

## REGULAR MEETING OF THE BOARD OF DIRECTORS

# AGENDA

TUESDAY, November 22, 2022, 7:00 PM

*The Aromas Water District Board of Directors meeting will be held at the District office.  
Staff and public may attend the meeting remotely or in person. Public participation is  
encouraged – remote participation instructions are on the following page.*

President- James Leap Vice President- Vicki Morris Director- Marcus Dutra Director- Richard Smith Director- Wayne Holman General Manager- Robert Johnson Board Secretary- Louise Coombes
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**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 October 25, 2022, Regular Board Meeting for Board approval. p.3-5

**VII. ORAL COMMUNICATION:** *Anyone wishing to address the Board on informational items, staff reports or matters not listed on the agenda may do so. 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
- D. CORRESPONDENCE

p.6-9  
p.10

**IX. ACTION ITEMS:**

**A. Presentation of Annual Financial Report for the Fiscal Years Ended June 2022 and 2021**

Fedak & Brown staff will present the Annual Financial Report for the Fiscal Years Ended 2022 and 2021 for Board review and approval. (DRAFT Annual Financial Report attached) p.11-69

**B. Consider receiving a report regarding the possible annexation of one parcel located on Rocks Road (APN: 012-090-026-000), and providing direction to staff**

Staff will present a report on the possible annexation of 940 Rocks Road, for discussion and Board action. p.70-72

**C. Financial Reports for the Month of October 2022**

Including both Assessment Districts, the financial reports show a Total revenue of \$134,111.07; Total expenditures were \$152,358.35 between October 20, 2022, and November 15, 2022. These financials and monthly expenditures will be presented for discussion and Board approval. p.73-78

**X. FUTURE MEETINGS & AGENDA ITEMS – Next meeting – December 27, 2022 (new BOD)**

**XI. ADJOURNMENT**



## **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 current mask and distancing protocols.

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

[www.aromaswaterdistrict.org](http://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/84336485664>

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: 84336485664

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  
October 25, 2022**

- I. CALL TO ORDER.** The regular meeting of the Aromas Water District Board of Directors was called to order by President Leap on Tuesday, October 25, 2022, at 7:00 p.m. in a hybrid setting; attendees were present both 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 present was General Manager Johnson. Board Secretary Coombes and 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 September 27, 2022, Board Meeting were presented for review and approval. Director Smith moved for approval of the minutes as presented; Director Dutra seconded. Minutes were unanimously approved with all Directors present.
- VII. ORAL COMMUNICATION.** There were no public comments.

**VIII. REPORTS / IX. PRESENTATIONS**

- A. Director's Report(s).** There were no Director's reports.
- B. Attorney's Report.** Counsel Bosso reported that the recent updates to AB361 simplified the process of meetings in the event of an emergency. A separate meeting to declare the emergency status, or acknowledge a statewide emergency no longer has to occur with all Directors present in person; instead, they can attend such a meeting remotely. Any Director not present can only participate if adequate notice is given (>72 hours) and their location is publicly posted. If there is not enough notice, the Director can be present remotely, but cannot participate in Board decisions.

Secondarily, as a result of a recent case at the Supreme Court, Special Districts must ensure that persons hired part-time for non-construction work must be paid the prevailing wage, with the exception of professional consultants.

**C. Manager's Report**

***OPERATIONS & MAINTENANCE***

***Production & Well Levels***

Total production in September 2022 was 10,250,430 gallons, with a daily average of 341,681 gallons. September's production was about 4.6% lower than August 2022 and 17% lower than August 2013.

The District has 972 total connected meters.

Carpenteria and San Juan Wells were used for the entire month and Pleasant Acres was not used. All water testing reports were filed on time and represent satisfactory results.

Operational well levels; Carpenteria Well is up five feet and San Juan Well is up four feet. Observational wells; Marshall Well is up two feet and Aimee Meadows is up eight feet.

## ***INCIDENTS***

None to report.

## ***ADMINISTRATIVE***

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

WUSp Girõn is finalizing the Auditors' adjusted journal entries.

WUSp Girõn and Operator Smith continue the Valve Marking and Exercising Program in the field as other duties allow, information obtained will be returned to ASO Coombes to update data in the GIS mapping. ASO Coombes is also continuing to populate and correct the mapping with data.

Operator Smith will be taking a Cross Connection training course in December.

CO DeAlba and Operator Smith have been working on interior maintenance of the District's Booster stations.

GM Johnson has compiled all the invoices received from West Valley during the breaks that occurred during the recent construction work along Carr Avenue. These will shortly be sent to Granite Construction for recompense.

## ***PROJECTS***

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

Governor Newson is calling for the COVID Emergency to end in February 2023.

### **New Well**

GM Johnson hired an Appraiser for the proposed replacement well site; this appraisal should be completed by mid-December. A permanent easement arrangement is likely.

### **Orchard Hill Road proposed annexation progress**

Counsel Bosso and GM Johnson continue to answer questions on an ongoing basis. The requestors are working on recruiting other interested parties and arranging a public meeting to discuss alternative configurations. Meanwhile the temporary line is still in place.

### **Cole and Rocks Road Annexation**

Still waiting for the recognition by the State Board of Equalization and the Authorization Agreement to be received by the District, customers can then be connected, beginning with those who have been waiting the longest and have already paid their fees.

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

A new rainfall year began on October 1, 2022. To the time of this meeting, zero precipitation has been recorded by the rain gauge at Chittenden Pass. Last year's precipitation was a 75% increase over the previous year.

**Correspondence:** Director Smith enquired about the email regarding whether the District was interested in expanding from the Community Water Center. GM Johnson explained that the District would need to greatly increase the sphere of influence boundary in order to serve the Royal Oaks community. As this is a lengthy and expensive exercise and is not in the direction the District wishes to progress, this change to the boundary is unlikely to occur.

**X. CONSENT CALENDAR**

**A. Consider adopting Resolution 2022-20 authorizing the continuation of hybrid/remote teleconferencing meetings pursuant to AB 361.**

Due to changes in the legislation AB361, this will be the last time that this Resolution is required.

Vice President Morris moved to adopt Resolution 2022-20 as presented; seconded by Director Smith. The consent calendar was unanimously adopted by roll call vote with all Directors present.

**XI. ACTION ITEMS**

**A. Consider approving a proposal from MNS Engineers, Inc. to develop a “Water System Capital Improvement Plan” for the Aromas Water District.**

There has been no agendized discussions at the Board or Committee level regarding a proactive Water System Capital Improvement Plan, despite the fact that such a cost was included in this year’s capital budget. The cost of the plan is \$45,003, which is in line with the budgeted cost. This plan is fundamental for a number of future projects to include improvement of water system operation, reliability and sustainability plus drought sustainability, as well as being foundational to the upcoming Rate Study in 2024.

Director Holman moved to approve the MNS “Water System Capital Improvement Plan” proposal as presented; seconded by Director Smith. The proposal was adopted with all Directors present; Directors Holman, Leap, Morris and Smith voted “Aye” and Director Dutra voted “No”.

**B. Financial Reports for the Month of September 2022**

Total Assets / Liabilities & Equity are \$16,549,025.45, of which Total Current Assets are \$10,358,565.91, and Total Fixed Assets are \$6,041,339.54. In Liabilities, the Total Current Liabilities are \$329,729.26, Total Long Term Liabilities now stands at \$9,687,340.61. In the P&L Report, Water Revenue for September was \$197,743.77. Total Expenditures were \$142,455.76 between September 21 to October 19, 2022.

On the graphical representation of the Financials, when compared to the current budget there is 5.2% difference of budgeted revenue versus actual income. The Expenditures had a 1.3% difference above budget.

Vice President Morris moved to adopt the Financial Reports as presented; seconded by Director Smith. With all Directors present, the Financial Reports were unanimously adopted by roll call vote.

**XII. FUTURE MEETINGS & AGENDA ITEMS.**

The next meeting date will be on Tuesday, November 22, 2022.

**XIII. ADJOURNMENT.** President Leap adjourned this meeting at 8:24pm.

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

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

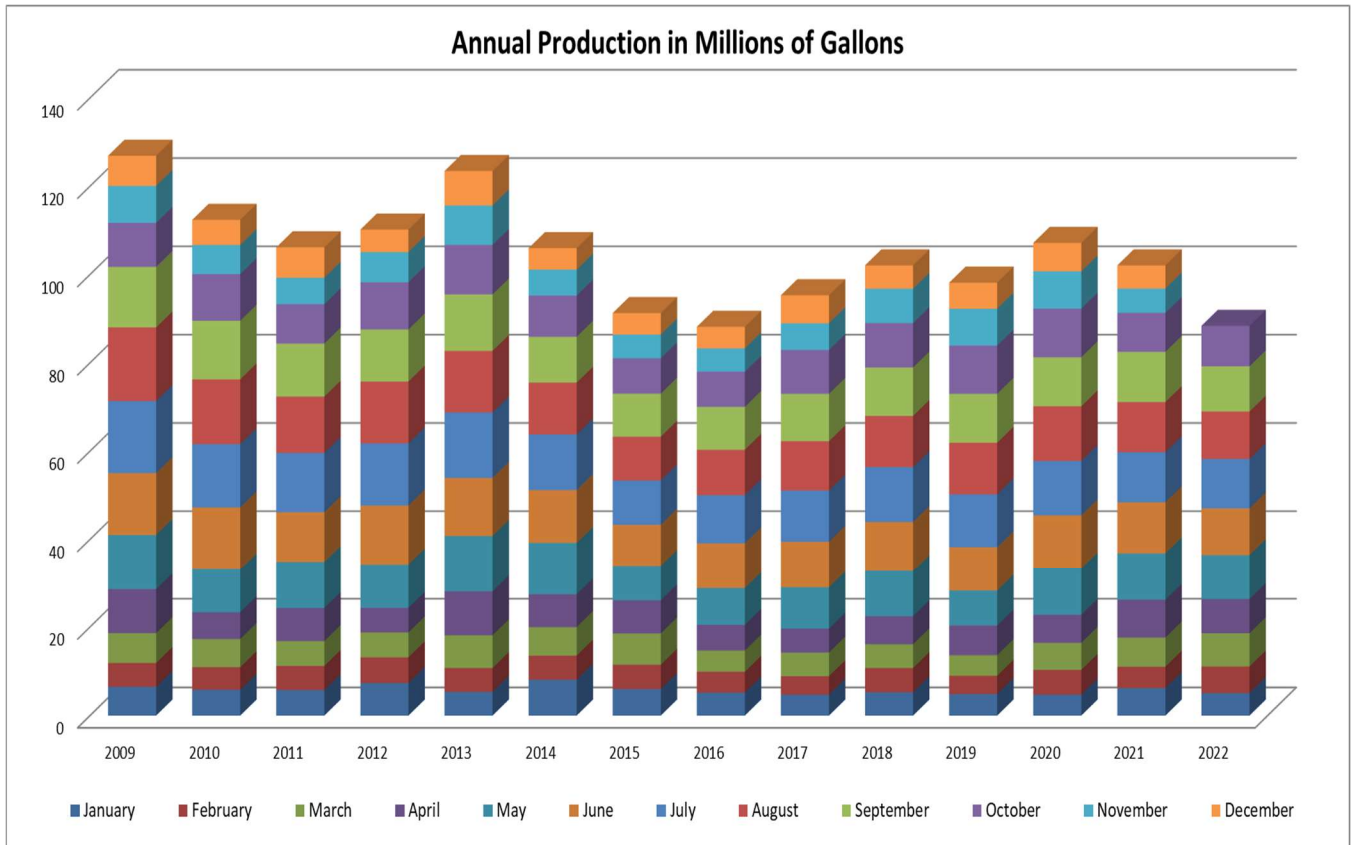
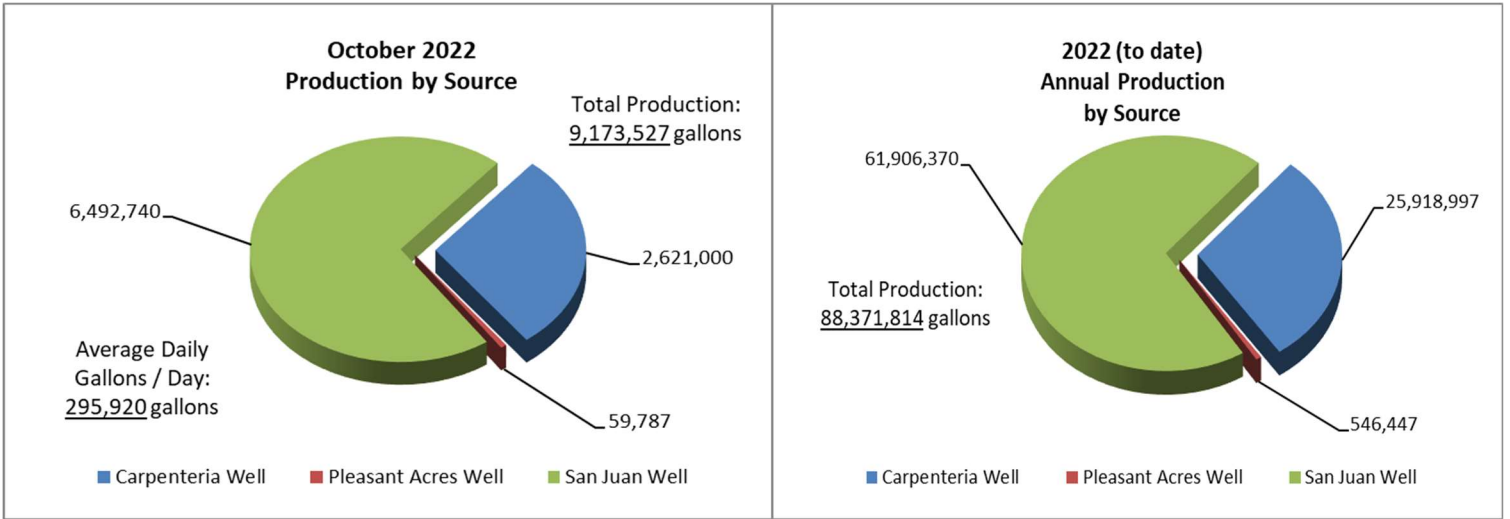
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Date: \_\_\_\_\_

# General Manager's Report October 2022



## PRODUCTION REPORT



Totals	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Million Gal</b>	106.15	110.17	123.42	105.97	91.27	88.152	95.304	102.07	98.141	107.1	102.07	<b>88.370</b>
<b>Acre Ft</b>	<b>325.7</b>	<b>338.05</b>	<b>378.7</b>	<b>325.16</b>	<b>280.05</b>	<b>270.49</b>	<b>292.43</b>	<b>313.18</b>	<b>301.13</b>	<b>328.8</b>	<b>313.19</b>	<b>271.15</b>

# OPERATIONS AND MAINTENANCE REPORT

## OPERATIONS:

- There are 972 total meters installed.
- San Juan and Carpentaria wells were operated the entire month, while Pleasant Acres well was used one day.
- 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 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 to report at the time of this writing

## ADMINISTRATIVE REPORT

### STAFF & BOARD RECOGNITION:

- WUSp Girõn and Operator Smith are working on a Valve Marking and Exercising Program. This program will establish clear markings for system valves, as well as exercise all the system valves.
- Operator Smith will be attending a Cross Connection training course in December.
- ASO Coombes continues to work through mapping issues as new position data is collected and incorporated into the GIS.
- CO DeAlba and Operator Smith have been working to upgrade the look of the District's booster stations.
- GM Johnson hired the services of an appraiser to appraise the potential replacement well site. It was challenging to find a land appraiser that could complete this work before February 2023. It is hoped that the District will have an appraisal to work with by mid-December.

### CONSERVATION UPDATE:

October 2022 usage figures show the expected decrease in usage as fall arrives. September's use was 10,250,430 gallons and October's usage was 9,173,527 gallons, a decrease of 1,076,903 gallons or about 10.5%.

October 1, 2022, marked the start of a new water year. As of the date of this report (November 16), the rain gauge at Chittenden Pass has recorded 2.68 inches of precipitation, all falling this month. As a reminder, last year's precipitation total (October 2021 to September 2022) was 16.60 inches.

## PROJECTS:

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

Staff has been staying current on the ever-changing COVID-19 situation. There have been recent changes in a couple of areas: 1) The mask mandate has been lifted for vaccinated people; however, staff cannot evaluate the vaccination status of those who enter the office, therefore, masks are required for customers to enter, 2) the plexiglass screen in front of the WUSp was removed, and 3) staff has stopped recording body temperature upon entry to the office.

Note: Governor Newsom is calling for the COVID Emergency to end in February 2023.

### 2. **Orchard Hill Road proposed annexation progress**

MNS Engineers released an updated Technical Memorandum (TM) that the interested parties have reviewed. GM Johnson and AWD Counsel have provided answers to this group's questions. It is now up to them to take the next steps to move this proposal forward. These steps include, but are not limited to requesting a public meeting to present alternatives and answer additional questions.

### 3. **Progress on the Cole Road Outreach / Annexation Project**

This annexation effort is now complete except for one task – recognition by the State Board of Equalization. The District sent in the related fees last month, though they were sent back – seems there is an issue at San Benito County. Installations will begin once the issue is worked out, and there will be a priority given to those who have paid their fees already, and those who have been waiting the longest.

### 4. **Progress on Finding a New Water Source Project**

An appraiser has been hired and he will begin work in November. The appraisal will be received by the District before the Board meeting. Some preliminary information may be available at that time

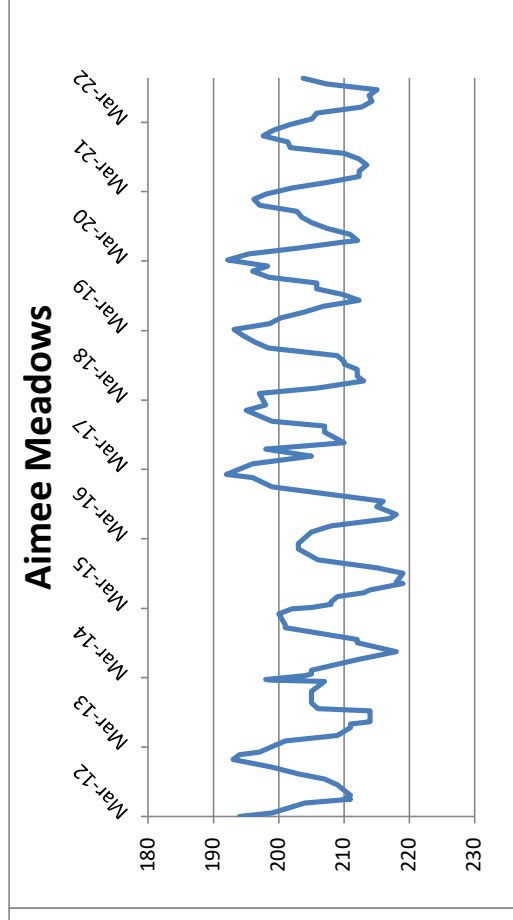
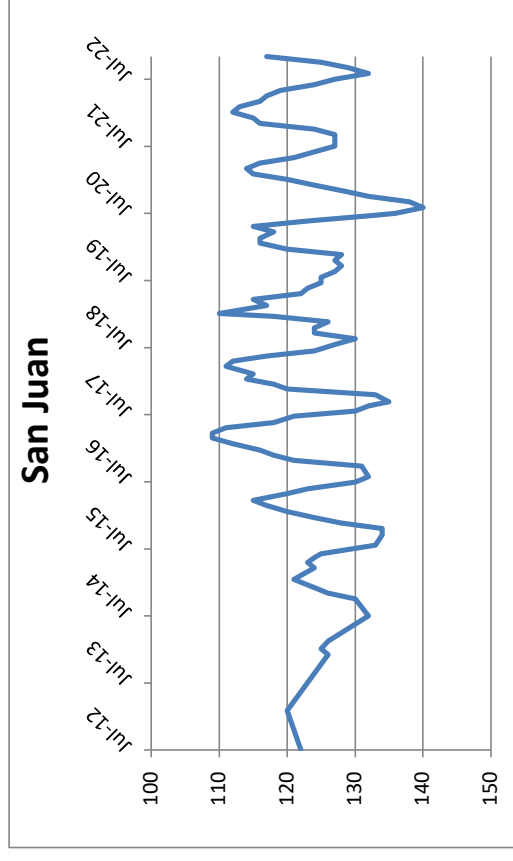
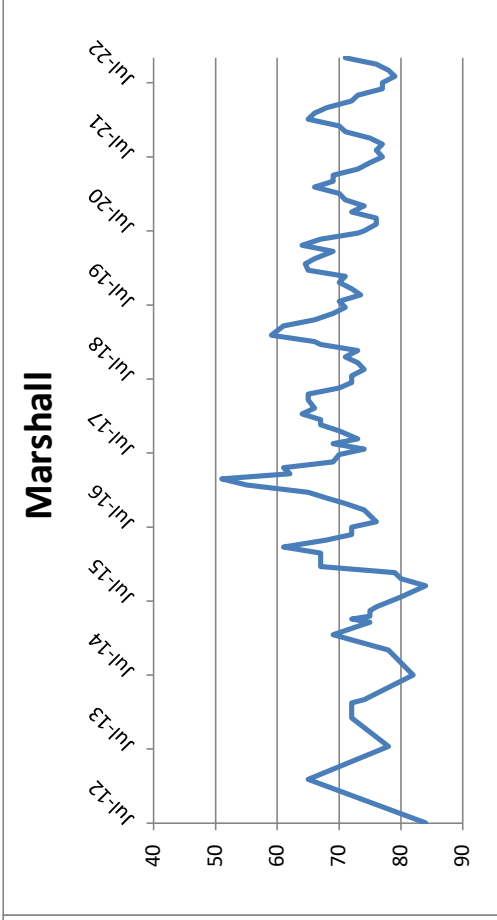
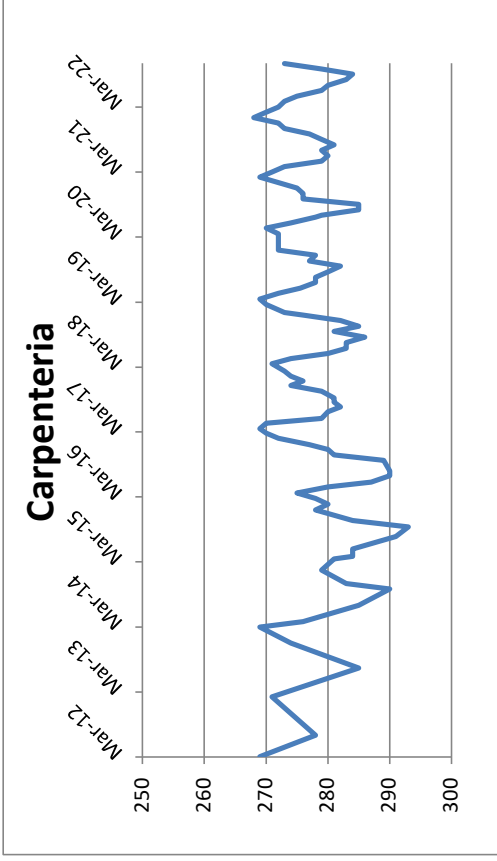
### 5. **Salary Restructuring request**

Staff has requested management look into a salary restructuring or salary survey, comparing District salaries to those of other similar water districts. The Executive Committee of the Board has been briefed and approved moving forward with the effort.

Robert Johnson  
General Manager  
November 16, 2022



Well Water Level Monitoring  
 Depth to Water Measurements  
 Date: November 14, 2022



## CORRESPONDENCE LIST: 10/20/2022 – 11/16/2022

DATE	TYPE	TO	FROM	SUBJECT
10/14/22	M	R Johnson, AWD	E De La Cruz, USDA	USDA Annual Reporting Requirements <i>[Received Late]</i>
10/18/22	M	J Leap, AWD	M Scheafer, SDRMA	President's Special Acknowledgement Award – Worker's Compensation Program
10/25/22	E	AWD	S Mitchell, gWorks	Softline Data, Inc., recently acquired by gWorks
10/26/22	E	AWD	E Saucedo, Office of CA Attorney General	CA DoJ Legal Alert: The Water Shutoff Protection Act
10/26/22	E	C Corral, et al	R Johnson, AWD	San Benito SB-1 – Water Main on Carr Ave
10/26/22	E	BARFleet	L Coombes, AWD	Annual Transmittal of Smog Report
10/26/22	E	C Corral, et al	R Johnson, AWD	San Benito SB-1 – Water Main on Carr Ave
10/28/22	E	R Johnson, AWD	A Beck, Fedak & Brown	Comments to Financial Report and related documents
10/28/22	E	AWD	ACWA JPIA	ACWA JPIA VectorSolutions Update: Local Agency Official Ethics Training (AB1234) Now Available
10/28/22	E	E De La Cruz, USDA	L Coombes	Response to USDA Annual Reporting Requirements
10/28/22	E	J Lawson, BoaVida	R Johnson, AWD	Formaldehyde analysis and Backflow purchase
11/2/22	E	AWD	S Mitchell, gWorks	Announcement Softline acquired by gWorks
11/2/22	E	A Beck, Fedak & Brown	R Johnson, AWD	Comments to Financial Report and related documents
11/3/22	E	L Charar, SmartProcure	E Girõn, AWD	[Response to] Public Records Request
11/10/22	E	SWRCB	E Girõn, AWD	Monthly Fe & Mn Field Test Results
11/14/22	E	SWRCB	E Girõn, AWD	October Summary of Coliform Monitoring
11/14/22	E	J Taylor, Oakridge Drive	R Johnson, AWD	Response to request for renter's water usage
11/15/22	E	A Beck, Fedak & Brown	R Johnson, AWD	Comments to Financial Report and related documents

# Staff Report



To: Board of Directors

Re: Item IX.A – Presentation of Audited Financial Statements for Fiscal Years Ended June 2022 and 2021

Date: November 15, 2022

## 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. They also provide a level of transparency for our stakeholders.

The Financial Statements for review cover the 2021-2022 Fiscal Year, which is the twelve-month period from July 1, 2021, to June 30, 2022. Also included in the report is a comparison to the previous year's finances, Fiscal Year 2020-21. This type of comparison has been presented in recent Financial Statement reports. A copy of the DRAFT FINAL Financial Statements is included within this meeting's packet.

The Audit Committee is composed of Jonathan Abadesco, CPA, of Fedak & Brown, and from the District: Water Utility Specialist Girõn, and General Manager Johnson (usually a Board officer is part of this committee, but neither the Board President nor Vice-President were available when Mr. Abadesco was available). The Committee plans to meet on November 21, 2022, at 3:00pm, for an in-depth review of these Financial Statements before the presentation to the full Board at the meeting the next 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, 2022 and 2021**

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**Board of Directors as of June 30, 2021**

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Current Term</u>
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, 2022 and 2021**

DRAFT

**Aromas Water District  
Annual Financial Report  
For the Fiscal Years Ended June 30, 2022 and 2021**

**Table of Contents**

	<b><u>Page No.</u></b>
Table of Contents	i
<b>Financial Section</b>	
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-8
<b>Basic Financial Statements</b>	
Statements of Net Position	9-10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12-13
Notes to the Financial Statements	14-36
<b>Required Supplementary Information</b>	
Schedules of the District’s Proportionate Share of the Net Pension Liability	37-38
Schedules of Pension Plan Contributions	39
<b>Supplementary Information Section</b>	
Schedules of Operating Expenses	40
<b>Report on Internal Controls and Compliance</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audits of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41-42

**Financial Section**

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## Independent Auditor's Report

Board of Directors  
Aromas Water District  
Aromas, California

### Report on the Audit of the Financial Statements

#### *Opinion*

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Independent Auditor's Report, continued

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing audits in accordance with GAAS, we:

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

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the required supplementary information on pages 37 through 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s basic financial statements. The Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Operating Expenses are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Operating Expenses are fairly stated, in all material respects, in relation to the basic 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 22, 2022 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

**Fedak & Brown LLP**  
Cypress, California  
November 22, 2022

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**Aromas Water District**  
**Management's Discussion and Analysis**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Aromas Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In fiscal year 2022, the District's operating revenues increased 1.75% or \$25,505, from \$1,454,224 to \$1,479,729. In fiscal year 2021, the District's operating revenues increased 16.89% or \$210,146, from \$1,244,078 to \$1,454,224.
- In fiscal year 2022, the District's operating expenses increased 12.49% or \$120,058, from \$961,458 to \$1,081,516. In fiscal year 2021, the District's operating expenses increased 1.19% or \$11,346, from \$950,112 to \$961,458.
- In fiscal year 2022, the District's net position decreased 2.03% or \$132,512, from \$6,533,457 to \$6,400,945. In fiscal year 2021, the District's net position increased 0.98% or \$63,279, from \$6,470,178 to \$6,533,457.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement 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 Statement 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 Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports 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 Statement of Net Position and the Statement 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, 2022 and 2021**

**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 (assets and deferred outflows less 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 14 through 36.

**Statements of Net Position**

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

	<b>Condensed Statements of Net Position</b>			<b>2020</b>	<b>Change</b>
	<b>2022</b>	<b>2021</b>	<b>Change</b>		
<b>Assets:</b>					
Current assets	\$ 10,613,058	4,755,793	5,857,265	4,531,215	224,578
Capital assets, net	5,991,374	6,138,410	(147,036)	6,487,895	(349,485)
<b>Total assets</b>	<b>16,604,432</b>	<b>10,894,203</b>	<b>5,710,229</b>	<b>11,019,110</b>	<b>(124,907)</b>
<b>Deferred outflows of resources</b>	<b>136,914</b>	<b>149,120</b>	<b>(12,206)</b>	<b>140,939</b>	<b>8,181</b>
<b>Liabilities:</b>					
Current liabilities	597,300	309,484	287,815	380,113	(70,629)
Non-current liabilities	9,407,878	4,196,045	5,211,833	4,299,668	(103,623)
<b>Total liabilities</b>	<b>10,005,177</b>	<b>4,505,529</b>	<b>5,499,648</b>	<b>4,679,781</b>	<b>(174,252)</b>
<b>Deferred inflows of resources</b>	<b>335,224</b>	<b>4,337</b>	<b>330,887</b>	<b>10,090</b>	<b>(5,753)</b>
<b>Net position:</b>					
Net investment in capital assets	2,263,533	2,422,798	(159,265)	2,610,581	(187,783)
Restricted	2,813,740	2,850,000	(36,260)	2,895,000	(45,000)
Unrestricted	1,323,672	1,260,659	63,013	964,597	296,062
<b>Total net position</b>	<b>\$ 6,400,945</b>	<b>6,533,457</b>	<b>(132,512)</b>	<b>6,470,178</b>	<b>63,279</b>

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 \$6,400,945 and \$6,533,457 as of June 30, 2022 and 2021, 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 (35.36% and 37.08% as of June 30, 2022 and 2021, 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 2022 and 2021, the District showed a positive balance in its unrestricted net position of \$1,323,672 and \$1,260,659, respectively.

**Aromas Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**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>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
<b>Revenue:</b>					
Operating revenues	\$ 1,479,729	1,454,224	25,505	1,244,078	210,146
Non-operating revenues	214,313	195,534	18,779	225,645	(30,111)
<b>Total revenue</b>	<u>1,694,042</u>	<u>1,649,758</u>	<u>44,284</u>	<u>1,469,723</u>	<u>180,035</u>
<b>Expense:</b>					
Operating expense	1,081,516	961,458	120,058	950,112	11,346
Depreciation expense	482,673	470,277	12,396	462,231	8,046
Non-operating expense	262,365	154,744	107,621	161,010	(6,266)
<b>Total expense</b>	<u>1,826,554</u>	<u>1,586,479</u>	<u>240,075</u>	<u>1,573,353</u>	<u>13,126</u>
<b>Changes in net position</b>	<u>(132,512)</u>	<u>63,279</u>	<u>(195,791)</u>	<u>(103,630)</u>	<u>166,909</u>
<b>Net position, beginning of year</b>	<u>6,533,457</u>	<u>6,470,178</u>	<u>63,279</u>	<u>6,573,808</u>	<u>(103,630)</u>
<b>Net position, end of year</b>	<u>\$ 6,400,945</u>	<u>6,533,457</u>	<u>(132,512)</u>	<u>6,470,178</u>	<u>63,279</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 2022, the District's operating revenues increased 1.75% or \$25,505, due primarily to an increase in connection fees of \$29,280; which was offset by a decrease in water revenue of \$3,775. The District's non-operating revenues increased 9.60% or \$18,779, due primarily to increases voter approved assessments of \$12,504, in interest income of \$3,449, and property taxes of \$2,826. In fiscal year 2021, the District's operating revenues increased 16.89% or \$210,146, due primarily to an increase 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 2022, the District's operating expenses increased 12.49% or \$120,058, due primarily to increases in administration and general of \$46,471 and employee benefits of \$102,153; which were offset by a decrease in salaries and wages of \$39,257. The District's non-operating expenses increased 69.55% or \$107,621, due primarily to increases in bond issuance cost of \$81,440 and interest expense of \$20,486. In fiscal year 2021, the District's operating expenses increased 1.19% or \$11,346, due primarily to increases in salaries and wages of \$34,342 and water treatment of \$6,057; which were offset by administrative 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 2022, the District's net position decreased 2.03% or \$132,512, from \$6,533,457 to \$6,400,945, from continuing operations. 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.



**Aromas Water District**  
**Management's Discussion and Analysis, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**Capital Asset Administration**

At the end of fiscal years 2022 and 2021, the District's investment in capital assets (net of accumulated depreciation), amounted to \$5,991,374 and \$6,138,410, 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 2022, was as follows:

	<u>Balance 2021</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2022</u>
Non-depreciable assets	\$ 331,196	94,116	-	425,312
Depreciable assets	12,671,056	241,521	-	12,912,577
Accumulated depreciation	<u>(6,863,842)</u>	<u>(482,673)</u>	-	<u>(7,346,515)</u>
Total capital assets, net	<u>\$ 6,138,410</u>	<u>(147,036)</u>	-	<u>5,991,374</u>

The change in capital assets for 2021, was as follows:

	<u>Balance 2020</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2021</u>
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>

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

**Debt Administration**

Changes in long-term debt in 2022, were as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2022</u>
Bonds payable	\$ 2,850,000	-	(36,260)	2,813,740
Notes payable	<u>865,612</u>	<u>5,759,500</u>	<u>(84,954)</u>	<u>6,540,158</u>
Total long-term debt	<u>\$ 3,715,612</u>	<u>5,759,500</u>	<u>(121,214)</u>	<u>9,353,898</u>

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

	<u>Balance 2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2021</u>
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>

**Aromas Water District**  
*Management's Discussion and Analysis, continued*  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**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, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 1,885,464	1,627,155
Cash and cash equivalents – restricted (note 2)	6,154,842	519,960
Accounts receivable, net	193,898	198,280
Assessment receivable – restricted	2,284,955	2,330,040
Interest receivable	1,568	682
Prepaid expenses	14,333	16,499
Inventory and supplies	77,998	63,177
<b>Total current assets</b>	<b>10,613,058</b>	<b>4,755,793</b>
<b>Non-current assets:</b>		
Capital assets – not being depreciated (note 3)	425,312	331,196
Capital assets – being depreciated (note 3)	5,566,062	5,807,214
<b>Total non-current assets</b>	<b>5,991,374</b>	<b>6,138,410</b>
<b>Total assets</b>	<b>16,604,432</b>	<b>10,894,203</b>
<b>Deferred outflows of resources:</b>		
Deferred outflows – pensions (note 7)	136,914	149,120
<b>Total deferred outflows of resources</b>	<b>\$ 136,914</b>	<b>149,120</b>

Continued on next page

See accompanying notes to the basic financial statements

**Aromas Water District**  
**Statements of Net Position, continued**  
**June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 106,898	65,331
Accrued interest	68,517	44,307
Accrued payroll and payroll liabilities	15,196	24,412
Customer deposits and unearned revenue	27,300	10,500
Long-term liabilities – due within one year:		
Compensated absences (note 4)	37,016	27,980
Bonds payable (note 5)	53,740	52,000
Notes payable (note 5)	288,633	84,954
<b>Total current liabilities</b>	<b>597,300</b>	<b>309,484</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	12,339	9,327
Net pension liability (note 7)	384,014	608,060
Bonds payable (note 5)	2,760,000	2,798,000
Notes payable (note 5)	6,251,525	780,658
<b>Total non-current liabilities</b>	<b>9,407,878</b>	<b>4,196,045</b>
<b>Total liabilities</b>	<b>10,005,177</b>	<b>4,505,529</b>
<b>Deferred inflows of resources:</b>		
Deferred inflows – pensions (note 7)	335,224	4,337
<b>Total deferred inflows of resources</b>	<b>335,224</b>	<b>4,337</b>
<b>Net position (note 6):</b>		
Net investment in capital assets	2,263,533	2,422,798
Restricted	2,813,740	2,850,000
Unrestricted	1,323,672	1,260,659
<b>Total net position</b>	<b>\$ 6,400,945</b>	<b>6,533,457</b>

See accompanying notes to the basic financial statements

**Aromas Water District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating revenues:</b>		
Water revenue	\$ 1,435,809	1,439,584
Connection fees	43,920	14,640
<b>Total operating revenues</b>	<b>1,479,729</b>	<b>1,454,224</b>
<b>Operating expenses:</b>		
Pumping	228,700	182,229
Water treatment	32,807	28,339
Administration and general	101,970	95,747
Salaries and wages	426,240	465,497
Employee benefits	291,799	189,646
<b>Total operating expenses</b>	<b>1,081,516</b>	<b>961,458</b>
Operating income before depreciation	398,213	492,766
Depreciation expense	(482,673)	(470,277)
<b>Operating income (loss)</b>	<b>(84,460)</b>	<b>22,489</b>
<b>Non-operating revenues (expenses):</b>		
Property taxes	82,879	80,053
Voter approved assessment	125,765	113,261
Interest income	5,669	2,220
Bond issuance cost	(81,440)	-
Interest expense	(170,813)	(150,327)
Miscellaneous expense	(10,112)	(4,417)
<b>Total non-operating revenues (expense), net</b>	<b>(48,052)</b>	<b>40,790</b>
<b>Changes in net position</b>	<b>(132,512)</b>	<b>63,279</b>
<b>Net position, beginning of year</b>	<b>6,533,457</b>	<b>6,470,178</b>
<b>Net position, end of year</b>	<b>\$ 6,400,945</b>	<b>6,533,457</b>

See accompanying notes to the basic financial statements

**Aromas Water District  
Statements of Cash Flows  
For the Fiscal Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers for sales and service	\$ 1,489,913	1,415,811
Cash paid to vendors and suppliers	(507,317)	(558,637)
Cash paid to employees	(423,409)	(433,500)
<b>Net cash provided by operating activities</b>	<b>559,187</b>	<b>423,674</b>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes and assessments	253,729	272,057
<b>Net cash provided by non-capital financing activities</b>	<b>253,729</b>	<b>272,057</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(335,637)	(120,792)
Principal paid on long-term debt	5,638,286	(161,702)
Interest paid on long-term debt	(146,603)	(153,616)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>5,074,606</b>	<b>(436,110)</b>
<b>Cash flows from investing activities:</b>		
Interest earnings	5,669	2,220
<b>Net cash provided by investing activities</b>	<b>5,669</b>	<b>2,220</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,893,191</b>	<b>261,841</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,147,115</b>	<b>1,885,274</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 8,040,306</b>	<b>2,147,115</b>
<b>Reconciliation of cash and cash equivalents to statements of net position:</b>		
Cash and cash equivalents	\$ 1,885,464	1,627,155
Cash and cash equivalents - restricted	6,154,842	519,960
<b>Total cash and cash equivalents</b>	<b>\$ 8,040,306</b>	<b>2,147,115</b>

Continued on next page

See accompanying notes to the basic financial statements

**Aromas Water District**  
**Statements of Cash Flows, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (84,460)	22,489
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>		
Depreciation	482,673	470,277
Other non-operating revenue, net	(10,112)	(4,417)
<b>Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:</b>		
(Increase) decrease in assets and deferred outflows:		
Accounts receivable, net	4,382	(37,104)
Other receivables	(886)	2,340
Prepaid expenses	2,166	6,539
Inventory and supplies	(14,821)	(13,255)
Deferred outflows – pensions	12,206	(8,181)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	41,567	(72,983)
Accrued payroll and payroll liabilities	(9,216)	22,506
Customer deposits and unearned revenue	16,800	768
Compensated absences	12,047	9,491
Net pension liability	(224,046)	30,957
Deferred inflows – pensions	330,887	(5,753)
<b>Total adjustments</b>	<b>643,647</b>	<b>401,185</b>
<b>Net cash provided by operating activities</b>	<b>\$ 559,187</b>	<b>423,674</b>

See accompanying notes to the basic financial statements



**Aromas Water District**  
**Notes to the Financial Statements**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**(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, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**(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 pronouncements in the current year:

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.

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.

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.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

**C. Financial Reporting, continued**

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.

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.

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

**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.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

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

**2. Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. As a result, the related financial impact on the District 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.

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

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

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

**6. 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.

**7. 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.

**8. 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 \$3,000. 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

**9. Deferred Outflows of Resources**

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

**10. Compensated Absences**

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

**11. Deferred Inflows of Resources**

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

**12. 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.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

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

**12. Net Position, continued**

- *Restricted* – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the *net investment in capital assets* or *restricted* components of net position.

**(2) Cash and Cash Equivalents**

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

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 1,885,464	1,627,155
Cash and cash equivalents - restricted	6,154,842	519,960
Total	\$ 8,040,306	2,147,115

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

	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 100	100
Deposits with financial institutions	7,200,958	1,311,668
Local Agency Investment Fund	839,248	835,347
Total	\$ 8,040,306	2,147,115

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

	<b>2022</b>	<b>2021</b>
Deposits in California Local Agency Investment Fund (LAIF)	311 days	291 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.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

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 million or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to set up wire transfer 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.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>
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, 2022 and 2021**

**(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, 2022 and 2021, \$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, 2022 and 2021, 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, 2022 and 2021.



**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**(3) Capital Assets**

Changes in capital assets for 2022, was as follows:

	<u>Balance 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Non-depreciable assets:				
Land	\$ 331,196	-	-	331,196
Construction in progress	-	94,116	-	94,116
Total non-depreciable assets	<u>331,196</u>	<u>94,116</u>	<u>-</u>	<u>425,312</u>
Depreciable assets:				
Water systems	12,061,750	220,021	-	12,281,771
Office building	398,262	21,500	-	419,762
Office furniture and fixtures	93,467	-	-	93,467
Vehicles	117,577	-	-	117,577
Total depreciable assets	<u>12,671,056</u>	<u>241,521</u>	<u>-</u>	<u>12,912,577</u>
Accumulated depreciation	<u>(6,863,842)</u>	<u>(482,673)</u>	<u>-</u>	<u>(7,346,515)</u>
Total depreciable assets, net	<u>5,807,214</u>	<u>(241,152)</u>	<u>-</u>	<u>5,566,062</u>
Total capital assets, net	<u>\$ 6,138,410</u>			<u>5,991,374</u>

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

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	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.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**(4) Compensated Absences**

Changes in compensated absences balance in 2022, were as follows:

<u>Balance 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2021</u>	<u>Current</u>	<u>Non- Current</u>
\$ 37,307	33,758	(21,711)	49,354	37,016	12,339

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

<u>Balance 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2020</u>	<u>Current</u>	<u>Non- Current</u>
\$ 27,816	21,246	(11,755)	37,307	27,980	9,327

**(5) Long-Term Debt**

Changes in long-term debt in 2022, were as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2022</u>
Bonds payable:				
Limited Obligation Improvement Bonds				
Orchard Acres Assessment District 2008 Series A	\$ 380,000	-	-	380,000
Assessment District No. 2013-1 Series 2014	2,470,000	-	(36,260)	2,433,740
Total bonds payable	2,850,000	-	(36,260)	2,813,740
Notes payable:				
Union Bank – Tax-exempt refunding loan	865,612	-	(84,954)	780,658
Truist Bank	-	5,759,500	-	5,759,500
Total notes payable	865,612	5,759,500	(84,954)	6,540,158
Total long-term debt	3,715,612	5,759,500	(121,214)	9,353,898
Current portion	(136,954)			(342,373)
Non-current portion	\$ 3,578,658			9,011,525

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

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

	<u>Balance 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2021</u>
Bond 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	<u>2,895,000</u>	<u>-</u>	<u>(45,000)</u>	<u>2,850,000</u>
Note payable				
Union Bank – Tax-exempt refunding loan	946,313	-	(80,701)	865,612
Union Bank – Taxable project loan	36,001	-	(36,001)	-
Total note payable	<u>982,314</u>	<u>-</u>	<u>(116,702)</u>	<u>865,612</u>
Total long-term debt	3,877,314	-	(161,702)	3,715,612
Current portion	(161,702)			(136,954)
Non-current portion	\$ <u>3,715,612</u>			<u>3,578,658</u>

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

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

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 15,000	22,508	37,748
2024	15,000	21,623	36,832
2025	15,000	20,738	35,916
2026	15,000	19,853	35,000
2027	15,000	18,968	34,084
2028-2032	100,000	77,695	177,864
2033-2037	135,000	42,853	177,902
2038-2039	<u>70,000</u>	<u>4,270</u>	<u>74,275</u>
Total	380,000	<u>228,508</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, 2022 and 2021**

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

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 38,740	100,175	138,660
2024	40,000	98,600	138,160
2025	41,000	96,980	138,600
2026	43,000	95,300	137,980
2027	45,000	93,540	138,300
2028-2032	250,000	439,000	689,820
2033-2037	305,000	383,660	688,620
2038-2042	371,000	316,220	687,780
2043-2047	452,000	234,280	686,000
2048-2052	551,000	134,180	685,800
2053-2055	297,000	23,620	457,480
Total	<u>2,433,740</u>	<u>2,015,555</u>	<u>4,587,200</u>
Current	<u>(38,740)</u>		
Non-current	<u>\$ 2,395,000</u>		

***City National Note Payable***

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

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

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

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**(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>
2023	\$ 87,522	22,715	110,237
2024	90,167	20,070	110,237
2025	92,893	17,345	110,237
2026	95,700	14,537	110,238
2027	98,593	11,644	110,237
2028-2030	315,783	16,691	442,711
Total	780,658	103,002	993,897
Current	(87,522)		
Non-current	\$ 693,136		

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

*Truist Bank Note Payable*

On May 2022, the District entered into a loan agreement with Truist Bank and borrowed \$5,759,500 which is secured by a pledge of and lien on the net revenues of the District's water revenues. The proceeds from the loan will finance the acquisition and installation of certain improvements to the District's water system, including a new well and a solar energy project. Terms of the loan call for semi-annual payments of principal and interest payable on February 1<sup>st</sup> and August 1<sup>st</sup> of each year. The interest on the loan is stated at 3.08% and matures in 2042.

Annual maturity and interest on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 201,111	123,672	324,783
2024	157,549	167,235	324,784
2025	162,359	162,425	324,784
2026	167,316	157,468	324,784
2027	172,423	152,360	324,783
2028-2032	1,169,901	674,490	1,844,391
2033-2037	1,724,513	450,591	2,175,104
2038-2042	2,004,328	170,776	2,175,104
Total	5,759,500	2,059,017	7,818,517
Current	(201,111)		
Non-current	\$ 5,558,389		

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**(6) Net Position**

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

	<b>2022</b>	<b>2021</b>
Net investments in capital assets:		
Capital assets, net	\$ 5,991,374	6,138,410
Unspent proceeds from loan	5,626,057	-
Notes payable, current	(288,633)	(84,954)
Notes payable, non-current	(6,251,525)	(780,658)
Bonds payable, current	(53,740)	(52,000)
Bonds payable, non-current	(2,760,000)	(2,798,000)
Total net investments in capital assets	2,263,533	2,422,798
Restricted for debt service:		
Cash and cash equivalents – restricted	6,154,842	519,960
Unspent proceeds from loan	(5,626,057)	-
Assessment receivable – restricted	2,284,955	2,330,040
Total restricted for debt service	2,813,740	2,850,000
Unrestricted net position:		
Non-spendable net position:		
Inventory and supplies	77,998	63,177
Prepaid expenses	14,333	16,499
Total non-spendable net position	92,331	79,676
Spendable net position:		
Unrestricted	1,231,341	1,180,983
Total spendable net position	1,231,341	1,180,983
Total unrestricted net position	1,323,672	1,260,659
Total net position	\$ 6,400,945	6,533,457

**(7) Defined Benefit Pension Plans**

***Plan Description***

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

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 55 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:

	2022		2021	
	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	10.88%	7.59%	10.22%	6.99%

***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 an 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.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

***Contributions, continued***

For the years ended June 30, the District's contributions to CalPERS are as follows:

	<b>2022</b>	<b>2021</b>
Contribution - employer	\$ 88,219	87,813

***Net Pension Liability***

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

	<b>2022</b>	<b>2021</b>
Proportionate share of net pension liability	\$ 384,014	608,060

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, 2022 and 2021, the net pension liability of the Plan is measured as of June 30, 2021 and 2020 (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, 2020 and 2019 (the valuation dates), rolled forward to June 30, 2021 and 2020, 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, 2021 and 2020, were as follows:

	<b>Proportionate Share</b>
Proportion – June 30, 2019	0.00563 %
Change in proportionate share	(0.00004)
Proportion – June 30, 2020	0.00559
Change in proportionate share	0.00151
Proportion – June 30, 2021	0.00710 %



**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

*Deferred Pension Outflows (Inflows) of Resources*

For the years ended June 30, 2022 and 2021, the District recognized pension expense of \$207,266 and \$119,843, respectively. As of the fiscal years ended June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>2022</u>		<u>2021</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	\$ 88,219	-	87,813	-
Differences between actual and expected experience	43,063	-	31,335	-
Changes in assumptions	-	-	-	(4,337)
Net difference between projected and actual earnings on plan investments	-	(335,224)	18,064	-
Adjustment due to changes in proportions and difference between actual and proportionate share of contributions	5,632	-	11,908	-
<b>Total</b>	<b>\$ 136,914</b>	<b>(335,224)</b>	<b>149,120</b>	<b>(4,337)</b>

For the years ended June 30, 2022 and 2021, the District's deferred outflows of resources related to contributions subsequent to the measurement date totaled \$88,219 and \$87,813, 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	\$ (55,628)
2021	(63,294)
2022	(74,970)
2023	(92,637)

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2020 and 2019
Measurement dates	June 30, 2021 and 2020
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
<b>Actuarial assumptions</b>	
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 was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the 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.

***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 plan's 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, 2022 and 2021**

**(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.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation assets	0.00	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)
	<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, 2022, 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% <u>6.15%</u>	Current Discount Rate <u>7.15%</u>	Discount Rate + 1% <u>8.15%</u>
District's net pension liability	\$ 671,332	384,014	146,493

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

**(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, 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:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	\$ 883,260	608,060	380,670

***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 37 through 39 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, 2022:

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

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

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

***Governmental Accounting Standards Board Statement No. 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.

**Aromas Water District**  
**Notes to the Financial Statements, continued**  
**For the Fiscal Years Ended June 30, 2022 and 2021**

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

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

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 were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has 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, 2022 and 2021**

**(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, 2022 and 2021**

**(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, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of November 22, 2022, 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, 2022**  
**Last Ten Years\***

**Defined Benefit Plan**

Description	Measurement Dates						
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability	0.00710%	0.00559%	0.00563%	0.00565%	0.00567%	0.00579%	0.00635%
District's proportionate share of the net pension liability	\$ 384,014	\$ 608,060	\$ 577,103	\$ 544,625	\$ 562,232	\$ 501,054	\$ 436,183
District's covered-employee payroll	\$ 344,865	\$ 365,231	\$ 329,968	\$ 353,350	\$ 284,641	\$ 260,629	\$ 249,960
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	111.35%	166.49%	174.90%	154.13%	197.52%	192.25%	174.50%
Plan's fiduciary net position as a percentage of the plan's total pension liability	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%

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

**Changes 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 of Assumptions and Methods**

In fiscal year 2021, there were no changes to actuarial assumptions or 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, 2022**  
**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, 2022**  
**Last Ten Years\***

Description	Fiscal Years									
	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015		
Actuarially determined contribution	\$ 88,219	87,813	79,845	70,661	65,018	61,410	51,643	43,204		
Contributions in relation to the actuarially determined contribution	(88,219)	(87,813)	(79,845)	(70,661)	(65,018)	(61,410)	(51,643)	(43,204)		
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-		
District's covered payroll	\$ 344,865	365,231	329,968	353,350	284,641	260,629	249,960	328,069		
Contributor's as a percentage of covered-employee payroll	25.58%	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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating expenses:</b>		
Salaries	\$ 396,341	433,210
Payroll taxes	29,597	31,514
Payroll expenses	481	1,194
Retirement benefits - CalPERS	207,255	104,646
Uniform allowance	1,752	2,470
Education	5,849	762
Workers compensation and health insurance	76,944	81,768
Outside services	5,633	3,638
Power	89,975	84,592
Truck expense	24,931	21,114
System repair and maintenance	87,696	58,633
Water analysis and treatment	32,807	28,339
Small tools and equipment	4,574	7,869
Annexation/EIR/Planning	12,285	1,612
Office (postage/supplies/maintenance)	15,934	16,582
Telemetry	9,239	8,408
Telephone	9,867	9,030
Election expense	-	400
General and property insurance	20,367	16,934
Legal	16,800	15,600
Bank charges	1,667	1,470
Audit	9,095	11,425
Bad debts	-	211
Membership	22,124	19,264
COVID sick support	303	773
<b>Total operating expenses</b>	<b>\$ <u>1,081,516</u></b>	<b><u>961,458</u></b>



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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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 22, 2022.

**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 22, 2022

DRAFT

# Staff Report



To: Board of Directors

Re: Item IX.B – Consider receiving a report regarding the possible annexation of one parcel located on Rocks Road (APN: 012-090-026-000), and providing direction to Staff

Date: November 16, 2022

## Summary / Discussion

A request for water service has been received from Mr. Kwansoo Kang, who lives at 940 Rocks Road. His parcel is within the District’s Sphere of Influence, though it is not a part of the annexed area. Actually, it is adjacent to the recent Cole Road/Rocks Road annexation effort. He was in the process of building his home, so his parcel was not included in that annexation project.

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

As mentioned previously, Mr. Kang’s parcel is currently within the District’s sphere of influence, though it is not annexed into the District.

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

## Staff Recommendation

Receive the report and direct staff to go initiate and complete the annexation process with PVWMA and LAFCO, keeping the BOD apprised of the progress.

## Submitted by:

Robert Johnson  
General Manager



## RESOLUTION 2022-21

### RESOLUTION OF APPLICATION OF THE AROMAS WATER DISTRICT INITIATING PROCEEDINGS FOR THE KANG (APN: 012-090-026) ANNEXATION TO THE AROMAS WATER DISTRICT

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

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

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

**PASSED AND ADOPTED** by the Board of Directors of the Aromas Water District, Aromas, Monterey and San Benito Counties, California, at a Regular meeting duly held on this 22<sup>nd</sup> day of NOVEMBER by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVE:

ATTEST:

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

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



Aromas Water District  
 Balance Sheet Prev Year Comparison  
 As of October 31, 2022

	Oct 31, 22	Oct 31, 21
<b>ASSETS</b>		
Current Assets		
Checking/Savings		
UB Checking	175,756.95	167,979.93
UB Bk Money Market xxxx7853	615,771.47	850,796.72
LAIF-State of Ca xx-05	6,547,389.88	836,698.94
Petty Cash	100.00	100.00
Assessment District Banks		
OAWA US Bank 102 Reserve	38,451.21	38,200.66
OAWA Union Bank Checking 7741	18,865.08	30,443.11
Oakridge Union Checking 5587	357,789.57	342,943.58
Total Assessment District Banks	415,105.86	411,587.35
Total Checking/Savings	7,754,124.16	2,267,162.94
Accounts Receivable		
1200 · Accounts Rec - Spec Proj/Taxes	15,058.34	0.00
Total Accounts Receivable	15,058.34	0.00
Other Current Assets		
ACWA Deposit	0.00	2,080.80
1292 · Accounts Rec - USDA Loan	1,988,523.73	2,040,446.37
1291 · Accounts Rec - Orchard Acres	276,431.41	289,594.03
Prepaid Insurance	23,180.57	20,529.84
128 · Inventory	77,997.68	63,177.31
1200.1 · Accounts Receivable--UBMax	166,994.81	161,323.56
1201.9 · Less Allowance for doubtful Acc	-500.00	-500.00
Total Other Current Assets	2,532,628.20	2,576,651.91
Total Current Assets	10,301,810.70	4,843,814.85
Fixed Assets		
1900 · Water System	12,239,832.72	12,056,169.36
1910 · Construction in Progress	292,557.76	5,297.50
1915 · Office Building & Improvements	440,291.33	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	-7,492,178.75	-7,035,453.75
Total Fixed Assets	6,023,743.28	5,967,514.76
Other Assets		
Deferred Outflow of Resources	136,914.00	149,120.00
Total Other Assets	136,914.00	149,120.00
<b>TOTAL ASSETS</b>	<b>16,462,467.98</b>	<b>10,960,449.61</b>

Aromas Water District  
 Balance Sheet Prev Year Comparison  
 As of October 31, 2022

	Oct 31, 22	Oct 31, 21
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	75,512.48	29,863.68
Total Accounts Payable	75,512.48	29,863.68
Credit Cards		
First Bankcard - S Smith #0239	2,453.80	459.14
First Bankcard - E Giron #1086	0.00	77.03
First Bankcard -R.Johnson #9031	0.00	1,051.56
First Bankcard-L Coombes #3294	0.00	187.98
First Bankcard - D DeAlba #2486	248.28	0.00
Valero Fleet	260.43	464.30
Total Credit Cards	2,962.51	2,240.01
Other Current Liabilities		
Accrued Sick Payable	5,016.44	3,177.04
Accrued Wages Payable	8,814.19	19,565.97
Current Portion City National	87,521.00	115,073.16
2100 · Payroll Liabilities	94.07	113.28
Deferred Inflows- Actuarial	335,224.00	4,337.00
CUSTOMER DEPOSITS		
Water Customer	0.00	300.00
Connection Deposits Payable	17,500.00	2,000.00
Hydrant Meter Deposit	11,300.00	7,800.00
Total CUSTOMER DEPOSITS	28,800.00	10,100.00
Accrued Vacation Payable	44,338.03	34,129.54
Interest Payable	68,516.73	0.00
PVWMA Payable	15,650.22	16,966.25
Total Other Current Liabilities	593,974.68	203,462.24
Total Current Liabilities	672,449.67	235,565.93
Long Term Liabilities		
Truist Bank	5,635,404.00	0.00
2392 · Long-term Debt - USDA (Oakrdge)	2,395,739.90	2,433,739.90
2391 · Long-term Debt - Orchard Acres	345,000.00	370,000.00
GASB 68 Pension Liability	384,014.00	608,060.00
City National Bank	693,136.71	750,538.78
Total Long Term Liabilities	9,453,294.61	4,162,338.68
Total Liabilities	10,125,744.28	4,397,904.61
Equity		
Investment in Capital Assets	6,420,006.53	6,420,006.53
Unrestricted Net Assets	2,617,142.95	2,751,025.55
Allocation of Net Assets	-2,637,574.59	-2,637,574.59
Net Income	-62,851.19	29,087.51
Total Equity	6,336,723.70	6,562,545.00
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>16,462,467.98</b>	<b>10,960,449.61</b>

Aromas Water District  
Profit & Loss Budget Performance

October 2022

	Oct 22	Budget	Jul - Oct 22	YTD Budget	Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
303 · Water Revenue	122,632.38	130,000.00	573,816.26	607,000.00	1,584,700.00
307 · Bulk Water	3,022.36	750.00	14,073.38	3,000.00	9,000.00
302 · Connection	0.00	0.00	30,800.00	32,340.00	80,850.00
301 · Taxes Rcvd - AWD					
3090 · Oakridge / OAWA Assess...	0.00	0.00	6,432.00	0.00	178,400.00
301 · Taxes Rcvd - AWD - Other	0.00	0.00	1,436.99	0.00	76,000.00
Total 301 · Taxes Rcvd - AWD	0.00	0.00	7,868.99	0.00	254,400.00
304 · Other Office Income & Reimbu...	0.00	125.00	11,143.97	500.00	1,500.00
306 · Interest	7,456.33	400.00	24,071.41	1,600.00	4,800.00
312 · Grant Revenue	1,000.00	0.00	1,200.00	0.00	1,000.00
Total Income	134,111.07	131,275.00	662,974.01	644,440.00	1,936,250.00
Gross Profit	134,111.07	131,275.00	662,974.01	644,440.00	1,936,250.00
<b>Expense</b>					
<b>Operations</b>					
403 · Fuel	2,577.27	1,485.00	8,921.45	7,260.00	16,500.00
404 · Truck Maint	1,273.95	688.00	3,177.23	2,746.00	8,250.00
431 · System Repair & Maint	17,354.70	6,416.00	47,202.16	25,664.00	77,000.00
463 · Water Analysis	352.00	596.00	2,891.00	2,382.00	7,150.00
464 · Water Treatment	952.94	1,980.00	12,769.42	9,680.00	22,000.00
468 · Tools	0.00	688.00	872.85	2,752.00	8,250.00
470 · Public Outreach / Annexation	3,600.00	350.00	4,711.81	1,400.00	33,000.00
Total Operations	26,110.86	12,203.00	80,545.92	51,884.00	172,150.00
<b>Power</b>					
449.75 · 388 Blohm, # C	5.94	40.00	180.25	194.00	440.00
449.5 · 388 Blohm, A & B Office	-100.82	168.00	100.02	822.00	1,870.00
461.5 · RLS Tank Booster	-69.08	15.00	-42.49	73.00	165.00
447 · Leo Ln Booster	-8.27	59.00	182.00	290.00	660.00
448 · Aimee Mdws Well	-68.41	15.00	-43.11	73.00	165.00
451 · Marshall Corp Yard	-30.10	50.00	81.52	239.00	550.00
452 · Rea Booster @ Seely	-5.47	62.00	181.53	304.00	688.00
454 · Carr Booster	863.60	683.00	3,058.02	3,339.00	7,590.00
458 · Pleasant Acres Well	103.99	180.00	438.02	880.00	2,000.00
459 · Seely Booster @ Carpentaria	25.46	495.00	1,479.96	2,420.00	5,500.00
460 · San Juan Well	6,375.76	6,237.00	25,356.96	30,492.00	69,300.00
461 · Cole Tank	14.34	20.00	55.66	98.00	220.00
462 · Rea Tank	-63.52	20.00	-21.40	98.00	220.00
465 · Lwr Oakridge Boost	47.04	149.00	373.36	723.00	1,650.00
465.5 · Upper Oakridge Booster	0.00	0.00	150.00	150.00	770.00
466 · Pine Tree Tank	-64.81	20.00	-29.52	98.00	220.00
Total Power	7,025.65	8,213.00	31,500.78	40,293.00	92,008.00
<b>Payroll</b>					
Gross	34,484.28	37,080.00	147,849.25	148,318.00	444,958.00
Comp FICA	2,130.89	2,299.00	9,165.76	9,195.00	27,587.00
Comp MCARE	502.25	538.00	2,153.73	2,148.00	6,452.00
Comp SUI	24.04	182.00	70.76	732.00	2,188.00
Total Payroll	37,141.46	40,099.00	159,239.50	160,393.00	481,185.00
<b>Employee / Labor Costs</b>					
407 · Outside Services	60.13	583.00	1,258.04	2,336.00	7,000.00
408 · Uniform Allowance	0.00	0.00	289.44	300.00	4,000.00
409 · Workers Comp	419.63	1,109.00	1,678.52	4,434.00	13,306.00
410 · Health Ins	5,803.08	5,949.00	28,939.44	23,795.00	71,387.00
474 · Education	1,563.78	667.00	1,670.39	2,664.00	8,000.00
477 · Retirement	3,071.56	3,500.00	77,595.36	76,000.00	104,015.00
Total Employee / Labor Costs	10,918.18	11,808.00	111,431.19	109,529.00	207,708.00

Aromas Water District  
Profit & Loss Budget Performance

October 2022

	Oct 22	Budget	Jul - Oct 22	YTD Budget	Annual Budget
Office					
440 · Misc Exp	397.49	367.00	3,740.05	1,464.00	4,400.00
444 · Postage	411.55	315.00	1,464.00	1,260.00	4,400.00
445 · Office Supplies	117.52	367.00	615.26	1,468.00	4,400.00
446 · Office Eqpmt and Maint	1,540.26	2,200.00	2,930.01	4,900.00	16,500.00
Total Office	2,466.82	3,249.00	8,749.32	9,092.00	29,700.00
Communications					
455 · Phone, Off	531.31	417.00	2,119.26	1,664.00	5,000.00
456 · Telemetry	780.75	625.00	3,123.00	2,500.00	7,500.00
457 · Answ Serv/Cellular Phone	381.66	350.00	1,439.70	1,400.00	4,200.00
Total Communications	1,693.72	1,392.00	6,681.96	5,564.00	16,700.00
Administrative & General					
4591 · Admin Fee (Bond Admin N...	0.00	0.00	985.24	1,000.00	5,200.00
4590 · Bond Interest Exp - Assess...	0.00	0.00	59,399.79	64,600.00	128,000.00
417 · Capital Loan Interest	0.00	0.00	38,295.87	39,150.00	149,700.00
467 · Depreciation Reserve	47,017.00	47,017.00	188,064.00	188,064.00	564,199.00
405 · Election	0.00	0.00	0.00	0.00	5,000.00
406 · Liability Ins	2,129.02	1,667.00	7,975.84	6,664.00	20,000.00
420 · Legal Fees	1,400.00	1,417.00	6,424.26	5,664.00	17,000.00
422 · Bank Charges	150.32	167.00	546.52	664.00	2,000.00
423 · Litigation Contingency	0.00	833.00	0.00	3,336.00	10,000.00
425 · Audit	0.00	1,100.00	10,150.00	4,400.00	13,200.00
471 · Bad Debts	0.00	42.00	0.00	164.00	500.00
473 · Memberships	14,684.00	12,685.00	15,835.01	13,725.00	22,000.00
Total Administrative & General	65,380.34	64,928.00	327,676.53	327,431.00	936,799.00
Total Expense	150,737.03	141,892.00	725,825.20	704,186.00	1,936,250.00
Net Ordinary Income	-16,625.96	-10,617.00	-62,851.19	-59,746.00	0.00
Net Income	-16,625.96	-10,617.00	-62,851.19	-59,746.00	0.00

11/17/22

Aromas Water District  
**Monthly Expenditures**  
 October 20 through November 15, 2022

Date	Num	Name	Amount
UB Checking			
10/20/2022	EFT	QuickBooks Payroll Service	-7,302.04
10/21/2022	DD1864	Bowman (P), Naomi	0.00
10/21/2022	DD1865	Coombes (P), Louise P	0.00
10/21/2022	19000	DeAlba (P), David	-2,943.18
10/21/2022	DD1866	Giron (P), Ester	0.00
10/21/2022	DD1867	Johnson (P), Robert L	0.00
10/21/2022	19001	Smith (P), Shaun	-1,421.71
10/21/2022	19002	Dutra (P), Marcus	-243.63
10/21/2022	19003	Holman (P), Wayne R	-243.63
10/21/2022	DD1868	Leap (P), James E	0.00
10/21/2022	DD1869	Morris (P), Vicki	0.00
10/21/2022	DD1870	Smith (P), Richard	0.00
10/21/2022	EFT	CalPERS	-2,635.79
10/21/2022	EFT	CalPERS	-849.73
10/24/2022	19013	Cathy Vaughn	-458.69
10/28/2022	Pd Online	Charter Communications - Spectrum	-97.98
10/28/2022	Pd Online	Valero Fleet	-843.22
10/28/2022	Pd Online	Verizon Wireless	-154.11
10/31/2022	EFT	Bank Service Fees	-159.32
11/02/2022	E-pay	Employment Development Dept	-738.62
11/02/2022	E-pay	United States Treasury (EFTPS)	-4,142.88
11/03/2022	EFT	QuickBooks Payroll Service	-6,557.67
11/03/2022	19016	ACE Hardware Prunedale	-6.45
11/03/2022	19017	ACWA JPIA	-16,747.00
11/03/2022	19018	ACWA JPIA, Emp. Ben. Prog.	-5,651.16
11/03/2022	19019	AWWA	-487.00
11/03/2022	19020	CALNET3	-740.08
11/03/2022	19022	CSSC	-177.55
11/03/2022	19023	Ferguson Waterworks	-3,039.61
11/03/2022	19024	Mid Valley Supply	-952.94
11/03/2022	19025	Monterey Bay Solutions, LLC	-225.00
11/03/2022	19026	Pajaro Valley Lock Shop	-215.50
11/03/2022	19027	R & B Company	-1,584.70
11/03/2022	19028	Recology San Benito County	-60.58
11/03/2022	19029	Rob Johnson	-50.00
11/03/2022	19030	Streamline	-100.00
11/03/2022	19031	United Way serving San Benito County	-32.00
11/03/2022	19032	USA BlueBook	-679.46
11/03/2022	19033	West Valley Construction	-9,088.76
11/03/2022	19034	XIO, INC.	-474.00
11/03/2022	Wire Trans	City National Bank	-55,118.67
11/04/2022	DD1871	Bowman (P), Naomi	0.00
11/04/2022	DD1872	Coombes (P), Louise P	0.00
11/04/2022	19014	DeAlba (P), David	-2,943.19
11/04/2022	DD1873	Giron (P), Ester	0.00
11/04/2022	DD1874	Johnson (P), Robert L	0.00
11/04/2022	19015	Smith (P), Shaun	-1,432.22
11/04/2022	EFT	CalPERS	-2,639.96

11/17/22

Aromas Water District  
**Monthly Expenditures**  
October 20 through November 15, 2022

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<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
11/04/2022	EFT	CalPERS	-874.93
11/04/2022	19035	USPO	-255.19
11/04/2022	Pd Online	P G & E	-7,238.76
11/04/2022	NSF	Bill Adjustment Report	-134.62
11/15/2022	19036	ACE Hardware Prunedale	-178.43
11/15/2022	19037	Aldrige Backflow Specialist	-5,250.00
11/15/2022	19038	Core & Main (Formerly HD Supply)	-599.87
11/15/2022	19039	Interstate All Battery Center	-63.31
11/15/2022	19040	Mid Valley Supply	-1,143.53
11/15/2022	19041	MNS Engineers Inc.	-926.25
11/15/2022	19042	Robert E. Bosso	-1,400.00
11/15/2022	19043	West Valley Construction	-3,055.43
Total UB Checking			<u>-152,358.35</u>
TOTAL			<u><u>-152,358.35</u></u>