



## REGULAR MEETING OF THE BOARD OF DIRECTORS

# AGENDA

TUESDAY, January 26, 2021, 7:00 PM

### Notice of Zoom Meeting

President- James Leap  
Vice President- Vicki Morris  
Director- Marcus Dutra  
Director- Richard Smith  
Director- Wayne Holman  
General Manager- Robert Johnson  
Board Secretary- Louise Coombes

*Pursuant to Governor Newsom's March 17, 2020 Executive Order N-29-20 regarding COVID-19, members of the Aromas Water District Board of Directors, staff and public may participate in this meeting via Zoom. Instructions on the following page.*

**I. CALL TO ORDER**

**II. ROLL CALL OF DIRECTORS:** President Jim Leap, Vice President Vicki Morris, Directors, Marcus Dutra, Richard Smith, and Wayne Holman.

**III. PLEDGE OF ALLEGIANCE**

**IV. STATEMENTS OF DISQUALIFICATION**

**V. ADDITIONS AND DELETIONS**

**VI. MINUTES:** Motion to approve the Minutes of the December 22, 2020 Regular Board Meeting

*p.3-6*

**VII. ORAL COMMUNICATION:** *Anyone wishing to address the Board on informational items, staff reports or matters not listed on the agenda may do so during Oral Communications. Please limit your comment to three (3) minutes. The public may comment on listed Action and Public Hearing items at the time they are considered by the Board.*

**VIII. PRESENTATIONS & REPORTS**

A. DIRECTORS' REPORTS

B. ATTORNEY'S REPORT

C. MANAGER'S REPORT

*p.7-10*

D. CORRESPONDENCE

*p.11*

**IX. ACTION ITEMS:**

**A. Presentation of Annual Financial Report for the Fiscal Years Ended June 2020 and 2019**

*p.12-69*

Fedak & Brown staff will present the Annual Financial Report for the Fiscal Years Ended June 2020 and 2019 for Board review and approval. (DRAFT Annual Financial Report attached)

**B. Consider receiving a report regarding the possible annexation of one parcel located on Cole Road, possibly adopting Resolution #2021-01, initiating the annexation process, and providing direction to staff.**

*p.70-71*

Staff will present a report on the possible annexation of 681 Cole Road, for discussion and Board action.

**C. Consider receiving a report regarding an update on the Rocks Road Bridge project in San Benito County, and providing direction to staff.**

*p.72*

Staff will present a report with the most up-to-date information on the progress of the Rocks Road Bridge project, for Board discussion and action.

**D. Financial Reports for the Month of December 2020**

*p.73-78*

Including both Assessment Districts, the financial reports show a Total Revenue of \$238,205.67; Total expenditures were \$120,467.85 between December 16, 2020 and January 20, 2021. These financials and monthly expenditures will be presented for discussion and approval.

**X. FUTURE MEETINGS & AGENDA ITEMS** Next meeting – February 23, 2021

**XI. ADJOURNMENT**

Next Res. # 2021-02

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of the board. Such records shall be available at the District office located at 388 Blohm Avenue, Aromas, CA.



## Zoom Meeting Instructions

In order to protect the health and safety of the public and Aromas Water District employees, the District office located at 388 Blohm Avenue, Aromas, CA 95004 has been closed to the public until further notice. In accordance with EO N-29-20, the public may participate in the District's Board meeting by teleconference or web conference via the instructions provided below.

The meeting materials will be available for download from the District's website at:

[www.aromaswaterdistrict.org](http://www.aromaswaterdistrict.org).

This meeting is being held via Zoom and all attendees are muted by default. To join the meeting from a computer, tablet, or smartphone via the Zoom app (free at <http://www.zoom.us>), click the link on the meeting date and time: <https://us02web.zoom.us/j/82342021536>

If you do not have speakers or a microphone on your computer, you can dial in for audio.

Call **(669) 900.9128** and enter the Webinar ID: 82342021536

If you would like to speak during the public comment portion of the meeting, you have the following options:

1. **Online** – raise your hand or use the Q&A panel to submit written comments.
2. **Phone** – press \*9 to raise your hand, \*6 to send a request to be unmuted to submit verbal comments.

**The meeting officially will start at 7:00pm, though remote access will be open 15 minutes before the start of the meeting.**

Public engagement is important to the District, and meeting remotely is an evolving process.

We appreciate everyone's understanding as we work through this together.

**Minutes of the Regular Meeting of  
the Aromas Water District Board of Directors  
December 22, 2020**

- I. CALL TO ORDER.** The regular meeting of the Aromas Water District Board of Directors was called to order by President Holman on Tuesday, December 22, 2020 at 7:00 p.m. online via Zoom.
- II. SWEARING IN OF NEW DIRECTORS.** President Holman was re-elected to the Board for his fourth term. Director Morris was elected to begin her first term. Counsel Bosso proceeded to swear in both Directors.
- III. ROLL CALL.** President Holman, Vice President Leap and Directors Dutra, Morris and Smith were present. Also in attendance were General Manager Johnson, Counsel Bosso and Board Secretary Coombes.
- IV. PLEDGE OF ALLEGIANCE.** President Holman led the pledge of allegiance.
- V. STATEMENTS OF DISQUALIFICATION.** There were no disqualification statements.
- VI. ADDITIONS AND DELETIONS.** There were no additions to, or deletions from, the Agenda.
- VII. MINUTES.** The minutes of the November 24, 2020 Board Meeting were presented for review and approval. Vice President Leap expressed his appreciation for the clarity in the minutes especially regarding the Red Barn issue. Director Smith moved for approval of the minutes seconded by Vice President Leap. Minutes were approved by the four Board Members in attendance at that meeting (Dutra, Holman, Leap, Smith), by roll-call vote. Director Morris abstained as she was not a Board Member at that meeting.
- VIII. ORAL COMMUNICATION.** There were no public comments.

**IX. REPORTS/PRESENTATIONS**

- A. Presentation of Resolution 2020-10 in appreciation of outgoing Board Member K Wayne Norton.** GM Johnson read the Aromas Water District Resolution into the record. Supervisor Phillips of Monterey County attended to present a Resolution and express appreciation on behalf of the County of Monterey Board of Supervisors for Mr. Norton's contribution to the District's Board. He commented on how hard it is to find good people with common sense to make level-headed decisions in the best interest of the District.  
President Holman also expressed how much he has enjoyed Mr. Norton's contribution to the District's Board. Director Morris also expressed her appreciation of Mr. Norton's contributions during her tenure as General Manager. GM Johnson expressed his appreciation of the work Mr. Norton put in on the various Committees to really get work done and ask inciteful questions. Mr. Norton expressed his enjoyment of working with all the Board Members and has learned from them all, especially so much about the provision of water in a condensed fashion from Director Morris when he first joined the Board. He then thanked all the Board Members for their service.
- B. Director's Report(s).** Vice President Leap conveyed his interest in the important work that is being done on the mapping by ASO Coombes. He felt it was important for all Directors to see the map of the entire system to take it in and understand weak spots and see where the District is headed into the future.
- C. Attorney's Report.** Counsel Bosso stated that there has been some questions regarding ADUs since the amended legislation in 2019 to include Water Agencies. He has provided a detailed Memorandum to GM Johnson who will pass it to all Directors after the meeting. For inclusionary dwellings, there can be no separate meter or a connection fee levied. Non-inclusionary dwellings are able to be charged for connection, but the charge must be proportionate to the amount of demand via a fixture count or equivalent analysis. Base rate and usage are charged as normal. Counsel Bosso invited questions to be emailed to him once the Board has read the memo.

**D. Manager's Report**

***OPERATIONS***

***Production & Well Levels***

GM Johnson reported total production in November 2020 was 8,450,795 gallons, with a daily average of 281,693 gallons per day; bringing the annual total to date of 100,776,930 gallons with, as usual, the majority coming from San Juan Well. The stacked graph demonstrates that the level at the end of November is higher than the annual total for 2019.

Director Dutra queried why the Carpentaria Well is not being utilized more, especially since its rehabilitation.

There are 965 connected meters. All water testing continues to be both filed on time and represent satisfactory results. In November, the finished water from the treatment plant showed no trace of iron and manganese.

Reporting on operational well levels, all are currently recharging nicely; Carpenteria Well is up one foot; San Juan Well was up four feet. Observational well levels; Marshall Well was up three feet; and Aimee Meadows Well was up one foot.

## ***MAINTENANCE***

### ***Incidents***

On the evening of December 17, 2020 a vehicle collided with a Fire Hydrant on Aromas Road, destroying the hydrant and immediate infrastructure. The Fire Department were quickly on the scene to shut off the water, so approximately only 50,000 gallons were lost and the system pressure did not go below 32 PSI.

## ***ADMINISTRATIVE***

### ***Staff & Board Recognition***

ASO Coombes continues to work on the District mapping as well as formatting the Employee Handbook.

AC Girōn completed work related to the annual financial audit and the draft Audit Report was received from Fedak & Brown on December 3, 2020 and will be presented to the Board in early 2021.

GM Johnson filed the Bravo annexation which will be presented to the LAFCo Board on January 14, 2021.

GM Johnson completed and submitted the grant application for “Community Power Resiliency Allocation to Special Districts Program”. GM Johnson will call them to establish a timeline on response.

### ***Conservation & Rainfall***

Since the beginning of the new rainfall year on October 1, 2020, there has been a total of 1.2” of precipitation; 0.72” falling in December so far. It still looks to be a dry winter, and therefore less recharge and more pumping are likely.

## ***Projects***

### **Response to COVID-19 Virus**

GM Johnson reported on new CalOSHA Emergency Temporary Standards related to COVID-19. This establishes what should occur in the event of staff testing positive for COVID-19. Vice President Leap suggested CSDA may also have a template for this situation – GM Johnson will check. Director Smith raised the question of vaccination for front-line/essential workers and where the priority status of the District staff may lie. GM Johnson found a report from CSDA regarding this issue and will be looking into it further.

### **Ad-Hoc Personnel Committee Meeting**

GM Johnson reported the Employee Handbook is ready for a further review by the Ad-Hoc Personnel Committee with the intention of completing this project in January 2021.

### **Technology Upgrade - SCADA**

GM Johnson reported that the power drain issues with using both the XiO and Tesco systems has been temporarily resolved with an additional small-scale solar power solution. Long-term solutions are likely to require more solar panels.

### **Orchard Hill Road Proposed Annexation**

GM Johnson has contacted the Orchard Hill group representative and it looks probable that seven households are interested in receiving Aromas Water with the potential of up to fifteen households. The temporary provision of water is challenged when the Cole Tank level is lower than eleven feet, as this results in a lack of pressure to push the water over the ridge; a booster and float switch have become a short-term solution.

**Correspondence:** GM Johnson mentioned the correspondence from CalTrans requesting maps. CalTrans are recovering highway off/on ramps and are working on the San Juan Road intersection, and the maps were provided.



## X. ACTION ITEMS

### A. Consider receiving a report regarding the possible provision of a fire suppression connection from the Aromas Water District system to the Red Barn.

GM Johnson recapped the situation so far, as presented in the last two District Board Meetings. It was determined that the building across the street, mentioned in the previous meeting, was connected before the Oakridge development, therefore, the parameters for the Red Barn connection have changed considerably since then and there is no comparison.

An updated request has now been made, by the Red Barn representatives, of 565 gallons per minute (gpm) as opposed to 815gpm. This delivers enough residual pressure to provide the service without detriment to the District's system. In addition, the Red Barn is equipped with an on-site hydrant system including large tanks to make up the difference in the requested flow rate. The main issue now is the size of the connection.

During discussion, Director Dutra pointed out that there is little difference between this request and simply installing a fire hydrant and, in fact, even with all the sprinklers active, the full six-inch capacity would not be drawn. In response to President Holman's query, GM Johnson confirmed that MNS Engineering has performed a model test at 565gpm with residual pressure at 80-85psi. Director Morris wants to ensure that the on-site system at the Red Barn is operable at all times to provide the additional 200+gpm in the event of a fire and avoid taking the entirety of the water available in the six-inch main. In addition, any properties on Dunbarton Road and Oakridge Road that do not currently have backflow devices may need to have one installed to avoid contamination of the District supply in the event of a fire; the question is, at whose expense.

The Red Barn consultant, Mr. Sepulvado clarified that a six-inch "T" tap or connection to the main, would feed into a backflow device to protect the main supply, followed by a meter provided by the Red Barn. The connection then continues as a six-inch transmission line from the District main line to the Red Barn building to reduce friction loss and maintain pressure. At the building, the line is reduced to a four-inch diameter to increase the pressure to supply the fire suppressant system. Everything from the tap of the District line onto the Red Barn property is the responsibility of the Red Barn. Once the system is installed, Monterey County would perform monthly inspections of the water tanks and annual inspections on the hydrants to State Fire Code.

The owner, Sal Jimenez, indicated that Director Dutra's point about the similarity to the installation of a hydrant is accurate and respectfully requested that a decision be made sooner rather than later on the basis that the cost is becoming extensive plus deadlines, set by the county, are slipping the longer the connection is delayed. He feels that both sets of engineers have provided considerable data that favors the project installation. He thanked everyone for their hard work in progressing this project and is looking forward to providing a local community service.

A motion was made by Director Smith to approve the connection as presented and seconded by Vice President Leap. There was no further discussion and the connection was unanimously approved by roll-call vote with all Directors present.

### B. Consider adopting a revision to the Fiscal Year 2020-2021 Expense Budget.

GM Johnson presented a mid-fiscal year update to the Expense Budget. An increase in expected revenue has afforded some adjustments in several categories, primarily; Admin & General to increase the Depreciation Reserve; Operations to cover increasing costs of water treatment, truck maintenance, system maintenance and improvement; and the modification of one staff position. The latter involves the Accounts Clerk position altering to become a Water Utility Specialist with an increase to 32 hours per week and a corresponding increase in office duties including utilizing existing Water Operator D1 certified knowledge to perform additional Operations tasks. This relieves some tasks the GM is currently performing to concentrate on other projects.

A motion was made by Vice President Leap to adopt the proposed revision to the Expense Budget for FY2020-2021 as presented and seconded by Director Morris. There was no further discussion other than a commendation to GM Johnson for his thorough presentation. The revised Expense Budget was unanimously adopted by roll-call vote with all Directors present.

**C. Financial Reports for the Month of November 2020**

On the **Balance Sheet**, *Total Assets / Liabilities & Equity* are \$11,036,515.78, of which *Total Current Assets* are \$4,508,410.59, and *Total Fixed Assets* are \$6,389,736.19. In *Liabilities*, the *Total Current Liabilities* are \$159,478.60 and *Long-Term Liabilities* are \$4,260,236.84.

In the **P&L** Report, *Water Revenue* for November was \$104,919.82. Total **Expenditures** were \$71,409.71 between November 18, and December 15, 2020.

Director Dutra moved to approve the Financial Reports as presented; seconded by Director Morris. Director Dutra suggested taking greater advantage of the solar power at Carpenteria Well to reduce the power costs. GM Johnson mentioned that he is already in discussion with CO DeAlba on this possibility. The Financial Reports were unanimously approved by roll-call vote with all Directors present.

**D. Election of New Board Officers**

There was discussion regarding the length of term for the Vice President and President positions. A consensus was reached that the term should be one year, not two as is detailed in the Board Policy Manual. This will be amended by the Board Secretary.

Director Smith nominated Vice President Leap for President and was accepted by Vice President Leap. Director Dutra nominated Director Smith for Vice President, who declined. Director Smith then nominated Director Morris for Vice President. She hesitated since this was her first meeting, however, in light of her past experience and continued attendance at the Board meetings, President Holman gave special dispensation with confirmation from Counsel Bosso that this is appropriate.

Board nominations of Vice President Leap becoming President Leap and Director Morris becoming Vice President Morris were voted on. The nominations were unanimously adopted, by roll-call vote, with all Directors present.

**XI. FUTURE MEETINGS & AGENDA ITEMS.** The next meeting will be on Tuesday, January 26, 2021.

**XII. ADJOURNMENT.** President Holman adjourned the meeting at 9.10pm pm until Tuesday, January 26, 2021.

Read and approved by: \_\_\_\_\_  
President, Jim Leap

Attest: \_\_\_\_\_  
Board Secretary, Louise Coombes

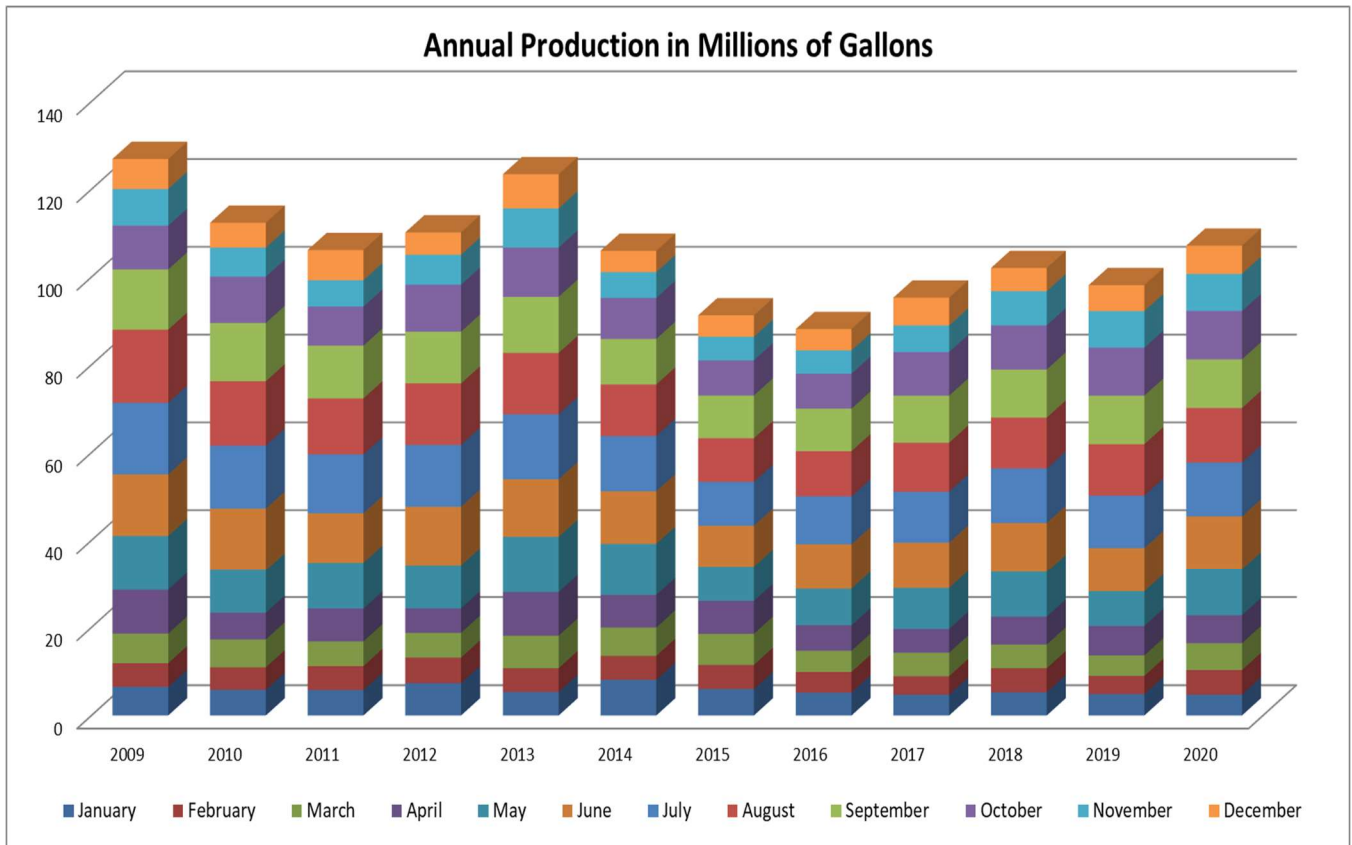
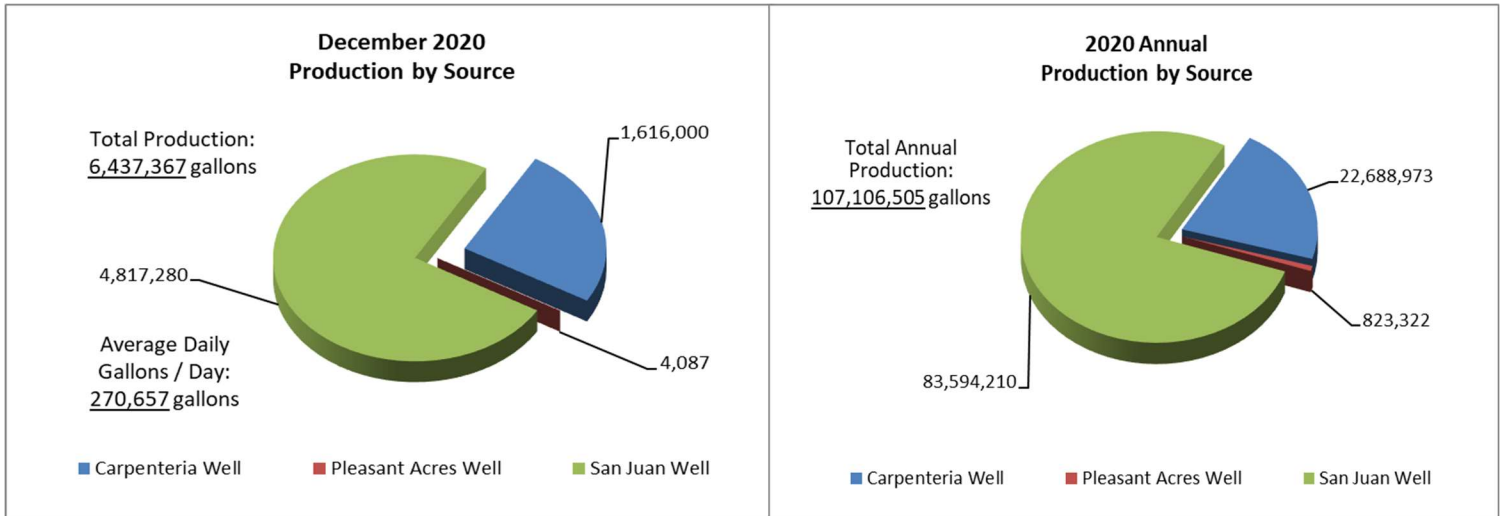
Date: \_\_\_\_\_

Date: \_\_\_\_\_

# General Manager's Report December 2020



## PRODUCTION REPORT



Totals	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Million Gal</b>	126.9	112.37	106.15	110.17	123.42	105.97	91.27	88.152	95.304	102.07	98.141	<b>107.1</b>
<b>Acre Ft</b>	<b>389.4</b>	<b>344.8</b>	<b>325.7</b>	<b>338.05</b>	<b>378.7</b>	<b>325.16</b>	<b>280.05</b>	<b>270.49</b>	<b>292.43</b>	<b>313.18</b>	<b>301.13</b>	<b>328.8</b>

# OPERATIONS AND MAINTENANCE REPORT

## OPERATIONS:

- There are 965 total meters installed.
- San Juan well was operated the entire month, while Carpenteria well was used 30 days, and Pleasant Acres well was utilized only one day, this month.
- Water Treatment Plant: finished water was free of both iron and manganese this month.
- Distribution testing for total Coliform; all samples negative.
- All monthly DWR reports on Coliform, and Fe / Mn were filed on time.
- WTP filters are being backwashed when necessary.
- Monthly Generator in-house 15-minute testing under load.
- Monthly well-level monitoring (see attached chart).

## MAINTENANCE:

- Preventative maintenance and flushing were performed, as needed
- Chlorine chemical pump maintenance and analyzer maintenance at all wells was performed
- Additional maintenance tasks are being performed as time allows

## INCIDENTS:

- No incidents to report as of the day of the writing of this report.

## ADMINISTRATIVE REPORT

### STAFF & BOARD RECOGNITION:

- CSR Bowman, WUSp Girõn and GM Johnson are working through the billing process to increase effectiveness. This seems like the opportune time since the office is still closed to the public for COVID-19 related issues.
- ASO Coombes continues to work with the District's GIS, fixing errors in the data sets and updating information when possible.
- ASO Coombes has completed formatting the Employee Handbook, which was not an easy job. Staff hopes to bring the Employee Handbook to the Board in February 2021 for action.
- WUSp Girõn has completed the annual Financial Audit. Staff has reviewed the DRAFT Report and is in communications with the Auditors. The Auditors will present their findings at this meeting.
- CO DeAlba and Operator Smith continue to work on keeping the system at peak performance.
- GM Johnson attended the January 14<sup>th</sup> SBCo LAFCo meeting (virtually) in support of the BRAVO Annexation. If approved by LAFCo, staff stands ready to connect the BRAVO family to the District.
- GM Johnson completed the CalOES "Community Power Resiliency Allocation to Special Districts Program" grant application and submitted it on time. The State has not yet provided any information regarding the announcement timeline.
- GM Johnson attended two webinars about the new CalOSHA Emergency Temporary Standards related to COVID-19 that are in place until October 2021; including the development of a COVID prevention plan (CPP).

**CONSERVATION UPDATE:**

December 2020 usage figures are showing the expected decrease in water use as we move into fall and winter weather patterns, though from all (current) indicators, it looks like it will be a dry winter.

October 1, 2020 marked the start of a new water year. As of the date of this report (January 14), the rain gauge at Chittenden Pass has recorded 2.24 inches of precipitation this water year, with 0.20 inches having fallen in January. The 2019-2020 water year ended with the rainfall at Chittenden at 16.72 inches.

**PROJECTS:**

**1. Response to COVID-19 virus**

Staff has been working to keep up with the ever-changing COVID-19 (coronavirus) situation. Staff's focus has been on a variety of strategies to maintain high-quality water delivery to our customers and keeping staff safe from exposure.

**UPDATE:** GM Johnson is working on a COVID-19 Prevention Plan, based upon recent (November 30, 2020) updates from CalOSHA; also mentioned in Administrative Report.

**2. Ad-Hoc Personnel Committee progress**

GM Johnson and the Committee continue to meet via Zoom regarding the Employee Handbook; Counsel Bosso reviewed the latest version, and the Committee feels this effort will be completed in time for the February Board meeting (pushed forward from the January Board Meeting due to the urgency of the Rocks Road Bridge Project item that will be presented at this meeting).

**3. Technology upgrade – SCADA (delayed due to COVID-19 pandemic)**

Phase 3 is complete and Phase 4 of the XiO (SCADA) implementation continues to move forward. The District has outfitted Carr Booster, as well as Carr and Cole Tanks. Currently, Oakridge Boosters, Carpenteria Well, Rea Tank, and Rea Booster components are being installed and tested. Cole Booster and San Juan Well remain to be completed.

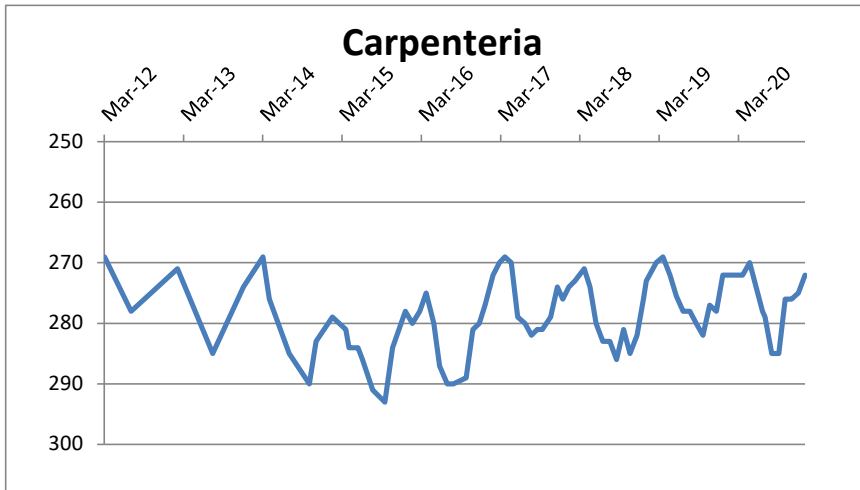
**4. Orchard Hill Road proposed annexation progress**

GM Johnson has been in contact with the Orchard Hill group representative. There has been challenges with the interim solution, so staff continues to work on that issue in addition to their normal duties. There seems to be a solid group of seven households that are interested in receiving Aromas Water, and other may be close to wanting to join also. Within the next couple of months, some information will need to be developed to help the Orchard Hill folks make their decision.

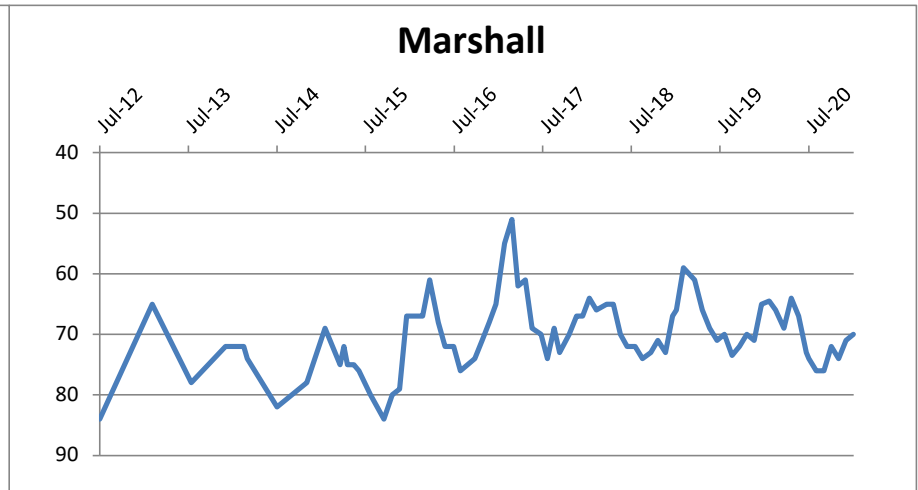
No update as of the writing of this report.

Robert Johnson  
General Manager  
January 14, 2021

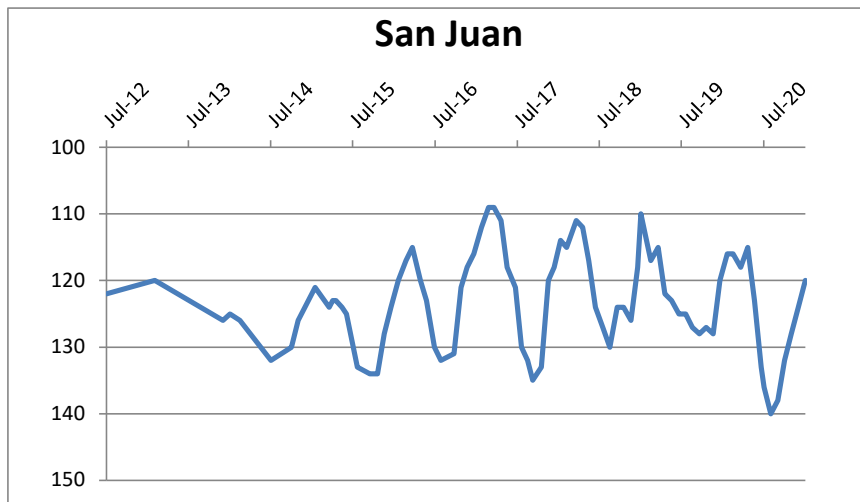
Well Water Level Monitoring  
 Depth to Water Measurements  
 Date: January 14, 2021



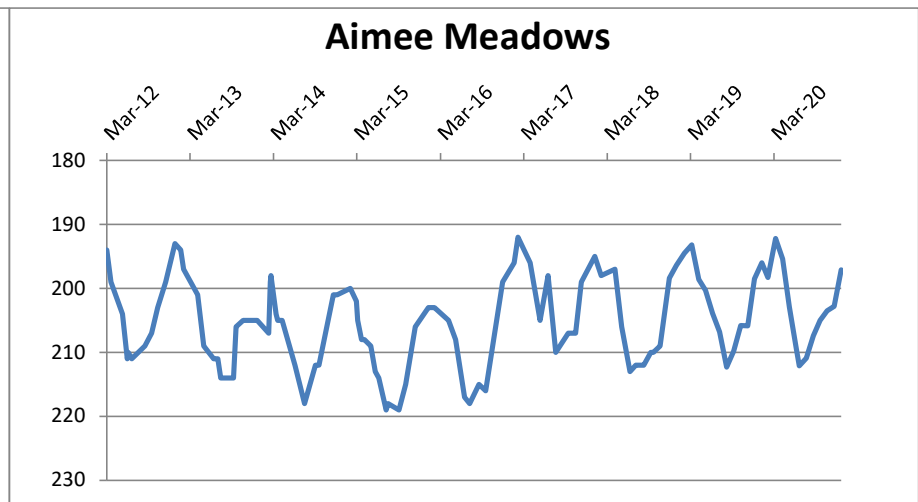
Carpenteria Well (production): Previous Read = 275 feet; Current Read = 272 feet



Marshall Well (monitoring): Previous Read = 71 feet; Current Read = 70 feet



San Juan Well (production): Previous Read = 124 feet; Current Read = 120 feet



Aimee Meadows (monitoring): Previous Read = 203 feet; Current Read = 197 feet

## CORRESPONDENCE LIST: 12/17/2020 – 1/20/2021

DATE	TYPE	TO	FROM	SUBJECT
<i>Received Late</i>				
12/11/20	M	AWD	Monterey Bay Air Resources District	Notice of Data Breach
12/14/20	E	R Johnson, AWD	J Martinez, 681 Cole Rd	Request for connection
<i>Current Correspondence</i>				
12/17/20	E	J Martinez, 681 Cole Rd	R Johnson, AWD	Request for connection
12/17/20	M	R Johnson, AWD	P Mitchell, Redistricting Partners	[Offering redistricting and compliance assistance with Various Legal Acts]
12/18/20	E	K Graff, SWRCB	R Johnson, AWD	[x2 & Response] Car Accident in Aromas last night – water main was not affected
12/21/20	E	N Panofsky, MNS Engineers	R Johnson, AWD	Red Barn Available Fire Flow
12/23/20	M	K List, Sustainable Cal. Dept. of Water Resources	R Johnson, AWD	Support for the Pajaro Valley Water Management Agency Groundwater Sustainability Agency Application for Funding of the Pajaro College Lake Integrated Resources Management Project
12/26/20	E	R Johnson, AWD	C Silva, NV5	Rocks Rd Br / Pinacate Crk – Ex 10” WL
1/4/21	E	A Beck, Fedak & Brown	R Johnson, AWD	Questions / Comments re: The Financial Audit Rpt
1/7/21	E	SWRCB	R Johnson, AWD	Monthly Summary of Coliform Monitoring
1/7/21	E	SWRCB	R Johnson, AWD	Monthly Fe & Mn Field Test Results
1/8/21	M	California Highway Patrol	L Coombes, AWD	Request for Collision Report on 12.17.2020
1/9/21	E	R Johnson, AWD	C Silva, NV5	Rocks Rd Br / Pinacate Crk – Ex 10” WL
1/11/21	E	R Johnson, AWD	C Silva, NV5	Rocks Rd Br / Pinacate Crk – Ex 10” WL
1/12/21	E	P Mu, 19240 Oakridge Dr	R Johnson, AWD	[x2] Property Easement and Revocable License at 19240 Oakridge Dr
1/14/21	E	CalOES Grant Staff	R Johnson, AWD	Question regarding the notification and award timing for the CalOES Community Power Resiliency Allocation to Special Districts Program Grant

# Staff Report



To: Board of Directors

Re: Item IX.A – Presentation of Audited Financial Statements for Fiscal Years Ended June 2020 and 2019

Date: January 15, 2021

## Summary / Discussion

The Aromas Water District (District) Board of Directors is charged with the fiduciary responsibility to oversee and protect the assets of the District. The District is under contract with Fedak & Brown, LLP for the legally required annual auditing of its financial records. These annual Financial Statements are the relied upon source of information detailing the District’s financial condition. They are utilized by our creditors, bond holders, as well as our state and county regulators.

The Financial Statements for review cover the 2019-2020 Fiscal Year, which is the twelve-month period from July 1, 2019 to June 30, 2020. Also included this time is a comparison to the previous year’s finances, Fiscal Year 2018-19. A copy of the DRAFT Financial Statements is included within this meeting’s Board packet.

The Audit Committee is composed of Board President Leap, Chris Brown of Fedak & Brown, and from the District: Water Utility Specialist Girōn, and General Manager Johnson. The Committee plans to meet on January 26, 2021 at 4:00pm (before the Board meeting), for an in-depth review of these Financial Statements before the presentation to the full Board at the meeting later that evening.

## Staff Recommendation

Staff recommends that the Board accept the Financial Statements as presented.

## Submitted by:

Robert Johnson  
General Manager





**Annual Financial Report  
For the Fiscal Years Ended  
June 30, 2020 and 2019**



**Board of Directors as of June 30, 2020**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>Current Term</b>
Wayne Holman	President	Elected	12/16 - 12/20
James Leap	Vice-president	Elected	12/18 - 12/22
K. Wayne Norton	Director	Elected	12/16 - 12/20
Marcus Dutra	Director	Elected	12/18 - 12/22
Richard Smith	Director	Elected	12/18 - 12/22

**Robert Johnson, General Manager**  
**388 Blohm Avenue**  
**P.O. Box 388**  
**Aromas, California 95004**  
**(831) 726-3155**

**Aromas Water District  
Annual Financial Report  
For the Fiscal Years Ended June 30, 2020 and 2019**

Draft

**Aromas Water District  
Annual Financial Report  
For the Fiscal Years Ended June 30, 2020 and 2019**

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## **Financial Section**

Draft

Draft

## **Independent Auditor's Report**

Board of Directors  
Aromas Water District  
Aromas, California

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

We have audited the accompanying financial statements of the Aromas Water District (District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Aromas Water District, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report, continued

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, and required supplementary information on pages 38 and 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

#### *Supplementary Information in Relation to the Financial Statements as a Whole*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 41 and 42.

**Fedak & Brown LLP**  
Cypress, California  
December 22, 2020



**Aromas Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Aromas Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In fiscal year 2020, the District's operating revenues increased 6.89% or \$80,155, from \$1,163,923 to \$1,244,078. In fiscal year 2019, the District's operating revenues increased 3.01% or \$33,979, from \$1,129,944 to \$1,163,923.
- In fiscal year 2020, the District's operating expenses increased 10.19% or \$87,839, from \$862,273 to \$950,112. In fiscal year 2019, the District's operating expenses decreased 0.73% or \$6,349, from \$868,622 to \$862,273.
- In fiscal year 2020, the District's net position decreased 1.58% or \$103,630, from \$6,573,808 to \$6,470,178, from continued operations. In fiscal year 2019, the District's net position decreased 1.37% or \$91,015, from \$6,664,823 to \$6,573,808.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statements of Net Position include all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. They also provide 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. All of the year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. These statements can also be used to evaluate profitability and credit worthiness. The final required financial statements are the Statements of Cash Flows, which provide information about the District's cash receipts and cash payments during the reporting period. The Statements of Cash Flows report cash receipts, cash payments, and net change in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to questions such as: where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the District**

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, deferred outflows, liabilities, and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**Aromas Water District**  
***Management's Discussion and Analysis, continued***  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Financial Analysis of the District, continued**

These statements report the District's *net position* and changes in it. One can think of the District's net position (the difference between assets and deferred outflows, and liabilities and deferred inflows), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 13 through 37.

**Statements of Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,470,178 and \$6,573,808 as of June 30, 2020 and 2019, respectively.

A portion of the District's net position reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding (40.35% and 42.54% as of June 30, 2020 and 2019, respectively). The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending. (See Note 6 for further discussion)

At the end of fiscal years 2020 and 2019, the District showed a positive balance in its unrestricted net position of \$964,597 and \$838,588, respectively.

**Aromas Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Statements of Net Position, continued**

	<b>Condensed Statements of Net Position</b>				
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 4,531,215	4,326,618	204,597	4,271,744	54,874
Capital assets, net	6,487,895	6,832,606	(344,711)	7,179,211	(346,605)
<b>Total assets</b>	<u>11,019,110</u>	<u>11,159,224</u>	<u>(140,114)</u>	<u>11,450,955</u>	<u>(291,731)</u>
<b>Deferred outflows of resources</b>	<u>140,939</u>	<u>138,369</u>	<u>2,570</u>	<u>187,200</u>	<u>(48,831)</u>
<b>Liabilities:</b>					
Current liabilities	381,873	298,269	83,604	274,974	23,295
Non-current liabilities	4,297,908	4,425,516	(127,608)	4,690,649	(265,133)
<b>Total liabilities</b>	<u>4,679,781</u>	<u>4,723,785</u>	<u>(44,004)</u>	<u>4,965,623</u>	<u>(241,838)</u>
<b>Deferred inflows of resources</b>	<u>10,090</u>	<u>-</u>	<u>10,090</u>	<u>7,709</u>	<u>(7,709)</u>
<b>Net position:</b>					
Net investment in capital assets	2,610,581	2,796,219	(185,638)	2,898,043	(101,824)
Restricted	2,895,000	2,939,001	(44,001)	3,072,000	(132,999)
Unrestricted	964,597	838,588	126,009	694,780	143,808
<b>Total net position</b>	<u>\$ 6,470,178</u>	<u>6,573,808</u>	<u>(103,630)</u>	<u>6,664,823</u>	<u>(91,015)</u>

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

	<b>Condensed Statements of Revenues, Expenses, and Changes in Net Position</b>				
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>
<b>Revenue:</b>					
Operating revenues	\$ 1,244,078	1,163,923	80,155	1,129,944	33,979
Non-operating revenues	225,645	230,894	(5,249)	216,103	14,791
<b>Total revenue</b>	<u>1,469,723</u>	<u>1,394,817</u>	<u>74,906</u>	<u>1,346,047</u>	<u>48,770</u>
<b>Expense:</b>					
Operating expense	950,112	862,273	87,839	868,622	(6,349)
Depreciation expense	462,231	458,010	4,221	444,463	13,547
Non-operating expense	161,010	165,549	(4,539)	170,320	(4,771)
<b>Total expense</b>	<u>1,573,353</u>	<u>1,485,832</u>	<u>87,521</u>	<u>1,483,405</u>	<u>2,427</u>
<b>Changes in net position</b>	<u>(103,630)</u>	<u>(91,015)</u>	<u>(12,615)</u>	<u>(137,358)</u>	<u>46,343</u>
<b>Net position, beginning of year</b>	<u>6,573,808</u>	<u>6,664,823</u>	<u>(91,015)</u>	<u>6,802,181</u>	<u>(137,358)</u>
<b>Net position, end of year</b>	<u>\$ 6,470,178</u>	<u>6,573,808</u>	<u>(103,630)</u>	<u>6,664,823</u>	<u>(91,015)</u>

The statements of revenues, expenses, and changes in net position show how the District's net position changed during the fiscal years.

**Aromas Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

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

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2020, the District's operating revenues increased 6.89% or \$80,155, due primarily to increases in water revenue of \$52,915 and connection fees of \$27,240. The District's non-operating revenues decreased 2.27% or \$5,249, due primarily to a decrease in voter approved assessments of \$6,052. In fiscal year 2019, the District's operating revenues increased 3.01% or \$33,979, due primarily to an increase in water revenue of \$85,139; which was offset by a decrease in connection fees of \$51,160. The District's non-operating revenues increased 6.84% or \$14,791, due primarily to increases in interest income of \$8,465 and voter approved assessments of \$7,766.

In fiscal year 2020, the District's operating expenses increased 10.19% or \$87,839, due primarily to increases in pumping of \$40,408, employee benefits of \$28,290, and salaries and wages of \$13,337. The District's non-operating expenses decreased 2.74% or \$4,539, due primarily to a decrease in interest expense of \$9,234; which was offset by an increase in miscellaneous expense of \$4,671. In fiscal year 2019, the District's operating expenses decreased 0.73% or \$6,349, due primarily to decreases in salaries and wages of \$15,945, employee benefits of \$15,847, and pumping of \$8,459; which were offset by an increase in administrative and general expenses of \$31,934. The District's non-operating expenses decreased 2.80% or \$4,771, due primarily to a decrease in miscellaneous expense of \$4,671.

In fiscal year 2020, the District's net position decreased 1.58% or \$103,630, from \$6,573,808 to \$6,470,178, from continuing operations. In fiscal year 2019, the District's net position decreased 1.37% or \$91,015, from \$6,664,823 to \$6,573,808.

**Capital Asset Administration**

At the end of fiscal years 2020 and 2019, the District's investment in capital assets (net of accumulated depreciation), amounted to \$6,487,895 and \$6,832,606 respectively. This investment in capital assets includes land, water transmission and distribution systems, buildings and structures, equipment, and vehicles. (See note 3 for further discussion).

The changes in capital assets for 2020, was as follows:

	<u>Balance</u> <u>2019</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance</u> <u>2020</u>
Non-depreciable assets	\$ 331,196	-	-	331,196
Depreciable assets	12,432,744	117,520	-	12,550,264
Accumulated depreciation	<u>(5,931,334)</u>	<u>(462,231)</u>	<u>-</u>	<u>(6,393,565)</u>
Total capital assets, net	<u>\$ 6,832,606</u>	<u>(344,711)</u>	<u>-</u>	<u>6,487,895</u>

**Aromas Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**Capital Asset Administration, continued**

The changes in capital assets for 2019, was as follows:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2019</u>
Non-depreciable assets	\$ 331,196	-	-	331,196
Depreciable assets	12,321,339	111,405	-	12,432,744
Accumulated depreciation	<u>(5,473,324)</u>	<u>(458,010)</u>	-	<u>(5,931,334)</u>
Total capital assets, net	<u>\$ 7,179,211</u>	<u>(346,605)</u>	-	<u>6,832,606</u>

Major capital asset additions during the year include improvements to the water transmission and distribution system and purchase of a vehicle.

**Debt Administration**

Changes in long-term debt in 2020, were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2020</u>
Bonds payable	\$ 2,939,000	-	(44,000)	2,895,000
Notes payable	<u>1,097,387</u>	-	(115,073)	<u>982,314</u>
Total long-term debt	<u>\$ 4,036,387</u>	-	<u>(159,073)</u>	<u>3,877,314</u>

Changes in long-term debt in 2019, were as follows:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2019</u>
Bonds payable	\$ 2,982,000	-	(43,000)	2,939,000
Notes payable	<u>1,209,168</u>	-	(111,781)	<u>1,097,387</u>
Total long-term debt	<u>\$ 4,191,168</u>	-	<u>(154,781)</u>	<u>4,036,387</u>

**Conditions Affecting Current Financial Position**

Management does not foresee any conditions which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at 388 Blohm Avenue, Aromas, California 95004.

## **Basic Financial Statements**

Draft

**Aromas Water District  
Statements of Net Position  
June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 1,397,801	1,191,496
Cash and cash equivalents – restricted (note 2)	487,473	529,244
Accounts receivable, net	161,176	129,731
Assessment receivable – restricted	2,407,527	2,409,757
Property taxes receivable	1,256	4,343
Interest receivable	3,022	5,171
Prepaid expenses	23,038	7,416
Inventory and supplies	49,922	49,460
<b>Total current assets</b>	<b>4,531,215</b>	<b>4,326,618</b>
<b>Non-current assets:</b>		
Capital assets – not being depreciated (note 3)	331,196	331,196
Capital assets – being depreciated (note 3)	6,156,699	6,501,410
<b>Total non-current assets</b>	<b>6,487,895</b>	<b>6,832,606</b>
<b>Total assets</b>	<b>11,019,110</b>	<b>11,159,224</b>
<b>Deferred outflows of resources:</b>		
Deferred outflows – pensions (note 7)	140,939	138,369
<b>Total deferred outflows of resources</b>	<b>\$ 140,939</b>	<b>138,369</b>

Continued on next page

See accompanying notes to the basic financial statements

**Aromas Water District**  
**Statements of Net Position, continued**  
**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 138,314	65,202
Accrued interest	47,596	48,810
Accrued payroll and payroll liabilities	1,906	575
Customer deposits and unearned revenue	9,732	10,278
Long-term liabilities – due within one year:		
Compensated absences (note 4)	20,862	14,330
Bonds payable (note 5)	45,000	44,000
Notes payable (note 5)	118,463	115,074
<b>Total current liabilities</b>	<b>381,873</b>	<b>298,269</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	6,954	3,578
Net pension liability (note 7)	577,103	544,625
Bonds payable (note 5)	2,850,000	2,895,000
Notes payable (note 5)	863,851	982,313
<b>Total non-current liabilities</b>	<b>4,297,908</b>	<b>4,425,516</b>
<b>Total liabilities</b>	<b>4,679,781</b>	<b>4,723,785</b>
<b>Deferred inflows of resources:</b>		
Deferred inflows – pensions (note 7)	10,090	-
<b>Total deferred inflows of resources</b>	<b>10,090</b>	<b>-</b>
<b>Net position (note 6):</b>		
Net investment in capital assets	2,610,581	2,796,219
Restricted	2,895,000	2,939,001
Unrestricted	964,597	838,588
<b>Total net position</b>	<b>\$ 6,470,178</b>	<b>6,573,808</b>

See accompanying notes to the basic financial statements



**Aromas Water District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating revenues:</b>		
Water revenue	\$ 1,216,838	1,163,923
Connection fees	27,240	-
<b>Total operating revenues</b>	<b>1,244,078</b>	<b>1,163,923</b>
<b>Operating expenses:</b>		
Pumping	182,075	141,667
Water treatment	22,282	17,997
Administration and general	110,501	108,982
Salaries and wages	431,155	417,818
Employee benefits	204,099	175,809
<b>Total operating expenses</b>	<b>950,112</b>	<b>862,273</b>
Operating income before depreciation	293,966	301,650
Depreciation expense	(462,231)	(458,010)
<b>Operating loss</b>	<b>(168,265)</b>	<b>(156,360)</b>
<b>Non-operating revenues(expenses):</b>		
Property taxes	74,731	74,083
Voter approved assessment	130,475	136,527
Interest income	20,439	20,284
Interest expense	(154,135)	(163,369)
Miscellaneous expense	(6,875)	(2,180)
<b>Total non-operating revenues, net</b>	<b>64,635</b>	<b>65,345</b>
<b>Changes in net position</b>	<b>(103,630)</b>	<b>(91,015)</b>
<b>Net position, beginning of year</b>	<b>6,573,808</b>	<b>6,664,823</b>
<b>Net position, end of year</b>	<b>\$ 6,470,178</b>	<b>6,573,808</b>

See accompanying notes to the basic financial statements

**Aromas Water District**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers for sales and service	\$ 1,207,361	1,179,418
Cash paid to vendors and suppliers	(421,931)	(421,414)
Cash paid to employees	(419,916)	(418,713)
<b>Net cash provided by operating activities</b>	<b>365,514</b>	<b>339,291</b>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes and assessments	210,523	407,673
<b>Net cash provided by non-capital financing activities</b>	<b>210,523</b>	<b>407,673</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(117,520)	(111,405)
Principal paid on long-term debt	(159,073)	(244,781)
Interest paid on long-term debt	(155,349)	(164,401)
<b>Net cash used in capital and related financing activities</b>	<b>(431,942)</b>	<b>(520,587)</b>
<b>Cash flows from investing activities:</b>		
Interest earnings	20,439	20,284
<b>Net cash provided by investing activities</b>	<b>20,439</b>	<b>20,284</b>
<b>Net increase in cash and cash equivalents</b>	<b>164,534</b>	<b>246,661</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,720,740</b>	<b>1,474,079</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,885,274</b>	<b>1,720,740</b>
<b>Reconciliation of cash and cash equivalents to statements of net position:</b>		
Cash and cash equivalents	\$ 1,397,801	1,191,496
Cash and cash equivalents - restricted	487,473	529,244
<b>Total cash and cash equivalents</b>	<b>\$ 1,885,274</b>	<b>1,720,740</b>

Continued on next page

See accompanying notes to the basic financial statements

**Aromas Water District**  
**Statements of Cash Flows, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss	\$ (168,265)	(156,360)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>		
Depreciation	462,231	458,010
Other non-operating	(6,875)	(2,180)
<b>Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:</b>		
(Increase)decrease in assets and deferred outflows:		
Accounts receivable, net	(31,445)	21,049
Other receivables	2,149	(1,416)
Prepaid expenses	(15,622)	1,637
Inventory and supplies	(462)	(26,546)
Deferred outflows – pensions	(2,570)	48,831
Increase(decrease) in liabilities and deferred inflows:		
Accounts payable	73,112	24,435
Accrued payroll and payroll liabilities	1,331	304
Customer deposits and unearned revenue	(546)	(1,958)
Compensated absences	9,908	(1,199)
Net pension liability	32,478	(17,607)
Deferred inflows – pensions	10,090	(7,709)
<b>Total adjustments</b>	<b>533,779</b>	<b>495,651</b>
<b>Net cash provided by operating activities</b>	<b>\$ 365,514</b>	<b>339,291</b>

See accompanying notes to the basic financial statements

**Aromas Water District**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

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

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

The Aromas Water District (District) was formed on July 24, 1959, pursuant to the provisions of the California Water Code, Division 12, and Section 30321 thereof. The District takes water from three water wells located in Aromas to serve 954 connections within its jurisdiction. The District is dedicated to providing a reliable supply of high quality water. The District is governed by a five-member Board of Directors who serves overlapping four-year terms.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. 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 if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

**B. Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

**C. Financial Reporting**

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

The District has adopted the following GASB pronouncement in the current year:

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**2. Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

**3. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**4. Investments**

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

**5. Accounts Receivable and Allowance for Uncollectible Accounts**

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

**6. Property Taxes and Assessments**

The County of Monterey and the County of San Benito Assessor's Offices assess all real and personal property within the Counties each year. The County of Monterey and the County of San Benito Tax Collector's Offices bill and collect the District's share of property taxes and assessments. In 1993, the Counties adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end.

Under this plan, the Counties assume an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and by such financing, Aromas Water District receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued**

**6. Property Taxes and Assessments, continued**

Property taxes receivable at year-end are related to property taxes collected by the County of Monterey and the County of San Benito, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

**7. Materials and Supplies Inventory**

Materials and supplies inventory consists primarily of water meters, and pipes and pipefittings for repair and maintenance to the District's water transmission and distribution system. Inventory is valued at cost using the first-in, first-out cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

**8. Prepaid Expenses**

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**9. 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 \$1,000. Donated assets are recorded at estimated fair market 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:

- Water systems – 20 to 40 years
- Office buildings and improvements – 35 years
- Office furniture and fixtures – 3 to 5 years
- Vehicles – 5 years

**10. Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of resources applicable to future periods.

**11. Compensated Absences**

The District's policy is to permit employees to accumulate earned vacation. Upon termination of employment, employees are paid all unused vacation.

**12. Deferred Inflows of Resources**

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued**

**13. Net Position**

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt, are included in this component of net position.
- *Restricted* – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the *net investment in capital assets* or *restricted* components of net position.

**(2) Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, are classified in the accompanying financial statements as follows:

	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 1,397,801	1,191,496
Cash and cash equivalents - restricted	487,473	529,244
Total	\$ 1,885,274	1,720,740

Cash and cash equivalents as of June 30, consist of the following:

	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 100	100
Deposits with financial institutions	1,054,048	911,353
Local Agency Investment Fund	831,126	809,287
Total	\$ 1,885,274	1,720,740



**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(2) Cash and Cash Equivalents, continued**

As of June 30, the District's authorized deposit had the following maturities:

	2020	2019
Deposits in California Local Agency Investment Fund (LAIF)	191 days	173 days

***Investment in State Investment Pool***

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

The District's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000.
- Withdrawals of \$10,000,000 or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

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

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates-of-deposit (negotiable or placed)	5 years	30%	10%
Commercial paper (prime)	270 days	10%	10%
Money market mutual funds	N/A	20%	None
State and local bonds, notes and warrants	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

***Custodial Credit Risk***

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.



**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(2) Cash and Cash Equivalents, continued**

***Custodial Credit Risk, continued***

The custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies.

As of June 30, 2020 and 2019, \$250,000 of the District's bank balance is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

***Interest Rate Risk***

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

As of June 30, 2020 and 2019, the District maintained no investments subject to market interest rate risk fluctuations.

***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. The District's investment in LAIF is not rated.

***Concentration of Credit Risk***

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments as of June 30, 2020 and 2019.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(3) Capital Assets**

Changes in capital assets for 2020, was as follows:

	<u>Balance 2019</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Non-depreciable assets:				
Land	\$ 331,196	-	-	331,196
Total non-depreciable assets	<u>331,196</u>	<u>-</u>	<u>-</u>	<u>331,196</u>
Depreciable assets:				
Water systems	11,823,438	117,520	-	11,940,958
Office building and improvements	398,262	-	-	398,262
Office furniture and fixtures	93,467	-	-	93,467
Vehicles	<u>117,577</u>	<u>-</u>	<u>-</u>	<u>117,577</u>
Total depreciable assets	<u>12,432,744</u>	<u>117,520</u>	<u>-</u>	<u>12,550,264</u>
Accumulated depreciation	<u>(5,931,334)</u>	<u>(462,231)</u>	<u>-</u>	<u>(6,393,565)</u>
Total depreciable assets, net	<u>6,501,410</u>	<u>(344,711)</u>	<u>-</u>	<u>6,156,699</u>
Total capital assets, net	<u>\$ 6,832,606</u>			<u>6,487,895</u>

Major capital assets additions during the year include improvements to the District's water systems.

Changes in capital assets for 2019, was as follows:

	<u>Balance 2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2019</u>
Non-depreciable assets:				
Land	\$ 331,196	-	-	331,196
Total non-depreciable assets	<u>331,196</u>	<u>-</u>	<u>-</u>	<u>331,196</u>
Depreciable assets:				
Water systems	11,765,262	58,176	-	11,823,438
Office building and improvements	387,261	11,001	-	398,262
Office furniture and fixtures	93,467	-	-	93,467
Vehicles	<u>75,349</u>	<u>42,228</u>	<u>-</u>	<u>117,577</u>
Total depreciable assets	<u>12,321,339</u>	<u>111,405</u>	<u>-</u>	<u>12,432,744</u>
Accumulated depreciation	<u>(5,473,324)</u>	<u>(458,010)</u>	<u>-</u>	<u>(5,931,334)</u>
Total depreciable assets, net	<u>6,848,015</u>	<u>(346,605)</u>	<u>-</u>	<u>6,501,410</u>
Total capital assets, net	<u>\$ 7,179,211</u>			<u>6,832,606</u>

Major capital assets additions during the year include improvements to the District's water systems and purchase of a vehicle.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(4) Compensated Absences**

Changes in compensated absences balance in 2020, were as follows:

<u>Balance 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2020</u>	<u>Current</u>	<u>Non- Current</u>
\$ 17,908	20,293	(10,385)	27,816	20,862	6,954

Changes in compensated absences balance in 2019, were as follows:

<u>Balance 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2019</u>	<u>Current</u>	<u>Non- Current</u>
\$ 19,107	13,842	(15,041)	17,908	14,330	3,578

**(5) Long-Term Debt**

Changes in long-term debt in 2020, were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2020</u>
Bonds payable:				
Limited Obligation Improvement Bonds				
Orchard Acres Assessment District 2008 Series A \$	400,000	-	(10,000)	390,000
Assessment District No. 2013-1 Series 2014	2,539,000	-	(34,000)	2,505,000
Total bonds payable	2,939,000	-	(44,000)	2,895,000
Notes payable:				
Union Bank – Tax-exempt refunding loan	1,026,356	-	(80,043)	946,313
Union Bank – Taxable project loan	71,031	-	(35,030)	36,001
Total notes payable	1,097,387	-	(115,073)	982,314
Total long-term debt	4,036,387	-	(159,073)	3,877,314
Current portion	(159,074)			(163,463)
Non-current portion	\$ 3,877,313			3,713,851

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(5) Long-Term Debt, continued**

Changes in long-term debt in 2019, were as follows:

	<u>Balance 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2019</u>
Bond payable				
Limited Obligation Improvement Bonds				
Orchard Acres Assessment District 2008 Series A \$	410,000	-	(10,000)	400,000
Assessment District No. 2013-1 Series 2014	<u>2,572,000</u>	-	<u>(33,000)</u>	<u>2,539,000</u>
Total bonds payable	<u>2,982,000</u>	-	<u>(43,000)</u>	<u>2,939,000</u>
Note payable				
Union Bank – Tax-exempt refunding loan	1,104,050	-	(77,694)	1,026,356
Union Bank – Taxable project loan	<u>105,118</u>	-	<u>(34,087)</u>	<u>71,031</u>
Total note payable	<u>1,209,168</u>	-	<u>(111,781)</u>	<u>1,097,387</u>
Total long-term debt	4,191,168	-	<u>(154,781)</u>	4,036,387
Current portion	<u>(154,130)</u>			<u>(159,074)</u>
Non-current portion	<u>\$ 4,037,038</u>			<u>3,877,313</u>

***Orchard Acres Assessment District, 2008 Limited Obligation Improvement Bond, Series A***

In 2008, pursuant to the Assessment Bond Law and Resolution No. 2008-04, the District issued a limited obligation bond under a fiscal agent agreement between the District and Union Bank in the amount of \$498,000. The proceeds from the bond financed the connection of 11 parcels of land in an unincorporated area of the County of San Benito, known as Orchard Acres, to the District's municipal water supply system. The bond is a limited obligation to the District, and payable solely from the proceeds of unpaid assessments levied on the 11 parcels within Orchard Acres. Terms of the bond call for semi-annual interest payable on March 2<sup>nd</sup> and September 2<sup>nd</sup> of each year, and annual debt service payment of principal on September 2<sup>nd</sup> of each year. The interest on the bond escalates starting at a rate of 4.80% in 2013 to 6.10% at maturity in 2038.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(5) Long-Term Debt, continued**

*Orchard Acres Assessment District, 2008 Limited Obligation Improvement Bond, Series A, continued*

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 10,000	23,512	33,512
2022	15,000	22,748	37,748
2023	15,000	21,832	36,832
2024	15,000	20,916	35,916
2025	15,000	20,000	35,000
2026-2030	95,000	83,818	178,818
2031-2035	125,000	50,841	175,841
2036-2038	100,000	9,466	109,466
Total	390,000	<u>253,133</u>	<u>643,133</u>
Current	<u>(10,000)</u>		
Non-current	<u>\$ 380,000</u>		

*Assessment District No. 2013-1, Limited Obligation Improvement Bond, Series 2014*

In 2014, pursuant to the Assessment Bond Law and Resolution No. 2014-09, the District issued a limited obligation bond in the amount of \$2,723,613. The proceeds from the bond financed 47 water and fire service connections and 12 fire service only connections to particular residences on Oakridge Drive and Via del Sol. The bond is a limited obligation to the District, and payable solely from the proceeds of unpaid assessments levied on the Assessment District. Terms of the bond call for semi-annual interest payable on March 2<sup>nd</sup> and September 2<sup>nd</sup> of each year, and annual debt service payment of principal on September 2<sup>nd</sup> of each year. The interest on the bond is stated at 4.00% and matures in 2055.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(5) Long-Term Debt, continued**

*Assessment District No. 2013-1, Limited Obligation Improvement Bond, Series 2014, continued*

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 35,000	103,100	138,100
2022	37,000	101,660	138,660
2023	38,000	100,160	138,160
2024	40,000	98,600	138,600
2025	41,000	96,980	137,980
2026-2030	232,000	458,280	690,280
2031-2035	282,000	407,120	689,120
2036-2040	343,000	344,780	687,780
2041-2045	417,000	269,020	686,020
2046-2050	510,000	176,600	686,600
2051-2055	530,000	64,000	684,000
Total	2,505,000	<u>2,220,300</u>	<u>4,815,300</u>
Current	<u>(35,000)</u>		
Non-current	<u>\$ 2,470,000</u>		

***City National Note Payable***

In 2006, the District entered into a loan agreement with Santa Barbara Bank & Trust, N.A. and borrowed \$854,318. The proceeds of the loan financed the improvement to the District's water treatment and distribution system.

In 2011, the District refinanced its loan obtained in 2006, and borrowed additional funds to total \$1,457,578. The proceeds of the loan financed the improvement to the District's water treatment and distribution system extended to consist of the replacement of, and improvement to, the site of the Carpenteria well and improvements to the booster station.

In 2015, the District refinanced its loan obtained in 2011, with the Municipal Finance Corporation to refinance \$1,323,721 on a tax-exempt basis and borrowed \$201,966 on a taxable basis. The proceeds of the additional funds were used to acquire and install a solar energy project at the Carpenteria well site. The interest rates on the tax-exempt note and the taxable note are stated at 3.00% and 2.75%, respectively, and mature in 2030 and 2021, respectively. The terms of the notes call for semi-annual debt service payment of principal and interest payable on May 1<sup>st</sup> and November 1<sup>st</sup> of each year. The notes are secured by a pledge of and lien on the net revenues of the District's water system.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(5) Long-Term Debt, continued**

*City National Note Payable, continued*

Annual maturity and interest on the tax-exempt note are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 82,462	27,776	110,238
2022	84,954	25,283	110,237
2023	87,522	22,715	110,237
2024	90,167	20,070	110,237
2025	92,893	17,345	110,238
2026-2030	<u>508,315</u>	<u>42,872</u>	<u>551,187</u>
Total	946,313	<u>156,061</u>	<u>1,102,374</u>
Current	<u>(82,462)</u>		
Non-current	\$ <u>863,851</u>		

Annual maturity and interest on the taxable note are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 36,001	744	36,745
Total	36,001	<u>744</u>	<u>36,745</u>
Current	<u>(36,001)</u>		
Non-current	\$ <u>-</u>		

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(6) Net Position**

Calculation of net position as of June 30, was as follows:

	<b>2020</b>	<b>2019</b>
Net investments in capital assets:		
Capital assets, net	\$ 6,487,895	6,832,606
Notes payable, current	(118,463)	(115,074)
Notes payable, non-current	(863,851)	(982,313)
Bonds payable, current	(45,000)	(44,000)
Bonds payable, non-current	(2,850,000)	(2,895,000)
Total net investments in capital assets	2,610,581	2,796,219
Restricted for debt service:		
Cash and cash equivalents – restricted	487,473	529,244
Assessment receivable – restricted	2,407,527	2,409,757
Total restricted for debt service	2,895,000	2,939,001
Unrestricted net position:		
Non-spendable net position:		
Inventory and supplies	49,922	49,460
Prepaid expenses	23,038	7,416
Total non-spendable net position	72,960	56,876
Spendable net position:		
Unrestricted	891,637	781,712
Total spendable net position	891,637	781,712
Total unrestricted net position	964,597	838,588
Total net position	\$ 6,470,178	6,573,808

**(7) Defined Benefit Pension Plans**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.



**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(7) Defined Benefit Pension Plans, continued**

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect as of June 30, are summarized as follows:

	<b>2020</b>		<b>2019</b>	
	<b>New Classic</b>	<b>PEPRA</b>	<b>New Classic</b>	<b>PEPRA</b>
Hire date	Prior to December 31, 2012	On or after January 1, 2013	Prior to December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service		5 years of service	
Benefit payments	monthly for life			
Retirement age	50 - 55	52 - 67	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.00%	2.00%	2.00%	2.00%
Required employee contribution rates	7.00%	6.75%	7.00%	6.25%
Required employer contribution rates	10.22%	6.99%	9.41%	6.84%

***Contributions***

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

For the years ended June 30, the District's employer contributions reduced its net pension liability as follows:

	<b>2020</b>	<b>2019</b>
Contribution - employer	\$ 70,661	65,018

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(7) Defined Benefit Pension Plans, continued**

*Net Pension Liability*

As of the fiscal years ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<b>2020</b>	<b>2019</b>
Proportionate share of net pension liability \$	577,103	544,625

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2020 and 2019, the net pension liability of the Plan is measured as of June 30, 2019 and 2018 (the measurement dates, respectively). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and 2017 (the valuation dates), rolled forward to June 30, 2019 and 2018, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's changes in proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, 2019 and 2018, were as follows:

	<b>Proportionate Share</b>
Proportion – June 30, 2017	0.00567 %
Decrease in proportionate share	(0.00002)
Proportion – June 30, 2018	0.00565
Decrease in proportionate share	(0.00002)
Proportion – June 30, 2019	0.00563 %

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(7) Defined Benefit Pension Plans, continued**

*Deferred Pension Outflows (Inflows) of Resources*

For the years ended June 30, 2020 and 2019, the District recognized pension expense of \$119,843 and \$94,175, respectively. As of the fiscal years ended June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>2020</u>		<u>2019</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 subsequent to measurement date	\$ 79,845	-	70,661	-
Differences between actual and expected experience	36,976	-	13,785	-
Changes in assumptions	17,764	-	46,872	-
Net differences between projected and actual earnings on plan investments	-	(10,090)	2,693	-
Adjustment due to changes in proportions and difference between actual and proportionate share of contributions	6,354	-	4,358	-
Total	<u>\$ 140,939</u>	<u>(10,090)</u>	<u>138,369</u>	<u>-</u>

For the years ended June 30, 2020 and 2019, the District's deferred outflows of resources related to contributions subsequent to the measurement date totaled \$79,845 and \$70,661, respectively; and other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows(Inflows) of Resources</u>
2020	\$ 47,952
2021	(5,973)
2022	6,986
2023	2,039

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(7) Defined Benefit Pension Plans, continued**

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2018 and 2017, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2018 and 2017
Measurement date	June 30, 2019 and 2018
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumption	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality table*	Derived using CalPERS membership data
Period upon which actuarial experience survey assumptions were based	1997 - 2015
Post-retirement benefit increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter.

\* The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent 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) available online on the CalPERS website.

On December 21, 2016, the Board lowered the discount rate for the PERF C for funding purposes from 7.50% to 7.00% percent using a three-year phase-in beginning with the June 30, 2016 actuarial valuations.

On December 19, 2017, the Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption. These new assumptions are incorporated into the June 30, 2017 actuarial valuations.

***Discount Rate***

The discount rate used to measure the total pension liability as of June 30, 2020 and 2019, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C 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 for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

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.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(7) Defined Benefit Pension Plans, continued**

*Discount Rate, continued*

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 and forecasted information for all 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 long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Year 11+</u>
Global Equity	50.00 %	4.80 %	5.93
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Asset	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)
Total	<u>100.00</u>		

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

The following table presents the District's proportionate share of the net position liability for the Plan calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

As of June 30, 2020, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
District's net pension liability	\$ <u>844,636</u>	<u>577,103</u>	<u>356,273</u>

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(7) Defined Benefit Pension Plans, continued**

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

As of June 30, 2019, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	<b>Discount Rate - 1%</b>	<b>Current Discount Rate</b>	<b>Discount Rate + 1%</b>
	<b>6.15%</b>	<b>7.15%</b>	<b>8.15%</b>
District's net pension liability	\$ <u>792,078</u>	<u>544,625</u>	<u>340,356</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 38 and 39 for the Required Supplementary Schedules.

**(8) 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. The District is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2020:

- Public employee dishonesty, forgery or alteration, computer fraud, faithful performance of duty, pension plans including ERISA: \$200,000 limit of coverage with a \$100,000 deductible.
- Building, personal property, fixed equipment, additional coverage, and catastrophic coverage: \$1,000 deductible.
- Mobile equipment: \$1,000 deductible.
- Automobile: \$1,000 deductible.
- Boiler and machinery: Various.
- Flood: Various.
- Earthquake: 5% per unit of insurance, subject to \$75,000 minimum.

**(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 84***

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 84, continued***

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 87***

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 89***

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.



**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

*Governmental Accounting Standards Board Statement No. 89, continued*

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

*Governmental Accounting Standards Board Statement No. 90*

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.



**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 91***

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 92***

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 93***

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR.

This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 94***

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(9) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 96***

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 97***

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

**(10) Commitments and Contingencies**

*Grant Awards*

Grant funds received by the District are subject to audit by grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

*Litigation*

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(11) Subsequent Events**

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of December 22, 2020, which is the date the financial statements were available to be issued.

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## **Required Supplementary Information**

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**Aromas Water District**  
**Schedules of the District's Proportionate Share of the Net Pension Liability**  
**As of June 30, 2020**  
**Last Ten Years\***

**Defined Benefit Plan**

Description	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of the net pension liability	0.00563%	0.00565%	0.00567%	0.00579%	0.00635%	0.00701%
District's proportionate share of the net pension liability	\$ 577,103	544,625	562,232	501,054	436,183	436,144
District's covered-employee payroll	\$ 329,968	353,350	284,641	260,629	249,960	328,069
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.90%	154.13%	197.52%	192.25%	174.50%	132.94%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

**Notes to the Schedules of the District's Proportionate Share of Net Pension Liability**

**Change in Benefit Terms** – Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

**Change in Assumptions** – In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

\* The District has presented information for those years for which information is available until a full 10-year trend is compiled.



**Aromas Water District**  
**Schedules of the Pension Plan Contributions**  
**As of June 30, 2020**  
**Last Ten Years\***

<u>Description</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarially determined contribution	\$ 79,845	70,661	65,018	61,410	51,643	43,204
Contributions in relation to the actuarially determined contribution	<u>(79,845)</u>	<u>(70,661)</u>	<u>(65,018)</u>	<u>(61,410)</u>	<u>(51,643)</u>	<u>(43,204)</u>
Contribution deficiency(excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ <u>329,968</u>	<u>353,350</u>	<u>284,641</u>	<u>260,629</u>	<u>283,860</u>	<u>328,069</u>
Contribution's as a percentage of covered-employee payroll	<u>24.20%</u>	<u>20.00%</u>	<u>22.84%</u>	<u>23.56%</u>	<u>18.19%</u>	<u>13.17%</u>

**Notes to the Schedules of Pension Plan Contributions**

\* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

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# Supplementary Information

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**Aromas Water District  
Schedules of Operating Expenses  
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating expenses:</b>		
Salaries	\$ 400,796	386,550
Payroll taxes	30,359	31,268
Retirement benefits - CalPERS	118,414	93,522
Uniform allowance	2,216	1,697
Education	3,634	3,611
Workers compensation and health insurance	79,835	76,978
Outside services	10,748	18,248
Power	76,461	73,356
Truck expense	20,680	18,214
System repair and maintenance	68,614	35,847
Water analysis and treatment	22,282	17,997
Small tools and equipment	7,014	6,079
Annexation/EIR/Planning	2,513	4,013
Office (postage/supplies/maintenance)	27,312	17,600
Telemetry	6,793	4,159
Telephone	7,451	7,172
Election expense	-	400
General and property insurance	16,576	16,868
Legal	15,600	15,600
Bank charges	2,150	1,979
Audit	11,703	14,933
Bad debts	15	15
Membership	18,946	16,167
	<u>          </u>	<u>          </u>
Total operating expenses	\$ <u>950,112</u>	<u>862,273</u>

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# **Report on Internal Controls and Compliance**

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**Independent Auditor’s Report on Internal Controls Over Financial Reporting  
And on Compliance and Other Matters Based on the Audits of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Aromas Water District  
Aromas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Aromas Water District (District), as of and for the years June 30 ended, 2020 and 2019, 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 22, 2020.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 audits 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.



**Independent Auditor’s Report on Internal Controls Over Financial Reporting  
And on Compliance and Other Matters Based on the Audits of Financial Statements  
Performed in Accordance with *Government Auditing Standards*, continued**

**Purpose of this Report**

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

**Fedak & Brown LLP**  
Cypress, California  
December 22, 2020

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# Staff Report



To: Board of Directors

Re: Item IX.B – Consider receiving a report regarding the possible annexation of one parcel located on Cole Road, possibly adopting Resolution #2021-01, initiating the annexation process, and providing direction to Staff

Date: January 14, 2021

## Summary / Discussion

A request for water service has been received from Mr. Jose Martinez, who lives at 681 Cole Road. His parcel is within the District’s Sphere of Influence, though it is not a part of the annexed area. His well has not produced enough water for ordinary use, which has led him to buy water for his family’s basic needs.

A quote from the annexation request letter is as follows:

“The reason for this email is to officially request our parcel to be annexed to the Aromas Water District, the reasons are health and safety reasons, due to the fact that our water well is proving very limited amounts of water for the last 8 years that we have lived here, and every year is getting worse. Currently we are forced to buy water from Sala water company, to compensate our lack of water, just to manage for the very basic needs of our home. There has been some instances when we have run completely out of water and that is a health and safety issues not been able to keep with the basic needs for our family.

Please give us the opportunity to be annexed to the Aromas Water District, so we can provide the basic needs for our home.”

Mr. Martinez has researched the drilling of a new well, which is extremely costly, and there are no guarantees that a new test hole will produce the water needed, given the groundwater conditions in the area.

Since Mr. Martinez’s parcel is not annexed into the District, this action would initiate the annexation process similar to the ones the District has recently completed for Mr. Eilert, Mr. Capron (et. al.), and more recently, Mr. Bravo. If the Board of Directors (BOD) approves of this request moving forward, then the process would involve going to the Pajaro Valley Water Management Agency (PVWMA) BOD, and the San Benito Local Area Foundation Commission (LAFCo) for specific actions and tasks to be completed. Final approval does rest with the LAFCo Board.

## Staff Recommendation

Receive the report, adopt Resolution #2021-01, and direct staff to initiate and complete the annexation process with PVWMA and LAFCo, keeping the BOD apprised of the progress.

## Submitted by:

Robert Johnson  
General Manager



## RESOLUTION 2021-01

### RESOLUTION OF APPLICATION OF THE AROMAS WATER DISTRICT INITIATING PROCEEDINGS FOR THE MARTINEZ (APN: 011-280-020) ANNEXATION TO THE AROMAS WATER DISTRICT

WHEREAS, the Aromas Water District (DISTRICT) desires to initiate a proceeding for the adjustment of boundaries specified herein.

NOW, THEREFORE BE IT RESOLVED, the Aromas Water District Board of Directors hereby resolves and order as follows:

1. This proposal is made, and it is requested that proceedings be taken, pursuant to the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000, commencing with section 56000 of the California Government Code.
2. This proposal is an annexation to the DISTRICT
3. A map of the affected territory is set forth in Exhibit A, attached hereto and by reference incorporated herein.
4. It is desired that the proposal be subject to the following terms and conditions: DISTRICT water will be utilized for municipal uses only.
5. The reasons for the proposal are to: Health and Safety Issues related to the lack of available well water and the need to annex into the DISTRICT to receive DISTRICT water.
6. The proposal is consistent with the Sphere of Influence of the DISTRICT.
7. Consent is hereby given to the waiver of conducting authority proceedings.

PASSED AND ADOPTED by the Board of Directors of the Aromas Water District, Aromas, Monterey and San Benito Counties, California, at a Regular meeting duly held on this 26th day of JANUARY 2021 by the following vote:

AYES:

NOES:

ABSENT:

APPROVE:

ATTEST:

\_\_\_\_\_  
James Leap, Board President

\_\_\_\_\_  
Board Secretary, Louise Coombes

# Staff Report



To: Board of Directors

Re: Item IX.C – Consider receiving a report regarding an update on the Rocks Road Bridge project in San Benito County, and providing direction to staff

Date: January 14, 2021

## Summary / Discussion

This project has a storied and checkered past. There is information going back to 2012 discussing this project – the widening of Rocks Road and the Rocks Road bridge, and how that would affect the District, specifically, the water main to the Rancho Larios area.

The last time the District heard any news related to this project, the General Manager (GM) went to the Board of Supervisors to make sure the District was communicated with. The consultant team from San Benito came to the District office and discussed options, settling on a change in the bridge alignment where the District would not need to relocate the line, or expend any funds.

Now, over two years later, the District has heard from a new engineer on the project, from the same consulting firm, indicating that they are going a different direction (basically to the original bridge layout). They have also indicated that the federal funds they are using for this project do not allow for utility relocation, so if we want to move our water main, it is on the District to do so.

The GM has been in contact with the project engineer and met him in the field to discuss options. The District’s initial response is, we do not have the funds to move the line; however, it may be prudent in the long run to look at possible funding options, including a loan to take care of this project, and possibly other projects the District would like to complete.

A robust discussion surrounding the history of this project is expected, though the Board should keep in mind that, in the end, the District comes away with solid direction to staff that allows the District to move forward in a positive and effective manner.

## Staff Recommendation

Receive the report and provide direction to staff.

## Submitted by:

Robert Johnson  
General Manager

Aromas Water District  
Balance Sheet Prev Year Comparison

As of December 31, 2020

	Dec 31, 20	Dec 31, 19
<b>ASSETS</b>		
Current Assets		
Checking/Savings		
UB Checking	153,163.70	242,698.12
UB Bk Money Market xxxx7853	598,219.47	403,627.31
LAIF-State of Ca xx-05	834,435.68	824,182.67
Petty Cash	100.00	100.00
Assessment District Banks		
OAWA Union Bank Checking 7741	57,553.54	21,338.16
OAWA Union Bank 101 Redemption	0.18	15.48
OAWA Union Bank 102 Reserve	35,564.92	35,786.38
Oakridge Union Checking 5587	324,918.21	312,552.63
Total Assessment District Banks	418,036.85	369,692.65
Total Checking/Savings	2,003,955.70	1,840,300.75
Accounts Receivable		
1200 · Accounts Rec - Spec Proj/Taxes	500.00	0.00
Total Accounts Receivable	500.00	0.00
Other Current Assets		
ACWA Deposit	2,080.80	2,080.80
1292 · Accounts Rec - USDA Loan	2,095,834.27	2,178,960.30
1291 · Accounts Rec - Orchard Acres	311,692.98	323,112.17
Prepaid Insurance	17,416.90	18,914.48
128 · Inventory	49,921.56	49,460.11
1200.1 · Accounts Receivable--UBMax	124,905.45	99,970.35
1201.9 · Less Allowance for doubtful Acc	-500.00	-500.00
Total Other Current Assets	2,601,351.96	2,671,998.21
Total Current Assets	4,605,807.66	4,512,298.96
Fixed Assets		
1900 · Water System	11,995,305.97	11,818,207.58
1915 · Office Building & Improvements	398,442.54	398,261.43
1970 · Office Equipment & Fixtures	93,467.05	93,467.05
1980 · District Vehicles	117,577.39	117,577.39
1990 · Land and Easements	331,195.78	331,195.78
1995 · Idle Assets	43,400.00	43,400.00
1998 · Less Accum Depr Idle Assets	-42,400.00	-42,400.00
1999 · Less Accumuated Depreciation	-6,600,188.75	-6,111,923.75
Total Fixed Assets	6,336,799.98	6,647,785.48
Other Assets		
Deferred Outflow of Resources	140,939.00	138,369.00
Total Other Assets	140,939.00	138,369.00
<b>TOTAL ASSETS</b>	<b>11,083,546.64</b>	<b>11,298,453.44</b>

Aromas Water District  
Balance Sheet Prev Year Comparison

As of December 31, 2020

	Dec 31, 20	Dec 31, 19
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	48,969.18	100,785.22
Total Accounts Payable	48,969.18	100,785.22
Credit Cards		
First Bankcard - S Smith #0239	-122.35	-284.02
First Bankcard - E Giron #1086	567.94	266.79
First Bankcard -R.Johnson #9031	40.00	499.00
First Bankcard-L Coombes #3294	20.06	204.23
First Bankcard - D DeAlba #2486	675.47	279.71
Valero Fleet	540.78	0.00
Valero - Fuel	0.00	664.71
Total Credit Cards	1,721.90	1,630.42
Other Current Liabilities		
Current Portion City National	57,899.79	57,954.10
2100 · Payroll Liabilities	140.41	-3,890.70
Deferred Inflows- Actuarial	10,090.00	0.00
CUSTOMER DEPOSITS		
Connection Deposits Payable	2,000.00	2,000.00
Hydrant Meter Deposit	0.00	1,600.00
Total CUSTOMER DEPOSITS	2,000.00	3,600.00
Accrued Vacation Payable	27,815.70	17,907.50
Interest Payable	47,596.19	20,153.44
Payroll Taxes Payable		
State Payroll Taxes Payable		
Payroll-SDI	0.00	-144.96
Total State Payroll Taxes Payable	0.00	-144.96
Total Payroll Taxes Payable	0.00	-144.96
PVWMA Payable	5,515.45	-5,459.80
Total Other Current Liabilities	151,057.54	90,119.58
Total Current Liabilities	201,748.62	192,535.22
Long Term Liabilities		
2392 · Long-term Debt - USDA (Oakrdge)	2,469,999.90	2,544,240.00
2391 · Long-term Debt - Orchard Acres	380,000.00	390,000.00
GASB 68 Pension Liability	577,103.00	544,625.00
City National Bank	865,611.99	982,313.10
Total Long Term Liabilities	4,292,714.89	4,461,178.10
Total Liabilities	4,494,463.51	4,653,713.32
Equity		
Investment in Capital Assets	6,420,006.53	6,420,006.53
Unrestricted Net Assets	2,687,889.75	2,791,376.36
Allocation of Net Assets	-2,637,574.59	-2,637,574.59
Net Income	118,761.44	70,931.82
Total Equity	6,589,083.13	6,644,740.12
TOTAL LIABILITIES & EQUITY	11,083,546.64	11,298,453.44

Aromas Water District  
Profit & Loss Budget Performance

December 2020

	Dec 20	Budget	Jul - Dec 20	YTD Budget	Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
303 · Water Revenue	90,980.97	88,000.00	782,988.19	708,500.00	1,344,000.00
307 · Bulk Water	494.43	500.00	4,780.11	3,000.00	7,000.00
302 · Connection	0.00	0.00	0.00	0.00	27,880.00
301 · Taxes Rcvd - AWD					
3090 · Oakridge / OAWA Assessme...	100,677.55	112,100.00	100,677.55	112,100.00	194,200.00
301 · Taxes Rcvd - AWD - Other	45,589.73	42,000.00	45,589.73	42,000.00	66,000.00
<b>Total 301 · Taxes Rcvd - AWD</b>	<b>146,267.28</b>	<b>154,100.00</b>	<b>146,267.28</b>	<b>154,100.00</b>	<b>260,200.00</b>
304 · Other Office Income & Reimburse	1.00	40.00	2,426.95	240.00	500.00
306 · Interest	461.99	650.00	465.79	8,900.00	20,000.00
312 · Grant Revenue	0.00	0.00	0.00	1,000.00	2,000.00
<b>Total Income</b>	<b>238,205.67</b>	<b>243,290.00</b>	<b>936,928.32</b>	<b>875,740.00</b>	<b>1,661,580.00</b>
<b>Gross Profit</b>	<b>238,205.67</b>	<b>243,290.00</b>	<b>936,928.32</b>	<b>875,740.00</b>	<b>1,661,580.00</b>
<b>Expense</b>					
<b>Operations</b>					
403 · Fuel	1,250.12	1,208.00	6,408.05	7,248.00	14,500.00
404 · Truck Maint	56.48	614.00	3,610.55	3,314.00	7,000.00
431 · System Repair & Maint	3,127.51	6,100.00	38,168.08	33,100.00	70,000.00
463 · Water Analysis	154.00	400.00	3,708.00	3,400.00	6,000.00
464 · Water Treatment	1,551.05	1,200.00	12,067.34	10,200.00	20,000.00
468 · Tools	-208.31	625.00	2,904.93	3,750.00	7,500.00
470 · Public Outreach / Annexation	0.00	300.00	0.00	1,800.00	3,500.00
<b>Total Operations</b>	<b>5,930.85</b>	<b>10,447.00</b>	<b>66,866.95</b>	<b>62,812.00</b>	<b>128,500.00</b>
<b>Power</b>					
449.75 · 388 Blohm, # C	34.29	33.00	167.84	198.00	400.00
449.5 · 388 Blohm, A & B Office	140.97	140.00	525.53	840.00	1,700.00
461.5 · RLS Tank Booster	9.86	12.50	55.84	75.00	150.00
447 · Leo Ln Booster	58.20	37.50	326.23	225.00	450.00
448 · Aimee Mdws Well	9.86	12.50	55.19	75.00	150.00
451 · Marshall Corp Yard	39.06	41.50	219.94	249.00	500.00
452 · Rea Booster @ Seely	62.69	41.50	306.50	249.00	500.00
454 · Carr Booster	484.87	350.00	3,487.43	3,015.00	5,500.00
458 · Pleasant Acres Well	97.04	800.00	603.60	8,400.00	13,000.00
459 · Seely Booster @ Carpenteria	24.64	41.50	154.96	249.00	500.00
460 · San Juan Well	4,137.39	3,500.00	33,937.72	29,000.00	51,000.00
461 · Cole Tank	14.40	16.00	78.56	96.00	200.00
462 · Rea Tank	14.65	16.00	76.56	96.00	200.00
465 - Lwr Oakridge Boost	96.44	125.00	726.63	875.00	1,500.00
465.5 - Upper Oakridge Booster	0.00	175.00	150.00	350.00	700.00
466 · Pine Tree Tank	15.06	16.00	76.76	96.00	200.00
<b>Total Power</b>	<b>5,239.42</b>	<b>5,358.00</b>	<b>40,949.29</b>	<b>44,088.00</b>	<b>76,650.00</b>
<b>Payroll</b>					
Gross	49,205.93	34,175.00	212,897.42	205,050.00	409,308.00
Comp FICA	1,755.28	2,118.00	12,079.07	12,708.00	25,377.00
Comp MCARE	713.46	495.00	3,173.47	2,970.00	5,935.00
Comp SUI	37.80	205.00	226.80	1,230.00	2,188.00
<b>Total Payroll</b>	<b>51,712.47</b>	<b>36,993.00</b>	<b>228,376.76</b>	<b>221,958.00</b>	<b>442,808.00</b>
<b>Employee / Labor Costs</b>					
407 · Outside Services	71.66	500.00	1,897.96	3,000.00	6,000.00
408 · Uniform Allowance	0.00	250.00	644.58	1,500.00	3,000.00
409 · Workers Comp	887.96	1,043.00	4,291.41	6,258.00	12,288.00
410 · Health Ins	4,243.13	5,949.00	39,891.77	35,694.00	72,287.00
474 · Education	141.66	625.00	191.66	3,750.00	7,500.00
477 · Retirement	8,489.58	7,094.00	45,134.24	42,564.00	85,693.00
<b>Total Employee / Labor Costs</b>	<b>13,833.99</b>	<b>15,461.00</b>	<b>92,051.62</b>	<b>92,766.00</b>	<b>186,768.00</b>
<b>Office</b>					
440 · Misc Exp	628.60	330.00	1,484.20	1,980.00	4,000.00
444 · Postage	200.22	330.00	1,711.15	1,980.00	4,000.00
445 · Office Supplies	169.00	330.00	1,411.70	1,980.00	4,000.00

Aromas Water District  
Profit & Loss Budget Performance

December 2020

	Dec 20	Budget	Jul - Dec 20	YTD Budget	Annual Budget
446 · Office Eqpmt and Maint	133.86	200.00	3,167.58	3,150.00	15,000.00
Total Office	1,131.68	1,190.00	7,774.63	9,090.00	27,000.00
Communications					
455 · Phone, Off	347.61	330.00	2,170.46	1,980.00	4,000.00
456 · Telemetry	677.96	700.00	4,054.88	4,200.00	6,500.00
457 · Answ Serv/Cellular Phone	400.53	300.00	2,537.49	1,800.00	3,600.00
Total Communications	1,426.10	1,330.00	8,762.83	7,980.00	14,100.00
Administrative & General					
4591 · Admin Fee (Bond Admin NBS)	916.74	950.00	1,833.08	1,900.00	5,200.00
4590 · Bond Interest Exp - Assess D...	0.00	0.00	62,164.99	64,000.00	128,000.00
417 · Capital Loan Interest	0.00	0.00	14,689.70	15,000.00	30,000.00
467 - Depreciation Reserve	41,504.00	47,732.00	249,024.00	255,252.00	541,654.00
406 · Liability Ins	1,616.16	1,665.00	10,762.06	9,990.00	20,000.00
420 · Legal Fees	1,300.00	1,300.00	7,800.00	7,800.00	16,000.00
422 · Bank Charges	90.32	158.00	778.96	948.00	1,900.00
423 · Litigation Contingency	0.00	800.00	0.00	4,800.00	10,000.00
425 · Audit	687.00	600.00	7,125.00	7,220.00	12,500.00
471 · Bad Debts	0.00	40.00	210.69	240.00	500.00
473 · Memberships	6,821.40	6,825.00	18,996.32	19,200.00	20,000.00
Total Administrative & General	52,935.62	60,070.00	373,384.80	386,350.00	785,754.00
Total Expense	132,210.13	130,849.00	818,166.88	825,044.00	1,661,580.00
Net Ordinary Income	105,995.54	112,441.00	118,761.44	50,696.00	0.00
Net Income	105,995.54	112,441.00	118,761.44	50,696.00	0.00



Aromas Water District  
**Monthly Expenditures**  
 December 16, 2020 through January 20, 2021

Date	Num	Name	Amount
UB Checking			
12/16/2020	E-pay	Employment Development Dept	-680.68
12/16/2020	E-pay	United States Treasury (EFTPS)	-3,505.26
12/16/2020	18068	Rob Johnson	-208.94
12/17/2020	18056	Osuna Auto Electric	-101.37
12/17/2020	EFT	QuickBooks Payroll Service	-6,644.40
12/17/2020	EFT	QuickBooks Payroll Service	-2,421.62
12/18/2020	DD1594	Bowman (P), Naomi	0.00
12/18/2020	DD1595	Coombes (P), Louise P	0.00
12/18/2020	18064	DeAlba (P), David	-2,826.55
12/18/2020	DD1596	Giron (P), Ester	0.00
12/18/2020	DD1597	Johnson (P), Robert L	0.00
12/18/2020	18065	Smith (P), Shaun	-1,370.54
12/18/2020	18066	Dutra (P), Marcus	-230.21
12/18/2020	18067	Holman (P), Wayne R	-230.21
12/18/2020	DD1598	Leap (P), James E	0.00
12/18/2020	DD1599	Norton (P), K W	0.00
12/18/2020	DD1600	Smith (P), Richard	0.00
12/18/2020	DD1601	Johnson (P), Robert L	0.00
12/18/2020	EFT	CalPERS	-2,414.21
12/18/2020	EFT	CalPERS	-918.58
12/18/2020	18069	Aromas Water District (Petty Cash)	-20.61
12/28/2020	E-pay	Employment Development Dept	-614.63
12/28/2020	E-pay	United States Treasury (EFTPS)	-3,024.38
12/28/2020	18072	Aromas Water District (Petty Cash)	-150.00
12/28/2020	EFT	CalPERS	-2,388.40
12/29/2020	EFT	QuickBooks Payroll Service	-5,921.87
12/30/2020	DD1602	Bowman (P), Naomi	0.00
12/30/2020	DD1603	Coombes (P), Louise P	0.00
12/30/2020	18070	DeAlba (P), David	-2,888.14
12/30/2020	DD1604	Giron (P), Ester	0.00
12/30/2020	DD1605	Johnson (P), Robert L	0.00
12/30/2020	18071	Smith (P), Shaun	-1,423.81
12/30/2020	EFT	CalPERS	-801.94
12/30/2020	NSF	Bill Adjustment Report	-164.34
12/31/2020	EFT	Bank Service Fees	-117.32
01/02/2021	EFT	ADT Security Services, Inc.	-2.25
01/05/2021	18073	ACE Hardware Prunedale	-396.10
01/05/2021	18074	BAVCO	-94.70
01/05/2021	18075	CALNET3	-301.96
01/05/2021	18076	Costco Wholesale	-60.00
01/05/2021	18077	CSSC	-188.50
01/05/2021	18078	Fedak & Brown LLP	-687.00
01/05/2021	18079	Grainger Inc	-427.99
01/05/2021	18080	Mid Valley Supply	-1,551.05
01/05/2021	18081	Monterey Bay Analytical Services Inc	-39.00
01/05/2021	18082	PVWMA	-23,057.58
01/05/2021	18083	R & B Company	-524.19
01/05/2021	18084	Rob Johnson	-50.00
01/05/2021	18085	Shaun Smith	-21.10
01/05/2021	18086	Simone LaJeunesse	-630.00
01/05/2021	18087	Streamline	-100.00

01/21/21

Aromas Water District  
**Monthly Expenditures**  
 December 16, 2020 through January 20, 2021

Date	Num	Name	Amount
01/05/2021	18088	United Way serving San Benito County	-32.00
01/05/2021	18089	USA BlueBook	-464.45
01/05/2021	18090	XIO, INC.	-2,465.29
01/05/2021	18091	David DeAlba	-23.00
01/05/2021	Paid Online	First Bankcard	-2,448.44
01/05/2021	Paid Online	Google	-18.00
01/05/2021	Paid Online	P G & E	-5,030.88
01/05/2021	Paid Online	Valero Fleet	-1,149.19
01/05/2021	Paid Online	Verizon Wireless	-116.80
01/07/2021	18092	USPO	-309.22
01/07/2021	EFT	CalPERS	-4,236.27
01/12/2021	EFT	A T & T U-verse	-64.20
01/13/2021	E-pay	Employment Development Dept	-714.39
01/13/2021	E-pay	United States Treasury (EFTPS)	-3,929.86
01/13/2021	E-pay	Employment Development Dept	-113.40
01/13/2021	EFT	CalPERS	-2,410.32
01/14/2021	18098	Pat Winton	-22.27
01/14/2021	EFT	QuickBooks Payroll Service	-6,203.66
01/14/2021	18097	Peter Mu	-150.00
01/14/2021	18099	ACE Hardware Prunedale	-285.65
01/14/2021	18100	ACWA JPIA, Emp. Ben. Prog.	-7,615.95
01/14/2021	18101	Brigantino Irrigation	-49.12
01/14/2021	18102	CALNET3	-283.41
01/14/2021	18103	Chaz Towing	-210.00
01/14/2021	Paid w/cred	Davis Auto Parts Store	0.00
01/14/2021	18104	Gabriella Santana	-141.66
01/14/2021	18105	Monterey Bay Analytical Services Inc	-332.00
01/14/2021	18106	R & B Company	-1,045.88
01/14/2021	18107	Recology San Benito County	-53.21
01/14/2021	18108	Robert E. Bosso	-1,300.00
01/14/2021	18109	State Water Resource Control Board, SWRCB	-6,362.40
01/15/2021	DD1606	Bowman (P), Naomi	0.00
01/15/2021	DD1607	Coombes (P), Louise P	0.00
01/15/2021	18093	DeAlba (P), David	-2,929.29
01/15/2021	DD1608	Giron (P), Ester	0.00
01/15/2021	DD1609	Johnson (P), Robert L	0.00
01/15/2021	18094	Smith (P), Shaun	-1,380.01
01/15/2021	18095	Dutra (P), Marcus	-229.71
01/15/2021	18096	Holman (P), Wayne R	-229.71
01/15/2021	DD1610	Leap (P), James E	0.00
01/15/2021	DD1611	Morris (P), Vicki	0.00
01/15/2021	DD1612	Smith (P), Richard	0.00
01/15/2021	EFT	CalPERS	-918.78
Total UB Checking			-120,467.85
TOTAL			-120,467.85