. See Note 6 for further information on the District's capital assets.

Contacting the District's Financial Management Team

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

BASIC FINANCIAL STATEMENTS

Twentynine Palms Water District
STATEMENTS OF NET POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and investments	\$ 8,201,556	\$ 7,856,845
Restricted - cash and investments	92,089	256,835
Accounts receivable – water sales and services, net	914,666	991,604
Accrued interest receivable	10,893	4,262
Special assessments receivable	31,197	4,283
Materials and supplies inventory	239,864	199,871
Prepaid items	80,314	84,625
Lease receivable - current portion	105,468	95,114
Total current assets	9,676,047	9,493,439
Non-current assets:		
Lease receivable - non-current portion	1,149,039	1,250,068
Capital assets – not being depreciated	2,417,142	1,550,950
Capital assets – being depreciated, net	20,125,627	21,267,276
Total non-current assets	23,691,808	24,068,294
Total assets	33,367,855	33,561,733
Deferred outflows of resources:		
Other post-employment benefits obligation related	66,786	83,704
Pension related	654,187	693,439
Total deferred outflows of resources	720,973	777,143
Total assets and deferred outflows of resources	\$ 34,088,828	\$ 34,338,876
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	\$ 243,943	\$ 421,171
Accrued salaries and benefits	25,553	17,555
Unearned revenue and deposits	680,976	523,573
Long-term liabilities – due within one year:		
Current portion of loan payable	201,741	195,725
Compensated absences	104,116	102,491
Lease liability	1,735	1,700
Total current liabilities	1,258,064	1,262,215
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Loan payable	1,224,738	1,426,479
Compensated absences	69,411	68,328
Lease liability	1,621	3,355
Net other post-employment benefits obligation	55,941	417,608
Net pension liability	1,319,608	2,705,642
Total non-current liabilities	2,671,319	4,621,412
Total liabilities	3,929,383	5,883,627
Deferred inflows of resources:		
Lease receivable related	1,191,214	1,310,345
Other post-employment benefits obligation related	499,380	134,033
Pension related	1,292,503	157,269
Total deferred inflows of resources	2,983,097	1,601,647
Net position:		
Net investment in capital assets	21,112,934	21,190,967
Restricted for intergovernmental grant	-	153,500
Unrestricted	6,063,414	5,509,135
Total net position	27,176,348	26,853,602
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 34,088,828	\$ 34,338,876

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenue		
Water consumption sales	\$ 3,710,721	\$ 3,671,784
Water service charges	1,528,117	1,421,893
Water availability charge	691,365	618,498
Other service charges	<u>388,114</u>	<u>646,851</u>
Total operating revenue	<u>6,318,317</u>	<u>6,359,026</u>
Operating Expenses		
Source of supply	454,720	432,070
Pumping	300,679	249,718
Transmission and distribution	1,488,472	1,526,104
Customer accounts	351,632	398,185
General plant	695,318	658,778
General and administrative	<u>1,598,936</u>	<u>1,797,802</u>
Total operating expenses	<u>4,889,757</u>	<u>5,062,657</u>
Operating income before depreciation	1,428,560	1,296,369
Depreciation expense	<u>(1,286,555)</u>	<u>(1,321,553)</u>
Operating Income (Loss)	<u>142,005</u>	<u>(25,184)</u>
Non-Operating Revenues (Expenses)		
Rental revenue	171,828	182,443
Investment earnings	11,111	33,532
Gain on sale of assets	-	19,725
Intergovernmental grant	-	153,500
Interest expense	(46,631)	(52,543)
Other non-operating revenue	<u>44,433</u>	<u>89,851</u>
Total non-operating revenues, net	<u>180,741</u>	<u>426,508</u>
Change in Net Position	322,746	401,324
Net Position, Beginning of Year	<u>26,853,602</u>	<u>26,452,278</u>
Net Position, End of Year	<u>\$ 27,176,348</u>	<u>\$ 26,853,602</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 6,742,005	\$ 6,844,443
Cash paid to employees for salaries and wages	(2,396,325)	(2,282,002)
Cash paid to vendors and suppliers for materials and services	<u>(3,052,348)</u>	<u>(2,504,490)</u>
Net cash provided by operating activities	<u>1,293,332</u>	<u>2,057,951</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,011,098)	(882,944)
Proceeds from sale of assets	-	19,725
Payments on long-term debt	<u>(197,424)</u>	<u>(191,556)</u>
Net cash (used in) capital and related financing activities	<u>(1,208,522)</u>	<u>(1,054,775)</u>
Cash flows from investing activities:		
Proceeds from investment earnings	4,480	52,089
Proceeds from leases	<u>90,675</u>	<u>84,294</u>
Net cash provided by investing activities	<u>95,155</u>	<u>136,383</u>
Net increase (decrease) in cash and investments	<u>179,965</u>	<u>1,139,559</u>
Cash and investments:		
Beginning of year	<u>8,113,680</u>	<u>6,974,121</u>
End of year	<u>\$ 8,293,645</u>	<u>\$ 8,113,680</u>
Classification on Statements of Net Position		
Cash and investments	\$ 8,201,556	\$ 7,856,845
Restricted - cash and investments	<u>92,089</u>	<u>256,835</u>
	<u>\$ 8,293,645</u>	<u>\$ 8,113,680</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating income (loss)	\$ 142,005	\$ (25,184)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	1,286,555	1,321,553
Provision for bad debt	(38,927)	125,841
Interest expense	(46,631)	(52,543)
Rental revenue	171,828	182,443
Other non-operating revenue	44,433	89,851
Intergovernmental grant		153,500
Changes in assets – (increase) decrease:		
Accounts receivable-water sales and services	115,865	(198,058)
Special assessments receivable	(26,914)	14,824
Materials and supplies inventory	(39,993)	(23,718)
Prepaid items	4,311	(14,796)
Change in deferred outflows of resources – (increase) decrease:		
Pension and OPEB related deferred outflows of resources	56,170	(11,049)
Changes in liabilities – increase (decrease):		
Accounts payable and accrued expenses	(177,228)	269,722
Accrued salaries and related payables	7,998	6,840
Unearned revenue and deposits	157,403	117,016
Compensated absences	2,708	33,364
Net other post-employment benefits obligation	(361,667)	40,604
Net pension liability	(1,386,034)	236,299
Change in deferred inflows of resources – increase (decrease):		
Pension, OPEB and lease related deferred inflows of resources	<u>1,381,450</u>	<u>(208,558)</u>
Total adjustments	<u>1,151,327</u>	<u>2,083,135</u>
Net cash provided by operating activities	<u>\$ 1,293,332</u>	<u>\$ 2,057,951</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and investments	\$ 6,479	\$ 28,422
Restricted – cash and investments	1,659,726	1,844,163
Special assessments receivable	<u>1,262</u>	<u>4,362</u>
Total current assets	<u>1,667,467</u>	<u>1,876,947</u>
Deferred Outflows of Resources		
Pension related	<u>185,112</u>	<u>182,369</u>
Total Assets and Deferred Outflows of Resources	<u>1,852,579</u>	<u>2,059,316</u>
LIABILITIES, DEFERRED INFLOWS OR RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	3,868	14,211
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Net pension liability	<u>12,233</u>	<u>507,129</u>
Total liabilities	16,101	521,340
Deferred Inflows of Resources		
Pension related	<u>250,436</u>	<u>215,885</u>
Total Liabilities and Deferred Inflows of Resources	<u>266,537</u>	<u>737,225</u>
Fiduciary Net Position		
Restricted for pension liability	<u>\$ 1,586,042</u>	<u>\$ 1,322,091</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Additions		
Property tax penalties	\$ 27,414	\$ 21,680
Intergovernmental	1,325	7,289
Investment earnings (loss)	(224,230)	129,562
Other revenue	24,482	20,981
Total Additions	<u>(171,009)</u>	<u>179,512</u>
Deductions		
Pension expense	(463,087)	122,496
Transfer of fire revenues to San Bernardino County Fire District	28,127	22,299
Total Deductions	<u>(434,960)</u>	<u>144,795</u>
Change in Fiduciary Net Position	263,951	34,717
Fiduciary Net Position, Beginning of Year	<u>1,322,091</u>	<u>1,287,374</u>
Fiduciary Net Position, End of Year	<u>\$ 1,586,042</u>	<u>\$ 1,322,091</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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021

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.

Lease Receivable

The District recorded lease receivable as a result of implementing Governmental Accounting Standards Board Statement 87, Leases (GASB 87). Lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

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

Capital Assets (Continued)

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.

Right-to-use Assets

The District has recorded right-to-use assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets, which are included in capital assets in the statement of net position, are amortized on a straight line basis over the life of the related lease.

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, 2022 and 2021

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:

CalPERS	June 30, 2022	June 30, 2021
Valuation date	June 30, 2020	June 30, 2019
Measurement date	June 30, 2021	June 30, 2020
Measurement period	July 1, 2020 to June 30, 2021	July 1, 2019 to June 30, 2020

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, 2022 and 2021

Note 2 – Cash and Investments

Cash and investments as of June 30, 2022 and 2021, consisted of the following:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 1,350	\$ 1,350
Demand deposits with financial institutions	2,463,153	2,234,219
Investments	7,495,347	7,750,696
Total cash and investments	\$ 9,959,850	\$ 9,986,265

Demand Deposits

At June 30, 2022, the carrying amount of the District's demand deposits was \$2,463,153 and the financial institution balance was \$2,447,670. The \$15,483 net difference as of June 30, 2022, represents outstanding checks, deposits-in-transit and/or other reconciling items. 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.

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, 2022 and 2021

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, 2022 and 2021, none of the District's deposits and investments were exposed to disclosable custodial credit risk.

Investments

Investments as of June 30, 2022, consisted of the following:

Investments	Measurement Input	Credit Rating	Fair Value June 30, 2022	Maturity 12 Months or Less
External Investment Pools:				
California Local Agency Investment Fund (LAIF)	Level 2	n/a	\$ 5,743,532	\$ 5,743,532
Held with Fiscal Agent:				
PARS Pension Trusts	Level 2	n/a	1,751,815	1,751,815
Total investments			<u>\$ 7,495,347</u>	<u>\$ 7,495,347</u>

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

Investments	Measurement Input	Credit Rating	Fair Value June 30, 2021	Maturity 12 Months or Less
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 Trust	Level 2	n/a	1,947,498	1,947,498
Total investments			<u>\$ 7,750,696</u>	<u>\$ 7,750,696</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, the value of LAIF's portfolio approximated \$35.761 billion and \$37.067 billion, respectively. As of June 30, 2022 and 2021, the District had \$5,743,532 and \$5,803,198 invested in LAIF, respectively. LAIF had invested 1.14% and 3.37% of the pool's investment funds in structured notes and medium-term asset-backed securities at June 30, 2022 and 2021, respectively.

Public Agency Retirement Services (PARS) Pension Trust

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

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 2 – Cash and Investments (Continued)

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, 2022 and 2021, 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.

Note 3 – Accounts Receivable, Net

The accounts receivable, net balance as of June 30, 2022 and 2021 consisted of the following:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Accounts receivable – water sales and services	\$ 1,364,930	\$ 1,480,795
Allowance for doubtful accounts	(450,264)	(489,191)
Total accounts receivable, net	<u>\$ 914,666</u>	<u>\$ 991,604</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, 2022 and 2021, the District recorded revenue from this special assessment of \$691,365 and \$618,498 as water availability charges, respectively. At June 30, 2022 and 2021, the outstanding balance of the special assessment receivable was \$31,197 and \$4,283, respectively.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 5 – Lease Receivable

In April 2002, the District entered into a 5-year cell tower lease with T-Mobile with an option to renew every five years for 25 more years. The initial lease payment \$12,000 per year. The annual lease payment is adjusted annually by an amount not to exceed the rate of inflation as indicated by the change in Consumer Price Index (CPI) or 3%, whichever is greater.

In June 2005, the District entered into a 5-year cell tower lease with AT&T with an option to renew every five years for 20 more years. The initial lease payment \$26,400 per year. The annual lease payment is adjusted annually by an amount not to exceed the rate of inflation as indicated by the change in Consumer Price Index (CPI) or 3%, whichever is greater.

In February 2013, the District entered into a 5-year cell tower lease with AT&T with an option to renew every five years for 20 more years. The initial lease payment \$60,000 per year. The annual lease payment is adjusted annually by 3%.

The District recorded the lease receivable as of July 1, 2020 measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.0%.

During the years ended June 30, 2022 and 2021, the District recognized lease revenue related to the above leases of \$191,130 each year. Interest revenue for the years ended June 30, 2022 and 2021 were \$21,444 and \$22,905, respectively.

The future minimum lease payments receivable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 103,353	\$ 19,716
2024	108,899	17,860
2025	114,663	15,901
2026	120,649	13,832
2027	126,866	11,649
2028-2032	564,511	24,601
2033-2037	138,835	2,700
2038	15,161	63
Total	<u>\$1,292,937</u>	<u>\$ 106,322</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 6 – Capital Assets

Changes in capital assets for the year ended June 30, 2022 were as follows:

	<u>Balance July 1, 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2022</u>
Non-depreciable capital assets:				
Land	\$ 174,626	\$ -	\$ -	\$ 174,626
Construction-in-process	1,376,324	987,598	(121,406)	2,242,516
Total non-depreciable capital assets	<u>1,550,950</u>	<u>987,598</u>	<u>(121,406)</u>	<u>2,417,142</u>
Depreciable capital assets:				
Source of supply plant	14,596,498	87,874	-	14,684,372
Pumping plant	295,464	5,975	-	301,439
Transmission and distribution plant	30,264,595	23,498	-	30,288,093
Buildings and structures	2,261,941	22,400	-	2,284,341
Office equipment	402,083	5,157	-	407,240
Transportation/heavy equipment	1,932,694	-	-	1,932,694
Radio and communication equipment	148,616	-	-	148,616
Field equipment and tools	738,238	-	-	738,238
Lease asset	6,722	-	-	6,722
Total depreciable capital assets	<u>50,646,851</u>	<u>144,904</u>	<u>-</u>	<u>50,791,755</u>
Less accumulated depreciation	<u>(29,379,575)</u>	<u>(1,286,553)</u>	<u>-</u>	<u>(30,666,128)</u>
Total depreciable capital assets, net	<u>21,267,276</u>	<u>(1,141,649)</u>	<u>-</u>	<u>20,125,627</u>
Total capital assets, net	<u>\$ 22,818,226</u>	<u>\$ (154,051)</u>	<u>\$ (121,406)</u>	<u>\$ 22,542,769</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 6 – Capital Assets (Continued)

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

	<u>Balance July 1, 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2021</u>
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 tools	813,169	-	(74,931)	738,238
Lease asset	-	6,722	-	6,722
Total depreciable capital assets	<u>49,950,560</u>	<u>1,067,549</u>	<u>(371,259)</u>	<u>50,646,850</u>
Less accumulated depreciation	<u>(28,429,280)</u>	<u>(1,321,553)</u>	<u>371,259</u>	<u>(29,379,574)</u>
Total depreciable capital assets, net	<u>21,521,280</u>	<u>(254,004)</u>	<u>-</u>	<u>21,267,276</u>
Total capital assets, net	<u>\$ 23,250,113</u>	<u>\$ 358,432</u>	<u>\$ (790,319)</u>	<u>\$ 22,818,226</u>

Construction in progress consist of several capital projects in which the District has expended \$2,242,516 as of June 30, 2022. 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 7 – 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, 2022 were as follows:

<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Current</u>	<u>Non-current</u>
\$ 170,819	\$ 210,823	\$ (208,115)	\$ 173,527	\$ 104,116	\$ 69,411

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 7 – Compensated Absences (Continued)

Changes in compensated absences balances for the year ended June 30, 2021 were as follows:

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

Note 8 – 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, 2022 and 2021, the following employees were covered by the benefit terms:

	<u>2022</u>	<u>2021</u>
Active plan members	23	25
Inactive plan members or beneficiaries currently receiving benefit payments	-	-
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Total Participants	<u>23</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, 2022 and 2021, the District's average contribution rate was 0.0% and 4.31% 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, 2022 and 2021 was measured as of June 30, 2021 and 2020, respectively. The total OPEB liability used to calculate the net OPEB liability at June 30, 2022 and 2021 was determined by an actuarial valuation as of June 30, 2021 and July 1, 2019, respectively.

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 8 – Net Other Post-Employment Benefits Obligation (Continued)

Net OPEB Liability (Continued)

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

	2022	2021
Valuation Date	June 30, 2021	July 1, 2019
Discount Rate	6.00% per annum	6.00% per annum
Inflation	2.50% per annum	2.50% per annum
Salary Increases	Equal to merit increases from the CalPERS pension plan	3.00% per annum, in aggregate
Investment Rate of Return	6.00%	6.00%
Mortality Rate	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021	CalPERS Membership Data
Healthcare Cost Trend Rates	7.25% decreasing to 4.5% over future periods	6.25% decreasing to 4.5% over future periods

There has been one plan provision change: For employees hired after January 1, 2021, employees must reach age 60 with 10 years of service to be eligible for benefits. The termination, retirement, disability, and salary scale assumptions have been updated based on the 2021 CalPERS experience study. 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.

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, 2022 and 2021 are summarized in the following table:

Asset Class	2022		2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Inflation Assets	16.0%	N/A	26.0%	1.25%
Global Debt Securities	49.0%	N/A	39.0%	2.25%
Global Equities	22.0%	N/A	24.0%	5.25%
REITs	8.0%	N/A	8.0%	4.50%
Commodities	5.0%	N/A	3.0%	1.25%
Total	100.0%	6.0%	100.0%	6.0%

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 8 – Net Other Post-Employment Benefits Payable (Continued)

Net OPEB Liability (Continued)

Discount rate: The discount rates used to measure the total OPEB liability at June 30, 2022 and 2021 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.

Changes in the Net OPEB Liability

Changes in net OPEB liability for the year ended June 30, 2022 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	NET OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2021	\$ 1,117,020	\$ 699,412	\$ 417,608
Changes for the year:			
Service cost	51,018	-	51,018
Interest	70,082	-	70,082
Change in assumptions	(5,650)	-	(5,650)
Differences between expected and actual experience	(382,546)	-	(382,546)
Net investment income	-	94,818	(94,818)
Benefit payments	-	-	-
Administrative expense	-	(247)	247
Net changes	(267,096)	94,571	(361,667)
Balance at June 30, 2022	\$ 849,924	\$ 793,983	\$ 55,941

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 8 – Net Other Post-Employment Benefits Payable (Continued)

Changes in net OPEB liability for the year ended June 30, 2021 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	NET OPEB Liability/(Asset) (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>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 8 – 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, 2022	\$ 118,815	\$ 55,941	\$ (2,648)
Net OPEB liability - June 30, 2021	\$ 509,859	\$ 417,608	\$ 333,448

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, 2022	\$ (28,876)	\$ 55,941	\$ 155,890
Net OPEB liability - June 30, 2021	\$ 302,665	\$ 417,608	\$ 552,001

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, 2022 and 2021

Note 8 – 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, 2022 and 2021, the District recognized OPEB expense of \$10,201 and \$47,304, respectively. At June 30, 2022 and 2021, 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	
	2022	2021	2022	2021
Changes in assumptions	\$ -	\$ -	\$ 89,484	\$ 117,264
Differences between expected and actual experience	45,649	52,171	367,813	16,327
Net difference between projected and actual earnings on OPEB plan investments	-	-	42,083	442
Employer contributions made subsequent to the measurement date	21,137	31,533	-	-
Total	\$ 66,786	\$ 83,704	\$ 499,380	\$ 134,033

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	
	2022	2021
2022	\$ -	\$ (28,755)
2023	(67,477)	(27,043)
2024	(68,967)	(28,533)
2025	(42,261)	(1,827)
2026	(38,544)	1,891
2027	(27,971)	2,405
Thereafter	(208,511)	-
Total	\$ (453,731)	\$ (81,862)

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 9 – 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		
2022	8.000%	6.750%
2021	8.000%	6.750%
Required employer contribution rates		
2022	14.540%	7.590%
2021	14.729%	7.732%

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, 2022 and 2021

Note 9 – 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, 2020 and 2019 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, 2020 (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	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>	<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

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
 For the Years Ended June 30, 2022 and 2021

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

At June 30, 2019 (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	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>	<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.

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, 2022 and 2021

Note 9 – 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, 2021 and 2020 (Measurement Date), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based on the Plan's description schedule above.

For the year ended June 30, 2022, the contributions made to the Plan were as follows:

Contribution Type	Miscellaneous Plans		
	Classic Tier 1	PEPRA Tier 2	Total
Contributions – employer	\$ 340,507	\$ 43,391	\$ 383,898
Contributions – members	76,090	36,956	113,046
Total contributions	\$ 416,597	\$ 80,347	\$ 496,944

Contribution Type	Safety Plan
	Classic Tier 1
Contributions – employer	\$ 38,460
Contributions – members	-
Total contributions	\$ 38,460

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 9 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

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

Contribution Type	Safety Plan
	Classic
	Tier 1
Contributions – employer	\$ 26,711
Contributions – members	-
Total contributions	\$ 26,711

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, 2021 and 2020 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2020 and 2019 total pension liabilities. The June 30, 2020 and 2019 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, 2020 and 2019 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, 2022 and 2021

Note 9 – 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, 2021 and 2020 (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, 2022 and 2021

Note 9 – 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, 2021			
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	\$ 3,031,126	\$ 1,319,608	\$ (95,279)

Plan's Net Pension Liability at June 30, 2021			
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Safety Plan	\$ 556,272	\$ 12,233	\$ (434,628)

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, 2021			
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

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 9 – 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:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2020 (Measurement Date)	\$ 12,090,160	\$ 9,384,517	\$ 2,705,643
Balance as of June 30, 2021 (Measurement Date)	12,963,011	11,643,403	1,319,608
Change in Plan Net Pension liability	\$ 872,851	\$ 2,258,886	\$ (1,386,035)
<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Safety Plan:			
Balance as of June 30, 2020 (Measurement Date)	\$ 3,935,460	\$ 3,428,331	\$ 507,129
Balance as of June 30, 2021 (Measurement Date)	4,041,636	4,029,403	12,233
Change in Plan Net Pension Liability	\$ 106,176	\$ 601,072	\$ (494,896)

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 9 – 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</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
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
<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
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

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, 2022 and 2021

Note 9 – 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, 2022	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020
CalPERS – Miscellaneous Plan			
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019
Percentage of Risk Pool Net Pension Liability	0.069497%	0.064144%	0.061664%
Percentage of Plan (PERF C) Net Pension Liability	0.053530%	0.024867%	0.024098%
CalPERS – Safety Plan			
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019
Percentage of Risk Pool Net Pension Liability	0.000349%	0.007612%	0.006419%
Percentage of Plan (PERF C) Net Pension liability	0.007263%	0.004661%	0.003910%

For the year ended June 30, 2022, the District recognized pension expense in the amount of \$172,350 and pension benefit of \$424,627 for the CalPERS Miscellaneous and Safety Plans, respectively. 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.

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

The EARSL for PERF C for the measurement periods ending June 30, 2021 and 2020 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, 2022 and 2021

Note 9 – 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, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 383,898	\$ -	\$ 38,460	\$ -
Difference between actual and proportionate share of employer contributions	-	(140,555)	-	(243,155)
Adjustment due to difference in proportions	122,309	-	144,562	-
Differences between expected and actual experience	147,980	-	2,090	-
Differences between projected and actual earnings on pension plan investments	-	(1,151,948)	-	(7,281)
Changes in assumptions	-	-	-	-
Total Deferred Outflows/(Inflows) of Resources	\$ 654,187	\$ (1,292,503)	\$ 185,112	\$ (250,436)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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)

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 9 – 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	2022		2021	
	Miscellaneous	Safety	Miscellaneous	Safety
June 30				
2022	\$ -	\$ -	\$ 17,475	\$ (30,676)
2023	(217,570)	(58,300)	66,454	(27,135)
2024	(229,497)	(33,678)	55,762	(7,938)
2025	(256,809)	(9,804)	38,550	5,523
2026	(318,338)	(2,002)	-	-
Thereafter	-	-	-	-
Total	\$ (1,022,214)	\$ (103,784)	\$ 178,241	\$ (60,226)

Note 10 – Long-Term Liabilities

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, 2022, are as follows:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Due Within One Year
Note from direct borrowings	\$ 1,622,204	\$ -	\$ (195,725)	\$ 1,426,479	\$ 201,741
Lease liability	5,055	-	(1,699)	3,356	1,735
	<u>\$ 1,627,259</u>	<u>\$ -</u>	<u>\$ (197,424)</u>	<u>\$ 1,429,835</u>	<u>\$ 203,476</u>

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
Lease liability	-	6,672	(1,617)	5,055	1,700
	<u>\$ 1,812,093</u>	<u>\$ 6,672</u>	<u>\$ 188,272</u>	<u>\$ 1,627,259</u>	<u>\$ 197,425</u>

Twentynine Palms Water District
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

Note 10 – Long-Term Debt (Continued)

Debt service requirements on long-term debt at June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 203,476	\$ 42,041
2024	209,562	35,807
2025	214,332	29,403
2026	220,919	22,816
2027	227,709	16,027
2027-2029	353,837	10,846
Total	<u>\$ 1,429,835</u>	<u>\$ 156,940</u>

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, 2022 and 2021, there were no claims liabilities to be reported. During the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021

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, 2021 and 2020 is as follows:

	2021	2020
Total assets	\$ 271,770,359	\$ 237,525,073
Deferred outflows of resources	1,189,142	1,054,750
Total assets and deferred outflows of resources	<u>\$ 272,959,501</u>	<u>\$ 238,579,823</u>
Total liabilities	\$ 123,558,690	\$ 113,075,164
Deferred inflows of resources	(409,721)	1,817,452
Net position	<u>149,810,532</u>	<u>123,687,207</u>
Total liabilities, deferred inflows, and net position	<u>\$ 272,959,501</u>	<u>\$ 238,579,823</u>
Total revenues	\$ 189,317,732	\$ 189,130,318
Total expenses	(174,760,456)	(172,886,738)
Total other income	<u>11,566,049</u>	<u>8,509,125</u>
Change in net position	<u>\$ 26,123,325</u>	<u>\$ 24,752,705</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, 2022 and 2021

Note 14 – Prior Period Adjustments

The District's financial statements as of and for the year ended June 30, 2021 were restated due to the implementation of GASB 87. GASB 87 requires the recognition and measurement of leases at the beginning of the earliest period presented. The effect on prior year financial statements as a result of the adjustments are as follows:

Description	2021
Lease receivable	\$ 1,345,182
Lease asset	5,041
Lease liability	(5,055)
Deferred inflow of resources - leases	<u>(1,310,345)</u>
Net position	<u>\$ 34,823</u>
Lease revenue	\$ 34,837
Interest revenue	(116)
Lease expense	1,783
Depreciation expense	<u>(1,681)</u>
Change in net position	<u>\$ 34,823</u>

Note 15 – Subsequent Events

Management has evaluated subsequent events through December 28, 2022, 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	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17*	2015-16*
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016*	June 30, 2015*
Employer's Proportion of the Net Pension Liability	0.024400%	0.024867%	0.024098%	0.023256%	0.023165%	0.025285%	0.028234%
Employer's Proportionate Share of the Collective Net Pension Liability	\$ 1,319,608	\$ 2,705,642	\$ 2,469,343	\$ 2,241,022	\$ 2,297,360	\$ 2,187,905	\$ 1,937,958
Employer's Covered Payroll	\$ 1,474,855	\$ 1,448,972	\$ 1,346,297	\$ 1,084,161	\$ 1,051,407	\$ 1,381,292	\$ 1,341,060
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of Covered Payroll	89.47%	186.73%	183.42%	206.71%	218.50%	158.40%	144.51%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	90.49%	77.71%	77.73%	77.69%	75.39%	74.06%	78.40%

* Includes safety plan

	California Public Employees' Retirement System (CalPERS) Safety Plan			
Fiscal Year	2021-22	2020-21	2019-20	2017-18
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2017
Employer's Proportion of the Net Pension Liability	0.000226%	0.004661%	0.003910%	0.003236%
Employer's Proportionate Share of the Net Pension Liability	\$ 12,233	\$ 507,129	\$ 400,701	\$ 320,883
Employer's Covered Payroll	-	-	-	-
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	-	-	-	-
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	86.61%	73.12%	73.37%	71.74%

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

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

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	2020-21	2020-21	2019-20	2018-19	2017-18	2016-17*	2015-16*	2014-15*
Actuarially Determined Contribution	\$ 383,898	\$ 357,929	\$ 316,780	\$ 264,804	\$ 214,598	\$ 197,902	\$ 245,003	\$ 234,149
Contribution in Relation to the Actuarially Determined Contribution	(383,898)	(357,929)	(316,780)	(264,804)	(214,598)	(197,902)	(682,065)	(234,149)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (437,062)	\$ -
Covered Payroll	\$ 1,474,855	\$ 1,448,972	\$ 1,346,297	\$ 1,264,383	\$ 1,084,161	\$ 1,051,437	\$ 1,381,292	\$ 1,341,060
Contributions as a Percentage of Covered Payroll	26.03%	24.70%	23.53%	20.94%	19.79%	18.82%	49.38%	17.46%

* Includes safety plan

California Public Employees' Retirement System (CalPERS) Safety Plan

Fiscal Year	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially Determined Contribution	\$ 38,460	\$ 26,711	\$ 17,414	\$ 7,668	\$ 2,064
Contribution in Relation to the Actuarially Determined Contribution	(38,460)	(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	2021-22	2020-21	2019-20	2018-19
Measurement Period	2020-21	2019-20	2018-19	2017-18
Changes in total OPEB liability:				
Service cost	\$ 51,018	\$ 50,524	\$ 37,021	\$ 39,339
Interest	70,082	64,684	53,159	49,121
Difference between expected and actual experience	(382,546)	(17,960)	65,215	-
Changes of benefit terms	-	-	-	-
Changes in assumptions	(5,650)	-	(29,981)	(22,970)
Benefit payments including refunds*	-	(15,317)	(39,679)	(46,508)
Net changes	(267,096)	81,931	85,735	18,982
Total OPEB liability (beginning)	1,117,020	1,035,089	949,354	930,372
Total OPEB liability (ending)	<u>\$ 849,924</u>	<u>\$ 1,117,020</u>	<u>\$ 1,035,089</u>	<u>\$ 949,354</u>
Changes in plan fiduciary net position:				
Contributions – employer*	\$ -	\$ 15,317	\$ 219,679	\$ 148,908
Contributions – employee	-	-	-	-
Net investment income	94,818	41,653	32,102	15,342
Benefit payments including refunds*	-	(15,317)	(39,679)	(46,508)
Administrative expense	(247)	(326)	(96)	(174)
Other expense	-	-	-	(435)
Net changes	94,571	41,327	212,006	117,133
Plan fiduciary net position (beginning)	699,412	658,085	446,079	328,946
Plan fiduciary net position (ending)	<u>\$ 793,983</u>	<u>\$ 699,412</u>	<u>\$ 658,085</u>	<u>\$ 446,079</u>
Net OPEB liability (ending)	\$ 55,941	\$ 417,608	\$ 377,004	\$ 503,275
Plan fiduciary net position as a percentage of the total OPEB liability	93.4%	62.6%	63.6%	47.0%
Covered employee payroll	\$ 1,504,856	\$ 1,710,995	\$ 1,464,438	\$ 1,100,000
Net OPEB liability as a percentage of covered payroll	3.7%	24.4%	25.7%	45.8%

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

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

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

TO: BOARD OF DIRECTORS
DATE: JANUARY 17, 2023
FROM: MATTHEW SHRAGGE, GENERAL MANAGER
SUBJECT: CONSIDERATION TO APPROVE RESOLUTION 23-01 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. One change to the investment policy is adding California Cooperative Liquid Assets Securities System (CLASS) into the policy as an investment option.

The investment policy and resolution are attached for your review.

RECOMMENDATION

Approve Resolution 23-01 Adopting Annual Statement of Investment Policy.

**RESOLUTION NO. 23-01
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 Sections 53600.6 and 53630.1); and

WHEREAS, the legislative body of the District may invest surplus monies not required for the immediate necessities of the District in accordance with the provisions of California Government Code Sections 5920 and 53600 *et seq.*, and California Water Code Section 31335 *et seq.*; and

WHEREAS, the General Manager of the Twentynine Palms Water District ("District") may annually prepare and submit to the Board of Directors of the District ("Board") a statement of investment policy which shall be considered by the Board at a public meeting pursuant to California Government Code Section 53646(a)(2); and

WHEREAS, pursuant to California Government Code Section 53646(a)(2), any changes to the District's Investment Policy (the "Policy") shall be considered by the Board at a public meeting; and

WHEREAS, the Board has been presented with an annual statement of investment policy, attached hereto as Exhibit A and incorporated herein by this reference, and the Board now wishes to consider and approve said statement of investment policy at this public meeting.

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

Section 1. Recitals. All of the foregoing recitals are true and correct and the Board hereby finds and determines.

Section 2. Statement of Investment Policy. The statement of investment policy, attached hereto as Exhibit A and incorporated herein by this reference, has been considered by the Board at this meeting and is hereby approved and adopted.

Section 3. Delegation of Authority. The Board hereby renews its delegation of authority to the General Manager, as chief fiscal officer of the District, to invest or reinvest funds of the District, or to sell or exchange securities so purchased for a one-year period.

Section 4. Immediate Effect. This Resolution shall take effect immediately after its adoption on the date hereof.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Twentynine Palms Water District this 25th day of January 2023, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Carol Giannini, President
Board of Directors

Attest:

Matthew Shragge, Secretary
Board of Directors

**EXHIBIT A
STATEMENT OF INVESTMENT POLICY**

Twentynine Palms Water District Investment Policy

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

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 funds of the District, 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 of the District will remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated and meet its cash flow requirements.

c. **Return on Investments:** The investment portfolio of the District 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. The objective of maximizing return on investments should be done only after ensuring safety and liquidity.

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 of the District (the "Board") 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 and the law.

For? All funds of the District not placed in FDIC-insured accounts are invested through the State of California Local Agency Investment Fund (LAIF) or California Cooperative Liquid Assets Securities System (California CLASS), the District need not investigate the qualifications of those financial institutions and broker/dealers with whom LAIF or California CLASS transacts business. The District may invest in LAIF and/or California CLASS.

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. Bond proceeds shall be invested in securities permitted by the applicable bond documents. If the bond documents are silent as to permitted investments, bond proceeds will be invested in securities permitted by this Policy.

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 overconcentration 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, as chief fiscal officer, shall submit to 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 and dollar amount invested on all securities, investments and moneys held by the District, and a description of any of the District's funds, investments, or programs that are under the management of contracting parties, including lending programs. Additionally, the report shall include the current market values of each component of the portfolio as of the date of the report, including funds managed for the District by third party contracted managers, if applicable, and the source of the valuation. 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 or described the manner in which it is not in compliance, and **(2)** the ability of the District to meet its pool's expenditure obligations for the next six months or an explanation as to why sufficient money may not be available, 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.

For District investments that have been placed in the LAIF, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the California Financial Code, in FDIC-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination thereof, the most recent statement or statements received by the District from these institutions may be provided to the Board in lieu of the information required in the above paragraph.

Upon the delegation detailed in Section 4 above, the General Manager shall provide to the Board a portfolio report, on a monthly basis, in accordance with the requirements of the Government Code Section 53607.

Section 12. Investment Policy Adoption: The Policy shall be adopted by resolution of the Board. The Policy shall be reviewed on an annual basis, and the General Manager may annually render to the Board a statement of investment policy, which the Board must consider at a public meeting. Any modifications to this Policy must be approved by the Board at a public meeting.

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

TO: BOARD OF DIRECTORS

DATE: JANUARY 19, 2023

FROM: MATTHEW SHRAGGE, GENERAL MANAGER

SUBJECT: INVESTMENT STRATEGIES

BACKGROUND

District staff researched the newly formed California Cooperative Liquid Assets Securities System (CLASS), which is a JPA that functions similar to LAIF, but has features that make it an attractive alternative. Similar to LAIF, CLASS investments are a stable net asset valuation, following California State Code Section 53601, offer same day withdrawals, and feature safe investments which is the primary goal of an investment policy.

The CLASS Prime fund is AAA rated by and AAAM by S&P, which means that they have the highest principal stability. The assets have a weighted average maturity of less than 60 days.

As of January 12, 2023, the Daily Effective Yield in the CLASS Prime Fund was 4.55%, while the yield for LAIF was 2.41%. In general LAIF has longer maturity assets than CLASS and as such, LAIF has not been able to capitalize on rising interest rates. While yield is not the primary concern of an investment strategy, if all other things are equal, which appears to be the case with LAIF and CLASS, then a higher yield is preferred.

The proposed action is consistent with policies adopted by the Board including the Investment Policy.

RECOMMENDATION

Staff recommends that the District open the CLASS account and invest half of the assets in LAIF in the CLASS account. As of 12/31/22 the LAIF account balance was \$3,845,770.77.

Attachment(s): CLASS Information Statement, CLASS Features and Benefits, CLASS Registration Packet.

<https://californiaclass.com/>

What is California CLASS?

California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS offers public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected to optimize interest earnings while maximizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that provides the framework for the investment of public funds.

How is it governed and managed?

California CLASS is overseen and governed by a Board of Trustees. The Board is made up of public agency finance professionals who participate in California CLASS and are members of the Joint Powers Authority (JPA). The Board of Trustees has entered into an Investment Advisor and Administrator Agreement with Public Trust Advisors, LLC. Public Trust is responsible to the Board for all program investment and administrative activities as well as many of the services provided on behalf of the Participants.

How can we participate?

Enrolling in California CLASS is simple. Public agencies may become Participants simply by filling out the Participant Registration Form that can be found in the document center on the California CLASS website. Public agencies may submit the completed registration packet to California CLASS Client Services for processing at clientservices@californiaclass.com. To obtain account forms and fund documents, visit www.californiaclass.com/document-center/.

Endorsed By:



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**California Special
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Participants benefit from the following:

- Same-day availability of funds in Prime Fund (11:00 a.m. PT cut-off)
- Deposits by wire or ACH
- Ratings of 'AAAm' & 'AAA1/S1'
- Prime fund transacts at stable NAV
- Portfolio securities marked-to-market daily
- Secure online access for transactions and account statements
- No withdrawal notices for Prime Fund
- Participant-to-Participant Transactions
- Interest accrues daily and pays monthly
- No maximum contributions
- No minimum balance requirements
- No transaction fees*
- Annual audit conducted by independent auditing firm**
- Dedicated client service representatives available via phone or email on any business day

*You may incur fees associated with wire or ACH transfers. Fees by your bank and their withdrawal protection fees charged from California CLASS for each transaction. **Periodic audits may not verify all instances of account balances. CSDA does not provide an absolute guarantee of accuracy.



What are the objectives of California CLASS?

Safety

The primary investment objective of the California CLASS Prime fund is preservation of principal. Both California CLASS portfolios are managed by a team of investment professionals who are solely focused on the management of public funds nationwide. The custodian for California CLASS is U.S. Bank, N.A.

Liquidity

When you invest in the California CLASS Prime fund, you have access to your funds on any business day. You must notify California CLASS of your funds transaction requests by 11:00 a.m. PT via the internet or phone. There are no withdrawal notices for the daily-liquid California CLASS Prime fund. Enhanced Cash is a variable NAV fund that provides next-day liquidity and a one-day notification of withdrawal.

Competitive Returns

California CLASS strives to provide competitive returns while adhering to the objectives of safety and liquidity. Participants benefit from the investment expertise and institutional knowledge provided by the team of Public Trust professionals. Portfolio performance is strengthened by the extensive knowledge of California public agency cash flows that the Public Trust team possesses.

Ease of Use

To make cash management streamlined and efficient, California CLASS includes many features that make it easy to access account information and simplify record keeping. Participants can transact on any business day using the California CLASS phone number (877) 930-5213, fax number (877) 930-5214, email clientservices@californiaclass.com or via the California CLASS Online Transaction Portal at www.californiaclass.com.

Flexibility

You may establish multiple California CLASS subaccounts. You will receive comprehensive monthly statements that show all of your transaction activity, interest accruals, and rate summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your records.

Legality

California CLASS only invests in securities permitted by California State Code Section 53601; permitted investments are further restricted to those approved by the Board of Trustees as set forth in the California CLASS Investment Policies.

Have Questions? Contact us or visit www.californiaclass.com for more information.



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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. **Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.** Please see the Information Statement for further details on the fee calculation and other key aspects about California CLASS. California CLASS Prime is rated 'AAA' by S&P Global Ratings. A 'AAA' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit www.spglobal.com. California CLASS Enhanced Cash is rated by 'AAA/ST' by FitchRatings. The 'AAA' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'ST' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'ST' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk.



Prime Fund Information Statement

June 17, 2022

Introduction

The purpose of this Information Statement for the California CLASS Prime Fund (Prime Fund) is to provide information to Participants (as defined herein) in connection with the purchase of Shares (as defined herein) in the Prime Fund. This Information Statement for the Prime Fund describes certain provisions of the JPA Agreement (as defined herein) for the California CLASS and the Investment Policy for the Prime Fund. Participants interested in the purchase of Shares in the Prime Fund should review the full terms of the JPA Agreement (located in the Document Center at www.californiaclass.com) and the Investment Policy for the Prime Fund described herein (located in the Document Center at www.californiaclass.com), each of which are incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the JPA Agreement.

The contents of this Information Statement should not be considered to be legal, tax or investment advice, and Participants should consult with their own counsel and advisers as to all matters concerning investment in the Prime Fund.

California CLASS Prime Fund Summary

The California Cooperative Liquid Assets Securities System, doing business as the California CLASS, is a California joint powers authority created pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (commencing with Section 6500), known as the Joint Exercise of Powers Act (Act) and the JPA Agreement referenced below.

The Act provides that two or more public agencies (as defined herein, Public Agencies) that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power and create a joint powers authority separate from such Public Agencies to exercise such common power and to act as administrator of the agreement. Under this authority, California CLASS was created pursuant to a Joint Exercise of Powers Agreement (JPA Agreement) dated as of June 6, 2022, between the Founding Participants (as defined in the JPA Agreement).

The Act authorizes a joint powers authority, such as California CLASS, to issue shares of beneficial interest in authorized investments to participating Public Agencies (collectively referred to herein, as Participants and individually, as a Participant). See "Eligible Shareholders." The JPA Agreement sets forth the terms of the investment program known as California CLASS Investment Program, including the establishment of Funds in which Participants purchase shares of beneficial interest issued by California CLASS in authorized investments that are owned by California CLASS. The Prime Fund is one of the initial Funds established by the California CLASS.

The purpose of the California CLASS is to consolidate investment activities of the Participants and thereby reduce duplication, take advantage of economies of scale and perform governmental functions more efficiently through the California CLASS Investment Program.

As a joint powers authority, California CLASS provides a professionally managed pooled investment program for Participants. See “Investment Advisor & Administrator.” Pursuant to the JPA Agreement, California CLASS is governed by a Board of Trustees and is sponsored by the California Special Districts Association (CSDA) and the League of California Cities (Cal Cities and together with CSDA, the Sponsors). See “Board of Trustees.”

The Shares in the California CLASS Prime Fund have not been, and are not required to be, registered under any federal or state securities law. The California CLASS has not been, and is not required to be, registered under the Investment Company Act of 1940, as amended. Accordingly, the California CLASS and its Prime Fund are not subject to the provisions of that Act, including the protective rules relating to registered money market funds and other types of mutual funds.

Prime Fund Investment Objectives

California CLASS provides a professionally managed pooled investment program for Participants. The general objective of the Prime Fund is to generate additional investment income for the Participants while maintaining safety and liquidity. The Prime Fund is managed by the California CLASS to comply with the requirements of California law, specifically California Government Code Section 53601.

The Prime Fund is managed by the California CLASS to offer a safe, convenient, and daily liquid investment option for Participants. As described below, the investment objectives of the Prime Fund are to preserve principal, provide daily liquidity, earn a competitive rate of return, and maintain a stable Net Asset Value (NAV) of \$1.00. The Prime Fund accrues net income daily and pays net income on a pro rata basis monthly.

The California CLASS has established that the Prime Fund will have a maximum dollar-weighted average maturity (WAM) of 60 days and a maximum weighted average life (WAL) of 120 days. The Investment Policy created by the California CLASS for the Prime Fund establishes the objectives, policies and restrictions that are designed to facilitate the achievement of these objectives.

The Investment Advisor for the Prime Fund will seek to maintain a ‘AAAm’ rating from S&P Global Ratings on the Prime Fund. According to S&P Global Ratings, a fund rated ‘AAAm’ demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. ‘AAAm’ is the highest principal stability fund rating assigned by S&P Global Ratings.

The investment objectives of the Prime Fund in order of priority are:

Safety: The Prime Fund is managed to emphasize the preservation of principal while maintaining a stable NAV of \$1.00.

Liquidity: The Prime Fund is managed to provide daily liquidity to its Participants. See above for description of the maximum WAM and WAL for investments in the Prime Fund.

Competitive Returns: The Prime Fund is managed to generate competitive returns while providing daily liquidity and stability of principal.

No assurances can be given that the investment objectives of the Prime Fund will be achieved.

Transparency

The California CLASS seeks to provide transparency to Participants in the Prime Fund by allowing Participants to readily obtain portfolio and account information. The California CLASS will offer dedicated Participant support with an easy-to-use technology platform. Historical and current performance data, Net Asset Value, WAM, and WAL are published and available to Participants on the California CLASS website. Portfolio holdings are published quarterly and are available to Participants through the California CLASS Client Services team on an as-needed basis. Participant breakdowns and expense ratios are also published and available to Participants on the California CLASS website on a quarterly basis.

Eligible Shareholders

Any Public Agency that has the authority to invest funds in its treasury in statutorily permitted investments, including but not limited to Section 53601 of the California Government Code, and meets the requirements described in the next paragraph is eligible to become a Participant of the California CLASS Investment Program and is eligible to purchase shares in the Prime Fund.

Each Participant must be a "Public Agency", as that term is defined in Section 6509.7 of the Act, which, as of the date of this Information Statement, is defined as "the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, or regional transportation commission of the State of California or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to this article by any of these agencies," and includes "a nonprofit corporation whose membership is confined to public agencies or public officials." Each Participant must also be a political subdivision of a state, or an agency, authority, or instrumentality of the United States, a state of any political subdivision of a state.

Prime Fund Eligible Investments

Funds in the Prime Fund are required to be invested by the Investment Advisor in investments permitted by California law, specifically California Government Code Section 53601, and will be made in accordance with the Investment Policy established by the California CLASS for the Prime Fund. As required by California law, funds in the Prime Fund will be invested by the Investment Advisor in accordance with the prudent investor standard of the California Government Code.

While the Investment Policy established by the California CLASS for the Prime Fund covers the eligible investments and their maximum maturity, maximum portfolio allocation, maximum per issuer allocation and minimum credit quality in greater detail, the following types of investments are eligible for inclusion in the Prime Fund:

- U.S. Government and agency obligations
- Repurchase agreements collateralized by U.S. Government and agency obligations
- Registered warrants or treasury notes of the state of California
- Bonds, notes, warrants, or other obligations of a local agency in the state of California
- Registered treasury notes or bonds of any of the other 49 states
- Bankers' acceptances
- Prime commercial paper and asset-backed commercial paper
- Negotiable certificates of deposit
- Corporate notes
- Asset-backed securities
- U.S. dollar denominated senior unsecured obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation or Inter-American Development Bank
- Money market mutual funds

The Investment Policy for the Prime Fund also contains certain investment restrictions on investments in the Prime Fund.

As set forth in Section 53601 of the California Government Code, the legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the money that it deems wise or expedient in the investments described in Section 53601. However, the California Government Code limits the amount of surplus money of a local agency that may be invested in such investments. Each Participant is responsible for monitoring the aggregate amount of its investments in any of these types of investments to ensure its own compliance with the California Government Code. None of the California CLASS, the Administrator, the Investment Advisor, the Custodian or any other agents of the California CLASS shall be responsible for such monitoring or compliance.

Each Participant, by its investment in the Prime Fund, is certifying that it is legally authorized to make such investment. Participants should consult with their legal counsel and/or advisors regarding the legality of investment funds in the Prime Fund.

Shares; Interests of Participants

The JPA Agreement provides that the beneficial interests of the Participants in the assets of the Prime Fund and the earnings thereon are divided into "Shares." "Shares" means the unit used to denominate

and measure the respective pro rata beneficial interests of the Participants in a Fund within the California CLASS Investment Program, including the Prime Fund. As required by Section 6509.7 of the Act, each Share shall represent an equal proportionate interest in the Investment Property within a Fund, including the Prime Fund. The JPA Agreement provides that the number of Shares that may be used to measure and represent the proportionate allocation of beneficial interests among the Participants in a Fund, including the Prime Fund, is unlimited. All Shares in a Fund, including the Prime Fund, shall be of one class representing equal distribution, liquidation, and other rights. The beneficial interests measured by the Shares shall not entitle a Participant to preference, preemptive, appraisal, conversion, or exchange rights of any kind with respect to the California CLASS Investment Program or the Investment Property held in the applicable Fund, including the Prime Fund. Title to the Investment Property held in the applicable Fund, including the Prime Fund, of every description is vested in the California CLASS. The Participants shall have no interest in the Investment Property held in the applicable Fund, including the Prime Fund, other than the beneficial interests conferred hereby and measured by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights, or interests of the California CLASS.

In its discretion, the California CLASS may from time to time allocate Shares in addition to the then allocated Shares to such Participant for such amount and such type of consideration (including without limitation income from the investment of Investment Property held in the applicable Fund, including the Prime Fund) at such time(s) (including without limitation each Business Day in accordance with the maintenance of a constant net asset value per Shares as set forth in the JPA Agreement for constant net asset value Funds, such as the Prime Fund), and on such terms as the California CLASS may deem best. In connection with any allocation of Shares, the California CLASS may allocate fractional Shares. From time to time, the California CLASS may adjust the total number of Shares allocated without thereby changing the proportionate beneficial interests in the Investment Property held in the applicable Fund, including the Prime Fund. Reductions or increases in the number of allocated Shares may be made in order to maintain a constant net asset value per Share for constant net asset value Funds, such as the Prime Fund. Shares shall be allocated and redeemed as one hundredths (1/100ths) of a Share or any multiple thereof.

Investment Risks

Participants should specifically consider the following risks before deciding to purchase Shares of the Prime Fund. The following summary does not purport to be comprehensive or definitive of all risk factors.

Interest Rate Risks

The prices of the fixed-income securities in the Prime Fund will rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the price of other securities rise or remain

unchanged. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The Investment Advisor will seek to manage this risk by purchasing short-term securities.

Credit Risks

Credit risk is the possibility that an issuer of a fixed-income security held in the Prime Fund will default on the security by failing to pay interest or principal when due. If an issuer defaults, Participants in the Prime Fund will lose money. The Investment Advisor will seek to manage this risk by purchasing high-quality securities as determined by one or more Nationally Recognized Statistical Ratings Organizations and/or the Investment Advisor's credit research team. The Investment Policy for the Prime Fund contains a description of the minimum credit quality for each category of eligible investment in the Prime Fund.

Stable Net Asset Value Risks

Although the Prime Fund is managed to maintain a stable NAV of \$1.00 per Share, there is no guarantee that it will be able to do so.

Investment Not Insured or Guaranteed

An investment in the Prime Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Board of Trustees

Pursuant to the JPA Agreement, the management of California CLASS is governed by a Board of Trustees (Board). The Board supervises the California CLASS and its affairs and acts as the liaison between the Participants, the Custodian, the Administrator, the Investment Advisor and all service providers.

CSDA and Cal Cities are sponsors of the California CLASS. The governing bodies of CSDA and Cal Cities each appoint two (2) Trustees who are either elected, appointed, or staff from a California CLASS Participant which is also a CSDA or Cal Cities member; or, staff from CSDA and Cal Cities. One seat on the Board shall be a Participant that is appointed by a majority vote of the Board.

Initially, the number of Trustees shall be five (5) voting Trustees. The Board may expand the membership of the Board and set initial terms for each additional Trustee. The Board approved the Investment Policy for the Prime Fund and may approve amendments to such Investment Policy from time to time. Upon the Board's approval of any amendment to the Investment Policy for the Prime Fund, the amended Investment Policy will be posted to the website of California CLASS.

See www.californiaclass.com for a description of the current Trustees and officers of the California CLASS.

Investment Advisor & Administrator

Pursuant to an agreement with the California CLASS, Public Trust Advisors, LLC (Public Trust) serves as the Investment Advisor and Administrator for California CLASS Investment Program.

As Investment Advisor, Public Trust provides investment services to the California CLASS, including the Prime Fund. Public Trust is an investment advisory firm headquartered in Denver, Colorado with offices in Los Angeles, California. Public Trust is registered with the Securities and Exchange Commission as an investment advisor under the Investment Advisers Act of 1940.

As Administrator, Public Trust services all Participant accounts in the California CLASS Investment Program, including all Participant accounts in the Prime Fund, determines and allocates income of the California CLASS Investment Program, provides certain written confirmation of the investment and withdrawal of funds by Participants, provides administrative personnel and facilities to the California CLASS, determines the NAV of the Prime Fund on a daily basis, and performs all related administrative services for California CLASS. At least quarterly, the Administrator provides the Board with a detailed evaluation of the performance of the California CLASS Investment Program, including the Prime Fund, based upon a number of factors. This evaluation includes a comparative analysis of the investment results of the California CLASS Investment Program, including the Prime Fund, in relation to industry standards such as the performance of comparable money market mutual funds and various indexes of money market securities.

Custodian

Pursuant to an agreement with the California CLASS, U.S. Bank, N.A. serves as Custodian for California CLASS Investment Program.

As Custodian, U.S. Bank, N.A. acts as directed custodian for the California CLASS Investment Program, including the Prime Fund, and serves, in accordance with California law, as the depository in connection with the direct investment and withdrawal mechanisms of California CLASS Investment Program. U.S. Bank, N.A. does not participate in the investment decision making process of the California CLASS Investment Program.

The Custodian shall hold the Investment Property (excluding cash, which is not held by the Custodian), in its capacity as Custodian on behalf of California CLASS. Such Investment Property shall be custodial property of the Custodian and shall not be, or be deemed to be, an asset of the Custodian.

Within fifteen (15) days after the end of each month, the Custodian shall send statements providing the closing balance in the Account at the end of such month and the transactions performed in the Account during such month to the Administrator and the California CLASS.

Independent Auditors

An independent certified public accounting firm, CliftonLarsonAllen, LLP, has been engaged to audit the annual financial statements of the California CLASS. The audit will contain statements of assets and liabilities, of operations, and of changes in net assets. The opinion of the independent certified public accountant on such financial statements is based on an examination of the books and records of California CLASS made in accordance with generally accepted accounting principles (GAAP). The fiscal year of the California CLASS ends each March 31.

How to Become a Participant

See "Eligible Shareholder" to determine if you are eligible to be a Participant in the California CLASS Investment Program. Any prospective Participants seeking to purchase Shares in the Prime Fund should review the JPA Agreement, this Information Statement for the Prime Fund, and the Investment Policy for the Prime Fund and then simply complete the California CLASS Registration Packet found in the document center of the California CLASS website (located in the Document Center at www.californiaclass.com). Please email all completed forms to clientservices@californiaclass.com.

There is no limit on the number of subaccounts that can be opened by a Participant. The Administrator will notify the prospective Participant of its approval of the Registration Forms and the account number(s) assigned. The Administrator reserves the right to reject any Registration in its discretion. Investment in the Prime Fund may be effectuated through the California CLASS Participant Portal. Secure online access will be available to Participants with respect to their accounts. Information with respect to the Prime Fund, including daily yield, up-to-date account information, and a transaction history will be available online. Confirmations of each contribution (purchase of Shares) and withdrawal (redemption of Shares) of funds will be available online to a Participant within one business day of the transaction.

Purchase of Shares; Investments

Payments by the Participant to the California CLASS, and the crediting of Shares resulting therefrom, are referred to herein as "contributions" for convenience. Participants may purchase Shares in the Prime Fund by Automated Clearing House (ACH) transfer or wire transfer from the Participant to the Custodian, as described in the Investment Procedures set forth below. The California CLASS does not charge a fee for receipt of wire contributions. However, a Participant's bank may charge a fee for wiring funds.

There is no maximum or minimum amount that must be invested in the Prime Fund nor is there any maximum or minimum limitations on the aggregate amount of the investment funds that any Participant may have invested at any one time with California CLASS.

Investment Procedures

1. The Participant shall provide a recorded call or send a written notice to the Administrator indicating the amount to be invested in the Prime Fund and indicating which Account of the Prime Fund the investment is to be made. The Participant shall instruct its bank depository to wire or electronically transfer Investment Funds to the applicable Account at the Custodian for the purchase of investments to be held by the Custodian in such Account.
2. The Administrator shall receive the notice described in (1) from the Participant.
3. Investments received by the Custodian by 11:00 a.m. PT will be used to purchase Shares in the Prime Fund.
4. If Investment Funds for which notification of investment has been given are not received by the end of the business day on which such notification is given, the Administrator shall deduct the value of such Investment Funds (including any earning income) from the Participant's balance if previously credited.
5. The Participant is prohibited from requesting payments from amounts credited to its balance in the Prime Fund until such Investment Funds are received by the Custodian from the Participant.

These Investment Procedures may be amended from time-to-time pursuant to the JPA Agreement provided, however, the Administrator will only change the times set forth above after consulting with the Custodian.

Redemptions of Shares; Withdrawals; Transfers

Payments by the California CLASS to Participants, and the reduction of Shares resulting therefrom, are referred to herein as "redemptions" for convenience. Redemptions of Shares from the Prime Fund may be made via ACH or wire transfer from the Custodian to the Participant, as described in the Payment Procedures set forth below. Shares in the Prime Fund will be redeemed in the amount of the withdrawal assuming a NAV of \$1.00 per Share.

There is no maximum or minimum amount that must be invested in the Prime Fund nor is there any maximum or minimum limitations on the aggregate amount of the investment funds that any Participant may have invested at any one time with California CLASS.

Each Participant, by its investment in any Fund, including the Prime Fund, agrees that the California CLASS may temporarily suspend the right of redemption or postpone the date of payment for redeemed Shares for the whole or any part of any period: (i) during which trading in securities generally on the New York Stock Exchange or the American Stock Exchange or over-the-counter market shall have been suspended or minimum prices or maximum daily charges shall have been established on such exchange or market; (ii) if a general banking moratorium shall have been declared by Federal, state, or the State of New York or State of California authorities or during a suspension of payments by banks in the State

of California; (iii) during which there shall have occurred any state of war or national emergency; (iv) during which any financial emergency or other crisis the effect of which on the financial markets of the United States is such as to make it impracticable (a) to dispose of the Investment Property because of the substantial losses that might be incurred or (b) to determine the Investment Property Value in accordance with the Valuation Procedures. The Administrator shall determine, on behalf of California CLASS, when an event occurs that would entitle the Custodian to temporarily suspend or postpone a Participant's right of redemption. Participants should refer to the JPA Agreement for additional detail.

Transfers among the Prime Fund and another Fund within the California CLASS Investment Program will be considered a withdrawal from one Fund and a contribution to another subject to the requirements described in this Information Statement.

Payment Procedures

1. The Participant shall provide a recorded call or send a written notice to the Administrator indicating the amount requested to be paid (redeemed) and shall specify from which Account of the Prime Fund the payment is to be made.
2. The Participant shall notify the Administrator in writing of the payee of the amount requested, which may be the Participant, and include any wire, electronic transfer, or other payment instructions. Such payee must be listed on the list of approved payees that has been provided by the Participant to the Administrator in advance of the payment.
3. The Administrator shall receive the notice described in (1) and the information required in (2) from the Participant. Requests for redemptions from Accounts of the Prime Fund with pre-established wire instructions will be honored on a same-day basis if received by the Administrator prior to 11:00 a.m. PT. Special wire transfer requests are available only with written documentation.
4. The Participant may only request payments of that portion of its balance that represents Investment Funds and its proportional share of the income from the Investment Property that, in all cases, is actually held by the Custodian in the applicable Account in the Prime Fund.

These Payment Procedures may be amended from time-to-time pursuant to the JPA Agreement provided, however, that the Administrator will only change the times set forth above after consulting with the Custodian

Portfolio Transactions

Subject to the general supervision of the California CLASS, the Investment Advisor is responsible for placing the orders for the purchase and sale of securities within the Prime Fund, referred to herein as "portfolio transactions" for convenience. The portfolio transactions within the California CLASS Investment Program, including the Prime Fund, occur only with broker dealers acting as principals except for commercial paper transactions that may be placed directly with the issuers. Although California

CLASS does not ordinarily seek but nonetheless may make profits through short-term trading, the Investment Advisor may, on behalf of the California CLASS, dispose of any portfolio investment prior to its maturity if such disposition is advisable. The weighted average maturity and weighted average life limits applicable to the Prime Fund is expected to result in high portfolio turnover. However, since brokerage commissions are not typically paid on the types of investments in which the Prime Fund is likely to invest, any turnover resulting from such investments should not adversely affect the NAV of the Prime Fund.

The Investment Advisor seeks to obtain the best net price and the most favorable execution of portfolio transactions. Portfolio transactions will not occur between the Investment Advisor and Administrator, the Custodian, any Trustee, or any affiliate, officer, director, employee, or agent of any of them.

Valuation of Prime Fund Shares

The Administrator determines the NAV of the Shares of the Prime Fund at least daily on a mark-to-market basis. The NAV per Share of the Prime Fund is computed by dividing the total value of the securities and other assets of the Prime Fund, less any liabilities, by the total outstanding Shares of the Prime Fund. Expenses and fees of the California CLASS accrue daily and are included within liabilities for the NAV calculation.

The result of this calculation is a share value rounded to the nearest penny. Accordingly, the price at which Shares of the Prime Fund are sold and redeemed will not reflect unrealized gains or losses on securities within the Prime Fund that amount to less than \$.005 per Share. The Administrator will endeavor to minimize the amount of such gains or losses. However, if unrealized gains or losses on securities within the Prime Fund should exceed \$.005 per Share, the Prime Fund's NAV per Share will change from \$1.00 or be maintained at \$1.00 per Share by retention of earnings or the reduction on a pro rata basis of each Participant's Shares in the Prime Fund in the event of losses or by a pro rata distribution to each Participant in the event of gains.

While it is a fundamental objective of the Prime Fund to maintain a NAV of \$1.00 per Share, there can be no guarantee that the NAV will not deviate from \$1.00 per Share. The NAV per Share of the Prime Fund may be affected by general changes in interest rates resulting in increases or decreases in the value of the securities in the Prime Fund. The fair market value of the Prime Fund's securities will vary inversely to changes in prevailing interest rates. If a security is held to maturity, no loss or gain is normally realized as a result of these fluctuations.

1. Portfolio Valuation

At least daily, the Investment Property Value within the Prime Fund shall be determined on a mark-to-market basis as follows: (a) securities for which market quotations are readily available are valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such

securities or a third-party pricing source; (2) all other securities and assets are valued at fair market value in good faith.

2. Amendment

These Valuation Procedures may be amended from time-to-time pursuant to the JPA Agreement.

Use of Fair Value Measurement

California CLASS follows Financial Accounting Standards Board (FASB) Accounting Standards Topic (ASC) 820 *Fair Value Measurement and Disclosure* for financial reporting purposes. ASC 820 defines fair value, establishes a single framework for measuring fair value, and requires disclosures about fair value measurement.

Local government investment pools (LGIP) may select different methods of determining the value of assets held within the portfolio for reporting purposes. The two most common methods used to report on the assets of the portfolio are mark-to-market—frequently referred to as “fair value” or “fair market value”—and amortized cost. California CLASS utilizes the mark-to-market methodology. This involves obtaining prices for securities in the portfolio every business day. The mark-to-market methodology provides Participants with a high degree of transparency with respect to the underlying market values of the Prime Fund’s securities.

The mark-to-market methodology (FASB) can and should be contrasted with the amortized cost method that some LGIPs utilize. LGIPs that follow GASB 79 are following the amortized cost method, which entails adjusting the value of the portfolio’s securities on a daily basis by a predetermined amount from the purchase date to the maturity date. While the amortized cost method produces very reliable and predictable asset valuations, that predetermined value may or may not accurately reflect the market value of the security.

Computation of Yields

A daily and seven-day average yield for the Prime Fund will be provided by the Administrator in published reports and information on www.californiaclass.com. To obtain the daily yield, a daily income distribution per share factor is first calculated. That factor is the net income for that day divided by the number of settled shares outstanding. The factor is then multiplied by 365 (366 in a leap year) to produce the daily yield. The seven-day average yield is obtained by averaging the daily yield for seven identified, consecutive days. From time-to-time, the Administrator may also quote the yield for the Prime Fund on other basis for the information of the Participants.

Participants should note that the yields quoted should not be considered a representation of the future yield of the Prime Fund since the yield is not fixed. Actual yields for the Prime Fund will depend not only

on the type, quality, and maturities of the investments held by the Prime Fund and the changes in interest rates for such investments but also on changes in the Prime Fund's expenses during the period.

Yield information may be useful in reviewing the performance of the Prime Fund and for providing a basis for comparison with other investment alternatives.

Income Allocations

All net income of the Prime Fund is determined as of the close of business each day (and at such other times as the Board may determine) and is credited pro rata to each Participant's Account within the Prime Fund at month-end. The Prime Fund accrues net income on a daily basis and pays interest income on a monthly basis.

Net income that has thus accrued to the Participants is converted as of the close of business at month-end into additional Shares that are thereafter held in each Participant's account. Reinvested net income is converted into full and fractional shares at the rate of one share for each one dollar credited. Net income for the Prime Fund consists of (1) all accrued interest income on assets of the Prime Fund plus (2) accretion of discount less (3) amortization of premium and less (4) accrued expenses.

Retained Reserves

Pursuant to the JPA Agreement, the Investment Advisor may retain from earnings and profits in the California CLASS Investment Program, including the Prime Fund, amounts deemed necessary to pay the debts and expenses of the California CLASS, as well as to meet other obligations of the California CLASS. The Investment Advisor possesses the power to establish from earnings and profits such reasonable reserves as they believe may be necessary or desirable. Realized capital gains or losses shall be distributed in a timely and equitable manner as determined by the Investment Advisor. More information about retained reserves is available in the JPA Agreement, including the detailed accounting that the Investment Advisor provides to the Board on a quarterly basis on amounts deemed necessary or desirable by the Investment Advisor for retained reserves.

California CLASS Expenses

Pursuant to the JPA Agreement, Public Trust Advisors, as Administrator, for the California CLASS Investment Program, including the Prime Fund, shall receive a fee as described below in "California CLASS Fees." The Administrator's fee shall be an Investment Property Liability. From its fee, the Administrator shall pay the following costs and expenses: the Investment Advisor's fee set forth in the Investment Advisor Agreement, the Custodian's fee set forth in the Custody Agreement, the costs of third parties retained by the Administrator to render investment advice pursuant to the Administrator Agreement, the fees to the Sponsors, marketing expenses, all custodial and securities clearance

transaction charges, the cost of valuing the Investment Property, the cost of obtaining a rating or ratings, if any, the cost of other expenses agreed to by the Administrator and the California CLASS, all Investment Property record-keeping expenses, the cost of preparing monthly and annual reports, the expense of outside auditors required pursuant to the Administrator Agreement (but only if the Administrator selects such auditors), the fees of the counsel to the Administrator and/or the counsel to the California CLASS, the cost of Meetings of the Board, insurance costs and the costs of Participant surveys and mailings. Periodically, the Administrator shall provide a detailed accounting of such expenses to the Trustees.

California CLASS Fees

For the performance of its obligations as Administrator in the Administrator Agreement, the Administrator will charge a fee from the Investment Property Value (the daily fee). This daily fee will accrue on a daily basis and be paid monthly in arrears and prorated for any portion of the month in which the Administrator Agreement is in effect. The daily fee shall be calculated as follows: the Investment Property Value is multiplied by the applicable fee rate and is divided by 365 or 366 days in the event of a leap year to equal the daily fee accrual. The Investment Property Value shall be based on the prior day's net assets. For weekend days and holidays, the net assets for the previous business day will be utilized for the calculation of fees. The applicable fee rate shall be determined by the Administrator monthly on the first business day of each month and shall be at an annual rate equal to up to fifteen (15) basis points. The Administrator is authorized to debit the applicable monthly fee amount within five (5) business days after the end of such month. All payment records and invoices will be presented at each subsequent meeting of the Board. Fees may be waived or abated at any time, or from time-to-time, at the sole discretion of the Administrator. Any such waived fees may be restored by the written agreement of the California CLASS.

Reports to Participants

Annually

Audited financial statements of the California CLASS will be provided annually. See "Independent Auditors" above.

Monthly

Within 15 days after the end of each month, the Administrator shall prepare and submit, or make available, to each Participant a statement disclosing any activity and a closing balance, including the number of Shares, in each of its accounts for such month.

Upon Request

The Administrator, upon the request of a Participant, shall furnish to the Participant a statement of such Participant's balance as of the date of such request subject only to account activity on such date.



California CLASS Registration Packet



Welcome to California CLASS

Thank you for choosing California CLASS!

We believe you have made a sound financial decision in choosing California Cooperative Liquid Assets Securities System (California CLASS). We look forward to being a trusted partner to your organization and its investment management goals and are excited to connect with you to make your investment process a positive, easy experience.

This packet contains all the materials necessary to set up your California CLASS account(s). If you have any questions about the registration process or about your California CLASS account(s), please do not hesitate to contact us. The California CLASS Client Service team can be reached any business day from 8:00 a.m. to 4:00 p.m. PT by phone at (877) 930-5213 or by email at clientservices@californiaclass.com.



Registration Procedures

To participate in California CLASS, please complete the following:

- 1) Review the Joint Exercise of Powers Agreement and the applicable Information Statements relating to the California CLASS Prime Fund and the Enhanced Cash Fund (located in the Document Center at www.californiaclass.com).
- 2) Complete the California CLASS Participant Representation Form (page 4).
- 3) Complete the Participant Registration (page 5).
- 4) Complete the Authorized Contacts Form (pages 6/7).
- 5) Should you be interested in participating in California CLASS Prime, complete the California CLASS Prime Fund Account(s) to be Established form; you may open as many accounts as you wish (page 8).
- 6) Should you be interested in participating in California CLASS Enhanced Cash, complete the California CLASS Enhanced Cash Fund Account(s) to be Established Form; you may open as many accounts as you wish (page 9).
- 7) Keep the original forms for your records and send the completed packet to the California CLASS Client Service team by fax (877) 930-5214 or by email clientservices@californiaclass.com.

Questions? Please contact us; we would love to hear from you:

California CLASS Client Service Team
T (877) 930-5213
clientservices@californiaclass.com

Through the California CLASS website, www.californiaclass.com, Participants will be regularly informed of important program information, holidays, upcoming Board meetings, Participant events, conferences, and more. Board of Trustee meetings, which are open to the public, are generally held quarterly and discuss relevant issues to the governance and operations of the California CLASS program.



Participant Representation Form

Participant Information

Entity Name (Participant) _____

Participant Representations

The undersigned Authorized Signer for the Participant hereby represents and warrants the following during the period the Participant is investing in the California CLASS Investment Program:

- The Participant is (1) a Public Agency (as defined in the Joint Exercise of Powers Agreement) and (2)(a) a political subdivision of the State of California or (b) an organization whose income is excluded from taxable gross income under Section 115 of the Internal Revenue Code, in each case, that has the authority to invest funds in its treasury in investments in accordance with Section 53601 of the California Government Code.
- The Participant is authorized to invest in the California CLASS.
- Any Authorized Signer for the Participant designated in this California CLASS Registration Packet has full power and authority to make investments for the above Participant in the California CLASS Investment Program unless the California CLASS receives written notice from the Participant otherwise.
- The Participant has reviewed and agrees to the limitations described in the Joint Exercise of Powers Agreement and the Information Statements for the Funds within the California CLASS Investment Program and acknowledges that it has been supplied with or been given access to information it requested in connection with making an investment in the California CLASS Investment Program.
- The Participant has reviewed the Investment Policies for the Funds within the California CLASS Investment Program and has determined that they are consistent with the legal and policy limitations applicable to the Participant's investments.
- The Participant has consulted with its own counsel and advisers as to all matters concerning investment in the California CLASS Investment Program.

Authorized Signer

Signature _____

Date _____

Print Name _____

Title _____

Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.**

717 17th Street, Suite 1850
Denver, Colorado 80202

T (877) 930-5213
F (877) 930-5214

clientservices@californiaaclass.com
www.californiaaclass.com



Participant Registration

Entity Information

Entity Name (Participant) _____

Entity Type: City/Town County School District Special District
 Other (Specify) _____

Mailing Address _____

City _____ Zip _____ County _____

Physical Address (if different than above) _____

City _____ Zip _____ County _____

Tax ID _____ Fiscal Year End Date (Month/Day) _____

California CLASS is hereby authorized to honor any telephone, faxed, or electronic request believed to be authentic for withdrawal of funds. The withdrawal proceeds can be sent only to the bank(s) indicated below unless changed by written instructions. Each Participant is responsible for notifying California CLASS of any changes to its account by filling out and sending via mail or email the Forms available on the California CLASS website.

Wires will be distributed every hour with the final distribution ending at 11:00 a.m. PT; distribution times are subject to change as needed by the California CLASS Administrator. Additionally, California CLASS must be notified of any contributions by 11:00 a.m. PT to receive same day credit. **If funds are not received by 2:00 p.m. PT, contribution orders will be voided.**

Banking Information

Bank Name _____ Bank Routing Number (ABA) _____

Account Title _____ Account Number _____

Bank Contact _____ Contact's Phone Number _____

Wire ACH Both

Additional Banking Information (Optional)

Bank Name _____ Bank Routing Number (ABA) _____

Account Title _____ Account Number _____

Bank Contact _____ Contact's Phone Number _____

Wire ACH Both



Authorized Contacts

Authorized Signers Can:	Read-Only Users Can:
Approve changes to the Investor Profile Update banking/contact information Transfer funds Receive account updates	Receive account updates Request "view-only" access to monthly statements and transaction confirmations

Authorized Signer

Print First and Last Name

Signature Required

Email

Title

Phone

Fax

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Additional Contact (Optional)

Print First and Last Name

*(Signature Required if Authorized Signer)

Email

Title

Phone

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Additional Contact (Optional)

Print First and Last Name

*(Signature Required if Authorized Signer)

Email

Title

Phone

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations



Authorized Contacts (cont.)

Additional Contact (Optional)

Print First and Last Name

Title

*(Signature Required if Authorized Signer)

Phone

Email

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Additional Contact (Optional)

Print First and Last Name

Title

*(Signature Required if Authorized Signer)

Phone

Email

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations

Additional Contact (Optional)

Print First and Last Name

Title

*(Signature Required if Authorized Signer)

Phone

Email

Fax

Permissions (check one only)

- Authorized Signer to Move Funds*
- Read-Only Access

Email Notifications (notice of report availability in the online portal)

- Monthly Statements
- Transaction Confirmations



California CLASS Enhanced Cash Fund Account(s) to be Established

Entity Name (Participant): _____

Desired Subaccount Name(s)*:

(To be completed by Participant)

California CLASS Enhanced Cash is designed to complement the daily liquidity offered by the California CLASS Prime portfolio.

Enhanced Cash does not seek to maintain a stable net asset value (NAV) and does not offer daily liquidity. Unlike the Prime Fund, investing in Enhanced Cash introduces the potential for the reporting of unrealized and realized gains and losses.

If you have questions about which of your local government's funds are appropriate for the California CLASS Enhanced Cash portfolio, please contact your California CLASS representative or email info@californiaclass.com.

*Name must be limited to 35 characters.

Once your California CLASS account has been established, you will receive a confirmation email with your login credentials from no-reply@californiaclass.com. If you do not receive your login credentials within 48 business hours of submission, please first check your junk or spam folder before calling the California CLASS Client Service team.

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 11, 2023
FROM:	MATTHEW SHRAGGE, GENERAL MANAGER
SUBJECT:	DISCUSSION OF BOARD OF DIRECTORS STIPEND AND COMPARISONS

BACKGROUND AND DISCUSSION

On July 26, 2006, the Board of Directors passed Ordinance 90 setting the compensation for members of the Board and establishing an expense and use of public resources policy. This ordinance established that members of the Board shall receive \$100 for each attended Board meeting, not to exceed (10) meetings per month, as well as "for each day's service rendered by a Director by request of the Board." The ordinance further states that payment for services would be rendered as long as a formal request was made and the Board provides prior approval of payment of a daily meeting stipend.

Water Code section 20202 authorizes an increase in the compensation that may be received by the Board up to an amount equal to five percent (5%) for each calendar year since the effective date of the last increase.

Upon Director request, at the December 14, 2022, Board meeting, the following is a comparison of other Districts' daily stipends.

Joshua Basin Water District
\$173.63

Bighorn Desert View Water Agency
\$155.13 + option to obtain dental insurance at their cost through District provider

Hi Desert Water District
\$175.00 + medical, dental, and vision benefits for themselves plus one dependent

Mission Springs Water District
\$100.00 + medical, dental, and vision benefits

5

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

December 14, 2022 / 4:00 P.M.

Call to Order and Roll Call

President Giannini called the Board meeting to order at 4:03 p.m. Those responding to roll call were, Bob Coghill, Suzi Horn, Carol Giannini, and Randy Leazer. Mike Arthur was late. Also present were General Manager Matt Shragge, Maintenance Superintendent Mike Minatrea, Treatment/Production Superintendent Robert Shelton, and District Secretary Cindy Fowlkes. Financial Consultant Cindy Byerrum was absent.

Pledge of Allegiance

Irene Beard, led the pledge.

Additions/Deletions to the Agenda

None

Public Comments

None

Incumbents Bob Coghill, Suzi Horn, and Randy Leazer were sworn in as Board of Directors for the Twentynine Palms Water District.

1. Election of Officers

Director Coghill nominated Director Giannini to serve as President, seconded by Director Horn, and unanimously approved unanimously by those present. Director Arthur was absent.

Director Giannini nominated Director Coghill to serve as Vice-President, seconded by Director Horn, and unanimously approved by those present. Director Arthur was absent.

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

2. Approve Directors to Attend the Special District Leadership Academy Conference (February 26-2023 – March 1, 2023 and Provide Daily Meeting Stipend

Director Coghill made a motion for all Directors to attend, seconded by Director Horn, and approved unanimously by all those present. Director Arthur was absent.

3. Review Proposals and Award Bid for New Emergency Generators with Cal OES Grant Funds

Staff recommends accepting the proposals from Hi-Desert Industrial Electric.

Director Horn made a motion to accept Hi-Desert Industrial Electric's proposal for a 100 kW generator in the amount of \$42,700.00 and proposal for a 130 kW generator in the amount of \$52,900.00, seconded by Director Leazer, and approved unanimously by all Directors.

4. Review Proposals and Award Bid for New Light Towers Purchased with Cal OES Grant Funds

Staff recommends accepting the proposal from Scott Equipment.

Director Leazer made a motion to accept Scott Equipment's proposal for (2) light towers in the amount of \$28,781.36, seconded by Director Coghill, and approved unanimously by all Directors.

5. Review Proposals and Award Bid to Purchase a 2023 F250 Truck

Staff requested three proposals for a new 2023 F250 4 X 4 truck but only received two bids. There is money allocated in the budget for vehicle/equipment replacement. Staff recommends awarding the bid to National Auto Fleet Group.

Director Coghill made a motion to award National Auto Fleet Group in the amount of \$48,495.70 for a 2023 F250 4 x 4 truck, seconded by Director Arthur, and approved unanimously by all Directors.

6. Approval of Resolution 22-10 Commending Irene Beard for Over 33 Years of Public Service

Employee, Irene Beard, was commended for her service to the Twentynine Palms Water District for over 33 years. Ms. Beard has retired from her position as a Customer Service Representative II. She will be returning periodically as a retired annuitant to assist in cross-training.

Director Coghill moved to approve Resolution 22-10 commending Irene Beard for her public service, seconded by Director Horn, and approved by the following roll call vote:

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

7. Consent Calendar

- Minutes of a Regular Meeting held on November 16, 2022
- Audit List

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

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

None

9. Management Reports

9.1 Maintenance

Mike Minatrea reported that the District responded to 73 Underground Service Alerts, had 1 water main leak, 0 water meter leaks, 2 service line leaks, 0 fire hydrant repairs/maintenance, installed 1 new service, replaced 3 customer gate valves, performed 6 leak audits, painted 26 fire hydrants, performed 4 customer pressure checks, replaced 14 meters, Tested and exercised emergency generators and sounded wells for November. 0 water waste inquiries were received. 0 AMI/AMR meters were replaced. There was a total of 851 work orders that were processed during the month.

9.2 Water Quality

Robert Shelton reported water production was down 5.59% as compared to the same month in 2013. 40 routine and 10 special water samples were taken. All routine samples tested negative for Coliform. 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.

9.3 Finance

Cindy Byerrum was absent. The District is at 33% of the budget with 35% in revenue and 30% in expenses.

9.4 General Manager

Matt Shragge reported that he attended several meetings during the month, including the Water System Alliance Strategic Planning meeting, Copper Mountain College Advisory meeting regarding a trades program, and a GM water district luncheon with Hi Desert, Joshua Basin, and Bighorn Desert View. Directors Coghill, Horn, and Leazer were congratulated for retaining their seats on the Board. Adan Ortega was congratulated for being elected Chairman of the Board for the Metropolitan Water District. Matt plans on attending his swearing in. Staff was thanked for their hard work throughout the year and he wished everyone a happy holiday. Matt introduced new hire, Sean Berryman who was in attendance.

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

Director Giannini would like to discuss the Board's stipend at the next meeting. She also wished everyone a Merry Christmas and Happy New Year.

Director Coghill would like staff to look into the benefits of an adjudicated basin.

Director Horn thanked staff for attending tonight's Board meeting.

11. Adjournment

On motion by Director Horn, seconded by Director Arthur, and approved by the Board, the meeting was adjourned at: 4:45 p.m.

Carol Giannini, President
Board of Directors

Attest:

Matthew Shragge, Board Secretary
Twentynine Palms Water District

Twentynine Palms Water District

Check Date Range: 12/1/2022 thru 12/31/2022

Ck No	Ck Date	Payable To	Ck Amt	Ck Detail	GL Acct No	Description
19559	12/07/2022	Richard Capelli 29 Palms Fencing	975.00	975.00	100-130-0000-5406	Double Gate/Donnell
19560	12/07/2022	Customer Refund	24.40	24.40	100-000-0000-2000	Refund Check 026767-000, 5183 Split Rock Avenue
78244	12/07/2022	ACWA/JPIA	34,488.60	2,559.38	100-310-0000-5144	Health Benefits Jan 2023
				593.08	100-310-0000-5142	Health Benefits Jan 2023
				29,592.40	100-310-0000-5140	Health Benefits Jan 2023
				1,743.74	100-310-0000-5141	Health Benefits Jan 2023
39124	12/07/2022	Customer Refund	163.96	81.98	100-000-0000-2000	Refund Check 029852-000, 73969 Casita Drive
				81.98	100-000-0000-2000	Refund Check 029852-000, 73969 Casita Drive
19563	12/07/2022	Ansafone Contact Centers	721.01	721.01	100-160-0000-5406	Answering Service
136948	12/07/2022	Autozone Inc.	1,293.18	195.02	100-130-0000-5222	Veh. #74-Battery.
				(390.03)	100-130-0000-5222	Veh. #4B-Batteries.
				52.94	100-130-0000-5220	Shop Supplies-Gloves and Paint.
				18.08	100-130-0000-5220	Shop Supplies-Car Was and Synthetic 2 Cycle Oil.
				442.09	100-130-0000-5222	Veh. #19-Batteries.
				390.03	100-130-0000-5222	Veh. #4B-Batteries.
				585.05	100-130-0000-5222	Veh. #4B-Batteries.
39130	12/07/2022	Customer Refund	83.61	41.80	100-000-0000-2000	Refund Check 028559-000, 5110 Pine Springs Avenue
				41.81	100-000-0000-2000	Refund Check 028559-000, 5110 Pine Springs Avenue
39132	12/07/2022	Customer Refund	58.08	29.04	100-000-0000-2000	Refund Check 024945-000, 74076 Casita Drive
				29.04	100-000-0000-2000	Refund Check 024945-000, 74076 Casita Drive
58701	12/07/2022	Best Best & Krieger	1,908.00	1,271.00	100-600-0000-5403	Professional Services Nov 2022
				279.00	100-600-0000-5403	Professional Services Nov 2022
				358.00	100-600-0000-5403	Professional Services Nov 2022
39136	12/07/2022	Beyond Software Solutions	1,520.00	1,000.00	100-600-0000-5406	IT Consulting
				520.00	100-600-0000-5406	IT Consulting
39138	12/07/2022	Customer Refund	34.37	17.19	100-000-0000-2000	Refund Check 026062-000, 4740 Flying H Road
				17.18	100-000-0000-2000	Refund Check 026062-000, 4740 Flying H Road
78280	12/07/2022	Builders Supply - 29 Palms	132.68	7.09	100-130-0000-5220	Shop Supplies-Rat Traps.
				23.14	100-130-0000-5220	Shop Supplies-Wood Drill Bits.
				60.72	100-130-0000-5220	Shop Supplies-Assorted Fasteners.

Twentynine Palms Water District

Check Date Range: 12/1/2022 thru 12/31/2022

				41.73	100-130-0000-5220	Shop Supplies-Assorted Fasteners.
39142	12/07/2022	Burrtec Waste & Recycling Svcs	248.89	75.22	100-150-0000-5406	Amboy
				173.67	100-600-0000-5406	Hatch
19572	12/07/2022	Calolympic Safety	114.57	114.57	100-130-0000-5406	Calibration Test
39146	12/07/2022	Customer Refund	97.46	48.73	100-000-0000-2000	Refund Check 029437-000, 71598 Sunnyside Drive
				48.73	100-000-0000-2000	Refund Check 029437-000, 71598 Sunnyside Drive
19574	12/07/2022	Customer Refund	31.67	31.67	100-000-0000-2000	Refund Check 007557-000, 6187 Carondeau Road
39150	12/07/2022	Customer Refund	39.89	19.95	100-000-0000-2000	Refund Check 014409-001, 5474 Cahuilla Avenue
				19.94	100-000-0000-2000	Refund Check 014409-001, 5474 Cahuilla Avenue
39152	12/07/2022	Customer Refund	68.98	34.49	100-000-0000-2000	Refund Check 025104-000, 6600 Quail Springs
				34.49	100-000-0000-2000	Refund Check 025104-000, 6600 Quail Springs
39154	12/07/2022	Customer Refund	113.48	56.74	100-000-0000-2000	Refund Check 029828-000, 6420 Cholla Avenue
				56.74	100-000-0000-2000	Refund Check 029828-000, 6420 Cholla Avenue
39156	12/07/2022	Customer Refund	23.05	11.53	100-000-0000-2000	Refund Check 026034-001, 6563 Oasis Avenue
				11.52	100-000-0000-2000	Refund Check 026034-001, 6563 Oasis Avenue
39158	12/07/2022	Customer Refund	91.19	39.81	100-000-0000-2000	Refund Check 028174-000, 5616 Abronia Avenue
				51.38	100-000-0000-2000	Refund Check 028174-000, 5616 Abronia Avenue
39160	12/07/2022	Customer Refund	166.00	83.00	100-000-0000-2000	Refund Check 030027-000, 5637 Chia Avenue
				83.00	100-000-0000-2000	Refund Check 030027-000, 5637 Chia Avenue
39162	12/07/2022	Customer Refund	163.38	81.69	100-000-0000-2000	Refund Check 028833-000, 5477 Bailey Avenue
				81.69	100-000-0000-2000	Refund Check 028833-000, 5477 Bailey Avenue
39164	12/07/2022	Customer Refund	25.00	12.50	100-000-0000-2000	Refund Check 010642-000, 72711 Granite Lane
				12.50	100-000-0000-2000	Refund Check 010642-000, 72711 Granite Lane
39166	12/07/2022	Ellison Systems Inc. Shoplet.Com	298.01	232.63	100-600-0000-5301	Office Supplies
				65.38	100-600-0000-5301	Office Supplies
39168	12/07/2022	Customer Refund	190.96	95.48	100-000-0000-2000	Refund Check 029156-000, 68951 Presswood Drive
				95.48	100-000-0000-2000	Refund Check 029156-000, 68951 Presswood Drive
39170	12/07/2022	Customer Refund	71.23	35.61	100-000-0000-2000	Refund Check 025764-000, 5725 Marinosa Avenue
				35.62	100-000-0000-2000	Refund Check 025764-000, 5725 Marinosa Avenue
58758	12/07/2022	Customer Refund	292.37	93.73	100-000-0000-2000	Refund Check 029057-001, 71282 Indian Trail
				93.72	100-000-0000-2000	Refund Check 029057-001, 71282 Indian Trail
				104.92	100-000-0000-2000	Refund Check 029057-001, 71282 Indian Trail

Twentynine Palms Water District

Check Date Range: 12/1/2022 thru 12/31/2022

19587	12/07/2022	Frontier Communications	149.47	149.47	100-600-0000-5203	Hatch
39176	12/07/2022	Customer Refund	62.61	47.50	100-000-0000-2000	Refund Check 012123-000, 6344 Cahuilla Avenue
				15.11	100-000-0000-2000	Refund Check 012123-000, 6344 Cahuilla Avenue
39178	12/07/2022	Customer Refund	196.49	98.25	100-000-0000-2000	Refund Check 008517-008, 6740 Ivanpah Avenue
				98.24	100-000-0000-2000	Refund Check 008517-008, 6740 Ivanpah Avenue
39180	12/07/2022	Customer Refund	58.08	29.04	100-000-0000-2000	Refund Check 027953-001, 6577 Desert Queen Avenue
				29.04	100-000-0000-2000	Refund Check 027953-001, 6577 Desert Queen Avenue
39182	12/07/2022	Customer Refund	98.90	49.45	100-000-0000-2000	Refund Check 027953-003, 6764 Estrella Avenue
				49.45	100-000-0000-2000	Refund Check 027953-003, 6764 Estrella Avenue
39184	12/07/2022	Customer Refund	50.04	25.02	100-000-0000-2000	Refund Check 015117-000, 6818 El Sol Avenue
				25.02	100-000-0000-2000	Refund Check 015117-000, 6818 El Sol Avenue
19593	12/07/2022	HASA, INC.	1,086.99	1,086.99	100-150-0000-5211	64 Carboy's Of Sodium Hypochlorite 12.5% Multichlor NSF60 5 Gall
58782	12/07/2022	Customer Refund	100.00	48.38	100-000-0000-2000	Refund Check 029698-000, 6395 Morongo Road
				48.38	100-000-0000-2000	Refund Check 029698-000, 6395 Morongo Road
				3.24	100-000-0000-2000	Refund Check 029698-000, 6395 Morongo Road
39190	12/07/2022	Hi-Desert Publishing Co.	744.94	570.96	100-600-0000-5406	Classified Ads
				173.98	100-600-0000-5406	Classified Ads
39192	12/07/2022	Customer Refund	35.21	17.61	100-000-0000-2000	Refund Check 029147-000, 5912 Bagley Avenue
				17.60	100-000-0000-2000	Refund Check 029147-000, 5912 Bagley Avenue
19597	12/07/2022	Identifix	1,428.00	1,428.00	100-130-0000-5220	Shop Supplies-Vehicle Diagnostic Program.
156784	12/07/2022	Inland Water Works	7,052.48	1,094.12	100-130-0000-5220	1" Pressure regulators
				882.35	100-130-0000-5220	3/4" Pressure regulators
				72.00	100-130-0000-5220	4" Ring Gaskets
				153.18	100-130-0000-5220	Tax
				134.88	100-130-0000-5220	6" Ring Gaskets
				4,159.15	100-000-0000-1499	PIPE COPPER 1 in K SOFT
				431.00	100-000-0000-1499	CONCRETE METER BOX # 4-1/2
				125.80	100-000-0000-1499	ADAPTER BRASS 3/4 MIPxCTS
19599	12/07/2022	Insight Screening, LLC	61.00	61.00	100-600-0000-5406	Background Screening
39200	12/07/2022	Customer Refund	193.98	96.98	100-000-0000-2000	Refund Check 022213-059, 6667 Sage Avenue
				97.00	100-000-0000-2000	Refund Check 022213-059, 6667 Sage Avenue
39202	12/07/2022	Customer Refund	46.19	23.10	100-000-0000-2000	Refund Check 023045-000, 6785 Saladin Avenue

Twentynine Palms Water District

Check Date Range: 12/1/2022 thru 12/31/2022

				23.09	100-000-0000-2000	Refund Check 023045-000, 6785 Saladin Avenue
19602	12/07/2022	Kennedy/Jenks Consultants	150.00	150.00	100-800-0000-6001	Professional Services Nov 2022
39206	12/07/2022	Customer Refund	32.35	16.17	100-000-0000-2000	Refund Check 026627-000, 4729 Flying H Road
				16.18	100-000-0000-2000	Refund Check 026627-000, 4729 Flying H Road
39208	12/07/2022	Customer Refund	168.68	84.34	100-000-0000-2000	Refund Check 024036-003, 6602 Rose Ellen Avenue
				84.34	100-000-0000-2000	Refund Check 024036-003, 6602 Rose Ellen Avenue
39210	12/07/2022	Customer Refund	181.15	90.58	100-000-0000-2000	Refund Check 029979-000, 73911 29 Palms Hwy
				90.57	100-000-0000-2000	Refund Check 029979-000, 73911 29 Palms Hwy
39212	12/07/2022	Customer Refund	54.14	27.07	100-000-0000-2000	Refund Check 024843-000, 6607 Canyon Road
				27.07	100-000-0000-2000	Refund Check 024843-000, 6607 Canyon Road
19607	12/07/2022	Minolta Business Systems	428.25	428.25	100-600-0000-5223	10/23/2022 - 11/22/2022
39216	12/07/2022	Customer Refund	193.98	96.99	100-000-0000-2000	Refund Check 016760-000, 74831 T-Anchor Road
				96.99	100-000-0000-2000	Refund Check 016760-000, 74831 T-Anchor Road
19609	12/07/2022	MM Internet, Inc.	143.69	143.69	100-600-0000-5203	12/01/2022 - 01/01/2023
39220	12/07/2022	Customer Refund	29.00	14.50	100-000-0000-2000	Refund Check 026858-001, 72716 Old Dale Road
				14.50	100-000-0000-2000	Refund Check 026858-001, 72716 Old Dale Road
39222	12/07/2022	Customer Refund	6.71	3.35	100-000-0000-2000	Refund Check 025163-000, 6396 Athol Avenue
				3.36	100-000-0000-2000	Refund Check 025163-000, 6396 Athol Avenue
19612	12/07/2022	Napa Auto Parts	23.91	23.91	100-130-0000-5220	Shop Supplies-Battery Terminal Washers.
39226	12/07/2022	NorthStar Chemical	23,548.05	12,914.53	100-150-0000-5211	Load Of Caustic 50% Na OH 3,750 Gallons NSF 60
				10,633.52	100-150-0000-5211	Load Of Acid 93% NSF 60 3200 Gallons
19614	12/07/2022	Nyhart Company	2,550.00	2,550.00	100-600-0000-5406	Actuarial Valuation
19615	12/07/2022	Ortega Strategies Group	5,000.00	5,000.00	100-600-0000-5350	Consulting Nov 2022 Advocacy Services
39232	12/07/2022	Customer Refund	47.16	23.58	100-000-0000-2000	Refund Check 028159-000, 73198 Sunnyside Drive
				23.58	100-000-0000-2000	Refund Check 028159-000, 73198 Sunnyside Drive
39234	12/07/2022	Customer Refund	58.43	29.22	100-000-0000-2000	Refund Check 026617-000, 5851 Datura Avenue
				29.21	100-000-0000-2000	Refund Check 026617-000, 5851 Datura Avenue
39236	12/07/2022	Customer Refund	68.98	34.49	100-000-0000-2000	Refund Check 027793-000, 70956 Giant Rock Road
				34.49	100-000-0000-2000	Refund Check 027793-000, 70956 Giant Rock Road
39238	12/07/2022	Customer Refund	52.21	26.11	100-000-0000-2000	Refund Check 026671-000, 72357 Nicolson Drive
				26.10	100-000-0000-2000	Refund Check 026671-000, 72357 Nicolson Drive
19620	12/07/2022	Pitney Bowes Global Financial Services LLC	460.49	460.49	100-600-0000-5223	09/30/2022 - 12/29/2022

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78484	12/07/2022	Prudential Overall Supply	900.57	104.62	100-130-0000-5253	Uniforms
				227.21	100-130-0000-5253	Uniforms
				391.10	100-130-0000-5253	Uniforms
				177.64	100-130-0000-5253	Uniforms
39244	12/07/2022	Powerplan OIB Rdo Trust #80-5800	928.42	160.15	100-130-0000-5222	Veh. #1-Seat Repair Kit.
				768.27	100-130-0000-5222	Veh. #33-Corner Panel w/all Stickers and Fasteners.
39246	12/07/2022	Customer Refund	2.88	1.44	100-000-0000-2000	Refund Check 029569-000, 72231 Sunnyside Drive
				1.44	100-000-0000-2000	Refund Check 029569-000, 72231 Sunnyside Drive
39248	12/07/2022	Customer Refund	46.26	23.13	100-000-0000-2000	Refund Check 027853-000, 71517 Sunnyside Drive
				23.13	100-000-0000-2000	Refund Check 027853-000, 71517 Sunnyside Drive
157000	12/07/2022	S.C.E.	27,453.61	1,642.45	100-110-0000-5201	Well 12
				3,038.67	100-110-0000-5201	Well 14
				1,117.22	100-120-0000-5201	Booster 11A, 11B
				14,530.15	100-110-0000-5201	Well TP-1
				1.42	100-110-0000-5201	Michel's
				1,073.19	100-600-0000-5201	Hatch
				1,483.30	100-150-0000-5201	Plant
				4,567.21	100-110-0000-5201	Well 17
39252	12/07/2022	Customer Refund	172.62	86.31	100-000-0000-2000	Refund Check 029972-000, 73654 Playa Vista Drive
				86.31	100-000-0000-2000	Refund Check 029972-000, 73654 Playa Vista Drive
19627	12/07/2022	Satmodo LLC	137.98	137.98	100-600-0000-5203	Iridium Monthly Minute Plans
39256	12/07/2022	Customer Refund	19.00	9.50	100-000-0000-2000	Refund Check 029287-000, O'Reilly Irrigation Meter
				9.50	100-000-0000-2000	Refund Check 029287-000, O'Reilly Irrigation Meter
19629	12/07/2022	Southern Calif. Gas Co.	162.85	162.85	100-600-0000-5202	Hatch
19630	12/07/2022	Spectrum Enterprise	1,235.00	1,235.00	100-600-0000-5203	La Luna
117786	12/07/2022	Groundwater Recordation Program State Water Resources Control Board	300.00	50.00	100-110-0000-5303	Notice of Groundwater Extraction & Diversion G361135
				50.00	100-110-0000-5303	Notice of Groundwater Extraction & Diversion G363809
				50.00	100-110-0000-5303	Notice of Groundwater Extraction & Diversion G363477
				50.00	100-110-0000-5303	Notice of Groundwater Extraction & Diversion G363209
				50.00	100-110-0000-5303	Notice of Groundwater Extraction & Diversion G362884
				50.00	100-110-0000-5303	Notice of Groundwater Extraction & Diversion G363478
19632	12/07/2022	Bob Stephenson	250.00	250.00	100-610-0000-5350	Video Recording board meeting Nov 2022

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39266	12/07/2022	Customer Refund	168.45	84.23	100-000-0000-2000	Refund Check 021980-002, 6177 Marinosa Avenue
				84.22	100-000-0000-2000	Refund Check 021980-002, 6177 Marinosa Avenue
39268	12/07/2022	Customer Refund	105.69	52.85	100-000-0000-2000	Refund Check 028196-000, 6666 Marinosa Avenue
				52.84	100-000-0000-2000	Refund Check 028196-000, 6666 Marinosa Avenue
39270	12/07/2022	Customer Refund	26.49	13.25	100-000-0000-2000	Refund Check 027732-000, 7331 Sahara Avenue
				13.24	100-000-0000-2000	Refund Check 027732-000, 7331 Sahara Avenue
19636	12/07/2022	U.S. Postal Service	250.00	250.00	100-600-0000-5302	Postage Due Account
39274	12/07/2022	Underground Service Alert	156.33	113.25	100-130-0000-5406	59 New Ticket Charges
				43.08	100-130-0000-5406	California State Fee for Regulatory Costs
19638	12/07/2022	UPS	572.48	572.48	100-160-0000-5406	Shipping
39278	12/07/2022	Vagabond Welding Supply	524.13	103.31	100-130-0000-5220	Shop Supplies-Regulator for Oxygen Tank.
				420.82	100-130-0000-5220	Shop Supplies-Metal for Christmas Tree.
19640	12/07/2022	Customer Refund	3.94	3.94	100-000-0000-2000	Refund Check 028727-001, 72360 Sun Valley Drive
39282	12/07/2022	Customer Refund	170.76	85.38	100-000-0000-2000	Refund Check 029478-000, 71515 Florida Drive
				85.38	100-000-0000-2000	Refund Check 029478-000, 71515 Florida Drive
19642	12/07/2022	Verizon Wireless	451.86	451.86	100-600-0000-5203	Wireless
39286	12/07/2022	Customer Refund	175.13	87.57	100-000-0000-2000	Refund Check 017880-038, 7048 North Star Avenue
				87.56	100-000-0000-2000	Refund Check 017880-038, 7048 North Star Avenue
39288	12/07/2022	Customer Refund	30.00	15.00	100-000-0000-2000	Refund Check 026334-000, 5279 Verenda Avenue
				15.00	100-000-0000-2000	Refund Check 026334-000, 5279 Verenda Avenue
39290	12/07/2022	Customer Refund	57.16	28.58	100-000-0000-2000	Refund Check 027743-000, 75570 Encanto Drive
				28.58	100-000-0000-2000	Refund Check 027743-000, 75570 Encanto Drive
39292	12/07/2022	Customer Refund	30.35	15.18	100-000-0000-2000	Refund Check 023352-000, 6770 Alpine Avenue
				15.17	100-000-0000-2000	Refund Check 023352-000, 6770 Alpine Avenue
19647	12/21/2022	Accurate Truck Inspection	439.00	439.00	100-130-0000-5406	Periodic Smoke Inspection Program
39296	12/21/2022	Customer Refund	5.13	2.57	100-000-0000-2000	Refund Check 022844-000, 67966 Whitmore Road
				2.56	100-000-0000-2000	Refund Check 022844-000, 67966 Whitmore Road
39298	12/21/2022	Customer Refund	72.49	36.24	100-000-0000-2000	Refund Check 027880-000, 72248 Sunnyvale Drive
				36.25	100-000-0000-2000	Refund Check 027880-000, 72248 Sunnyvale Drive
78600	12/21/2022	Autozone Inc.	352.78	15.94	100-130-0000-5222	Veh. #21-Fuel Cap.
				40.33	100-130-0000-5222	Veh. #15-Ignition Switch.
				101.49	100-130-0000-5220	Shop Supplies-Battery.

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				195.02	100-130-0000-5220	Shop Supplies-Battery for the Reservoir.
19651	12/21/2022	BIRKSCO	515.00	515.00	100-130-0000-5220	PayMeter Card Trap
39304	12/21/2022	Customer Refund	23.50	11.75	100-000-0000-2000	Refund Check 020815-000, 73968 Casita Drive
				11.75	100-000-0000-2000	Refund Check 020815-000, 73968 Casita Drive
39306	12/21/2022	Customer Refund	182.08	91.04	100-000-0000-2000	Refund Check 029965-001, 5496 Abronia Avenue
				91.04	100-000-0000-2000	Refund Check 029965-001, 5496 Abronia Avenue
39308	12/21/2022	Customer Refund	171.28	85.64	100-000-0000-2000	Refund Check 029965-000, 73946 Casita Drive
				85.64	100-000-0000-2000	Refund Check 029965-000, 73946 Casita Drive
39310	12/21/2022	Customer Refund	21.36	11.47	100-000-0000-2000	Refund Check 006152-000, 68860 Kachina Drive
				9.89	100-000-0000-2000	Refund Check 006152-000, 68860 Kachina Drive
39312	12/21/2022	Customer Refund	7.80	3.90	100-000-0000-2000	Refund Check 020021-000, 73395 Sullivan Road
				3.90	100-000-0000-2000	Refund Check 020021-000, 73395 Sullivan Road
39314	12/21/2022	Builders Supply - 29 Palms	91.55	67.87	100-130-0000-5220	Post Hole Digger 48" Fiberglass Handle
				23.68	100-130-0000-5220	Shop Supplies-Electrical Tape.
19658	12/21/2022	California Community Water Systems Alliance	2,500.00	2,500.00	100-600-0000-5350	December 2022 - Monthly Anchor Level Sponsorship
19659	12/21/2022	Centurylink Business Services	27.99	27.99	100-600-0000-5203	Hatch
39320	12/21/2022	Customer Refund	192.97	96.48	100-000-0000-2000	Refund Check 028344-000, 72119 Sullivan Road
				96.49	100-000-0000-2000	Refund Check 028344-000, 72119 Sullivan Road
39322	12/21/2022	Clinical Lab of San Bern.	3,467.00	1,937.00	100-140-0000-5405	Water Samples Oct 2022
				1,530.00	100-140-0000-5405	Water Samples Oct 2022
19662	12/21/2022	County Of San Bernardino	335.07	335.07	100-130-0000-5406	Brought Flouride to Landers Landfill.
39326	12/21/2022	Customer Refund	15.06	7.53	100-000-0000-2000	Refund Check 007632-009, 6226 Bagley Avenue
				7.53	100-000-0000-2000	Refund Check 007632-009, 6226 Bagley Avenue
39328	12/21/2022	Customer Refund	95.03	47.51	100-000-0000-2000	Refund Check 028499-000, 7042 Elm Avenue
				47.52	100-000-0000-2000	Refund Check 028499-000, 7042 Elm Avenue
216315	12/21/2022	Desert Hardware	279.87	48.03	100-150-0000-5220	Spray Paint
				11.00	100-150-0000-5220	60# Quikrete Concrete Mix
				40.06	100-150-0000-5220	Core 25Ft Green, Timer, Garden Tree
				11.01	100-150-0000-5220	3/4" Hose
				48.03	100-150-0000-5220	Yellow Paint
				23.82	100-130-0000-5220	Shop Supplies-Bit Drivers.
				11.55	100-150-0000-5220	Misc PVC Fittings

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				7.51	100-150-0000-5220	Coupling GAL
				17.02	100-150-0000-5220	Batteries 8PK
				27.81	100-150-0000-5220	Misc Parts Garden Tree, Cord 15' Green, Clamp.
				34.03	100-150-0000-5220	Painters Tape.
19666	12/21/2022	Eadie + Payne	2,165.00	2,165.00	100-600-0000-5402	Audit of financial statements
39334	12/21/2022	Customer Refund	25.00	12.50	100-000-0000-2000	Refund Check 010642-000, 72711 Granite Lane
				12.50	100-000-0000-2000	Refund Check 010642-000, 72711 Granite Lane
19668	12/21/2022	Elison Systems Inc. Shoplet Com	149.49	149.49	100-600-0000-5301	Office Supplies
19669	12/21/2022	Frontier Communications	184.84	184.84	100-150-0000-5203	Plant
39340	12/21/2022	Customer Refund	78.12	39.06	100-000-0000-2000	Refund Check 029842-000, 6856 El Sol Avenue
				39.06	100-000-0000-2000	Refund Check 029842-000, 6856 El Sol Avenue
19671	12/21/2022	Grainger	2,607.34	2,607.34	100-150-0000-5220	Desiccant
39344	12/21/2022	Customer Refund	182.43	91.22	100-000-0000-2000	Refund Check 028968-000, 5543 Cahuilla Avenue
				91.21	100-000-0000-2000	Refund Check 028968-000, 5543 Cahuilla Avenue
39346	12/21/2022	Customer Refund	162.08	81.04	100-000-0000-2000	Refund Check 029975-000, 74357 Maricopa Avenue
				81.04	100-000-0000-2000	Refund Check 029975-000, 74357 Maricopa Avenue
39348	12/21/2022	Customer Refund	33.71	16.85	100-000-0000-2000	Refund Check 026513-000, 73998 Casita Drive
				16.86	100-000-0000-2000	Refund Check 026513-000, 73998 Casita Drive
39350	12/21/2022	Customer Refund	169.96	84.98	100-000-0000-2000	Refund Check 029514-001, 7402 Saladin Avenue
				84.98	100-000-0000-2000	Refund Check 029514-001, 7402 Saladin Avenue
39352	12/21/2022	Hi-Grade Materials Co.	335.31	120.37	100-130-0000-5220	Shop Supplies-Wash Sand.
				214.94	100-130-0000-5220	Shop Supplies-Class 2 Base.
19677	12/21/2022	Home Depot Credit Services	1,986.80	1,986.80	100-130-0000-5220	Charges
236136	12/21/2022	Inland Water Works	12,808.30	381.99	100-000-0000-1499	5" AC FULL CIRCLE CLAMP
				300.79	100-130-0000-5220	4"X20" FLL CIRCLE CLAMP -- OD 5.20-5.60
				238.49	100-130-0000-5220	2" Brass Meter Flange with drop in gasket
				549.53	100-130-0000-5220	4" x 5 1/2 " FLG spool
				8,214.67	100-000-0000-1499	HYDRANT HEAD 6 HOLE CAST IRON (14040)
				134.69	100-130-0000-5220	part 2 of two part lid (concrete reading lid)
				404.06	100-000-0000-1499	CONCRETE BASE PLATE BOTTOM 4.0
				323.25	100-130-0000-5220	part 1 of two part lid (concrete cover only)
				75.43	100-130-0000-5220	2" Galv Union

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				851.55	100-000-0000-1499	SADDLE C-900 6 inX 1 in
				279.79	100-000-0000-1499	UNION BRASS 2 in
				1,054.06	100-000-0000-1499	SADDLE C-900 8 in X 1 in
39358	12/21/2022	Customer Refund	187.02	93.51	100-000-0000-2000	Refund Check 022213-062, 5183 Split Rock Avenue
				93.51	100-000-0000-2000	Refund Check 022213-062, 5183 Split Rock Avenue
39360	12/21/2022	Kennedy/Jenks Consultants	1,776.25	875.00	100-600-0000-5412	Services Rendered Nov 2022
				901.25	100-150-0000-5406	Services Rendered Nov 2022
19681	12/21/2022	Customer Refund	44.01	44.01	100-000-0000-2000	Refund Check 026999-000, 5965 Chia Avenue
39364	12/21/2022	Customer Refund	157.51	78.75	100-000-0000-2000	Refund Check 029650-000, 68260 Indian Trail
				78.76	100-000-0000-2000	Refund Check 029650-000, 68260 Indian Trail
39366	12/21/2022	Customer Refund	129.14	64.57	100-000-0000-2000	Refund Check 028560-000, 5530 Chia Avenue
				64.57	100-000-0000-2000	Refund Check 028560-000, 5530 Chia Avenue
59052	12/21/2022	McMaster-Carr Supply Co.	456.40	176.59	100-150-0000-5220	Compression Fitting x3, Copper Tubing 1/4" OD x 1 Roll. Brass Ni
				228.47	100-150-0000-5220	Barrier Tape, Thick Wall Pipe Fittings, 6" Marking Flags. Blue P
				51.34	100-150-0000-5220	V-Belt 4L300
39370	12/21/2022	Customer Refund	195.98	97.99	100-000-0000-2000	Refund Check 030133-000, 6551 Persia Avenue
				97.99	100-000-0000-2000	Refund Check 030133-000, 6551 Persia Avenue
39372	12/21/2022	Customer Refund	192.97	96.48	100-000-0000-2000	Refund Check 026631-007, 73423 Desert Trail Drive
				96.49	100-000-0000-2000	Refund Check 026631-007, 73423 Desert Trail Drive
19687	12/21/2022	Customer Refund	82.00	82.00	100-130-0000-5330	D2 Cert Reimbursement
39376	12/21/2022	Customer Refund	138.32	69.16	100-000-0000-2000	Refund Check 025197-001, 7398 Araby Avenue
				69.16	100-000-0000-2000	Refund Check 025197-001, 7398 Araby Avenue
39378	12/21/2022	Customer Refund	48.20	24.10	100-000-0000-2000	Refund Check 027976-000, 5904 Wainwright Avenue
				24.10	100-000-0000-2000	Refund Check 027976-000, 5904 Wainwright Avenue
39380	12/21/2022	Customer Refund	191.61	190.81	100-000-0000-2000	AR Refund
				0.80	100-000-0000-2000	AR Refund
452893	12/21/2022	Pacific Western Bank	3,767.04	162.04	100-600-0000-5330	Charges
				75.77	100-600-0000-5301	Charges
				85.61	100-600-0000-5203	Charges
				16.15	100-600-0000-5406	Charges
				45.13	100-600-0000-5301	Charges
				5.13	100-130-0000-5220	Charges

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				441.63	100-150-0000-5220	Charges
				19.06	100-600-0000-5301	Charges
				104.00	100-600-0000-5406	Charges
				102.73	100-600-0000-5408	Charges
				141.20	100-600-0000-5330	Charges
				135.61	100-150-0000-5203	Charges
				25.00	100-600-0000-5408	Charges
				95.00	100-130-0000-5220	Charges
				106.67	100-600-0000-5301	Charges
				885.00	100-600-0000-5350	Charges
				119.70	100-130-0000-5220	Charges
				184.22	100-600-0000-5301	Charges
				32.88	100-600-0000-5301	Charges
				379.40	100-130-0000-5228	Charges
				47.44	100-600-0000-5301	Charges
				5.00	100-600-0000-5406	Charges
				552.67	100-600-0000-5330	Charges
19692	12/21/2022	Palm Springs Motors Inc.	338.51	338.51	100-130-0000-5222	Veh. #22-Right Running Board.
39386	12/21/2022	Customer Refund	82.29	41.14	100-000-0000-2000	Refund Check 025597-001, 6416 -18 Smoke Tree Ave.
				41.15	100-000-0000-2000	Refund Check 025597-001, 6416 -18 Smoke Tree Ave.
39388	12/21/2022	Customer Refund	189.53	94.76	100-000-0000-2000	Refund Check 029785-000, 6136 Morongo Road
				94.77	100-000-0000-2000	Refund Check 029785-000, 6136 Morongo Road
19695	12/21/2022	Precision Garage Doors & Gates	526.96	526.96	100-160-0000-5406	Mail Production
59088	12/21/2022	Pro Security Systems	432.00	144.00	100-130-0000-5406	Quarterly Monitoring
				144.00	100-600-0000-5406	Quarterly Monitoring
				144.00	100-150-0000-5406	Quarterly Monitoring
78788	12/21/2022	Prudential Overall Supply	980.13	468.31	100-130-0000-5253	Uniforms
				291.35	100-130-0000-5253	Uniforms
				113.38	100-130-0000-5253	Uniforms
				107.09	100-130-0000-5253	Uniforms
39396	12/21/2022	Customer Refund	173.94	86.97	100-000-0000-2000	Refund Check 030049-000, 6551 Persia Avenue
				86.97	100-000-0000-2000	Refund Check 030049-000, 6551 Persia Avenue

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39398	12/21/2022	Customer Refund	347.19	192.77	100-000-0000-2000	Refund Check 028967-000, 115 Shoshone Valley
				154.42	100-000-0000-2000	Refund Check 028967-000, 115 Shoshone Valley
39400	12/21/2022	Customer Refund	181.58	90.79	100-000-0000-2000	Refund Check 029115-000, 7041 Datura Avenue
				90.79	100-000-0000-2000	Refund Check 029115-000, 7041 Datura Avenue
157608	12/21/2022	S.C.E.	12,532.48	1,909.02	100-110-0000-5201	Well 16
				6,462.11	100-120-0000-5201	Booster TP-1
				40.32	100-110-0000-5201	Donnell
				1,487.89	100-110-0000-5201	Well 1
				1,059.57	100-120-0000-5201	Booster Two Mile
				53.35	100-120-0000-5201	D.H. Resv & Hydro
				773.76	100-110-0000-5201	Well 11
				746.46	100-120-0000-5201	Booster H1N, H2S
39404	12/21/2022	Customer Refund	60.94	30.47	100-000-0000-2000	Refund Check 026467-000, 68349 Poleline Road
				30.47	100-000-0000-2000	Refund Check 026467-000, 68349 Poleline Road
19703	12/21/2022	San Bernardino County	10.00	10.00	100-130-0000-5301	Monthly Assessor parcel map revisions Dec 2022
39408	12/21/2022	Customer Refund	71.20	35.60	100-000-0000-2000	Refund Check 028955-000, 74174 Pinon Drive
				35.60	100-000-0000-2000	Refund Check 028955-000, 74174 Pinon Drive
39410	12/21/2022	Customer Refund	178.92	89.46	100-000-0000-2000	Refund Check 017416-002, 73544 Didsbury Road
				89.46	100-000-0000-2000	Refund Check 017416-002, 73544 Didsbury Road
39412	12/21/2022	Customer Refund	20.54	10.27	100-000-0000-2000	Refund Check 026037-000, 6535 Bullion Avenue
				10.27	100-000-0000-2000	Refund Check 026037-000, 6535 Bullion Avenue
19707	12/21/2022	Customer Refund	250.00	250.00	100-130-0000-5226	Safety Boot Reimbursement
19708	12/21/2022	Susan L. Simmons	1,600.00	1,600.00	100-600-0000-5406	Janitorial Services Jan 2023
39418	12/21/2022	Customer Refund	41.32	20.66	100-000-0000-2000	Refund Check 026555-000, 6360 Tamarisk Avenue
				20.66	100-000-0000-2000	Refund Check 026555-000, 6360 Tamarisk Avenue
19710	12/21/2022	Solv	101.44	101.44	100-600-0000-5301	1099 Forms
39422	12/21/2022	Customer Refund	178.92	89.46	100-000-0000-2000	Refund Check 028985-000, 5686 Historic Plaza
				89.46	100-000-0000-2000	Refund Check 028985-000, 5686 Historic Plaza
39424	12/21/2022	Customer Refund	181.65	90.83	100-000-0000-2000	Refund Check 029023-000, 6978 Juniper Avenue
				90.82	100-000-0000-2000	Refund Check 029023-000, 6978 Juniper Avenue
19713	12/21/2022	Springbrook Holding Company LLC	3,288.00	3,288.00	100-600-0000-5408	CivicPay Transaction Fee
39428	12/21/2022	Swrcb Accounting Office	30,005.00	26,552.00	100-110-0000-5303	Annual Permit Fee

Twentynine Palms Water District

Check Date Range: 12/1/2022 thru 12/31/2022

				3,453.00	100-110-0000-5303	Annual Permit Fee
39430	12/21/2022	Customer Refund	65.04	32.52	100-000-0000-2000	Refund Check 028217-000, 6628 Clare Avenue
				32.52	100-000-0000-2000	Refund Check 028217-000, 6628 Clare Avenue
59148	12/21/2022	TPX Communications	1,613.45	433.01	100-600-0000-5203	Hatch
				692.72	100-600-0000-5203	Hatch
				487.72	100-600-0000-5203	Hatch
39434	12/21/2022	Customer Refund	29.62	14.81	100-000-0000-2000	Refund Check 009803-193, 72337 Larrea Avenue
				14.81	100-000-0000-2000	Refund Check 009803-193, 72337 Larrea Avenue
39436	12/21/2022	Customer Refund	192.12	96.06	100-000-0000-2000	Refund Check 028680-000, 6532 49 Palms Avenue
				96.06	100-000-0000-2000	Refund Check 028680-000, 6532 49 Palms Avenue
19719	12/21/2022	UPS	35.35	35.35	100-160-0000-5406	Shipping
177480	12/21/2022	Usa Blue Book	2,591.54	83.28	100-130-0000-5220	Lead Free Brass cap 2" NPT
				205.22	100-150-0000-5220	California Flag, U.S. Flag, Hach DpD 1000pk, Vented Wash Bottle
				155.85	100-150-0000-5220	Schedule 80 CPVC 2" Caps
				816.16	100-150-0000-5220	Hach DPD 1000/pk
				100.15	100-130-0000-5220	Black CS/12, 20 oz Solvent- Based Inverted paint- 95329
				10.99	100-130-0000-5220	Schedule 80 CPVC Socket Cap 2"
				537.03	100-150-0000-5220	Marking Whishers Blue For Usa Pack Of 100, White and Blue USA Ma
				83.32	100-130-0000-5220	Safety Paint Yellow- 43981
				599.54	100-150-0000-5220	TISAB 11 4 Liters
59163	12/21/2022	Customer Refund	57.76	3.88	100-000-0000-2000	Refund Check 023478-000, 73163 Sun Valley Drive
				3.88	100-000-0000-2000	Refund Check 023478-000, 73163 Sun Valley Drive
				50.00	100-000-0000-2000	Refund Check 023478-000, 73163 Sun Valley Drive
19722	12/21/2022	Versatel	135.00	135.00	100-600-0000-5406	Remote Support
39446	12/21/2022	Customer Refund	155.28	77.64	100-000-0000-2000	Refund Check 028976-000, 6722 Pine Springs Avenue
				77.64	100-000-0000-2000	Refund Check 028976-000, 6722 Pine Springs Avenue
19724	12/21/2022	Wienhoff Drug Testing Inc.	340.00	340.00	100-600-0000-5406	Pre-Employment Drug Testing
19725	12/21/2022	Clinical Lab of San Bern.	969.00	969.00	100-140-0000-5405	Water Samples
19726	12/21/2022	United Cerebral Palsy Assoc.	526.96	526.96	100-160-0000-5406	Mail Production
			Total	\$217,865.99		

7

7.1

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

TO: Board of Directors

FROM: Mike Minatrea, Maintenance Superintendent

DATE: January 11, 2023

SUBJECT: Management Report

A. The Operations and Maintenance Department performed the following tasks during the month of December 2022:

1. Responded to 69 Underground Service Alerts
2. Responded to and repaired
 - a. 0 water main leaks
 - b. 0 water meter leaks
 - c. 1 service line leaks
 - d. 0 fire hydrant repairs/maintenance
3. Installed 0 new service
4. Replaced 9 customer gate valves
5. Performed 6 leak audits
6. Painted 0 fire hydrants
7. Performed 7 customer pressure checks
8. Replaced 17 water meters
9. Tested and exercised emergency generators
10. Sounded wells for December
11. 0 water waste inquiries were reported
12. Replaced 2 AMI/AMR meters

B. The following customer service tasks were performed:

1. 465 work orders were generated from reading meters
2. 40 work orders were generated from billing variance list
3. 154 work orders were generated for turn on or turn off
4. 341 termination notices were distributed
5. 37 non-pay turn offs were performed
6. 0 extensions were granted
7. 0 extensions were shut off for non-payment
8. 9 payment schedules have been granted
9. 3 payment schedules failed
10. 11 customer requests and 7 inquiries were logged and investigated

C. Valve and Hydrant Maintenance Update

	Valves Exercised (Began 07/21)	Dead Ends Flushed (Began 1/22)
Current Month	264	38
Year to Date	*2,332	499

*Biennial cycle

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

	In District	2022 Test/Surveys
Cross-Connection Devices	363	363

Twentynine Palms Water District Maintenance Report

FY 2022/23

	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	162	7	19	46	545	58	8	4	0			
August	106	9	0	45	667	80	13	8	1	7,729	7,944	-2.71%
Sept.	134	7	0	55	1007	17	17	7	0			
October	93	10	0	64	755	55	7	2	1	N/A	N/A	
Nov.	73	6	26	52	851	158	3	1	1			
Dec.	69	6	0	37	659	264	9	0	0		7,927	
Jan.												
Feb.										N/A	N/A	
March												
April											7,833	
May												
June										N/A	N/A	
Totals	637	45	45	299	4484	632	57	22	3			

Total Connections in District= 8,423

7.2

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

TO: Board of Directors

FROM: Robert Shelton, Treatment/Production Superintendent

DATE: January 11, 2023

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 0.03 mg/L to a high of 0.39 mg/L. Chlorination point (the point where chlorine is introduced into the distribution system) averages ranged from 0.03 mg/L to .54 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 9 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 10 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 0.82 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 10 general physical samples were collected from established locations as a part of routine testing requirements. Levels reported for color are <3.0, 1 for threshold odor and <0.10 for turbidity.

TWENTYNINE PALMS WATER DISTRICT
Water Production Report
FY 2022/23

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	125.721	92.503	20.663	19.744	258.631	302.663	-14.55%	-16.55%		
August	135.383	74.591	15.906	12.611	238.491	288.603	-17.36%	-18.39%		
Sept.	120.437	62.198	18.317	16.123	217.075	251.352	-13.64%	-11.31%		
October	99.573	69.525	19.165	11.748	200.011	211.466	-5.41%	-7.35%		
Nov.	86.444	59.496	18.685	12.013	176.638	188.125	-6.10%	-5.59%		
Dec.	84.173	54.161	17.765	6.711	162.810	170.803	-4.67%	-1.15%		
Jan.					0.000					
Feb.					0.000					
March					0.000					
April					0.000					
May					0.000					
June					0.000					
Totals	651.731	412.474	110.501	78.950	1253.656	1413.012	-11.28%			

Production Totals Expressed in Acre Feet

NOTE: Year to Date Mesquite Springs Basin regeneration production of

6.948

acre feet =

1.05%

7.3

TWENTYNINE PALMS WATER DISTRICT

FINANCIAL REPORT

For The Month Of

November 2022

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



TwentyNine Palms Water District
Statement of Investments and Reserves
For the Period Ending November 30, 2022
(Unaudited)

Operating Funds & Internal Reserves- LAIF:	Prior Balance	Deposits	Disbursements	Current Balance	Market
Operating Funds	\$ 2,068,675	\$ -	\$ -	\$ 2,068,675	\$ 2,028,876
Capital Reserve	912,063	-	-	912,063	894,515
Capital Funds for Primary Infrastructure	688,204	-	-	688,204	674,964
Capital Funds for Secondary Infrastructure	176,758	-	-	176,758	173,358
Total LAIF	\$ 3,829,786	\$ -	\$ -	\$ 3,845,701	\$ 3,771,713
Enterprise Fund:					
Checking Account Restricted Cash - CDs	500,000	-	(500,000)	-	-
Checking Account Restricted - OPEB/Pension Trust Contrib.	143,000	-	-	143,000	143,000
Certificate of Deposit - 13 Months at 1.75%	500,000	-	-	500,000	500,000
Certificate of Deposit - 7 Months at 2.00%	500,000	-	-	500,000	500,000
Certificate of Deposit - 13 Months at 3.20%	500,000	-	-	500,000	500,000
Certificate of Deposit - 13 Months at 4.07%	-	500,000	-	500,000	500,000
Total Investments	\$ 5,988,701	\$ 500,000	\$ (500,000)	\$ 5,988,701	\$ 5,914,713

**Capacity Fees for new connections are received in the general fund and then transferred to the Capital Funds*

CERTIFICATION

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

Cindy Byerrum, CPA
Contract CPA

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



TwentyNine Palms Water District
Statement of Revenues and Expenses
For the Period Ending November 30, 2022
(Unaudited)

	November 2022	YTD	Budget	YTD 42%	Prior YTD
1 Operating Revenues	\$ 434,686	\$ 2,429,204	\$ 6,143,300	40%	\$ 2,052,022
2 Non-Operating Revenues	63,661	440,812	686,300	64%	257,910
3 Total Revenue Available to Fund Operations & Capital	498,346	2,870,016	6,829,600	42%	2,309,932
4 Operating Expenses	391,265	1,878,710	5,057,600	37%	1,456,744
5 Non-Operating Expenses	19,625	98,123	381,600	26%	67,432
6 Total Debt Service	-	121,097	243,500	50%	121,120
7 Total Expenses & Debt Service	410,890	2,097,930	5,682,700	37%	1,645,296
8 Net Revenues Available to Fund Capital Expenditures	87,457	772,086	1,146,900	67%	664,636
9 District Projects	(150)	(12,791)	(593,600)	2%	(19,740)
10 CIP Projects	-	(599)	(1,829,800)	0%	(601,636)
11 Repairs & Replacement	-	-	(1,030,000)	0%	(19,275)
12 Capital Outlay	(214)	(36,871)	(435,000)	8%	(6,145)
Sub-Total: Net Debt Proceeds / Capital	(364)	(50,260)	(3,888,400)	1%	(646,796)
13 Transfers in from Special Revenue Fund	10,715	66,817	146,100	46%	45,331
14 Increase (Decrease) in Fund Balance	\$ 97,808	\$ 788,643	\$ (2,595,400)		\$ 63,171

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, 2022
(Unaudited)

	November 2022	YTD	Budget	YTD 42%	Prior YTD
1 Operating Revenues					
2 Water Sales (Volumetric)	\$ 278,371	\$ 1,646,407	\$ 4,252,700	39%	\$ 1,499,537
3 Readiness-To-Serve (Fixed)	131,585	656,549	1,774,700	37%	477,300
4 Other Operating Revenue	24,730	126,248	198,500	64%	75,185
5 Bad Debt Expense	-	-	(82,600)	0%	-
6 Total Operating Revenues	434,686	2,429,204	6,143,300	40%	2,052,022
7 Non-Operating Revenues					
8 Capital Impact Fees	-	160,930	50,000	322%	54,016
9 Water Availability Assessment	48,367	241,833	580,400	42%	193,467
10 Interest Revenue	-	15,915	12,200	130%	3,536
11 Other Penalties	11,491	11,491	28,700	40%	4,283
12 Reimbursed Expenses	33	9,147	5,000	183%	202
13 Miscellaneous Non-Op Revenue	3,769	1,495	10,000	15%	2,407
14 Total Non-Operating Revenues	63,661	440,812	686,300	64%	257,910
15 Total Revenues	\$ 498,346	\$ 2,870,016	\$ 6,829,600	42%	\$ 2,309,932
16 Operating Expenditures					
17 Source of Supply					
18 Labor & Benefits	-	1,679	15,000	11%	1,950
19 Direct Expenses	29,322	166,809	449,600	37%	132,677
20 Total Source of Supply	29,322	168,488	464,600	36%	134,626
21 Pumping					
22 Labor & Benefits	-	239	8,200	3%	1,674
23 Direct Expenses	14,189	72,058	139,700	52%	44,163
24 Total Pumping	14,189	72,297	147,900	49%	45,837
25 Transmission & Distribution					
26 Labor & Benefits	100,030	474,347	1,346,300	35%	355,635
27 Direct Expenses	27,718	161,262	397,300	41%	129,547
28 Total Transmission & Distribution	127,748	635,609	1,743,600	36%	485,183
29 Treatment Wells					
30 Labor & Benefits	8,053	30,763	72,800	42%	21,749
31 Direct Expenses	4,436	14,941	45,200	33%	8,391
32 Total Treatment Wells	12,489	45,703	118,000	39%	30,140
33 Treatment Facility					
34 Labor & Benefits	24,209	73,539	283,200	26%	84,281
35 Direct Expenses	13,013	160,653	530,100	30%	147,977
36 Total Treatment Facility	37,222	234,192	813,300	29%	232,258
37 Customer Accounts					
38 Labor & Benefits	33,666	134,513	336,700	40%	78,745
39 Direct Expenses	1,248	21,962	93,200	24%	20,124
40 Total Customer Accounts	\$ 34,914	\$ 156,475	\$ 429,900	36%	\$ 98,869

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TwentyNine Palms Water District
Detail Statement of Revenues and Expenses
For the Period Ending
November 30, 2022
(Unaudited)

	November 2022	YTD	Budget	YTD 42%	Prior YTD
41 General & Administration					
42 Labor & Benefits	\$ 47,612	\$ 209,558	\$ 483,600	43%	\$ 138,158
43 Outside Services	48,071	179,486	331,600	54%	136,135
44 Direct Expenses	35,171	155,596	345,500	45%	150,901
45 Total General & Administration	130,854	544,640	1,160,700	47%	425,194
46 Payouts & Retiree Medical					
47 Vacation / Sick Payouts	1,239	3,835	114,800	3%	2,231
48 Retiree Medical	2,126	10,631	32,300	33%	1,544
49 Total Payouts & Retiree Medical	3,365	14,466	147,100	10%	3,775
50 Board of Directors					
51 Director Fees	1,150	4,200	17,000	25%	2,400
52 Direct Expenses	11	2,583	15,500	17%	100
53 Total Board of Directors	1,161	6,783	32,500	21%	2,500
54 Total Operating Expenditures	391,265	1,878,710	5,057,600	37%	1,456,744
55 Non-Operating Expenditures					
56 Debt Service					
57 Debt Principal Payments	-	99,344	201,500	49%	96,381
58 Interest Expense	-	21,754	42,000	52%	24,739
59 Total Debt Service	-	121,097	243,500	50%	121,120
60 CalPERS UAL Payment (Required)	19,625	98,123	235,500	42%	67,432
61 Pension & OPEB Trust Contributions	-	-	146,100	0%	-
62 Total Non-Operating Expenditures	19,625	219,220	625,100	35%	188,552
63 Total Expenditures	\$ 410,890	\$ 2,097,930	\$ 5,682,700	37%	\$ 1,645,296
64 Net Revenues Available to Fund Capital Related Expenditures	\$ 87,457	\$ 772,086	\$ 1,146,900	67%	\$ 664,636

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, 2022
(Unaudited)

	November 2022	YTD	Budget	YTD 42%
1 Tower Revenues	\$ 10,715	\$ 66,817	\$ 146,100	46%
2 Less Transfers Out To Water	(10,715)	(66,817)	(146,100)	46%
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, 2022
(Unaudited)

	Budget FY 22/23	Current Year Expenditures	Remaining Under / (Over) Budget
1 District Projects			
2 Treatment Feasibility & Exploration Costs	\$ 100,000	\$ 3,641	\$ 96,359
3 Salt Nutrient Monitoring Wells\Sampling	100,000	3,653	96,348
4 USGS Study\Feasibility Study	100,000	-	100,000
5 Centralized Sewer Plan\Groundwater Analysis	100,000	-	100,000
6 Master Plan Updates	100,000	-	100,000
7 Campbell Reservoir Land Acquisition	40,000	-	40,000
8 Standard Drawings Update	25,000	-	25,000
9 Asset Management Plan	20,000	-	20,000
10 Vulnerability/Supply Assessment	8,600	5,498	3,103
11 Total District Projects	593,600	12,791	580,809
12 Capital Improvement Plan			
13 Chromium VI and Flouride for Well 11B	1,300,000	-	1,300,000
14 Fluoride Variance (Expiring) - TP2/W12/W16	100,000	-	100,000
15 Treatment Plant Bag Filter System	250,000	-	250,000
16 AMI/AMR	129,800	599	129,201
17 Pay Meter Station Upgrade	50,000	-	50,000
18 Capital Improvement Plan	1,829,800	599	1,829,201
19 Repairs, Rehabilitation, & Maintenance			
20 Treated Water Reservoir Coating	350,000	-	350,000
21 Distribution SCADA System	200,000	-	200,000
22 Emergency Repairs, Unspecified	100,000	-	100,000
23 Campbell Reservoir Road Paving\Seal Coating	100,000	-	100,000
24 Treatment Plant Concrete	75,000	-	75,000
25 Repiping/Distribution System Upgrades	50,000	-	50,000
26 Cactus Booster Station	40,000	-	40,000
27 Plant 6 Electrical and Well Upgrade	25,000	-	25,000
28 Reservoir Recoating / Cathodic Protection	20,000	-	20,000
29 Large Meter Replacement Program	20,000	-	20,000
30 Stockwell Booster Station	20,000	-	20,000
31 Fluoride Plant Instr.\Coating\SCADA	20,000	-	20,000
32 Lupine Booster Station	10,000	-	10,000
33 Total Repairs & Maintenance	1,030,000	-	1,030,000
34 Capital Outlay			
35 Equipment Shade Structure	160,000	31,264	128,736
36 Vehicle/Equipment Replacements	100,000	4,284	95,716
37 Computer/Technology Replacements	40,000	1,322	38,678
38 Geographic Information System (GIS)	30,000	-	30,000
39 Administrative Building\Office Remodel	30,000	-	30,000
40 Energy Efficiency Projects	30,000	-	30,000
41 Parking Lot Seal\Paving	25,000	-	25,000
42 One-Time Existing Conditions Sampling	20,000	-	20,000
43 Total Capital Outlay	435,000	36,871	398,130
44 Grand Total	\$ 3,888,400	\$ 50,260	\$ 3,838,140

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.

7.4

**NO
MATERIAL
PROVIDED**