



SPECIAL MEETING OF THE BOARD OF DIRECTORS **AGENDA**

TUESDAY, December 21, 2021, 7:00 PM

Notice of HYBRID Meeting – Different Meeting Date

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

The Aromas Water District Board of Directors meeting will be conducted in a hybrid setting. Directors, staff and public may attend the meeting remotely or in person. Public participation is encouraged – participation instructions are 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:** Review the Minutes of the November 23, 2021 Regular Board Meeting for Board approval. 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. **CONSENT CALENDAR:**
 - A. Consider adoption of Resolution #2021-14, extending the need for hybrid meetings, as presented in AB 361. p.12-13
- X. **ACTION ITEMS:**
 - A. **Presentation of Annual Financial Report for Fiscal Years Ended June 2021 and 2020** p.14-70
Fedek & Brown staff will present the Annual Financial Report for the Fiscal Years Ended June 2021 and 2020 for Board review and approval (DRAFT Annual Financial Report attached).
 - B. **Consider receiving a progress report on the Marshall Well project, and providing direction to staff** p.71-76
Staff will present a progress report on the Marshall Well project, for discussion and Board action.
 - C. **Consider receiving an update report regarding the District of Distinction (DoD) training requirements, and providing direction to staff** p.77
Staff will present an update on the training requirements for the DoD accreditation, for discussion and Board action.
 - D. **Financial Reports for the Month of November 2021** p.78-83
Including both Assessment Districts, the financial reports show a Total revenue of \$97,226.43; Total expenditures were \$92,902.11 between November 16, 2021 and December 14, 2021. These financials and monthly expenditures will be presented for discussion and approval.
 - E. **Election of New Board Officers**
The Board needs to elect a new President and Vice President for a one-year term, beginning January 1, 2022.
- XI. **FUTURE MEETINGS & AGENDA ITEMS** Next meeting – January 25, 2022
- XII. **ADJOURNMENT**

Next Res. # 2022-01

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.



Hybrid Meeting Attendance Instructions

The public may participate in the District's Board meeting either in person, or by teleconference / web conference via the instructions provided below. In person attendees will be subject to mask and distancing protocols.

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

www.aromaswaterdistrict.org

For those who choose to attend this meeting via Zoom will be 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/88504938823>

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: 88504938823

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 hybrid meeting protocols are 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
November 23, 2021**

- I. CALL TO ORDER.** The regular meeting of the Aromas Water District Board of Directors was called to order by President Leap on Tuesday, November 23, 2021, at 7:00 p.m. in a hybrid setting; attendees were both present in the Board Room and online via Zoom.
- II. ROLL CALL.** President Leap, Vice President Morris and Directors Dutra, Holman and Smith were present. Also in attendance were General Manager Johnson and Board Secretary Coombes. Counsel Bosso attended via Zoom.
- III. PLEDGE OF ALLEGIANCE.** President Leap led the pledge of allegiance.
- IV. STATEMENTS OF DISQUALIFICATION.** There were no disqualification statements.
- V. ADDITIONS AND DELETIONS.** There were no additions to, or deletions from, the Agenda.
- VI. MINUTES.** The minutes of the October 26, 2021, Board Meeting were presented for review and approval. Director Holman moved for approval of the minutes as presented; Vice President Morris seconded. Minutes were unanimously approved with all Directors present.
- VII. ORAL COMMUNICATION.** There were no public comments.

VIII. REPORTS/PRESENTATIONS

- A. Director's Report(s).** Vice President Morris mentioned that she and Director Smith, with GM Johnson, had attended another Ad-Hoc Infrastructure & Finance Committee Meeting to be discussed later in the Manager's Report.
- B. Attorney's Report.** Counsel Bosso had no legal matters to report that would affect the District.
- C. Manager's Report**

OPERATIONS & MAINTENANCE

Production & Well Levels

GM Johnson reported total production in October 2021 was 8,841,191 gallons, with a daily average of 285,200 gallons, representing about 9.7% of total production so far this year. Pleasant Acres was used for eight days, Carpentaria Well ran the entire month; San Juan Well was used for 30 days of the month.

There were no new meters installed, so the current total is 969 connected meters. All water testing continues to be both filed on time and represent satisfactory results.

GM Johnson presented several new graphs to represent how monthly production levels compare to a monthly average. Further metrics will be added in coming months to enhance the data with the intention of future planning in times of scarcity.

Reporting on well levels; Carpentaria Well is up four feet and San Juan Well is up eight feet. The levels for observational wells, Marshall Well is up four feet and Aimee Meadows is up eight feet.

INCIDENTS

Early on Saturday October 31, 2021 a vehicle collided with Fire Hydrant #48 on San Juan Road. A boil order had to be issued to approximately 60 affected customers as a result of incorrect valves being shut off by first responders on the scene, causing negative pressure for the Ballantree pressure zone and the Oakridge line up to the first booster. This was lifted the following Monday after lab testing was negative for contaminants. West Valley were called in to affect the repair. Water loss was 51,000 gallons as measured through the Ballantree flow meter. ASO Coombes is currently awaiting a CHP Collision Report to make an insurance claim to cover the cost of damages. A cooperative plan is being developed between District staff and the Fire Department to provide education and increased effectiveness in similar future situations.

ADMINISTRATIVE

Staff & Board Recognition

WUSp Girōn is working to integrate the hard copy backflow information and results into digital format to be utilized in future backflow testing.

ASO Coombes continues to refine and update information in the mapping of the District. Current focus has been adding exact locations of the Dunbarton and Oakridge fire hydrants never previously mapped and providing maps for the Rocks Road annexation.

CO DeAlba continues on medical leave, although available by phone for consultation if there is an emergency situation; likely to continue until January 2022. GM Johnson plans to contact CO DeAlba for an update on prognosis after Thanksgiving.

Operator Smith continues to work hard to maintain a fully operational system.

Conservation & Rainfall

The new rainfall year began on October 1, 2021. Up to and including November 17, the rain gauge at Chittenden pass has recorded 5.36 inches of rain, of which 0.92 fell in November.

Projects

Orchard Hill Road Proposed Annexation

The residents of Orchard Hill are still reviewing the engineering proposal. GM Johnson plans to reach out to them in January for direction. There has recently been a change of ownership of the land that the temporary water line runs through.

Cole Road Outreach Project

GM Johnson plans to approach PVWMA to include the Cole Road annexation proposal on their December agenda.

New Water Source

GM Johnson elaborated on this project with an update in Action Item X.B later in the meeting.

Correspondence: GM Johnson reached out to SSB Construction, who installed the solar field at Carpenteria well, for advice in cleaning the hard water stains from the panel surfaces. These have now been cleaned and the inverters repaired so that the panels are fully functional again.

GM Johnson has been corresponding with the SWRCB regarding Drinking Water Infrastructure Funding. The District seems to fall in the gap of not being a large enough system or not a small, disadvantaged community system in order to be eligible for infrastructure funding from the state. GM Johnson corresponded to find out if there are any possible funding opportunities and late today had a response, so more information on this will be given at the next meeting.

GM Johnson also made mentioned that the Financial Audit Report should be ready to be presented at the December meeting.

IX. CONSENT CALENDAR

A. Consider adopting Resolution 2021-12 authorizing the continuation of hybrid/remote teleconferencing meetings pursuant to AB 361

Director Smith moved to adopt Resolution 2021-12 as presented; seconded by Vice President Morris. The Resolution was unanimously adopted, by roll-call vote, with all Directors present.

X ACTION ITEMS

A. Consider adopting Resolution 2021-13 initiating proceedings for the annexation of six parcels into the Aromas Water District

The proposed six parcels, along Rocks Road, totaling 28.58 acres, each have a single family residence. One homeowner is already using a District hydrant meter to fill his domestic water tanks and another has repeatedly requested annexation and connection to the District in the past. There were a variety of reasons why it was not previously annexed; not within the sphere of influence, expense of connection, previously health and safety was not an issue. However, now it has become a matter of health and safety as, according to a well expert, one parcel's well has dried up, so the family have been purchasing water for their basic household needs. Since the main line supplying Ranch Larios is located right beside these parcels, there is no additional cost to the District for installation of infrastructure. It seems likely that the other four homes nearby will experience the same issues, therefore it seems prudent to include them in this annexation effort, presenting these parcels at the same time as the Cole Road annexation. Assuming the annexation is approved, each parcel will only get one connection.

Director Holman moved to adopt Resolution 2021-12 as presented; seconded by Director Dutra. The Resolution was unanimously adopted, by roll-call vote, with all Directors present.

B. Consider receiving an update report on two District projects; Solar Power for the Office and New Water Source

The 2019 Rate Study identified a subset of capital projects in the strategic plan as priority; Ballantree Tank Project, School Road Project, Operations Shop and Solar power for the office. A new water source was also identified for a time period outside the Rate Study horizon. The Board of Directors has brought that project forward as critical. The District stands ready to move forward but is looking to infrastructure grant funding to help with financing.

Office Solar Power

A proposal within budget was supplied by Allterra to provide solar power to the District Office. The project was divided into two parts, each below the \$25,000 threshold for prevailing wage regulations. However, Counsel Bosso advised GM Johnson that prevailing wage should be included. GM Johnson has instructed Allterra to revise and provide a new quote.

New Water Source

Martin Feeny will oversee the new well water source project without travelling, but in heavy consultation with a suitable hydrogeologist contractor. Proposals are expected by December 1, 2021. There will also be a preliminary engineering report coming in soon for CEQA, permits and grant financing; whatever has come in will be presented at the December Board meeting. A proposal for the test well part of the project may also be coming in next week, which is earlier than expected. The next action is to book a drilling company for late summer; this is in progress. The test well could be used in future as an observational well. The completed site design of the project includes; the well; a treatment plant to deal with the probable presence of iron and manganese; an Operations maintenance shop; a solar field and a backup generator.

Vice President Morris expressed her gratification that these projects are quickly moving forward whilst Mr. Feeny is still available and the relationship with the new hydrogeologist is being established. The presentation reflected what was discussed and agreed at the Ad-Hoc Infrastructure & Finance Committee meeting. Seeking grants or other funding, whilst interest rates are currently so low, is prudent.

Board direction was to receive regular updates on the project progress.

C. Financial Reports for the Month of October 2021

Total Assets / Liabilities & Equity are \$10,951,854.07, of which Total Current Assets are \$4,852,731.76, and Total Fixed Assets are \$5,982,183.31. In Liabilities, the Total Current Liabilities are \$283,682.15 and Total Liabilities are \$4,414,323.83.

In the P&L Report, Water Revenue for October was \$140,850.50. Total Expenditures were \$142,204.20 between October 21 to November 15, 2021.

On the graphical representation of the Financials, there is a +13.4% difference for YTD Revenue and -2.7% difference for YTD Expenditures.

Vice President Morris moved to approve the Financial Reports as presented; seconded by Director Holman. The Financial Reports were unanimously approved, with all Directors present.

X. FUTURE MEETINGS & AGENDA ITEMS. The next meeting date was revised and will be on Tuesday, December 21, 2021, and will be the same hybrid format as this meeting. Topics will include the Audit Report and Project Updates.

XI. ADJOURNMENT. President Leap adjourned the meeting at 8:35pm until Tuesday, December 21, 2021.

Read and approved by: _____
President, Jim Leap

Attest: _____
Board Secretary, Louise Coombes

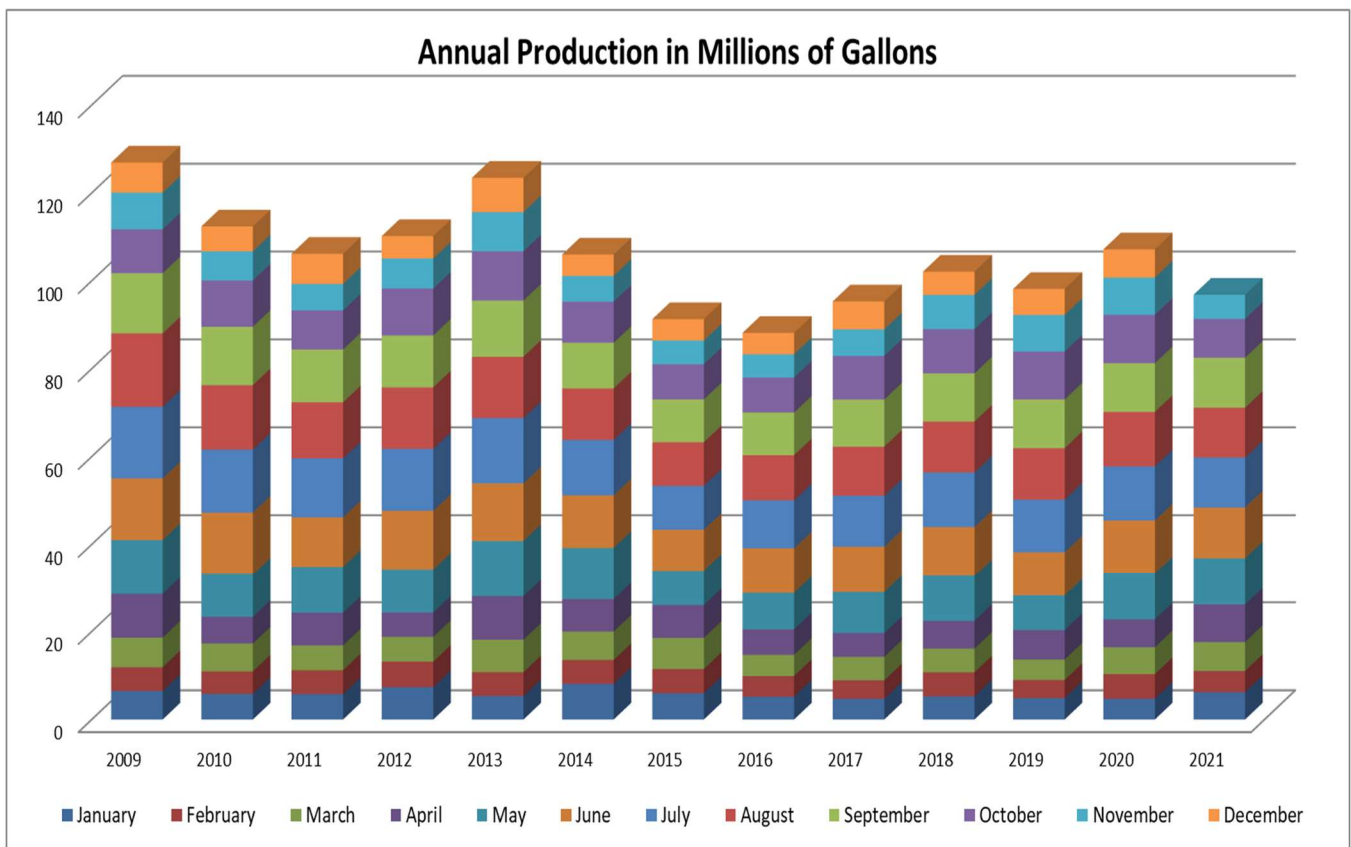
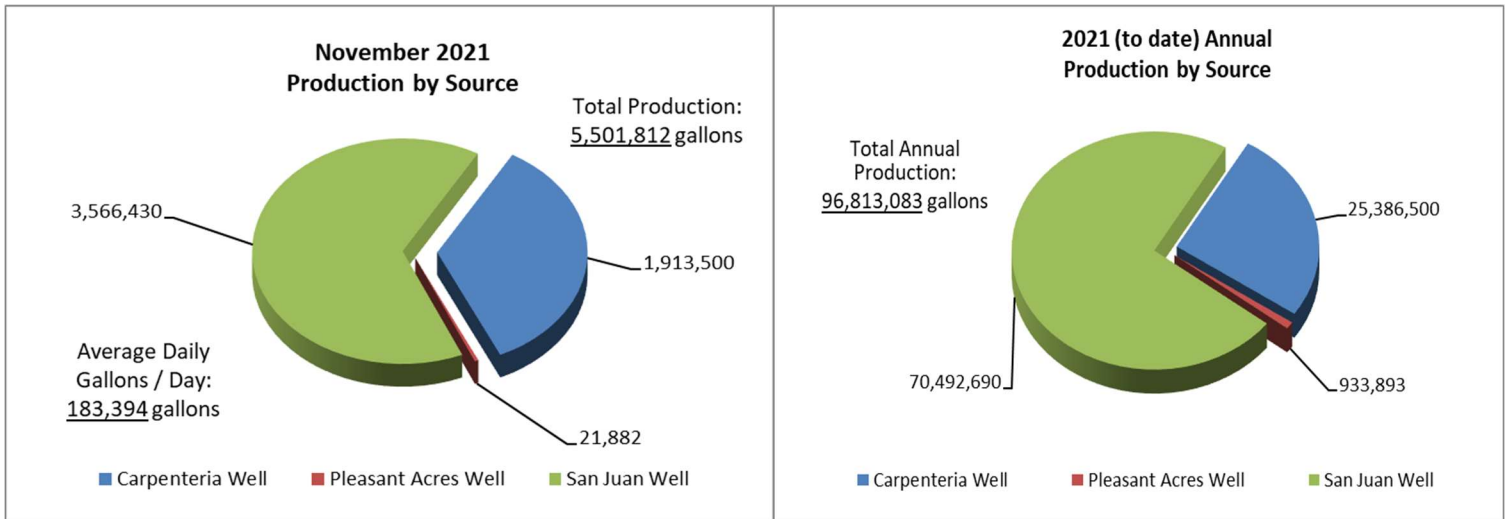
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Date: _____

General Manager's Report November 2021



PRODUCTION REPORT



Totals	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Million Gal	112.37	106.15	110.17	123.42	105.97	91.27	88.152	95.304	102.07	98.141	107.1	96.82
Acre Ft	344.8	325.7	338.05	378.7	325.16	280.05	270.49	292.43	313.18	301.13	328.8	297.08

OPERATIONS AND MAINTENANCE REPORT

OPERATIONS:

- There are 969 total meters installed.
- Carpenteria well was operated the entire month, San Juan was utilized 29 days, and Pleasant Acres well was used for five days this month.
- Water Treatment Plant: finished water was free of both iron and manganese this month.
- Distribution testing for total Coliform; all samples were 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 chart following this report in Board Packet).

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:

- None at the time of this report's writing.

ADMINISTRATIVE REPORT

STAFF & BOARD RECOGNITION:

- WUSp Girõn continues to integrate technology into the daily workflow. She is working with Operator Smith to utilize tablets for routine daily recordkeeping. This effort, when fully implemented, will increase efficiency within the Operations section.
- ASO Coombes continues to refine and update information in the District's GIS. A current focus has been adding Oakridge fire hydrants and the Rocks Road Annexation effort as well correcting multiple portions of existing information.
- ASO Coombes worked with the District Accountant to get the State Controller's Report submitted.
- CO DeAlba is out on medical leave as of June 22. His return date is currently scheduled for January 2022. The temporary worker the District has been using will be leaving for another job out of the area. Staff is working to find alternatives until CO DeAlba returns.
- Operator Smith continues to do a terrific job keeping the system working while CO DeAlba is out on medical leave. His most recent achievements have been related to getting the Ballantree communications system back up to full strength, and providing a solution to some other communications issues that the District has had.
- The Ad-Hoc Infrastructure and Financing Committee met this month via Zoom and reviewed two proposals related to the Marshall Well project. More information will be provided in an Action Item at tonight's Board meeting.

CONSERVATION UPDATE:

November 2021 usage figures are showing a continued reduction in consumption, as is expected this time of year.

October 1, 2021 marked the start of a new water year. As of the date of this report (December 15), the rain gauge at Chittenden Pass has recorded 8.64 inches of precipitation, with 3.28 inches falling this month (2.52 inches fell on December 13). That total is 91% of all the precipitation received last year (9.48 inches).

PROJECTS:

1. Response to COVID-19 virus

Staff has been staying current on the ever-changing COVID-19 situation. The office has been reopened, and customers have adjusted to the changes. Further changes are expected in late September when the current Gubernatorial executive orders sunset.

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

Installations are complete – respective staff members are working to complete final “punch list-type items”. These should be completed by the end of the calendar year.

3. Orchard Hill Road proposed annexation progress

MNS Engineers has completed the FINAL Technical Memorandum (TM) and it has been released to the main spokespeople of the group. Staff has not heard back from the group regarding this effort. Staff will reach out to the main contact points for this group in January 2022.

4. Progress on the Cole Road Outreach Project

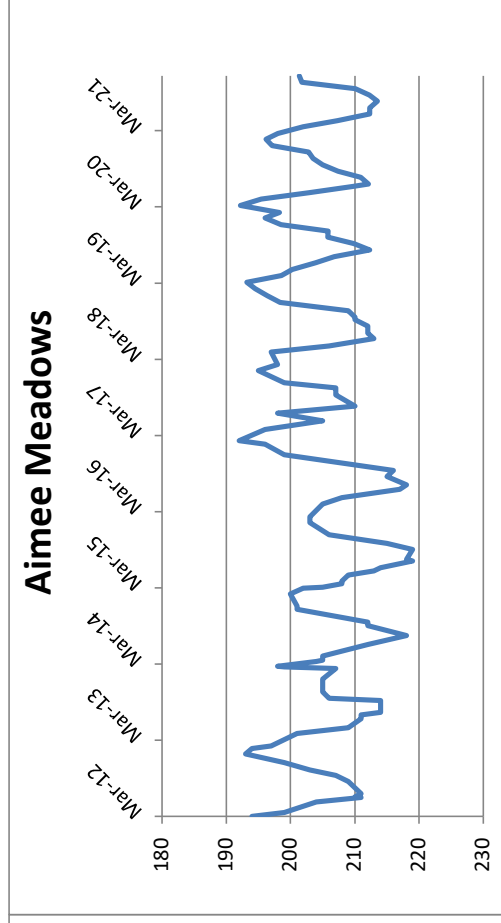
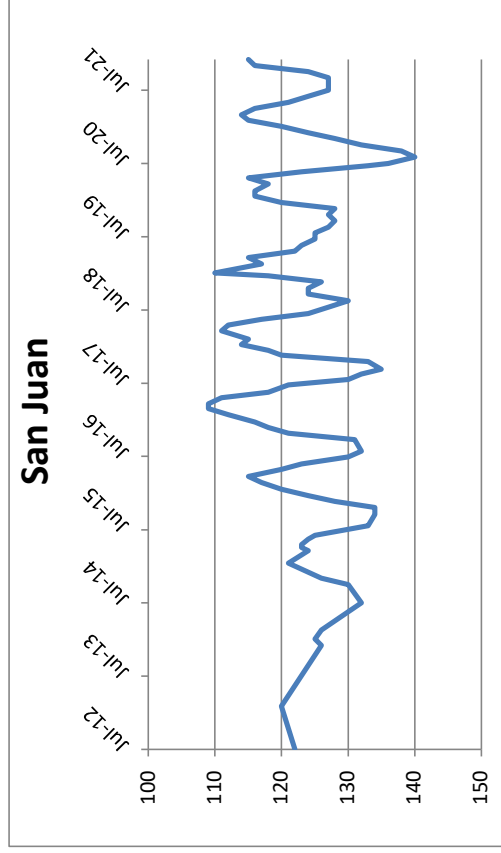
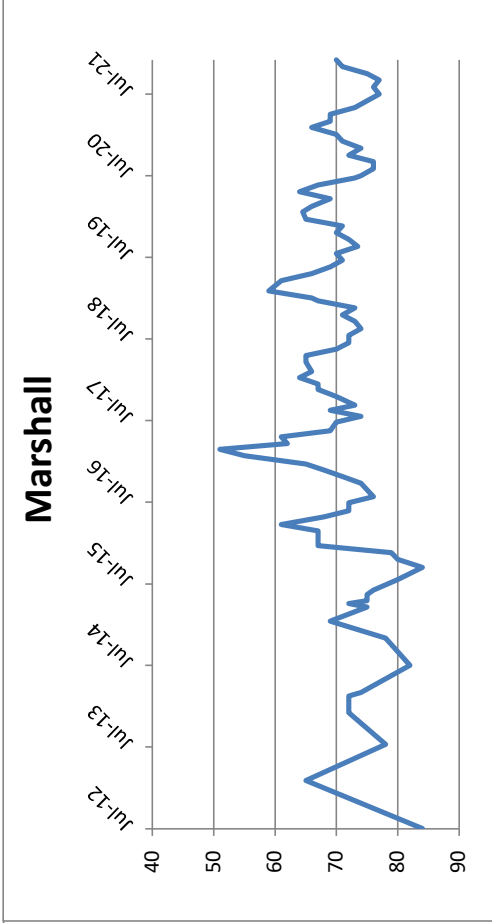
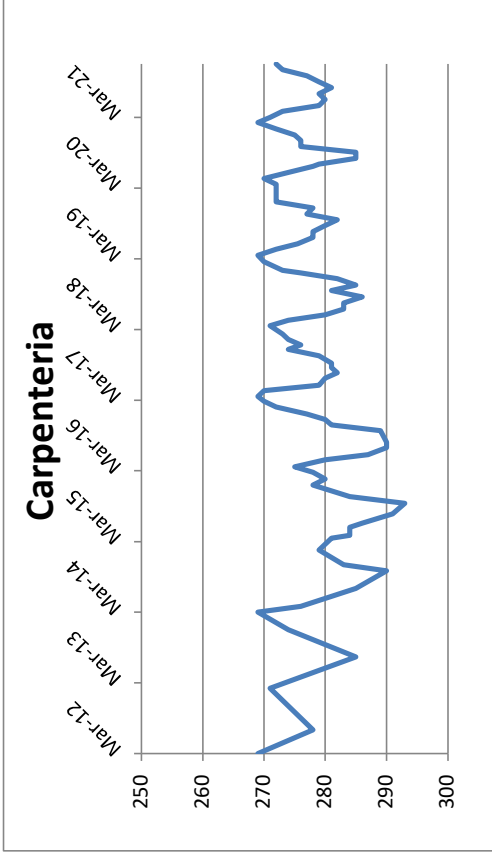
A public Town hall-type meeting was held on October 20, with about 12 parties in attendance. The group was supportive of moving forward with the annexation effort. Staff is scheduled to present the Cole Road (and Rocks Road) Annexations to PVWMA in January; first to the Administration and Finance Committee (January 11), and then the full Board of Directors on January 19, 2022. If this matter is approved at PVWMA, staff will then begin the LAFCo Application process.

5. Progress on Finding a New Water Source Project

Staff will be presenting an update on this project as part of the Action Items at tonight’s meeting.

Robert Johnson
General Manager
December 15, 2021

Well Water Level Monitoring
 Depth to Water Measurements
 Date: December 10, 2021



CORRESPONDENCE LIST: 11/18/2021 – 12/15/2021

DATE	TYPE	TO	FROM	SUBJECT
11/22/21	E M	A Gutierrez, County of San Benito	R Johnson, AWD	PLN210057 0 Pine Tree Up – Christian Heath [+Letter Attached]
12/2/21	E	B Nicholson, SB LAFCo	R Johnson, AWD	Checking on Martinez Annexation process [& Response]
12/3/21	E	B Nicholson, SB LAFCo	R Johnson, AWD	Checking on Martinez Annexation process
12/8/21	E	R Guerrero, PV Water	R Johnson, AWD	4 th Quarter Pajaro Valley Water Report
12/10/21	E	SWRCB	R Johnson, AWD	Monthly Summary of Coliform Monitoring
12/10/21	E	SWRCB	R Johnson, AWD	Monthly Fe & Mn Field Test Results



RESOLUTION 2021-14

RESOLUTION AUTHORIZING THE CONTINUATION OF HYBRID/REMOTE TELECONFERENCE MEETINGS PURSUANT TO AB 361

WHEREAS, the Aromas Water District (District) Board of Directors (BOD) is committed to preserving public access and participation in BOD's meetings; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, on March 4, 2020, Governor Newsom issued a Proclamation of State of Emergency in response to the COVID-19 pandemic; and

WHEREAS, the proclaimed state of emergency remains in effect; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 that provides that a legislative body subject to the Brown Act may continue to meet without fully complying with the teleconferencing rules in the Brown Act providing the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees, and further requires that certain findings be made by the legislative body every thirty (30) days; and

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the BOD deems it necessary to find a requirement to meet in person for meetings of the District could present imminent risks to the health and safety of attendees, and thus, intends to invoke the provisions of AB 361 related to teleconferencing; and

WHEREAS, the BOD has considered all information related to this matter, as presented at the public meetings of the BOD, including but not limited to the current circumstances related to the state of emergency, which continues to remain active; and

WHEREAS, the BOD further finds that the state of emergency continues to directly impact the ability of the members to meet safely in person.

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

- 1. The BOD finds that the facts set forth in the recitals to the Resolution are true and correct.**
- 2. The above findings and this resolution apply to all meeting of the Aromas Water District subject to the Brown Act for the period of December 27, 2021 to January 26, 2022 (Resolution 2021-12 covers until December 26, 2021).**

3. **As long as the State Emergency remains in effect or until directed otherwise by the BOD, staff shall present to the BOD at every meeting necessary, an item to continue the findings required by AB 361.**
4. **This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of thirty (30) days from adoption of the Resolution or such time the BOD adopts a subsequent Resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the BOD may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953; and**
5. **The General Manager and District Counsel are directed to take such other necessary actions to implement the intent and purposes of the Resolution.**

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 21st day of DECEMBER 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVE:

ATTEST:

James Leap, Board President

Board Secretary, Louise Coombes

Staff Report



To: Board of Directors
Re: Item X.A – Presentation of Audited Financial Statements for Fiscal Years Ended June 2021 and 2020
Date: December 14, 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 2020-2021 Fiscal Year, which is the twelve-month period from July 1, 2020 to June 30, 2021. Also included this time is a comparison to the previous year's finances, Fiscal Year 2019-20. A copy of the DRAFT Financial Statements is included within this meeting's Board packet.

The Audit Committee is composed of Chris Brown of Fedak & Brown, and from the District: Board President Leap, Water Utility Specialist Girōn, and General Manager Johnson. The Committee plans to meet on December 21, 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, 2021 and 2020**

DRAFT



Board of Directors as of June 30, 2021

Name	Title	Elected/ Appointed	Current Term
James Leap	President	Elected	12/18 - 12/22
Vicki Morris	Vice-president	Elected	12/20 - 12/24
Marcus Dutra	Director	Elected	12/18 - 12/22
Wayne Holman	Director	Elected	12/20 - 12/24
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, 2021 and 2020**

DRAFT

**Aromas Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2021 and 2020**

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DRAFT

Financial Section

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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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 36 through 38, 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 November 23, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 40 and 41.

Fedak & Brown LLP
Cypress, California
November 23, 2021

Aromas Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2021 and 2020

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Aromas Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2021, the District's operating revenues increased 16.89% or \$210,416, from \$1,244,078 to \$1,454,224. 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 2021, the District's operating expenses increased 1.19% or \$11,346, from \$950,112 to \$961,458. In fiscal year 2020, the District's operating expenses increased 10.19% or \$87,839, from \$862,273 to \$950,112.
- In fiscal year 2021, the District's net position increased 0.98% or \$63,279, from \$6,470,178 to \$6,533,457. In fiscal year 2020, the District's net position decreased 1.58% or \$103,630, from \$6,573,808 to \$6,470,178.

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, 2021 and 2020

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 35.

Statements of Net Position

A summary of the statements of net position is as follows:

	Condensed Statements of Net Position				
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Assets:					
Current assets	\$ 4,755,793	4,531,215	224,578	4,326,618	204,597
Capital assets, net	6,138,410	6,487,895	(349,485)	6,832,606	(344,711)
Total assets	<u>10,894,203</u>	<u>11,019,110</u>	<u>(124,907)</u>	<u>11,159,224</u>	<u>(140,114)</u>
Deferred outflows of resources	<u>149,120</u>	<u>140,939</u>	<u>8,181</u>	<u>138,369</u>	<u>2,570</u>
Liabilities:					
Current liabilities	309,484	381,873	(72,389)	298,269	83,604
Non-current liabilities	4,196,045	4,297,908	(101,863)	4,425,516	(127,608)
Total liabilities	<u>4,505,529</u>	<u>4,679,781</u>	<u>(174,252)</u>	<u>4,723,785</u>	<u>(44,004)</u>
Deferred inflows of resources	<u>4,337</u>	<u>10,090</u>	<u>(5,753)</u>	<u>-</u>	<u>10,090</u>
Net position:					
Net investment in capital assets	2,422,798	2,610,581	(187,783)	2,796,219	(185,638)
Restricted	2,850,000	2,895,000	(45,000)	2,939,001	(44,001)
Unrestricted	1,260,659	964,597	296,062	838,588	126,009
Total net position	<u>\$ 6,533,457</u>	<u>6,470,178</u>	<u>63,279</u>	<u>6,573,808</u>	<u>(103,630)</u>

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 \$6,533,457 and \$6,470,178 as of June 30, 2021 and 2020, 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 (37.08% and 40.35% as of June 30, 2021 and 2020, 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 2021 and 2020, the District showed a positive balance in its unrestricted net position of \$1,260,659 and \$964,597, respectively.

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Statements of Revenues, Expenses, and Changes in Net Position

A summary of the statements of revenues, expenses, and changes in net position is as follows:

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

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Revenue:					
Operating revenues	\$ 1,454,224	1,244,078	210,146	1,163,923	80,155
Non-operating revenues	195,534	225,645	(30,111)	230,894	(5,249)
Total revenue	<u>1,649,758</u>	<u>1,469,723</u>	<u>180,035</u>	<u>1,394,817</u>	<u>74,906</u>
Expense:					
Operating expense	961,458	950,112	11,346	862,273	87,839
Depreciation expense	470,277	462,231	8,046	458,010	4,221
Non-operating expense	154,744	161,010	(6,266)	165,549	(4,539)
Total expense	<u>1,586,479</u>	<u>1,573,353</u>	<u>13,126</u>	<u>1,485,832</u>	<u>87,521</u>
Changes in net position	<u>63,279</u>	<u>(103,630)</u>	<u>166,909</u>	<u>(91,015)</u>	<u>(12,615)</u>
Net position, beginning of year	<u>6,470,178</u>	<u>6,573,808</u>	<u>(103,630)</u>	<u>6,664,823</u>	<u>(91,015)</u>
Net position, end of year	<u>\$ 6,533,457</u>	<u>6,470,178</u>	<u>63,279</u>	<u>6,573,808</u>	<u>(103,630)</u>

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

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

In fiscal year 2021, the District's operating revenues increased 16.89% or \$210,146, due primarily to increases in water revenue of \$222,746; which was offset by a decrease in connection fees of \$12,600. The District's non-operating revenues decreased 13.34% or \$30,111, due primarily to decreases in interest income of \$18,219 and voter approved assessments of \$17,214. 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 2021, the District's operating expenses increased 1.19% or \$11,346, due primarily to an increase in salaries and wages of \$34,342; which was offset by decreases in administration and general of \$14,754 and employee benefits of \$14,453. The District's non-operating expenses decreased 3.89% or \$6,266, due primarily to a decrease in interest expense of \$3,808. 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 \$4,695.

In fiscal year 2021, the District's net position increased 0.98% or \$63,279, from \$6,470,178 to \$6,533,457, from continuing operations. 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

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Capital Asset Administration

At the end of fiscal years 2021 and 2020, the District's investment in capital assets (net of accumulated depreciation), amounted to \$6,138,410 and \$6,487,895 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 change in capital assets for 2021, was as follows:

	Balance 2020	Transfers/ Additions	Transfers/ Deletions	Balance 2021
Non-depreciable assets	\$ 331,196	-	-	331,196
Depreciable assets	12,550,264	120,792	-	12,671,056
Accumulated depreciation	<u>(6,393,565)</u>	<u>(470,277)</u>	-	<u>(6,863,842)</u>
Total capital assets, net	<u>\$ 6,487,895</u>	<u>(349,485)</u>	-	<u>6,138,410</u>

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

	Balance 2019	Transfers/ Additions	Transfers/ Deletions	Balance 2020
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>(6,393,565)</u>
Total capital assets, net	<u>\$ 6,832,606</u>	<u>(344,711)</u>	-	<u>6,487,895</u>

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

Debt Administration

Changes in long-term debt in 2021, were as follows:

	Balance 2020	Additions	Principal Payments	Balance 2021
Bonds payable	\$ 2,895,000	-	(45,000)	2,850,000
Notes payable	<u>982,314</u>	-	<u>(116,702)</u>	<u>865,612</u>
Total long-term debt	<u>\$ 3,877,314</u>	-	<u>(161,702)</u>	<u>3,715,612</u>

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

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

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

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.

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Basic Financial Statements

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**Aromas Water District
Statements of Net Position
June 30, 2021 and 2020**

	2021	2020
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,627,155	1,397,801
Cash and cash equivalents – restricted (note 2)	519,960	487,473
Accounts receivable, net	198,280	161,176
Assessment receivable – restricted	2,330,040	2,407,527
Property taxes receivable	-	1,256
Interest receivable	682	3,022
Prepaid expenses	16,499	23,038
Inventory and supplies	63,177	49,922
Total current assets	4,755,793	4,531,215
Non-current assets:		
Capital assets – not being depreciated (note 3)	331,196	331,196
Capital assets – being depreciated (note 3)	5,807,214	6,156,699
Total non-current assets	6,138,410	6,487,895
Total assets	10,894,203	11,019,110
Deferred outflows of resources:		
Deferred outflows – pensions (note 7)	149,120	140,939
Total deferred outflows of resources	\$ 149,120	140,939

Continued on next page

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Net Position, continued
June 30, 2021 and 2020

	2021	2020
Current liabilities:		
Accounts payable	\$ 65,331	138,314
Accrued interest	44,307	47,596
Accrued payroll and payroll liabilities	24,412	1,906
Customer deposits and unearned revenue	10,500	9,732
Long-term liabilities – due within one year:		
Compensated absences (note 4)	27,980	20,862
Bonds payable (note 5)	52,000	45,000
Notes payable (note 5)	84,954	118,463
Total current liabilities	309,484	381,873
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	9,327	6,954
Net pension liability (note 7)	608,060	577,103
Bonds payable (note 5)	2,798,000	2,850,000
Notes payable (note 5)	780,658	863,851
Total non-current liabilities	4,196,045	4,297,908
Total liabilities	4,505,529	4,679,781
Deferred inflows of resources:		
Deferred inflows – pensions (note 7)	4,337	10,090
Total deferred inflows of resources	4,337	10,090
Net position (note 6):		
Net investment in capital assets	2,422,798	2,610,581
Restricted	2,850,000	2,895,000
Unrestricted	1,260,659	964,597
Total net position	\$ 6,533,457	6,470,178

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, 2021 and 2020

	2021	2020
Operating revenues:		
Water revenue	\$ 1,439,584	1,216,838
Connection fees	14,640	27,240
Total operating revenues	1,454,224	1,244,078
Operating expenses:		
Pumping	182,229	182,075
Water treatment	28,339	22,282
Administration and general	95,747	110,501
Salaries and wages	465,497	431,155
Employee benefits	189,646	204,099
Total operating expenses	961,458	950,112
Operating income before depreciation	492,766	293,966
Depreciation expense	(470,277)	(462,231)
Operating income(loss)	22,489	(168,265)
Non-operating revenues(expenses):		
Property taxes	80,053	74,731
Voter approved assessment	113,261	130,475
Interest income	2,220	20,439
Interest expense	(150,327)	(154,135)
Miscellaneous expense	(4,417)	(6,875)
Total non-operating revenues, net	40,790	64,635
Changes in net position	63,279	(103,630)
Net position, beginning of year	6,470,178	6,573,808
Net position, end of year	\$ 6,533,457	6,470,178

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash receipts from customers for sales and service	\$ 1,415,811	1,207,361
Cash paid to vendors and suppliers	(558,637)	(421,931)
Cash paid to employees	(433,500)	(419,916)
Net cash provided by operating activities	423,674	365,514
Cash flows from non-capital financing activities:		
Proceeds from property taxes and assessments	272,057	210,523
Net cash provided by non-capital financing activities	272,057	210,523
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(120,792)	(117,520)
Principal paid on long-term debt	(161,702)	(159,073)
Interest paid on long-term debt	(153,616)	(155,349)
Net cash used in capital and related financing activities	(436,110)	(431,942)
Cash flows from investing activities:		
Interest earnings	2,220	20,439
Net cash provided by investing activities	2,220	20,439
Net increase in cash and cash equivalents	261,841	164,534
Cash and cash equivalents, beginning of year	1,885,274	1,720,740
Cash and cash equivalents, end of year	\$ 2,147,115	1,885,274
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 1,627,155	1,397,801
Cash and cash equivalents - restricted	519,960	487,473
Total cash and cash equivalents	\$ 2,147,115	1,885,274

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, 2021 and 2020

	2021	2020
Reconciliation of operating income(loss) to net cash provided by operating activities:		
Operating income(loss)	\$ 22,489	(168,265)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation	470,277	462,231
Other non-operating	(4,417)	(6,875)
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase)decrease in assets and deferred outflows:		
Accounts receivable, net	(37,104)	(31,445)
Other receivables	2,340	2,149
Prepaid expenses	6,539	(15,622)
Inventory and supplies	(13,255)	(462)
Deferred outflows – pensions	(8,181)	(2,570)
Increase(decrease) in liabilities and deferred inflows:		
Accounts payable	(72,983)	73,112
Accrued payroll and payroll liabilities	22,506	1,331
Customer deposits and unearned revenue	768	(546)
Compensated absences	9,491	9,908
Net pension liability	30,957	32,478
Deferred inflows – pensions	(5,753)	10,090
Total adjustments	401,185	533,779
Net cash provided by operating activities	\$ 423,674	365,514

See accompanying notes to the basic financial statements

Aromas Water District
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2021 and 2020

(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 965 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.

Aromas Water District
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2021 and 2020

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

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 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.

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.

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.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(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 labor shortages and closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruptions. 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, 2021 and 2020

(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, 2021 and 2020

(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:

	2021	2020
Cash and cash equivalents	\$ 1,627,155	1,397,801
Cash and cash equivalents - restricted	519,960	487,473
Total	\$ 2,147,115	1,885,274

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

	2021	2020
Cash on hand	\$ 100	100
Deposits with financial institutions	1,311,668	1,054,049
Local Agency Investment Fund	835,347	831,126
Total	\$ 2,147,115	1,885,275

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(2) Cash and Cash Equivalents, continued

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

	2021	2020
Deposits in California Local Agency Investment Fund (LAIF)	291 days	191 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, 2021 and 2020

(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, 2021 and 2020, \$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, 2021 and 2020, 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, 2021 and 2020.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(3) Capital Assets

Changes in capital assets for 2021, was as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</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	11,940,958	120,792	-	12,061,750
Office building and improvements	398,262	-	-	398,262
Office furniture and fixtures	93,467	-	-	93,467
Vehicles	117,577	-	-	117,577
Total depreciable assets	<u>12,550,264</u>	<u>120,792</u>	<u>-</u>	<u>12,671,056</u>
Accumulated depreciation	<u>(6,393,565)</u>	<u>(470,277)</u>	<u>-</u>	<u>(6,863,842)</u>
Total depreciable assets, net	<u>6,156,699</u>	<u>(349,485)</u>	<u>-</u>	<u>5,807,214</u>
Total capital assets, net	<u>\$ 6,487,895</u>			<u>6,138,410</u>

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

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	117,577	-	-	117,577
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.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(4) Compensated Absences

Changes in compensated absences balance in 2021, were as follows:

<u>Balance</u> <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2021</u>	<u>Current</u>	<u>Non- Current</u>
\$ 27,816	21,246	(11,775)	37,307	27,980	9,327

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

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

(5) Long-Term Debt

Changes in long-term debt in 2021, were as follows:

	<u>Balance</u> <u>2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>2021</u>
Bonds payable:				
Limited Obligation Improvement Bonds				
Orchard Acres Assessment District 2008 Series A	\$ 390,000	-	(10,000)	380,000
Assessment District No. 2013-1 Series 2014	2,505,000	-	(35,000)	2,470,000
Total bonds payable	2,895,000	-	(45,000)	2,850,000
Notes payable:				
Union Bank – Tax-exempt refunding loan	946,313	-	(80,701)	865,612
Union Bank – Taxable project loan	36,001	-	(36,001)	-
Total notes payable	982,314	-	(116,702)	865,612
Total long-term debt	3,877,314	-	(161,702)	3,715,612
Current portion	(163,463)			(136,954)
Non-current portion	\$ 3,713,851			3,578,658

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(5) Long-Term Debt, continued

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

	<u>Balance 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2020</u>
Bond 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	<u>2,539,000</u>	-	<u>(34,000)</u>	<u>2,505,000</u>
Total bonds payable	<u>2,939,000</u>	-	<u>(44,000)</u>	<u>2,895,000</u>
Note payable				
Union Bank – Tax-exempt refunding loan	1,026,356	-	(80,043)	946,313
Union Bank – Taxable project loan	<u>71,031</u>	-	<u>(35,030)</u>	<u>36,001</u>
Total note payable	<u>1,097,387</u>	-	<u>(115,073)</u>	<u>982,314</u>
Total long-term debt	4,036,387	-	<u>(159,073)</u>	3,877,314
Current portion	<u>(159,074)</u>			<u>(163,463)</u>
Non-current portion	<u>\$ 3,877,313</u>			<u>3,713,851</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 2nd and September 2nd of each year, and annual debt service payment of principal on September 2nd 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.

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	15,000	19,084	34,084
2027-2031	100,000	77,864	177,864
2032-2036	135,000	42,902	177,902
2037-2038	<u>70,000</u>	<u>4,275</u>	<u>74,275</u>
Total	380,000	<u>229,621</u>	<u>609,621</u>
Current	<u>(15,000)</u>		
Non-current	<u>\$ 365,000</u>		

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(5) Long-Term Debt, continued

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 2nd and September 2nd of each year, and annual debt service payment of principal on September 2nd of each year. The interest on the bond is stated at 4.00% and matures in 2055.

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	43,000	95,300	138,300
2027-2031	241,000	448,820	689,820
2032-2036	293,000	395,620	688,620
2037-2041	357,000	330,780	687,780
2042-2046	434,000	252,000	686,000
2047-2051	530,000	155,800	685,800
2052-2055	416,000	41,480	457,480
Total	<u>2,470,000</u>	<u>2,117,200</u>	<u>4,587,200</u>
Current	<u>(37,000)</u>		
Non-current	<u>\$ 2,433,000</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 1st and November 1st 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, 2021 and 2020

(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>
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	95,700	17,345	110,237
2027-2030	<u>414,376</u>	<u>28,335</u>	<u>442,711</u>
Total	865,612	<u>131,093</u>	<u>993,897</u>
Current	<u>(84,954)</u>		
Non-current	<u>\$ 780,658</u>		

In 2021, the District paid the taxable note in full.

(6) Net Position

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

	<u>2021</u>	<u>2020</u>
Net investments in capital assets:		
Capital assets, net	\$ 6,138,410	6,487,895
Notes payable, current	(84,954)	(118,463)
Notes payable, non-current	(780,658)	(863,851)
Bonds payable, current	(52,000)	(45,000)
Bonds payable, non-current	<u>(2,798,000)</u>	<u>(2,850,000)</u>
Total net investments in capital assets	<u>2,422,798</u>	<u>2,610,581</u>
Restricted for debt service:		
Cash and cash equivalents – restricted	519,960	487,473
Assessment receivable – restricted	<u>2,330,040</u>	<u>2,407,527</u>
Total restricted for debt service	<u>2,850,000</u>	<u>2,895,000</u>
Unrestricted net position:		
Non-spendable net position:		
Inventory and supplies	63,177	49,922
Prepaid expenses	<u>16,499</u>	<u>23,038</u>
Total non-spendable net position	<u>79,676</u>	<u>72,960</u>
Spendable net position:		
Unrestricted	<u>1,180,983</u>	<u>891,637</u>
Total spendable net position	<u>1,180,983</u>	<u>891,637</u>
Total unrestricted net position	<u>1,260,659</u>	<u>964,597</u>
Total net position	<u>\$ 6,533,457</u>	<u>6,470,178</u>

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(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.

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. 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:

	2021		2020	
	New Classic	PEPRA	New Classic	PEPRA
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		monthly for life	
Retirement age	50 - 55	52 - 62	50 - 55	52 - 62
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%	6.75%
Required employer contribution rates	11.03%	7.73%	10.22%	6.99%

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(7) Defined Benefit Pension Plans, continued

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:

	2021	2020
Contribution - employer	\$ 79,845	70,661

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:

	2021	2020
Proportionate share of net pension liability	\$ 608,060	577,103

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, 2021 and 2020, the net pension liability of the Plan is measured as of June 30, 2020 and 2019 (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, 2019 and 2018 (the valuation dates), rolled forward to June 30, 2020 and 2019, 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, 2020 and 2019, were as follows:

	Proportionate Share
Proportion – June 30, 2018	0.00565 %
Decrease in proportionate share	(0.00002)
Proportion – June 30, 2019	0.00563
Decrease in proportionate share	(0.00004)
Proportion – June 30, 2020	0.00559 %

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(7) Defined Benefit Pension Plans, continued

Deferred Pension Outflows (Inflows) of Resources

For the years ended June 30, 2021 and 2020, the District recognized pension expense of \$119,843 and \$94,175, respectively. As of the fiscal years ended June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>2021</u>		<u>2020</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	\$ 87,813	-	79,845	-
Differences between actual and expected experience	31,335	-	36,976	-
Changes in assumptions	-	(4,337)	17,764	-
Net difference between projected and actual earnings on plan investments	18,064	-	-	(10,090)
Adjustment due to changes in proportions and difference between actual and proportionate share of contributions	11,908	-	6,354	-
Total	<u>\$ 149,120</u>	<u>(4,337)</u>	<u>140,939</u>	<u>(10,090)</u>

For the years ended June 30, 2021 and 2020, the District's deferred outflows of resources related to contributions subsequent to the measurement date totaled \$87,813 and \$79,845, 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	\$ 9,567
2021	22,532
2022	16,206
2023	8,665

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(7) Defined Benefit Pension Plans, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 and 2018, actuarial valuations were determined using the following actuarial assumptions:

Valuation dates	June 30, 2019 and 2018
Measurement dates	June 30, 2020 and 2019
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, 2021 and 2020, 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, 2021 and 2020

(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, 2021, 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	\$ 883,260	608,060	380,670

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(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, 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:

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

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 36 through 38 for the Required Supplementary Information.

(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, 2021:

- 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.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(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. 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.

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.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2021 and 2020

(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, 2021 and 2020

(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, 2021 and 2020

(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, 2021 and 2020

(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, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of November 23, 2021, 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, continued
As of June 30, 2021
Last Ten Years*

Defined Benefit Plan

Description	Fiscal Years						
	6/30/2020	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	0.00559%	0.00563%	0.00565%	0.00567%	0.00579%	0.00635%	0.00701%
District's proportionate share of the net pension liability	\$ 608,060	\$ 577,103	\$ 544,625	\$ 562,232	\$ 501,054	\$ 436,183	\$ 436,144
District's covered-employee payroll	\$ 365,231	\$ 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	166.49%	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	75.10%	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 and Methods

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes

have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

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.

Aromas Water District
Schedules of the District's Proportionate Share of the Net Pension Liability, continued
As of June 30, 2021
Last Ten Years*

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

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, 2021
Last Ten Years*

Description	Measurement Dates									
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015			
Actuarially determined contribution	\$ 87,813	79,845	70,661	65,018	61,410	51,643	43,204			
Contributions in relation to the actuarially determined contribution	(87,813)	(79,845)	(70,661)	(65,018)	(61,410)	(51,643)	(43,204)			
Contribution deficiency(excess)	\$ -	-	-	-	-	-	-			
District's covered payroll	\$ 365,231	329,968	353,350	284,641	260,629	249,960	328,069			
Contribution's as a percentage of covered-employee payroll	24.04%	24.20%	20.00%	22.84%	23.56%	20.66%	13.17%			

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.

Supplementary Information

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Aromas Water District
Schedules of Operating Expenses
For the Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating expenses:		
Salaries	\$ 433,210	400,796
Payroll taxes	31,514	30,359
Payroll expenses	1,194	-
Retirement benefits - CalPERS	104,646	118,414
Uniform allowance	2,470	2,216
Education	762	3,634
Workers compensation and health insurance	81,768	79,835
Outside services	3,638	10,748
Power	84,592	76,461
Truck expense	21,114	20,680
System repair and maintenance	58,633	68,614
Water analysis and treatment	28,339	22,282
Small tools and equipment	7,869	7,014
Annexation/EIR/Planning	1,612	2,513
Office (postage/supplies/maintenance)	16,582	27,312
Telemetry	8,408	6,793
Telephone	9,030	7,451
Election expense	400	-
General and property insurance	16,934	16,576
Legal	15,600	15,600
Bank charges	1,470	2,150
Audit	11,425	11,703
Bad debts	211	15
Membership	19,264	18,946
Covid sick support	773	-
	<u>961,458</u>	<u>950,112</u>
Total operating expenses	\$ <u>961,458</u>	<u>950,112</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 ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 23, 2021.

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
November 23, 2021

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Staff Report



To: Board of Directors

Re: Item X.B – Consider receiving a progress report on the Marshall Well project, and providing direction to Staff

Date: December 14, 2021

Summary / Discussion

The District’s Strategic Plan identified a number of projects to be completed within its five-year horizon. Some of those projects were identified in the 2019 Rate Study, and were a basis for determining the water rates that were ultimately established. A non-exhaustive list of those projects includes: 1) Ballantree Tank Project, 2) School Road Tank Project, 3) Aimee Meadows Pressure-Reducing Station, 4) building an Operations Shop, and 5) installing solar power for the 388 Blohm Avenue facility. Also, identified for Fiscal Years 2024-2025 to 2026-2027 was a new water source (well) project. That project was moved up by Board decision due to current (and forecasted) hydrologic conditions.

Staff will provide a progress report on the Marshall Well project. A synopsis of two proposals will be presented for the Board to accept and direct staff to develop contracts for each proposal; one project is the work needed to develop a Preliminary Engineering Report (PER) and the other is drilling of the test well.

The Ad-Hoc Infrastructure and Financing Committee (IFC) met via Zoom on December 14 to discuss the proposals and evaluate if they were ready for the full Board’s attention. After discussing both proposals, the IFC thought the proposals had merit and should be moved to the full Board for approval and contract development.

The IFC also discussed financing options. An initial call was placed to the firm that did the financing for the District’s Oakridge project, as well as our loan. A call is scheduled for Monday, December 20, and the outcome of that call will be presented at the Board meeting.

So, there has been forward movement on the well project, and information continues to come in time goes by. Attached to this report is the original Gantt Chart showing the proposed timeline for the project, and a cover letter with the task cost breakdown sheet for each proposal. An up-to-date report on the well project will also be presented as part of this item.

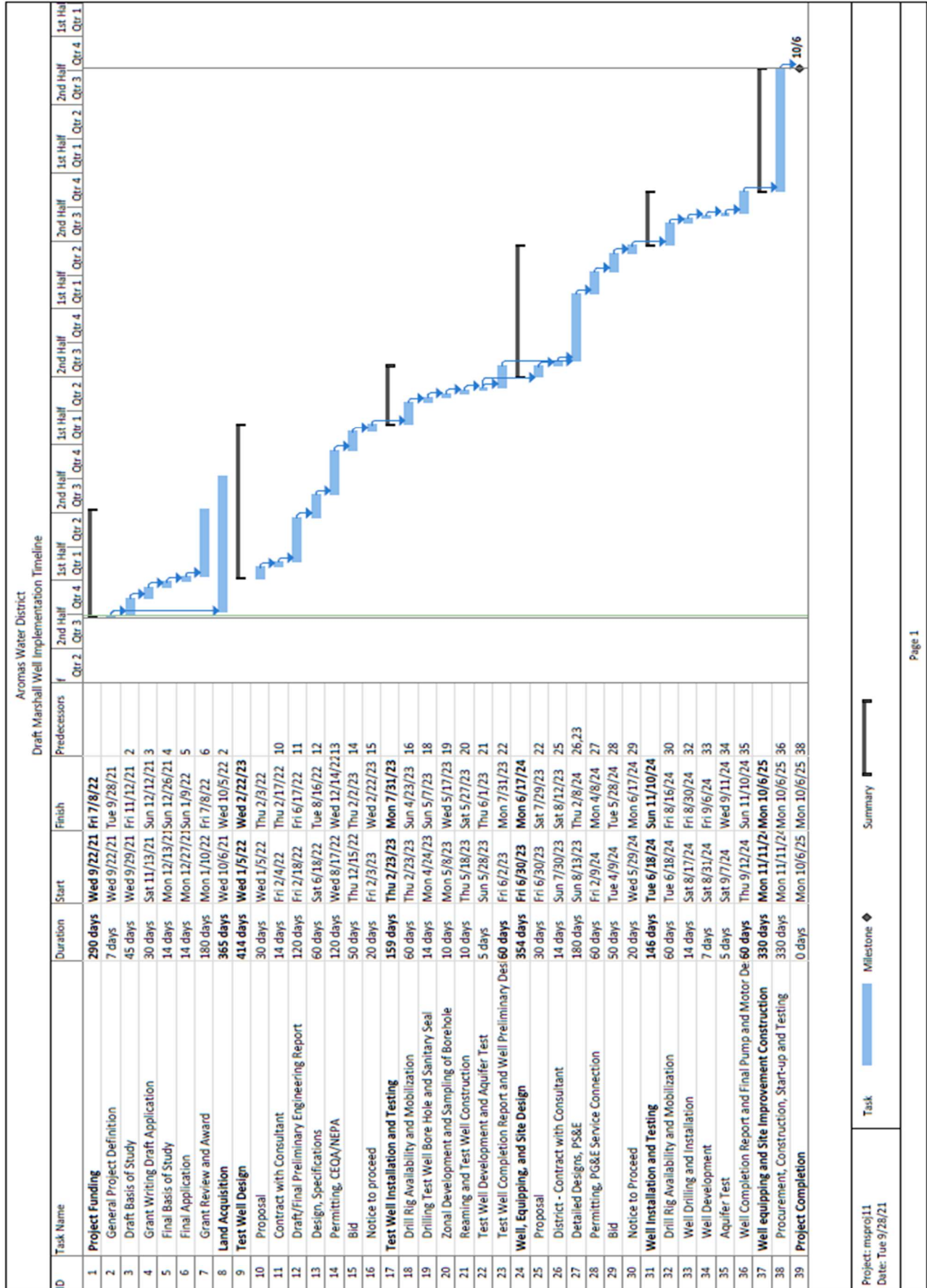
Staff Recommendation

Receive the progress report, accept the proposals and provide direction to staff, if any.

Submitted by:

Robert Johnson
General Manager

Marshall Well Gantt Chart - Original



**Cover Letter and
Cost per Task Breakdown for the
Preliminary Engineering Report and Environmental Documentation**



811 El Capitan Way, Suite 130
San Luis Obispo, CA 93401

Ph 805.787.0326

December 10, 2021

Aromas Water District
Attention: Robert Johnson, General Manager
388 Blohm Avenue
Aromas, CA 95004

SUBJECT: Proposal for Preliminary Engineering and Environmental Compliance for the Marshall Well Project

Dear Mr. Johnson:

Thank you for the opportunity to submit this proposal to provide preliminary engineering and environmental compliance services for the Marshall Well Project (Project) for the Aromas Water District (District). MNS Engineers, Inc. (MNS) offers our qualified team to provide professional services for this Project.

Project Understanding

The District currently owns an approximately 1-acre parcel at the east end of Marshall Lane in Aromas, within San Benito County. Improvements on the existing parcel include an out of service well, an abandoned tank, a workshop in poor condition, and miscellaneous other storage containers, gravel roads, etc. The District is interested in developing the parcel into a fully functional municipal site, with a new test well, a production well with a targeted capacity of 1,000 gallons per minute (gpm), an iron and manganese treatment system, a new three-bay workshop, permanent back-up generator, and miscellaneous site improvements. The District is also interested in acquiring an additional 1-acre parcel to the west of the existing site for construction of a photo-voltaic solar system.

MNS recently prepared an implementation schedule for the Project. The next step in advancing the Project includes development of a comprehensive preliminary engineering report (PER). The final PER will be used as a basis for developing environmental compliance documents to demonstrate compliance with the California Environmental Quality Act (CEQA), and the National Environmental Policy Act (NEPA). The completed PER will also provide a basis for future detailed design work, as well as potential external funding applications.

Cover Letter and Cost per Task Breakdown for the Preparation and Drilling of the Test Well



December 10, 2021
File No. 21-2-141

Robert Johnson, CSDM
General Manager
Aromas Water District
388 Blohm Avenue
Aromas, CA 95004

Subject: Work Plan and Cost Estimate for the Investigation of the Marshall Well Site

Dear Mr. Johnson,

Luhdorff and Scalmanini, Consulting Engineers (LSCE) has prepared this work plan and budget to provide the Aromas Water District (District) with site-specific hydrogeologic investigation, test well installation and testing services to assess the feasibility of utilizing the Marshall Site for the installation of a new municipal water supply well.

LSCE understands that the District wishes to evaluate the Marshall Site, located in the community of Aromas, as a location for a new municipal water supply well. The District's Marshall Well is located on the site. The 12-inch diameter Marshall Well (Well 1) was constructed to a depth of 237 feet in 1954 and had a reported yield of 200 gallons per minute (gpm). Because of elevated levels of total dissolved solids (TDS), iron, and manganese, Well 1 is currently only utilized as a monitoring well.

A 2016 Technical Memorandum (TM) prepared by Martin Feeney for the District investigated the potential for a well to be constructed at this location that could yield significantly more than Well 1 with water quality that would not require treatment for municipal supply. The TM recommended investigating the potential yield and water quality of water bearing zones at the site between 300 and 1,000 feet below ground surface (bgs).

At the request of the District, LSCE has prepared the attached work plan and cost estimate to investigate the Marshall Site for a new municipal water supply well. The work plan includes drilling a test hole to a depth of 1,000 feet bgs, designing and installing a 6-inch test well, and based on the results of the test hole exploration, pump testing of the well, collection of water quality samples, and preparation of a summary report which would also include recommendations on the design of a municipal water supply well.

Our work plan and budget are based on our current understanding of the District's project goals and objectives and our 40 years of experience working on similar projects throughout California.

We appreciate the opportunity to provide you with this scope and budget. We would be pleased to respond if you have any questions regarding our work plan or budget.

500 First Street (530) 661-0109
Woodland, CA 95696 www.lsce.com

Mr. Robert Johnson
December 10, 2021
Page 2

Sincerely,
LUHDORFF AND SCALMANINI
CONSULTING ENGINEERS

A handwritten signature in black ink that reads "Scott Lewis".

Scott Lewis, P.G.
Principal Geologist

Attachments: Scope of Work
Project Estimate Worksheet
2021-22 Schedule of Fees for Engineering and Field Services

Cover Letter and Cost per Task Breakdown for the Preparation and Drilling of the Test Well (cont.)

Cost Estimate for the Investigation of the Marshall Well Site

Client: Arcamas Water District
 Project: 21-2-141
 Est. By: SL
 Date: 12/10/2021



Task	Description	Principal Professional	Supervising Professional	Project Professional	Staff Professional	Staff Professional Prevailing Wage	AutoCAD	Clerical	Drilling Contractor	Water Quality	Direct Expenses	Summary
Task 1 – Project Coordination, Meetings, and Administration												
	Task Hours	8	0	8								16
	Task Cost	\$1,840	\$0	\$1,400	\$0	\$0	\$0	\$0				\$3,240
	Direct Expenses											\$0
	Sub Consultant											\$0
	Sub Total	\$1,840	\$0	\$1,400	\$0	\$0	\$0	\$0				\$3,240
	Task Hours	16	0	10								26
	Task Cost	\$3,680	\$0	\$1,750	\$0	\$0	\$0	\$0				\$5,430
	Direct Expenses											\$0
	Sub Consultant											\$0
	Sub Total	\$3,680	\$0	\$1,750	\$0	\$0	\$0	\$0				\$5,430
Total Task Cost Estimate											\$8,670	
Task 2 – Well Siting Evaluation												
	Task Hours	6		6	8							22
	Task Cost	\$1,380	\$0	\$1,400	\$1,240	\$0	\$0	\$0				\$4,020
	Direct Expenses											\$0
	Sub Consultant											\$0
	Sub Total	\$1,380	\$0	\$1,400	\$1,240	\$0	\$0	\$0				\$4,020
	Task Hours	4		10	8							26
	Task Cost	\$920	\$0	\$1,750	\$1,240	\$0	\$560	\$0				\$4,470
	Direct Expenses											\$0
	Sub Consultant											\$0
	Sub Total	\$920	\$0	\$1,750	\$1,240	\$0	\$560	\$0				\$4,470
Total Task Cost Estimate											\$8,490	
Task 3 – Site Investigation												
	Task Hours	15		40	20	150						256
	Task Cost	\$3,680	\$0	\$7,000	\$3,100	\$30,600	\$0	\$0				\$44,380
	Direct Expenses										\$4,200	\$48,580
	Sub Consultant								\$354,000	\$4,500		\$438,080
	Sub Total	\$3,680	\$0	\$7,000	\$3,100	\$30,600	\$0	\$0				\$387,080
	Task Hours	15		12	4							31
	Task Cost	\$3,680	\$0	\$2,100	\$620	\$0	\$380	\$90				\$6,770
	Direct Expenses											\$0
	Sub Consultant											\$0
	Sub Total	\$3,680	\$0	\$2,100	\$620	\$0	\$380	\$90				\$6,770
Total Task Cost Estimate											\$318,860	
SUMMARY												
	Total LSCE Hours	66	0	88	40	150	6	1				381
	Total LSCE Cost	\$15,180	\$0	\$15,400	\$6,200	\$30,600	\$840	\$90				\$68,310
	Total Sub-consultant Cost								\$354,000	\$4,500		\$358,500
	Direct Expenses										\$4,200	\$4,200
Total Cost Estimate											\$331,010	

Staff Report



To: Board of Directors

Re: Item X.C – Consider receiving an update on the Board member Training Plan, and providing direction to Staff

Date: December 15, 2021

Summary / Discussion

As part of Strategic Planning at the District, the Board of Directors (BOD) and the General Manager developed a strategy to increase the effectiveness and efficiency of the District, in both the short and long-term, by participating in specialized training courses. Specifically, the Strategic Plan (Plan) identified a specific section for the BOD, that has two goals; one of them being, “Maintain and Enhance District Board of Directors culture.” This was to be accomplished by: 1) developing new BOD training materials, 2) keeping the BOD current on required trainings, 3) evaluating new opportunities for the BOD members professional development (in the area of being a Board member) and 4) attending these new training opportunities.

The global COVID pandemic interrupted the BOD training routine that had been established, though staff brought the subject of BOD training back to the full Board in October 2021. At that meeting, the BOD Training Plan was revisited, and a robust discussion ensued regarding how to move forward. Part of the discussion revolved around whether or not to tailor the next set of training opportunities to position the District to qualify for the “District of Distinction” (DoD) accreditation. The result of that discussion was to go for the DoD as the next segment of the BOD training regime.

Upon closer review of the DoD accreditation requirements, it seems that a majority of the BOD and the General Manager would only need to participate in two webinars to then qualify the District for the DoD. At the time of the writing of this report, staff is waiting for this fact to be verified.

Continuing to train and better ourselves at Special District governance and management allows the District to continue to build an “Ethic of Excellence” in District leadership, while at the same time establishing a “Consistent Learning Culture” for staff, that which will move the District forward in the years to come.

Staff Recommendation

Receive the update report, and provide direction to Staff.

Submitted by:

Robert Johnson
General Manager

Aromas Water District
Balance Sheet Prev Year Comparison
 As of November 30, 2021

	Nov 30, 21	Nov 30, 20
ASSETS		
Current Assets		
Checking/Savings		
UB Checking	130,954.75	163,033.13
UB Bk Money Market xxxx7853	900,835.39	421,961.75
LAIF-State of Ca xx-05	836,821.46	833,996.59
Petty Cash	100.00	100.00
Assessment District Banks		
OAWA US Bank 102 Reserve	38,200.66	0.00
OAWA Union Bank Checking 7741	30,444.45	42,544.91
OAWA Union Bank 101 Redemption	0.00	0.18
OAWA Union Bank 102 Reserve	0.00	35,564.13
Oakridge Union Checking 5587	342,943.58	324,918.21
Total Assessment District Banks	411,588.69	403,027.43
Total Checking/Savings	2,280,300.29	1,822,118.90
Accounts Receivable		
1200 · Accounts Rec - Spec Proj/Taxes	0.00	500.00
Total Accounts Receivable	0.00	500.00
Other Current Assets		
ACWA Deposit	2,080.80	2,080.80
1292 · Accounts Rec - USDA Loan	2,040,446.37	2,095,834.27
1291 · Accounts Rec - Orchard Acres	289,594.03	311,692.98
Prepaid Insurance	27,364.32	21,117.14
128 · Inventory	63,177.31	49,921.56
1200.1 · Accounts Receivable--UBMax	129,914.89	154,055.71
1201.9 · Less Allowance for doubtful ...	-500.00	-500.00
Total Other Current Assets	2,552,077.72	2,634,202.46
Total Current Assets	4,832,378.01	4,456,821.36
Fixed Assets		
1900 · Water System	12,070,284.64	11,994,725.80
1915 · Office Building & Improvements	398,261.43	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	-7,088,956.75	-6,558,684.75
Total Fixed Assets	5,922,829.54	6,377,542.70
Other Assets		
Deferred Outflow of Resources	149,120.00	140,939.00
Total Other Assets	149,120.00	140,939.00
TOTAL ASSETS	10,904,327.55	10,975,303.06

Aromas Water District
Balance Sheet Prev Year Comparison
 As of November 30, 2021

	Nov 30, 21	Nov 30, 20
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	35,884.34	26,569.29
Total Accounts Payable	35,884.34	26,569.29
Credit Cards		
First Bankcard - S Smith #0239	364.69	654.37
First Bankcard - E Giron #1086	51.67	318.83
First Bankcard -R.Johnson #9031	523.57	638.88
First Bankcard-L Coombes #3294	0.00	188.27
First Bankcard - D DeAlba #2486	0.00	51.75
Valero Fleet	100.00	596.42
Total Credit Cards	1,039.93	2,448.52
Other Current Liabilities		
Accrued Sick Payable	3,177.04	0.00
Accrued Wages Payable	19,565.97	0.00
Current Portion City National	72,912.25	59,661.05
2100 · Payroll Liabilities	145.43	86.61
Deferred Inflows- Actuarial	4,337.00	10,090.00
CUSTOMER DEPOSITS		
Water Customer	300.00	0.00
Connection Deposits Payable	2,000.00	2,000.00
Hydrant Meter Deposit	7,800.00	800.00
Total CUSTOMER DEPOSITS	10,100.00	2,800.00
Accrued Vacation Payable	34,129.54	27,815.70
Interest Payable	44,306.83	20,153.44
PVWMA Payable	21,791.64	23,609.64
Total Other Current Liabilities	210,465.70	144,216.44
Total Current Liabilities	247,389.97	173,234.25
Long Term Liabilities		
2392 · Long-term Debt - USDA (Oakr...	2,432,999.90	2,469,999.90
2391 · Long-term Debt - Orchard Acres	370,000.00	380,000.00
GASB 68 Pension Liability	608,060.00	577,103.00
City National Bank	750,538.78	865,611.94
Total Long Term Liabilities	4,161,598.68	4,292,714.84
Total Liabilities	4,408,988.65	4,465,949.09
Equity		
Investment in Capital Assets	6,420,006.53	6,420,006.53
Unrestricted Net Assets	2,751,025.55	2,687,889.75
Allocation of Net Assets	-2,637,574.59	-2,637,574.59
Net Income	-38,118.59	39,032.28
Total Equity	6,495,338.90	6,509,353.97
TOTAL LIABILITIES & EQUITY	10,904,327.55	10,975,303.06

Aromas Water District
Profit & Loss Budget Performance

November 2021

	Nov 21	Budget	Jul - Nov 21	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
303 · Water Revenue	95,368.83	112,000.00	667,398.29	642,000.00	1,495,000.00
307 · Bulk Water	1,676.05	660.00	6,509.68	3,300.00	8,000.00
302 · Connection	0.00	0.00	43,920.00	14,460.00	30,800.00
301 · Taxes Rcvd - AWD					
3090 · Oakridge / OAWA Assessme...	0.00	0.00	0.00	0.00	195,000.00
301 · Taxes Rcvd - AWD - Other	0.00	0.00	0.00	0.00	76,000.00
Total 301 · Taxes Rcvd - AWD	0.00	0.00	0.00	0.00	271,000.00
304 · Other Office Income & Reimburse	0.00	125.00	0.00	625.00	1,500.00
306 · Interest	181.55	400.00	962.78	2,000.00	4,800.00
312 · Grant Revenue	0.00	0.00	0.00	0.00	1,500.00
Total Income	97,226.43	113,185.00	718,790.75	662,385.00	1,812,600.00
Gross Profit	97,226.43	113,185.00	718,790.75	662,385.00	1,812,600.00
Expense					
Operations					
403 · Fuel	712.26	1,250.00	5,057.16	6,250.00	15,000.00
404 · Truck Maint	1,107.45	625.00	4,079.28	3,125.00	7,500.00
431 · System Repair & Maint	1,125.18	5,830.00	36,765.64	29,150.00	70,000.00
463 · Water Analysis	424.00	540.00	2,211.00	2,700.00	6,500.00
464 · Water Treatment	461.05	1,200.00	11,592.49	8,900.00	20,000.00
468 · Tools	0.00	625.00	0.00	3,125.00	7,500.00
470 · Public Outreach / Annexation	70.00	400.00	2,902.67	2,000.00	30,000.00
Total Operations	3,899.94	10,470.00	62,608.24	55,250.00	156,500.00
Power					
449.75 · 388 Blohm, # C	28.61	33.00	117.37	165.00	400.00
449.5 · 388 Blohm, A & B Office	100.03	200.00	422.33	610.00	1,700.00
461.5 · RLS Tank Booster	9.53	12.50	45.99	62.50	150.00
447 · Leo Ln Booster	52.47	50.00	311.86	250.00	600.00
448 · Aimee Mdws Well	9.53	12.50	45.20	62.50	150.00
451 · Marshall Corp Yard	33.50	41.00	176.25	205.00	500.00
452 · Rea Booster @ Seely	64.59	52.00	220.87	260.00	625.00
454 · Carr Booster	388.89	575.00	2,833.06	2,875.00	6,900.00
458 · Pleasant Acres Well	114.58	330.00	598.14	1,650.00	4,000.00
459 · Seely Booster @ Carpenteria	23.82	41.00	4,179.52	205.00	500.00
460 · San Juan Well	4,171.98	6,000.00	28,631.06	30,600.00	63,000.00
461 · Cole Tank	14.11	16.00	70.59	80.00	200.00
462 · Rea Tank	14.39	16.00	70.75	80.00	200.00
465 - Lwr Oakridge Boost	97.70	125.00	523.62	625.00	1,500.00
465.5 - Upper Oakridge Booster	0.00	0.00	150.00	175.00	700.00
466 · Pine Tree Tank	14.84	16.00	64.26	80.00	200.00
Total Power	5,138.57	7,520.00	38,460.87	37,985.00	81,325.00
Payroll					
Covid Sick Supp.	0.00		302.96		
Gross	25,802.27	35,414.00	143,937.69	177,070.00	424,969.00
Comp FICA	1,593.23	2,195.00	8,918.44	10,975.00	26,348.00
Comp MCARE	376.35	513.50	2,103.30	2,567.50	6,162.00
Comp SUI	32.15	182.00	289.05	910.00	2,188.00
Total Payroll	27,804.00	38,304.50	155,551.44	191,522.50	459,667.00
Employee / Labor Costs					
407 · Outside Services	71.66	500.00	3,275.72	2,500.00	6,000.00
408 · Uniform Allowance	0.00	330.00	0.00	1,650.00	4,000.00
409 · Workers Comp	408.34	1,057.00	2,041.70	5,285.00	12,691.00
410 · Health Ins	6,081.46	5,948.00	30,483.26	29,740.00	71,387.00
474 · Education	0.00	625.00	3,648.53	3,125.00	7,500.00
477 · Retirement	2,158.20	2,433.00	67,640.10	69,415.00	86,446.00
Total Employee / Labor Costs	8,719.66	10,893.00	107,089.31	111,715.00	188,024.00

Aromas Water District
Profit & Loss Budget Performance

November 2021

	Nov 21	Budget	Jul - Nov 21	YTD Budget	Annual Budget
Office					
440 · Misc Exp	315.24	330.00	1,662.23	1,650.00	4,000.00
444 · Postage	388.03	330.00	1,667.99	1,650.00	4,000.00
445 · Office Supplies	439.03	330.00	1,102.71	1,650.00	4,000.00
446 · Office Eqpmt and Maint	478.19	260.00	4,373.89	2,660.00	15,000.00
Total Office	1,620.49	1,250.00	8,806.82	7,610.00	27,000.00
Communications					
455 · Phone, Off	476.88	350.00	2,367.66	1,750.00	4,200.00
456 · Telemetry	775.96	677.00	3,781.80	3,385.00	8,124.00
457 · Answ Serv/Cellular Phone	315.67	330.00	1,685.71	1,650.00	4,000.00
Total Communications	1,568.51	1,357.00	7,835.17	6,785.00	16,324.00
Administrative & General					
4591 · Admin Fee (Bond Admin NBS)	0.00	0.00	949.96	1,300.00	5,200.00
4590 · Bond Interest Exp - Assess D...	0.00	0.00	60,429.99	64,000.00	128,000.00
417 · Capital Loan Interest	12,957.76	13,000.00	12,957.76	13,000.00	26,000.00
467 - Depreciation Reserve	53,503.00	53,503.00	267,515.00	267,515.00	642,035.00
406 · Liability Ins	486.56	1,660.00	6,021.08	8,300.00	20,000.00
420 · Legal Fees	1,400.00	1,400.00	7,000.00	7,000.00	17,000.00
422 · Bank Charges	126.12	158.00	652.90	790.00	1,900.00
423 · Litigation Contingency	0.00	830.00	0.00	4,150.00	10,000.00
425 · Audit	1,875.00	1,093.00	7,575.00	5,465.00	13,125.00
471 · Bad Debts	0.00	40.00	0.00	200.00	500.00
473 · Memberships	0.00	0.00	13,455.80	12,200.00	20,000.00
Total Administrative & General	70,348.44	71,684.00	376,557.49	383,920.00	883,760.00
Total Expense	119,099.61	141,478.50	756,909.34	794,787.50	1,812,600.00
Net Ordinary Income	-21,873.18	-28,293.50	-38,118.59	-132,402.50	0.00
Net Income	-21,873.18	-28,293.50	-38,118.59	-132,402.50	0.00

Aromas Water District
Monthly Expenditures
 November 16 through December 14, 2021

Date	Num	Name	Amount
UB Checking			
11/17/2021	18501	ACWA JPIA, Emp. Ben. Prog.	-5,929.54
11/17/2021	18502	Iflow Energy Solutions Inc.	-4,203.85
11/17/2021	E-pay	Employment Development Dept	-491.33
11/17/2021	E-pay	United States Treasury (EFTPS)	-3,159.04
11/18/2021	EFT	QuickBooks Payroll Service	-7,010.02
11/19/2021	DD1735	Bowman (P), Naomi	0.00
11/19/2021	DD1736	Coombes (P), Louise P	0.00
11/19/2021	DD1737	Giron (P), Ester	0.00
11/19/2021	DD1738	Johnson (P), Robert L	0.00
11/19/2021	18503	Smith (P), Shaun	-1,446.09
11/19/2021	18504	Dutra (P), Marcus	-234.27
11/19/2021	18505	Holman (P), Wayne R	-234.26
11/19/2021	DD1739	Leap (P), James E	0.00
11/19/2021	DD1740	Morris (P), Vicki	0.00
11/19/2021	DD1741	Smith (P), Richard	0.00
11/19/2021	EFT	CalPERS	-1,873.00
11/19/2021	EFT	CalPERS	-842.62
11/29/2021	NSF	Bill Adjustment Report	-331.92
11/29/2021	NSF	Bill Adjustment Report	-63.78
11/30/2021	EFT	Bank Service Fees	-117.64
12/01/2021	E-pay	Employment Development Dept	-494.56
12/01/2021	E-pay	United States Treasury (EFTPS)	-2,834.76
12/01/2021	E-pay	Employment Development Dept	-84.08
12/01/2021	E-pay	United States Treasury (EFTPS)	-362.30
12/01/2021	Pd Online	Valero Fleet	-481.78
12/01/2021	Pd Online	First Bankcard	-2,537.65
12/02/2021	EFT	QuickBooks Payroll Service	-6,422.10
12/02/2021	EFT	QuickBooks Payroll Service	-2,642.57
12/03/2021	DD1742	Bowman (P), Naomi	0.00
12/03/2021	DD1743	Coombes (P), Louise P	0.00
12/03/2021	DD1744	Giron (P), Ester	0.00
12/03/2021	DD1745	Johnson (P), Robert L	0.00
12/03/2021	18506	Smith (P), Shaun	-1,553.98
12/03/2021	EFT	CalPERS	-1,857.72
12/03/2021	EFT	CalPERS	-722.19
12/03/2021	DD1746	Johnson (P), Robert L	0.00
12/06/2021	18507	USPO	-350.84
12/08/2021	Pd Online	Verizon Wireless	-163.27
12/13/2021	Pd Online	P G & E	-4,911.45
12/13/2021	18508	ACWA JPIA, Emp. Ben. Prog.	0.00
12/13/2021	18509	ADT Security Services, Inc.	-398.13
12/13/2021	18510	Aromas Water District (Petty Cash)	-70.00
12/13/2021	18511	Brigantino Irrigation	-21.80
12/13/2021	18512	CALNET3	-705.86
12/13/2021	18513	CSSC	-102.40
12/13/2021	18514	Gabriella Santana	-100.00
12/13/2021	18515	Grainger Inc	-412.70
12/13/2021	18516	Iflow Energy Solutions Inc.	-10,254.23
12/13/2021	18517	Mid Valley Supply	-922.10
12/13/2021	18518	MNS Engineers Inc.	-7,895.00
12/13/2021	18519	Monterey Bay Analytical Services Inc	-154.00

12/15/21

Aromas Water District
Monthly Expenditures
 November 16 through December 14, 2021

Date	Num	Name	Amount
12/13/2021	18520	Monterey Bay Solutions, LLC	-225.00
12/13/2021	18521	Osuna Auto Electric	-2,747.58
12/13/2021	18522	R & B Company	-39.90
12/13/2021	18523	Rob Johnson	-50.00
12/13/2021	18524	San Benito County Mosq Abatement Prog	-30.87
12/13/2021	18525	Streamline	-100.00
12/13/2021	18526	United Way serving San Benito County	-22.00
12/13/2021	18527	XIO, INC.	-474.00
12/13/2021	18528	ACWA JPIA, Emp. Ben. Prog.	-5,651.16
12/14/2021	18530	Rafael Farfan	-3,322.96
12/14/2021	18529	A. Teichert & Son, Inc	-3,302.14
12/14/2021	18531	Charter Communications	-72.98
12/14/2021	18532	Fedak & Brown LLP	-1,875.00
12/14/2021	18533	Green Rubber Kennedy	-756.55
12/14/2021	18534	R & B Company	-367.57
12/14/2021	18535	Recology San Benito County	-58.08
12/14/2021	18536	Robert E. Bosso	-1,400.00
12/14/2021	18537	Xerox Corp	-13.49
Total UB Checking			-92,902.11
TOTAL			-92,902.11