

A CENTURY OF SERVICE

July 7, 2021

AGENDA FOR REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT TO BE HELD AT 2029 EAST AVENUE Q, PALMDALE OR VIA TELECONFERENCE

FOR THE PUBLIC: VIA TELECONFERENCE ONLY
DIAL-IN NUMBER: 571-748-4021 ATTENDEE PIN: 104-972-638#
Submit Public Comments at: https://www.gomeet.com/104-972-638

MONDAY, JULY 12, 2021

6:00 p.m.

<u>NOTES:</u> To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Additionally, an interpreter will be made available to assist the public in making <u>comments</u> under Agenda Item No. 4 and any action items where public input is offered during the meeting if requested at least 48 hours before the meeting. Please call Dawn Deans at 661-947-4111 x1003 with your request. (PWD Rules and Regulations Section 4.03.1 (c))

Adicionalmente, un intérprete estará disponible para ayudar al público a hacer **comentarios** bajo la sección No. 4 en la agenda y cualquier elemento de acción donde se ofrece comentarios al público durante la reunión, siempre y cuando se solicite con 48 horas de anticipación de la junta directiva. Por favor de llamar Dawn Deans al 661-947-4111 x1003 con su solicitud. (PWD reglas y reglamentos sección 4.03.1 (c))

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale (Government Code Section 54957.5). Please call Dawn Deans at 661-947-4111 x1003 for public review of materials.

<u>PUBLIC COMMENT GUIDELINES:</u> The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meeting will not be permitted, and offenders will be requested to leave the meeting. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance/Moment of Silence.
- 2) Roll Call.
- 3) Adoption of Agenda.

BOARD OF DIRECTORS

AMBERROSE MERINO

Division 1

DON WILSON

Division 2

GLORIA DIZMANG

Division 3

KATHY MAC LAREN-GOMEZ

Division 4

VINCENT DINO

Division 5

DENNIS D. LaMOREAUX

General Manager

ALESHIRE & WYNDER LLP

Attorneys





- 4) Public comments for non-agenda items.
- 5) Presentations:
 - 5.1) None at this time.
- 6) Action Items Consent Calendar (The public shall have an opportunity to comment on any action item on the Consent Calendar as the Consent Calendar is considered collectively by the Board of Directors prior to action being taken.)
 - 6.1) Approval of minutes of Regular Board Meeting held June 28, 2021.
 - 6.2) Payment of bills for July 12, 2021.
- 7) Action Items Action Calendar (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)
 - 7.1) Presentation, consideration, and possible action on receiving and filing of 2020 Annual Financial Report. (No Budget Impact Finance Manager Williams/Paul Kaymark, Nigro & Nigro/Finance Committee)
 - 7.2) Consideration and possible action on revisions to Palmdale Water District's COVID-19 Prevention Program Policy. (No Budget Impact Human Resources Director Emery)
 - 7.3) Consideration and possible action on authorization of the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2021 Budget:
 - a) Antelope Valley Chambers of Commerce 119th Annual Installation Banquet to be held July 23, 2021 in Lancaster.
 - b) Building Industry Association Southern California Water Conference to be held August 13, 2021 in Ontario.
 - c) TruePoint 2021 User Group Conference to be held October 25 27, 2021 in Reno, Nevada.
- 8) Information Items:
 - 8.1) Reports of Directors:
 - a) Standing Committees; Organization Appointments; Agency Liaisons:
 - 1) Special Finance Committee. (Director Wilson, Chair/President Dizmang)
 - b) General Meetings Reports of Directors.
 - 8.2) Report of General Manager.
 - 8.3) Report of General Counsel.
- 9) Public comments on closed session agenda matters.

- 10) Closed session under:
 - 10.1) Government Code Section 54956.9(d)(2) Anticipated litigation, one case.
- 11) Public report of any action taken in closed session.
- 12) Board members' requests for future agenda items.
- 13) Adjournment.

DENNIS D. LaMOREAUX,

General Manager

DDL/dd

BOARD MEMORANDUM

DATE: July 6, 2021 July 12, 2021

TO: BOARD OF DIRECTORS Regular Board Meeting

FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis LaMoreaux, General Manager

RE: AGENDA ITEM 7.1 -PRESENTATION, CONSIDERATION, AND POSSIBLE

ACTION ON RECEIVING AND FILING OF 2020 ANNUAL FINANCIAL REPORT. (NO BUDGET IMPACT - FINANCE MANAGER WILLIAMS/PAUL KAYMARK,

NIGRO & NIGRO/FINANCE COMMITTEE)

Recommendation:

Staff and the Finance Committee recommend the Board receive and file the annual basic financial statements with independent auditors' report for year ended December 31, 2020.

Financial Highlights:

- In 2020, the District's net position increased 1.65%, or \$1,566,680, from the prior year's net position of \$95,179,779 to \$96,746,459 as a result of this year's operations (Page 5).
- In 2020, the District's operating revenues increased by 9.49%, or \$2,387,572, from \$25,165,648 to \$27,553,220 from the prior year, primarily due to an increase in water sales commodity charge of \$2,554,774 (Page 7).
- In 2020, the District's operating expenses before overhead absorption and depreciation expense increased by 0.76%, or \$190,491, from \$25,091,896 to \$25,282,387 from the prior year, primarily due to an increase in administration expenses of \$510,656 and finance and customer care of \$135,515 (Page 8).
- District cash flows for the years have been categorized into one of the following activities: operating, noncapital financing, capital and related financing, or investing. For 2020, the total of these categories represents a decrease in cash and cash equivalents of \$6,329,853, which is subtracted from the beginning cash and cash equivalents of \$10,066,895 to arrive at ending cash and cash equivalents of \$3,737,042 (Page 14).

Conditions Affecting Current Financial Position:

• The District continued to see a good water usage trend for 2020. The District's customers continue to change their water habits after being required to meet the mandatory drought restrictions back in 2016.

VIA: Mr. Dennis LaMoreaux, General Manager

July 6, 2021

- Billed water consumption for the year ended December 31, 2020 was at 17,213-acre feet compared to 15,871-acre feet for the year ended December 31, 2019.
- The District's assessed valuation has increased to \$2.02 billion for FY 2019/2020 from \$1.91 billion for FY 2018/2019.
- The District received \$1.678 million in ad valorum property tax revenue for 2020.
- The District received \$731,045 in successor agency component property taxes for 2020.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 4 – Financial Health and Stability.

This item directly relates to the District's Mission Statement.

Budget:

This item has no budget impact.

Supporting Documents:

- 2020 Annual Financial Report prepared by Nigro & Nigro
- 2020 Final Communication to Board of Directors
- 6-year analysis of net position

PALMDALE WATER DISTRICT FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT For the Years Ended December 31, 2020 and 2019



For the Years Ended December 31, 2020 and 2019 Table of Contents

FINANCIAL SECTION

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors Palmdale Water District Palmdale, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of Palmdale Water District, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Palmdale Water District as of December 31, 2020 and 2019, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Supplementary information is the responsibility of management and was derived from and relate 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 audit 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 information is 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 a separate report dated June 21, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California

Nigro & Nigra, PC

June 21, 2021

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2020 and 2019

Management's Discussion and Analysis (MD&A) offers readers of Palmdale Water District's financial statements a narrative overview of the District's financial activities for the years ended December 31, 2020 and 2019. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In 2020, the District's net position increased 1.65% or \$1,566,680 from the prior year's net position of \$95,179,779 to \$96,746,459, as a result of this year's operations.
- In 2019, the District's net position decreased 0.55% or \$528,518 from the prior year's net position of \$95,708,297 to \$95,179,779, as a result of this year's operations.
- In 2020, the District's operating revenues increased by 9.49% or \$2,387,572 from \$25,165,648 to \$27,553,220, from the prior year, primarily due to an increase in water sales commodity charge of \$2,554,774.
- In 2019, the District's operating revenues increased by 1.13% or \$281,570 from \$24,884,078 to \$25,165,648, from the prior year, primarily due to a decrease in water sales commodity charge of (\$478,837) and an increase in the monthly meter service charge of \$673,242.
- In 2020, the District's operating expenses before overhead absorption and depreciation expense increased by 0.76% or \$190,491 from \$25,091,896 to \$25,282,387, from the prior year, primarily due to an increase in administration expenses of \$510,656 and finance and customer care of \$135,515.
- In 2019, the District's operating expenses before overhead absorption and depreciation expense increased by 2.68% or \$656,061 from \$24,435,835 to \$25,091,896, from the prior year, primarily due to an increase in administration expenses of \$649,008 and finance and customer care of \$148,444.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The District's basic financial statements reflect the combined results of the Operating and Capital Programs and include four components: (1) Balance Sheet; (2) Statement of Revenues, Expenses, and Changes in Net Position; (3) Statement of Cash Flows; and (4) Notes to the Financial Statements.

The financial statements accompanying this MD&A present the net position, results of operations, and changes in cash flow during the years ending December 31, 2020 and 2019. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2020 and 2019

REQUIRED FINANCIAL STATEMENTS

Balance Sheets

The Balance Sheet presents information on the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, other factors such as changes in economic conditions, population growth, zoning, and new or changed legislation or regulations also need to be considered when establishing financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflow of resources, resulting in a net position of \$96,746,459 and \$95,179,779 as of December 31, 2020 and 2019, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the year. 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 results of the District's operations for the year and can be used to determine if the District has successfully recovered all of its costs through user fees and other charges. Operating revenues and expenses are related to the District's core activities. Non-operating revenues and expenses are not directly related to the core activities of the District (e.g. interest income, interest expense, property taxes, gain or loss on sale of assets). For the year ended December 31, 2020, net position from operations increased \$1,566,680. Also, for the year ended December 31, 2019, net position from operations decreased \$528,518.

Statement of Cash Flows

The Statement of Cash Flows presents information regarding the District's use of cash during the year. It reports cash receipts, cash payments, and net changes in cash resulting from operations, financing and investing activities. The Statement of Cash Flows provides answers to such questions as: Where did cash come from? What was cash used for? What was the change in the cash balance during the reporting period?

District cash flows for the years have been categorized into one of the following activities: operating, noncapital financing, capital and related financing, or investing. For 2020, the total of these categories represents a decrease in cash and cash equivalents of \$6,329,853, which is subtracted from the beginning cash and cash equivalents of \$10,066,895, to arrive at ending cash and cash equivalents of \$3,737,042. For 2019, the total of these categories represents a decrease in cash and cash equivalents of \$5,318,959, which is subtracted from the beginning cash and cash equivalents of \$15,385,854, to arrive at ending cash and cash equivalents of \$10,066,895.

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2020 and 2019

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Balance Sheets

	I	Balance, Dec. 31, 2020	Г	Balance, Dec. 31, 2019		Change		Balance, Change Dec. 31, 2018				Change
Assets:					8			- T.				
Current assets	\$	20,210,560	\$	20,032,372	\$	178,188	\$	19,590,071	\$	442,301		
Non-current assets Capital assets, net		4,466,060		6,324,308		(1,858,248)		13,374,737		(7,050,429)		
Color Color Company Color Colo		166,964,871		162,706,256		4,258,615	_	155,765,727	-	6,940,529		
Total assets		191,641,491		189,062,936		2,578,555	_	188,730,535		332,401		
Deferred outflows of resources		9,018,550		5,101,099		3,917,451		5,530,101		(429,002)		
Total assets and deferred outflows	\$	200,660,041	\$	194,164,035	\$	6,496,006	\$	194,260,636	\$	(96,601)		
Liabilities:						-						
Current liabilities		10,168,200		9,212,469		955,731		8,225,820		986,649		
Non-current liabilities		89,145,383	_	84,670,431		4,474,952		86,440,682		(1,770,251)		
Total liabilities	_	99,313,583		93,882,900		5,430,683		94,666,502		(783,602)		
Deferred inflows of resources	_	4,599,999		5,101,356		(501,357)		3,885,837		1,215,519		
Net position:												
Net investment in capital assets		110,142,267		106,542,240		3,600,027		105,089,394		1,452,846		
Restricted		2,201,548		1,958,222		243,326		1,668,290		289,932		
Unrestricted		(15,597,356)	_	(13,320,683)		(2,276,673)		(11,049,387)		(2,271,296)		
Total net position	_	96,746,459		95,179,779		1,566,680		95,708,297		(528,518)		
Total liabilities, deferred inflows and net position	\$	200,660,041	_\$	194,164,035	\$	6,496,006	\$	194,260,636	\$	(96,601)		

The condensed statement above presents a summary of the District's statement of net position.

The District's Net Position as of December 31, 2020 totaled \$96,746,459 compared with \$95,179,779 as of December 31, 2019, a increase of 1.65%.

The District's Net Position as of December 31, 2019 totaled \$95,179,779 compared with \$95,708,297 as of December 31, 2019, a decrease of 0.55%.

Net position is accumulated from revenues, expenses, and contributed capital combined with the beginning balance of net position as presented in the Statement of Revenues, Expenses, and Changes in Net Position.

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2020 and 2019

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Revenues, Expenses, and Changes in Net Position

	D	Balance, ec. 31, 2020	Balance, Dec. 31, 2019				a and a second second		Change		Balance, Change Dec. 31, 2018		to the second second second second			Change
Operating revenues	\$	27,553,220	\$	25,165,648	\$	2,387,572	\$	24,884,078	\$	281,570						
Operating expenses		(25,282,387)		(25,091,896)	_	(190,491)	_	(24,435,835)		(656,061)						
Operating income before overhead absorption	_	2,270,833		73,752	_	2,197,081		448,243		(374,491)						
Overhead absorption	_	557,620		1,049,246		(491,626)		103,353		945,893						
Operating income before depreciation		2,828,453		1,122,998		1,705,455		551,596		571,402						
Depreciation expense	_	(5,144,968)		(5,257,262)		112,294		(5,353,052)		95,790						
Operating (loss) after depreciation		(2,316,515)		(4,134,264)		1,817,749		(4,801,456)		667,192						
Non-operating revenues(expenses), net	_	2,647,757		2,972,460	_	(324,703)		3,122,489		(150,029)						
Net loss before capital contributions		331,242		(1,161,804)		1,493,046		(1,678,967)		517,163						
Capital contributions	_	1,235,438		633,286		602,152		154,613		478,673						
Change in net position		1,566,680		(528,518)		2,095,198		(1,524,354)		995,836						
Net position: Beginning of year		95,179,779		95,708,297		(528,518)		94,917,603		790,694						
Prior period adjustment	_	96,746,459	-	95,179,779	_	1,566,680	_	2,315,048 95,708,297	•	(528,518)						
End of year	<u> </u>	70,740,439		73,179,779		1,300,000	_	93,700,297	<u> </u>	(320,310)						

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased(decreased) from operations by \$1,566,680, (\$528,518), and (\$1,524,354), for the years ended December 31, 2020, 2019, and 2018 respectively.

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2020 and 2019

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Total Revenues

	D	Balance, ec. 31, 2020	D	Balance, ec. 31, 2019	Change		Balance, Change Dec. 31, 2018		 Change
Operating revenues:									
Water sales - commodity charge	\$	11,138,571	\$	8,583,797	\$	2,554,774	\$	9,062,634	\$ (478,837)
Water sales - wholesale		467,776		524,847		(57,071)		496,975	27,872
Monthly meter service charge		13,832,147		13,967,724		(135,577)		13,294,482	673,242
Water quality fees		824,429		760,377		64,052		803,306	(42,929)
Elevation fees		363,869		336,093		27,776		378,380	(42,287)
Other charges for services		926,428		992,810		(66,382)		848,301	144,509
Total operating revenues		27,553,220		25,165,648		2,387,572		24,884,078	281,570
Non-operating:									
Property taxes - ad valorem		1,678,388		1,783,332		(104,944)		2,032,216	(248,884)
Property tax assessment for State Water Project		5,194,911		4,790,480		404,431		4,811,735	(21,255)
Successor agency component of property taxes		731,045		724,595		6,450		403,992	320,603
Rental revenue – cellular towers		15,394		24,059		(8,665)		44,754	(20,695)
Investment earnings		170,760		451,831		(281,071)		292,316	159,515
Change in investment - PRWA		243,326		289,932		(46,606)		296,423	(6,491)
Legal and insurance refunds/settlements		2,491		54,050		(51,559)		132,256	(78,206)
Department of Water Resources - FCR		299,879		247,469		52,410		266,877	(19,408)
Other non-operating revenues		42,971		71,953		(28,982)		203,082	(131,129)
Total non-operating		8,379,165		8,437,701		(58,536)		8,483,651	(45,950)
Total revenues	\$	35,932,385	\$	33,603,349	\$	2,329,036	\$	33,367,729	\$ 235,620

In 2020, the District's operating revenues increased by 9.49% or \$2,387,572 from \$25,165,648 to \$27,553,220, from the prior year, primarily due to an increase in water sales – commodity charge of \$2,554,774.

In 2019, the District's operating revenues increased by 1.13% or \$281,570 from \$24,884,078 to \$25,165,648, from the prior year, primarily due to a decrease in water sales – commodity charge of (\$478,837) and an increase in the monthly meter service charge of \$673,242.

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2020 and 2019

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Total Expenses

	Balance, Dec. 31, 2020		(4400 m) 500 m (400 m)		Balance, Dec. 31, 2019				Change		Balance, Change Dec. 31, 2018		E. S.		Change	
Operating expenses:																
Source of supply - water purchases	\$	2,295,515	\$	2,579,380	\$	(283,865)	\$	2,799,849	\$	(220,469)						
Operations and production		3,542,182		3,671,450		(129,268)		3,698,309		(26,859)						
Facilities		7,463,258		7,249,738		213,520		7,355,368		(105,630)						
Engineering		1,836,486		1,985,475		(148,989)		1,897,684		87,791						
Water conservation		373,612		480,690		(107,078)		356,914		123,776						
Administration		6,598,878		6,088,222		510,656		5,439,214		649,008						
Finance and customer care		3,172,456		3,036,941	_	135,515		2,888,497		148,444						
Operating expenses before overhead absorption		25,282,387		25,091,896		190,491		24,435,835		656,061						
Overhead absorption		(557,620)		(1,049,246)		491,626		(103,353)		(945,893)						
Operating expenses before depreciation		24,724,767		24,042,650		682,117		24,332,482		(289,832)						
Depreciation		5,144,968		5,257,262		(112,294)		5,353,052		(95,790)						
Total operating expenses	_	29,869,735		29,299,912	_	569,823	_	29,685,534		(385,622)						
Non-operating expenses:																
Cost of debt issuance		398,953		-		398,953		308,867		(308,867)						
State Water Project amortization expense		2,854,227		2,854,227		-		2,646,401		207,826						
Interest expense - long-term debt		2,478,228		2,611,014	_	(132,786)		2,405,894		205,120						
Total non-operating		5,731,408		5,465,241		266,167		5,361,162		104,079						
Total expenses	\$	35,601,143	\$	34,765,153	\$	835,990	\$	35,046,696	\$	(281,543)						

In 2020, the District's operating expenses before overhead absorption and depreciation expense increased by 0.76% or \$190,491 from \$25,091,896 to \$25,282,387, from the prior year, primarily due to an increase in administration expenses of \$510,656 and finance and customer care of \$135,515.

In 2019, the District's operating expenses before overhead absorption and depreciation expense increased by 2.68% or \$656,061 from \$24,435,835 to \$25,091,896, from the prior year, primarily due to an increase in administration expenses of \$649,008 and finance and customer care of \$148,444.

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2020 and 2019

CAPITAL ASSETS

At the end of 2020, 2019 and 2018, the District's investment in capital assets was \$166,964,871, \$162,706,256, and \$155,765,727, net of accumulated depreciation, respectively. Capital asset additions during the years ended December 31, 2020 and 2019 were \$7,019,603 and \$10,815,897, for various projects and equipment. (More detailed information about capital assets can be found in Note 5 to the financial statements). Total depreciation expense for the year exceeded \$5.1 million and \$5.2 million as of December 31, 2020 and 2019, respectively.

Table A-5: Capital Assets at Year End, Net of Depreciation

Capital assets:	Balance, Balance, Dec. 31, 2020 Dec. 31, 2019		 Balance, Dec. 31, 2018	
Non-depreciable assets	\$	25,856,069	\$ 20,107,192	\$ 12,562,526
Depreciable assets		322,008,332	315,711,756	308,204,404
Accumulated depreciation		(180,899,530)	(173,112,692)	 (165,001,203)
Total capital assets, net	\$	166,964,871	\$ 162,706,256	\$ 155,765,727

LONG-TERM DEBT

At year-end the District had \$62.7 million in capital leases, loan payables, and revenue bonds payables – an increase(decrease) of \$160,321 and (\$2,009,370) in 2020 and 2019 respectively – as shown in Table A-6. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

Table A-6: Outstanding Long-Term Debt at Year-End

Long-term debt:	D	· · · · · · · · · · · · · · · · · · ·		Balance, Dec. 31, 2019		Balance, ec. 31, 2018
Capital leases payable	\$	175,290	\$	429,317	\$	592,917
Loan payable – 2012		3,904,026		5,128,609		6,315,204
Revenue bonds payable, net - 2013		21,253,423		43,110,553		43,732,681
Revenue bonds payable, net - 2018		13,833,019		13,870,063		13,907,110
Revenue refunding bonds - non-taxable - 2020		8,978,105		-		-
Revenue refunding bonds - taxable - 2020		14,555,000		<u> </u>		 .
Total	\$	62,698,863	\$	62,538,542	\$	64,547,912

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2020 and 2019

CONDITIONS AFFECTING CURRENT FINANICAL POSITION

- The District continued to see a good water usage trend for 2020. The District's customers continue to change their water habits after being required to meet the mandatory drought restrictions back in 2016.
- Billed water consumption for the year ended December 31, 2020 was at 17,213-acre feet compared to 15,871-acre feet for the year ended December 31, 2019.
- The District's assessed valuation has increased to \$2.02 billion for FY 2019/2020 from \$1.91 billion for FY 2018/2019.
- The District received \$1.678 million in ad valorem property tax revenue for 2020.
- The District received \$731,045 in successor agency component property taxes for 2020.

OTHER FACTORS AFFECTING THE DISTRICT'S FUTURE FINANCIAL POSITION

At the end of the first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. This economic decline may affect the District's operations and investment earnings for the remainder of calendar year 2020 and beyond. However, the potential impact to the District is unknown at this time.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's ratepayer, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives and the stewardship of the facilities it owns and operates. If you have questions about this report or need additional information, please contact Palmdale Water District, Finance Department, 2029 East Avenue Q, Palmdale, California 93550 or (661) 947-4111.

Balance Sheets December 31, 2020 and 2019

ASSETS	2020	2019
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,472,530	\$ 5,700,809
Investments (Note 2)	10,264,065	6,720,309
Accrued interest receivable	37,826	36,583
Accounts receivable – water sales and services, net (Note 3)	2,303,977	1,701,748
Accounts receivable – property taxes and assessments	4,340,553	4,254,544
Accounts receivable – other	66,464	11,502
Materials and supplies inventory	1,068,101	1,020,587
Prepaid expenses	657,044	586,290
Total current assets	20,210,560	20,032,372
Non-current assets:		
Restricted – cash and cash equivalents (Note 2)	2,264,512	4,366,086
Investment in Palmdale Recycled Water Authority (Note 4)	2,201,548	1,958,222
Capital assets – not being depreciated (Note 5)	25,856,069	20,107,192
Capital assets - being depreciated, net (Note 5)	141,108,802	142,599,064
Total non-current assets	171,430,931	169,030,564
Total assets	191,641,491	189,062,936
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on debt defeasance, net (Note 7)	3,611,747	2,008,440
Deferred amounts related to net OPEB obligation (Note 8)	3,350,850	860,122
Deferred amounts related to net pension liability (Note 9)	2,055,953	2,232,537
Total deferred outflows of resources	9,018,550	5,101,099
Total assets and deferred outflows of resources	\$ 200,660,041	\$ 194,164,035

Balance Sheets (continued) December 31, 2020 and 2019

LIABILITIES		2020	0	2019
Current liabilities:				
Accounts payable and accrued expenses	\$	2,298,008	\$	1,494,954
Customer deposits for water service		3,449,294		3,391,698
Construction and developer deposits		1,609,382		1,628,415
Accrued interest payable		513,145		635,529
Long-term liabilities – due within one year:				
Compensated absences (Note 6)		172,828		134,111
Capital lease payable (Note 7)		87,040		168,179
Loan payable (Note 7)		1,261,002		1,224,583
Revenue bonds payable (Note 7)		777,501	_	535,000
Total current liabilities		10,168,200	_	9,212,469
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences (Note 6)		518,485		402,332
Capital lease payable (Note 7)		88,250		261,138
Loan payable (Note 7)		2,643,024		3,904,026
Revenue bonds payable, net (Note 7)		57,842,046		56,445,616
Net other post-employment benefits obligation (Note 8)		16,479,807		12,965,981
Net pension liability (Note 9)		11,573,771		10,691,338
Total non-current liabilities		89,145,383	7	84,670,431
Total liabilities		99,313,583	A.	93,882,900
DEFERRED INFLOWS OF RESOURCES				
Unearned property taxes and assessments		3,300,000		3,300,000
Deferred amounts related to net OPEB obligation (Note 8)		1,035,319		1,187,572
Deferred amounts related to net pension liability (Note 9)		264,680		613,784
Total deferred inflows of resources		4,599,999	7	5,101,356
NET POSITION				
Net investment in capital assets (Note 10)		110,142,267		106,542,240
Restricted – Palmdale Recycled Water Authority (Note 4)		2,201,548		1,958,222
Unrestricted (Deficit) (Note 11)	V-	(15,597,356)		(13,320,683)
Total net position		96,746,459		95,179,779
Total liabilities, deferred inflows of resources and net position	\$	200,660,041	\$ 3	194,164,035

Statements of Revenues, Expenses and Changes in Net Position For the Years Ended December 31, 2020 and 2019

Versions revenues: Water sales - commodity charge \$1,138,571 \$2,8487 Monthly meter service charge 13,832,147 13,967,724 Monthly meter service charge 363,869 336,093 Water qualey revenues 27,553,220 25,165,648 Other charges for services 926,428 992,810 Total operating revenues 27,553,220 25,165,648 Operations and production 3542,182 3,671,450 Facilities 74,63,258 7,249,738 Engineering 1,836,486 1,885,475 Water conservation 373,612 480,699 Administration 6,599,878 6,088,222 Finance and customer care 3,177,452 3,069,41 Pinance and customer care 2,228,337 25,091,896 Operating income before depreciation expense 2,228,337 25,091,896 Operating (come before depreciation expense 2,228,433 1,122,998 Operating income before depreciation expense 2,228,433 1,122,998 Operating (cos) (2,316,515) (4,134,264)		2020	2019
Water sales – wholesale 467,776 524,847 Monthly meter service charge 13,832,147 13,067,724 Water quality fees 824,429 760,377 Elevation fees 363,869 336,989 Other charges for services 22,64,288 392,910 Total operating revenues 2,755,3220 25,165,648 Operating expenses: 2,295,515 2,579,380 Operating expenses: 2,295,515 2,579,380 Operating and production 3,54,182 3,671,450 Facilities 7,463,258 7,249,738 Engineering 1,836,486 1,985,745 Water conservation 373,612 480,699 Administration 6,598,878 6,082,238 Pinance and customer care 3,172,456 3,036,941 Total operating expenses 25,282,387 25,091,896 Operating income before overhead absorption 2,70,933 73,752 Operating fremenuse 2,828,453 1,122,998 Operating income before depreciation expense 2,284,53 1,122,998	Operating revenues:		
Monthly meter service charge 13,932,147 13,967,724 Water quality fees 363,869 330,093 Other charges for services 926,428 992,810 Total operating revenues 27,553,220 25,165,648 Operating expenses: 22,955,515 2,579,380 Operations and production 3,542,182 3,671,450 Pacilities 7,463,258 7,249,738 Engineering 1,836,486 1,985,475 Facilities 6,598,878 6,698,878 Administration 6,598,878 6,698,788 Administration 6,598,878 6,098,222 Finance and customer care 3,172,456 3,036,941 Operating income before overhead absorption 2,270,833 7,575 Operating income before depreciation expense 2,828,453 1,122,998 Operating income before depreciation expense 2,828,453 1,122,998 Operating revenues(expenses): 5,144,968 (5,257,262) Operating revenues(expenses): 1,678,388 1,783,332 Property taxes and valorem 1,678,388 <		\$ 11,138,571	\$ 8,583,797
Elevation fees	Water sales - wholesale	467,776	
Elevation fees 363,699 336,093 Other charges for services 27,553,222 292,618 Total operating revenues 27,553,222 25,753,282 Operating expenses: 2,295,515 2,579,380 Operations and production 3,542,182 3,614,516 Facilities 7,463,258 7,249,738 Engineering 1,836,486 1,985,475 Water conservation 373,612 480,699 Administration 6,598,878 6,088,222 Finance and customer care 3,172,456 3,036,941 Operating income before overhead absorption 2,708,33 7,352 Operating income before overhead absorption 2,708,33 7,3752 Operating (nome before depreciation expense 2,828,453 1,122,998 Operating (nome before overhead absorption 2,316,515 1,332,402 Operating (nome before overhead absorption 2,316,515 1,342,649 Operating (nome before depreciation expense 2,828,453 1,122,998 Operating (nome before overhead absorption 1,678,388 1,783,332 Operatin	Monthly meter service charge	13,832,147	13,967,724
Other charges for services 926,428 992,810 Total operating revenues 27,553,220 25,165,648 Operating expenses: 22,7553,220 25,165,648 Source of supply - water purchases 2,295,518 3,808 Operations and production 3,542,182 3,671,450 Facilities 7,463,258 7,249,738 Engineering 1,836,496 1,985,475 Water conservation 373,612 480,690 Administration 6,598,878 6,088,222 Finance and customer care 3,172,456 6,088,222 Finance and customer care 2,270,833 73,752 Operating income before overhead absorption 2,270,833 73,752 Operating income before depreciation expense 2,828,53 1,149,246 Operating loss (2,316,515) (4,134,264) Poper training flows (5,514,968) (5,257,262) Operating revenues(expenses): 1 (7,838) (7,833) Property taxes – and valorem 1,678,388 1,783,332 Property taxes – and valorem 1,578,381 <td>Water quality fees</td> <td>824,429</td> <td>760,377</td>	Water quality fees	824,429	760,377
Total operating revenues 27,553,220 25,165,648 Operating expenses: Source of supply - water purchases 2,295,515 2,579,380 Operations and production 3,542,182 3,671,450 Facilities 7,463,258 7,249,738 Engineering 1,836,496 1,985,475 Water conservation 373,612 480,699 Administration 6,598,878 6,088,222 Finance and customer care 3,172,456 3,036,941 Total operating expenses 25,282,387 25,091,896 Operating income before overhead absorption 2,270,833 73,752 Operating income before depreciation expense 2,828,453 1,122,998 Operating (loss) (5,144,968) (5,257,262) Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (5,144,968) (5,257,262) Operating income before depreciation expense 2,828,453 1,122,998 Depreciating frevenues(expenses): 1,678,388 1,783,332 Property taxes - ad valorem 1,678,388 1,783,332	Elevation fees	363,869	336,093
Source of supply - water purchases 2,295,515 2,579,380 Operations and production 3,542,182 3,671,450 Facilities 7,463,258 7,249,738 Engineering 1,836,486 1,955,475 Water conservation 373,612 480,690 Administration 6,598,378 6,088,222 Finance and customer care 3,172,456 3,036,941 Total operating expenses 25,282,387 25,091,896 Operating income before overhead absorption 2,270,833 7,3752 Operating income before depreciation expense 2,828,453 1,122,998 Operating income before depreciation expense 2,828,453 1,122,998 Operating (loss) (2,316,515) (4,134,264) Non-operating revenues(expenses): 8 1,678,388 1,783,332 Property taxes – ad valorem 1,678,388 1,783,332 Property taxes – ad valorem 1,678,388 1,783,332 Property taxes – advalorem 1,678,388 1,783,332 Property taxes – advalorem 1,678,388 1,783,332 <td< td=""><td>Other charges for services</td><td>926,428</td><td>992,810</td></td<>	Other charges for services	926,428	992,810
Source of supply - water purchases 2,295,515 2,579,380 Operations and production 3,542,182 3,671,450 Facilities 7,463,258 7,249,738 Engineering 1,836,486 1,985,475 Water conservation 373,612 480,690 Administration 6,598,878 6,088,222 Finance and customer care 3,172,456 3,036,941 Total operating expenses 25,282,387 25,091,896 Operating income before overhead absorption 2,270,833 73,752 Overhead absorption 2,282,8453 1,122,998 Operating income before depreciation expense 2,828,453 1,122,998 Operating (loss) (2,316,515) (4,134,264) Non-operating revenues(expenses): 1 (4,134,264) Non-operating revenues(expenses): 1 (4,134,264) Non-operating revenues(expenses): 1 (4,134,264) Non-operating revenues(expenses): 1 (4,134,264) Non-operating revenues 15,1394 24,059 Rental revenue - cellular towers 15,394	Total operating revenues	27,553,220	25,165,648
Operations and production 3,542,182 3,671,450 Facilities 7,463,258 7,249,738 Engineering 1,836,4466 1,985,475 Water conservation 373,612 480,699 Administration 6,598,878 6,088,222 Finance and customer care 2,5282,387 25,091,896 Total operating expenses 2,270,833 73,752 Overhead absorption 2,270,833 73,752 Overhead obsorption expense (Note 5) 557,620 1,049,246 Operating income before depreciation expense 2,828,453 1,122,998 Operating floss (2,316,515) (4,134,264) Operating revenues (expenses): 2 (2,316,515) (4,134,264) Non-operating revenues (expenses): 3 1,724,595 (4,134,264) Non-operating revenues (expenses): 3 1,724,595 (4,134,264) 1,790,480 1,790,480 1,790,480 1,790,480 1,790,480 1,790,480 1,790,480 1,790,480 1,790,480 1,790,480 1,790,480 1,790,491 1,490,90 1,790,980	Operating expenses:		
Facilities 7,463,258 7,249,738 Engineering 1,836,486 1,985,475 Water conservation 373,512 480,690 Administration 6,598,878 6,088,222 Finance and customer care 3,172,456 3,036,941 Total operating expenses 25,282,387 25,91,896 Operating income before overhead absorption 557,620 1,049,246 Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (5,144,968) (5,257,262) Operating (loss) (2,316,515) (4,134,264) Non-operating revenues(expenses): (2,316,515) (4,134,264) Property taxes – ad valorem 1,678,388 1,783,332 Property taxes – ad valorem	Source of supply – water purchases	2,295,515	2,579,380
Engineering 1,836,486 1,985,475 Water conservation 373,612 480,690 Administration 6,598,878 6,088,222 Finance and customer care 3,172,456 3,036,941 Total operating expenses 25,282,387 25,091,896 Operating income before overhead absorption 2,270,833 73,752 Overhead absorption 557,620 1,049,246 Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (5,144,968) (5,257,262) Operating (loss) (7,833) 1,783,322 Operating revenues(expenses): (4,134,264) Non-operating revenues(expenses): 1 1,678,388 1,783,332 Property taxes – ad valorem 1,678,388 1,783,332 Property taxes – ad valorem 1,678,388 1,783,332 Property tax assessment for State Water Project 5,194,911 4,790,480 Successor agency component of property taxes 731,045 724,595 Rental revenue – cellular towers 15,394 24,059 Investment earn	Operations and production	3,542,182	3,671,450
Water conservation 373,612 480,690 Administration 6,598,878 6,088,222 Finance and customer care 3,172,456 3,036,941 Total operating expenses 25,282,387 25,091,896 Operating income before overhead absorption 22,70,833 73,752 Overhead absorption 557,620 1,049,246 Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (5,144,968) (5,257,620) Operating [closs) (2,316,515) (4,134,264) Non-operating revenues(expenses): 8 1,783,332 Property taxes – ad valorem 1,678,388 1,784,595 Investince 1,000	Facilities	7,463,258	7,249,738
Administration 6,98,878 6,088,222 Finance and customer care 3,172,456 3,036,941 Total operating expenses 25,282,387 25,091,896 Operating income before overhead absorption 557,620 1,049,246 Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (2,316,515) (4,134,264) Non-operating revenues(expenses): Toperity taxes - ad valorem 1,678,388 1,783,332 Property taxes - ad valorem 1,678,388 1,783,332 Property taxe assessment for State Water Project 5,194,911 4,790,480 Successor agency component of property taxes 731,045 724,595 Rental revenue - cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment - Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,059 Department of Water Resources - fixed charge recovery 299,879 247,469 Other non-operating revenue (2,617,672 (2,854,227)	Engineering	1,836,486	1,985,475
Finance and customer care 3,172,456 3,036,941 Total operating expenses 25,282,387 25,091,896 Operating income before overhead absorption 2,270,833 73,752 Overhead absorption 557,620 1,049,246 Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (5,144,968) (5,257,262) Operating (loss) (2,316,515) (4,134,264) Non-operating revenues(expenses): Property taxes - ad valorem 1,678,388 1,783,332 Property taxes - ad valorem 1,678,388 1,783,332 24,059 Property taxes - ad valorem 1,678,388 1,783,332 24,059 Successor agency component of property taxes 731,045 724,595 Rental revenue - cellular towers 15,394 24,059 Investment aernings 170,760 451,831 Changes in investment - Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources - fixed charge recovery 299,877 24	Water conservation	373,612	480,690
Total operating expenses 25,828,387 25,091,896 Operating income before overhead absorption 2,270,833 73,752 Overhead absorption 557,620 1,049,246 Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (5,144,968) (5,257,262) Operating (loss) (2,316,515) (4,134,264) Non-operating revenues(expenses): Property taxes – ad valorem 1,678,388 1,783,332 Property taxe assessment for State Water Project 5,194,911 4,790,489 Successor agency component of property taxes 731,045 724,595 Rental revenue – cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment – Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,059 Department of Water Resources – fixed charge recovery 299,879 247,669 Other non-operating revenue (2,279,223) (2,854,227) Cost of debt issuance (Note 7) (398,953)	Administration	6,598,878	6,088,222
Operating income before overhead absorption 2,270,833 73,752 Overhead absorption 557,620 1,049,246 Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (5,144,968) (5,257,262) Operating (loss) (2,316,515) (4,134,264) Non-operating revenues(expenses): *** *** Property taxes – ad valorem 1,678,388 1,783,332 Property taxes – ad valorem 1,679,488 1,790,480 Successor agency component of property taxes 1,104 4,90,60 Intersity expense – cellular towers 1,249 1,245,60	Finance and customer care	3,172,456	3,036,941
Overhead absorption 557,620 1,049,246 Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (5,144,968) 5,257,2627 Operating (loss) (2,316,515) 4,134,264 Non-operating revenues(expenses): *** Property taxes – ad valorem 1,678,388 1,783,332 Property taxes – ad valorem 5,194,911 4,790,480 Successor agency component of property taxes 731,045 724,595 Rental revenue – cellular towers 15,394 24,095 Investment earnings 170,760 451,831 Changes in investment – Palmdale Recycled Water Authority (Note 4) 24,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources – fixed charge recovery 299,879 247,469 Other non-operating revenues (2,854,227) 7,1953 Cost of debt issuance (Note 7) (398,53) 2,647,227 Interest expense – long-term debt (2,854,227) 2,727,460 Net (loss) before capital contributions 331,242 <td>Total operating expenses</td> <td>25,282,387</td> <td>25,091,896</td>	Total operating expenses	25,282,387	25,091,896
Operating income before depreciation expense 2,828,453 1,122,998 Depreciation expense (Note 5) (5,144,968) (5,257,262) Operating (loss) (2,316,515) (4,134,264) Non-operating revenues(expenses): Topperty taxes – ad valorem 1,678,398 1,783,332 Property tax assessment for State Water Project 5,194,911 4,790,480 Successor agency component of property taxes 731,045 724,595 Rental revenue – cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment – Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources – fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757	Operating income before overhead absorption	2,270,833	73,752
Depreciation expense (Note 5) (5,144,968) (5,257,262) Operating (loss) (2,316,515) (4,134,264) Non-operating revenues(expenses): Topperty taxes – ad valorem 1,678,388 1,783,332 Property tax assessment for State Water Project 5,194,911 4,790,480 Successor agency component of property taxes 731,045 724,595 Rental revenue – cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment – Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources – fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital improvement fees 1,235,438 624,101 <	Overhead absorption	557,620	1,049,246
Operating (loss) (2,316,515) (4,134,264) Non-operating revenues(expenses): Property taxes – ad valorem 1,678,388 1,783,332 Property tax assessment for State Water Project 5,194,911 4,790,480 Successor agency component of property taxes 731,045 724,595 Rental revenue – cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment – Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources – fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 31,242 (1,161,804) Capital improvement fees 1,235,438 624,101	Operating income before depreciation expense	2,828,453	1,122,998
Non-operating revenues(expenses): I,678,388 1,783,332 Property taxes - ad valorem 1,678,388 1,783,332 Property tax assessment for State Water Project 5,194,911 4,790,480 Successor agency component of property taxes 731,045 724,595 Rental revenue - cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment - Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources - fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense - long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital improvement fees - 9,185 Total capi	Depreciation expense (Note 5)	(5,144,968)	(5,257,262)
Property taxes – ad valorem 1,678,388 1,783,332 Property tax assessment for State Water Project 5,194,911 4,790,480 Successor agency component of property taxes 731,045 724,595 Rental revenue – cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment – Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources – fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital improvement fees 1,235,438 624,101 Federal and state capital grants - 9,185 Total capital	Operating (loss)	(2,316,515)	(4,134,264)
Property tax assessment for State Water Project 5,194,911 4,790,480 Successor agency component of property taxes 731,045 724,595 Rental revenue – cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment – Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources – fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital improvement fees 1,235,438 624,101 Federal and state capital grants 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net posi	Non-operating revenues(expenses):		
Successor agency component of property taxes 731,045 724,595 Rental revenue – cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment – Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources – fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital improvement fees 1,235,438 624,101 Federal and state capital grants - 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: 95,179,779 95,708,297	Property taxes – ad valorem	1,678,388	1,783,332
Rental revenue - cellular towers 15,394 24,059 Investment earnings 170,760 451,831 Changes in investment - Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources - fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense - long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital improvement fees 1,235,438 624,101 Federal and state capital grants - 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: 95,179,779 95,708,297	Property tax assessment for State Water Project	5,194,911	4,790,480
Investment earnings 170,760 451,831 Changes in investment - Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources - fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense - long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital improvement fees 1,235,438 624,101 Federal and state capital grants - 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: 95,179,779 95,708,297	Successor agency component of property taxes	731,045	724,595
Changes in investment - Palmdale Recycled Water Authority (Note 4) 243,326 289,932 Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources - fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense - long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital improvement fees 1,235,438 624,101 Federal and state capital grants 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: Beginning of year 95,179,779 95,708,297	Rental revenue – cellular towers	15,394	24,059
Legal and insurance refunds/settlements 2,491 54,050 Department of Water Resources – fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital contributions: 1,235,438 624,101 Federal and state capital grants 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: Beginning of year 95,179,779 95,708,297		170,760	451,831
Department of Water Resources – fixed charge recovery 299,879 247,469 Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital improvement fees 1,235,438 624,101 Federal and state capital grants - 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: 8 95,179,779 95,708,297		243,326	289,932
Other non-operating revenues 42,971 71,953 Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital contributions: 1,235,438 624,101 Federal and state capital grants 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: Beginning of year 95,179,779 95,708,297	-	2,491	54,050
Cost of debt issuance (Note 7) (398,953) - State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital contributions: 1,235,438 624,101 Federal and state capital grants 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: Beginning of year 95,179,779 95,708,297		299,879	
State Water Project amortization expense (Note 5) (2,854,227) (2,854,227) Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital contributions: 1,235,438 624,101 Federal and state capital grants 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: Beginning of year 95,179,779 95,708,297			71,953
Interest expense – long-term debt (2,478,228) (2,611,014) Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital contributions: 2 Capital improvement fees 1,235,438 624,101 Federal and state capital grants 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: Beginning of year 95,179,779 95,708,297			
Total non-operating revenue(expense), net 2,647,757 2,972,460 Net (loss) before capital contributions 331,242 (1,161,804) Capital contributions: 2,235,438 624,101 Federal and state capital grants 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: Beginning of year 95,179,779 95,708,297			
Net (loss) before capital contributions 331,242 (1,161,804) Capital contributions: - 624,101 Capital improvement fees 1,235,438 624,101 Federal and state capital grants - 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: - 95,179,779 95,708,297 Beginning of year 95,179,779 95,708,297	Interest expense – long-term debt	(2,478,228)	(2,611,014)
Capital contributions: Capital improvement fees 1,235,438 624,101 Federal and state capital grants - 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: Beginning of year 95,179,779 95,708,297	Total non-operating revenue(expense), net	2,647,757	2,972,460
Capital improvement fees 1,235,438 624,101 Federal and state capital grants - 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: Beginning of year 95,179,779 95,708,297	Net (loss) before capital contributions	331,242	(1,161,804)
Federal and state capital grants - 9,185 Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: 95,179,779 95,708,297 Beginning of year 95,179,779 95,708,297	Capital contributions:		
Total capital contributions 1,235,438 633,286 Change in net position 1,566,680 (528,518) Net position: 95,179,779 95,708,297	Capital improvement fees	1,235,438	624,101
Change in net position 1,566,680 (528,518) Net position: 95,179,779 95,708,297	Federal and state capital grants		9,185
Net position: 95,179,779 95,708,297	Total capital contributions	1,235,438	633,286
Beginning of year 95,179,779 95,708,297	Change in net position	1,566,680	(528,518)
End of year \$ 96,746,459 \$ 95,179,779	Beginning of year	95,179,779	95,708,297
	End of year	\$ 96,746,459	\$ 95,179,779

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities: Cash receipts from water sales and services	\$ 26,989,554	\$ 25,686,817
Cash receipts from others	305,773	401,256
Cash paid to employees for salaries and wages	(9,160,656)	(8,413,708)
Cash paid to vendors and suppliers for materials and services	(13,701,317)	(14,379,015)
Net cash provided by operating activities	4,433,354	3,295,350
Cash flows from non-capital financing activities:		
Proceeds from property taxes	2,323,424	2,606,866
Proceeds from property tax assessment for State Water Project	5,194,911	4,790,480
Acquisition of State Water Project participation rights	(5,238,207)	(4,236,121)
Net cash provided by non-capital financing activities	2,280,128	3,161,225
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(7,019,603)	(10,815,897)
Proceeds from capital improvement fees and capital grants	1,235,438	633,286
Proceeds from issuance of revenue refunding bonds	23,563,523	rot fil 🗝
Purchase of state and local government securities (SLGS) for refunding	(22,544,033)	* * mE 197 -
Cost of debt issuance	(398,953)	-
Principal paid on long-term debt	(2,044,028)	(1,870,195)
Interest paid on long-term debt	(2,461,438)	(2,484,935)
Net cash used in capital and related financing activities	(9,669,094)	(14,537,741)
Cash flows from investing activities:		
Purchase of investments	(14,609,797)	(5,389,480)
Sales of investments	11,081,930	7,787,908
Investment earnings	153,626	363,779
Net cash provided by (used in) investing activities	(3,374,241)	2,762,207
Net decrease in cash and cash equivalents	(6,329,853)	(5,318,959)
Cash and cash equivalents:		
Beginning of year	10,066,895	15,385,854
End of year	\$ 3,737,042	\$ 10,066,895
	-	11
Reconciliation of cash and cash equivalents to the statement of net position:	¥'	
Cash and cash equivalents	\$ 1,472,530	\$ 5,700,809
Restricted assets – cash and cash equivalents	2,264,512	4,366,086
Total cash and cash equivalents	\$ 3,737,042	\$ 10,066,895

Statements of Cash Flows (continued) For the Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (2,316,515)	\$ (4,134,264)
Adjustments to reconcile operating (loss) to net cash provided by operating		
activities:		
Depreciation	5,144,968	5,257,262
Overhead absorption	(557,620)	(1,049,246)
Rental revenue – cellular towers	15,394	24,059
Legal and insurance refunds/settlements	2,491	54,050
Department of Water Resources – fixed charge recovery	299,879	247,469
Other non-operating revenues	42,971	71,953
Change in assets - (increase)decrease:		
Accounts receivable - water sales and services, net	(602,229)	82,071
Accounts receivable – other	(54,962)	3,725
Materials and supplies inventory	(47,514)	2,014
Prepaid expenses	(70,754)	9,564
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to net OPEB obligation	(2,490,728)	63,260
Deferred amounts related to net pension liability	176,584	209,050
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	803,054	487,426
Customer deposits for water service	57,596	449,068
Construction and developer deposits	(19,033)	(9,970)
Compensated absences	154,870	62,615
Net other post-employment benefits obligation	3,513,826	(632,155)
Net pension liability	882,433	881,880
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to net OPEB obligation	(152,253)	1,187,572
Deferred amounts related to net pension liability	(349,104)	27,947
Total adjustments	6,749,869	7,429,614
Net cash provided by operating activities	\$ 4,433,354	\$ 3,295,350
Non-cash investing, capital and financing transactions:	2020	2019
Change in fair-value of investments	\$ 15,891	\$ 85,548
Amortization of deferred amount on debt defeasance	\$ (156,693)	\$ (156,692)
Deferred amount on debt defeasance	\$ 1,795,890	\$ -
Amortization of net premium(discount) on revenue bonds	\$ 139,174	\$ 139,175
Changes in investment – Palmdale Recycled Water Authority	\$ 243,326	\$ 289,932

Notes to Financial Statements December 31, 2020 and 2019

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Palmdale Water District (District) was formed as an Irrigation District under Division 11 of the California Water Code in 1918. The District provides potable water service to a portion of the City of Palmdale, California, and surrounding unincorporated areas of the County of Los Angeles. The District is operated under the direction of a five-member board of directors. The board members are elected by the public for staggered four-year terms.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

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* (GASB Statement No. 61). 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.

The Palmdale Water District Public Facilities Corporation (Corporation) was organized on August 22, 1991, pursuant to the Nonprofit Public Benefit Corporation Law of the State of California, solely for the purpose of acquiring and or constructing various public facilities and providing financial assistance to the District. Accordingly, this component unit is blended within the financial statements of the District.

The Palmdale Water District Public Financing Authority (Authority) was organized on April 10, 2013, pursuant to a Joint Exercise of Powers Agreement by and between the Palmdale Water District and the California Municipal Finance Authority, solely for the purpose of providing financing for District capital improvements. Accordingly, this component unit is blended within the financial statements of the District.

C. Basis of Presentation, Basis of Accounting

The Financial Statements (i.e., the balance sheet, the statement of revenues, expenses and change in net position, and statement of cash flows) report information on all of the activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Financial Statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as *operating income* in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Investments (continued)

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Allowance for Doubtful 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.

4. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Materials and Supplies Inventory

Materials and supplies consist primarily of water meters, pipe, and pipefittings for construction and repair to the District's water transmission and distribution system. Materials and supplies are valued at cost using a weighted average method. Materials and supplies are charged to expense at the time that individual items are consumed.

6. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Capital Equipment	10 Years
Furniture	7-10 Years
Vehicles	5-10 Years
Small Equipment	3-5 Years

7. State Water Project - Participation Rights

The District participates in the State Water Project (the Project) entitling it to certain participation rights. The District's participation in the Project is through payments to the California Department of Water Resources from tax assessments collected from within the District's service area. Monies used for the construction of capital assets, such as pipelines, pumping facilities, storage facilities, etc., are recorded as participation rights and amortized over the life of the agreements. Certain projects also require payments for on-going maintenance; those payments are charged to expense as incurred.

8. Customer Deposits for Water Service

Based on a customer's credit, the District may require a deposit deemed reasonable by the District. These deposits are held to pay off close out bills or to cover delinquent payments.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Compensated Absences

The liability for compensated absences reported on the balance sheet consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS's website.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

CalPERS	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019	July 1, 2017 to June 30, 2018

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Post-Employment Retiree Benefits Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

OPEB	December 31, 2020	December 31, 2019
Valuation Date	December 31, 2018	December 31, 2018
Measurement Date	December 31, 2019	December 31, 2018
Measurement Period	Jan. 1, 2019 to Dec. 31, 2019	Jan. 1, 2018 to Dec. 31, 2018

Notes to Financial Statements December 31, 2020 and 2019

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted This component of net position consists of constraints placed on net position use
 through external constraints imposed by creditors (such as through debt covenants), grantors,
 contributors, or laws or regulations of other governments or constraints imposed by law through
 constitutional provisions or enabling legislation.
- **Unrestricted** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Property Taxes

Property tax in California is levied in accordance with Article XIIIA of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government. Tax levies are limited to 1% of full market value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. The County of Los Angeles bills and collects property taxes on behalf of the District. The County's tax year is July 1, to December 31. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and March 1, and become delinquent after December 10, and April 10.

F. Water Sales

Most water sales are billed on a monthly cyclical basis. Estimated unbilled water revenue through yearend has been accrued.

G. Capital Improvement Fees

Capital improvement fees represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that required capital expenditures or capacity commitment.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description		Balance, ec. 31, 2020	Balance, Dec. 31, 2019		
Cash and cash equivalents	\$	1,472,530	\$	5,700,809	
Investments		10,264,065		6,720,309	
Restricted - cash and cash equivalents		2,264,512		4,366,086	
Total	\$	14,001,107	\$	16,787,204	

Cash and investments consisted of the following:

Description		Balance, Dec. 31, 2020			Balance, Dec. 31, 2019		
Cash on hand		\$	5,700	\$	5,700		
Demand deposits held with financial institutions			735,924		1,080,727		
Local Agency Investment Fund (LAIF)			12,641		12,434		
Money-market funds			718,265		4,601,948		
Money-market funds – restricted			2,264,512		4,366,086		
Investments	· ",		10,264,065	ar	6,720,309		
Total		\$	14,001,107	\$	16,787,204		

The table on the following page identifies the investment types that are authorized by the California Government Code and the District's investment policy. The table also identifies certain provisions of the District's investment policy that address interest rate risk and concentration of credit risk.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 2 - CASH AND INVESTMENTS (continued)

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5-years	None	None
District issued bonds	5-years	None	None
Government sponsored agency securities	5-years	None	None
Certificates-of-deposit	5-years	35%	None
Money-market funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions if these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

		Maximum	Maximum
Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
Investment contracts	None	None	None
Money-market funds	N/A	None	None

Demand Deposits with Financial Institutions

At December 31, 2020 and 2019, the carrying amount of the District's demand deposits were \$735,924 and \$1,080,727, respectively, and the financial institution's balance were \$948,472 and \$1,125,611, respectively. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 2 - CASH AND INVESTMENTS (continued)

Money-Market Funds

Money-market funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of \$1 per share (which is the funds main goal – preservation of principal). A money-market fund's portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers money-market funds a cash equivalent due to their highly liquid nature and NAV of \$1 per share. As of December 31, 2020, the District held \$718,265 in unrestricted money-market funds and \$2,264,512 in restricted money-market funds. As of December 31, 2019, the District held \$4,601,948 in unrestricted money-market funds and \$4,366,086 in restricted money-market funds.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount 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 the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of December 31, 2020, and 2019, the District held \$12,641 and \$12,434 in LAIF, respectively.

The investment policy of the District limits the amount that can be invested in an external investment pool (LAIF). A maximum limit has been set at \$500,000 that can be invested in LAIF at any point in time.

Investments

Investment maturities and credit ratings as of December 31, 2020, consisted of the following:

	*				Maturity
Type of Investments	Measurement Input	Credit Rating	 Fair Value	12	2 Months or Less
U.S. Treasury notes	Level 1	Exempt	\$ 6,820,493	\$	6,820,493
Certificates-of-deposit	Level 1	Not Rated	3,443,572		3,443,572
Total investments			\$ 10,264,065	\$	10,264,065

Notes to Financial Statements December 31, 2020 and 2019

NOTE 2 - CASH AND INVESTMENTS (continued)

Investments (continued)

Investment maturities and credit ratings as of December 31, 2019, consisted of the following:

						Mat	urity	
Type of Investments	Measurement Input	Credit Rating	Fair Value		12 Months or Less		13 to 24 Months	
U.S. Treasury notes Certificates-of-deposit	Level 1 Level 1	Exempt Not Rated	\$	3,191,370 3,528,939	\$	1,750,473 2,879,967	\$	1,440,897 648,972
Total investments			\$	6,720,309	\$	4,630,440	\$	2,089,869

Investments - 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. The District's investment policy limits investment purchases to investments with a term not to exceed five-years. The District's did not hold any investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Investments - Credit Risk

The District's investment policy limits investment choices to investment securities allowed by the California Government Code. At December 31, 2020 and 2019, all investments represented investment securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At December 31, 2020 and 2019, the District had the following investments that represented more than five percent of the Authority's net investment balance.

Investments greater than 5% for the year ended December 31, 2020, were as follows:

Investments with Maturity Dates		Fair Value	Percentage of Investments
U.S. Treasury note - January 15, 2021	\$	1,547,772	15.08%
U.S. Treasury note - March 31, 2021		1,437,164	14.00%
U.S. Treasury note - May 31, 2021		1,206,192	11.75%
U.S. Treasury note - June 17, 2021		1,999,240	19.48%
U.S. Treasury note - August 15, 2021		630,125	6.14%
Total	\$	6,820,493	66.45%

Investments greater than 5% for the year ended December 31, 2019, were as follows:

Investments with Maturity Dates	 air Value	Percentage of Investments
U.S. Treasury note - January 31, 2020 U.S. Treasury note - March 31, 2021	\$ 1,750,473 1,440,897	26.05% 21.44%
Total	\$ 3,191,370	47.49%

Notes to Financial Statements December 31, 2020 and 2019

NOTE 3 - ACCOUNTS RECEIVABLE - WATER SALES AND SERVICES, NET

The balances consisted of the following;

Description		Balance, ec. 31, 2020	Balance, Dec. 31, 2019		
Accounts receivable – water sales and services Allowance for doubtful accounts	\$	\$ 2,339,547 (35,570)		1,737,318 (35,570)	
Accounts receivable - water sales and services, net	\$	2,303,977	\$	1,701,748	

NOTE 4 - INVESTMENT IN PALMDALE RECYCLED WATER AUTHORITY

The Palmdale Recycled Water Authority (the Authority) was formed under a Joint Exercise of Powers Authority on September 26, 2012, pursuant to Section(s) 6506 and 6507 of the Exercise of Powers Act, codified by California Government Code section(s) 6500, which authorizes public agencies by agreement to exercise jointly any power common to the contracting parties. The Authority was formed between the City of Palmdale, a California Charter City (the City) and Palmdale Water District, an Irrigation District under Division 11 of the California Water Code (the District). The Authority is an independent public agency separate from its Members.

The purpose of the Authority is to establish an independent public agency to study, promote, develop, distribute, construct, install, finance, use and manage recycled water resources created by the Los Angeles County Sanitation District Nos. 14 and 20 for any and all reasonable and beneficial uses, including irrigation and recharge, and to finance the acquisition and construction or installation of recycled water facilities, recharge facilities and irrigation systems.

The governing body of the Authority is a Board of Directors, which consists of five directors. The governing body of each Member appoints and designates in writing two Directors who are authorized to act for and on behalf of the Member on matters within the powers of the Authority. The person(s) appointed and designated as Director(s) are member(s) of the Member's governing board. The fifth director is appointed jointly by both Members.

The Members share in the revenues and expenses of the Authority on a 50/50 pro-rata share basis. Therefore, the District accounts for its investment in the Authority as an equity interest on the statement of net position.

For 2020, the District reports its equity interest as of the date of the last audited financial statements of the Authority as of December 31, 2020, which was audited by our firm, whose report dated June 15, 2021 expressed an unmodified opinion on those financial statements.

For 2019, the District reports its equity interest as of the date of the last audited financial statements of the Authority as of December 31, 2019, which was audited by our firm, whose report dated June 15, 2020 expressed an unmodified opinion on those financial statements.

NOTE 4 - INVESTMENT IN PALMDALE RECYCLED WATER AUTHORITY (continued)

The following is the condensed financial statement of the Authority for the year ended December 31, 2020:

Palmdale Recycled Water Authority Condensed Balance Sheet December 31, 2020

Audited Total	City of Palmdale 50% Share	District 50% Share		
\$ 4,448,182	\$ 2,224,091	\$ 2,224,091		
45,086	22,543	22,543		
4,403,096	2,201,548	2,201,548		
\$ 4,448,182	\$ 2,224,091	\$ 2,224,091		
	* 4,448,182 45,086 4,403,096	Total 50% Share \$ 4,448,182 \$ 2,224,091 45,086 22,543 4,403,096 2,201,548		

Palmdale Recycled Water Authority Condensed Statement of Revenues, Expenses and Changes in Net Position For the Year Ended December 31, 2020

	Audited Total	City of Palmdale 50% Share	District 50% Share		
Operating revenues: Total operating revenues	\$ 656,993	\$ 328,496	\$ 328,497		
Operating expenses: Total operating expenses	182,155	91,077	91,078		
Operating income	474,838	237,419	237,419		
Non-operating revenues: Total non-operating revenue Change in net position	11,814 486,652	5,907 243,326	5,907 243,326		
Net position: Beginning of year	3,916,444	1,958,222	1,958,222		
End of year	\$ 4,403,096	\$ 2,201,548	\$ 2,201,548		

Palmdale Recycled Water Authority Condensed Statement of Cash Flows For the Year Ended December 31, 2020

	 Audited Total		of Palmdale 0% Share	District 50% Share		
Cash flows from operating activities: Net cash provided by operating activities	\$ 565,905	\$	282,952	\$	282,953	
Cash flows from investing activities: Net cash used in investing activities	 (127,160)	_	(63,580)		(63,580)	
Net increase in cash and cash equivalents	438,745		219,372		219,373	
Cash and cash equivalents: Beginning of year End of year	\$ 555,106 993,851	\$	277,553 496,925	\$	277,553 496,926	
Reconciliation of operating income to net cash provided by operating activities:						
Operating income Depreciation Change in assets Change in liabilities	\$ 474,838 53,407 5,556 32,104	\$	237,419 26,703 2,778 16,052	\$	237,419 26,704 2,778 16,052	
Net cash provided by operating activities	\$ 565,905	\$	282,952	\$	282,953	

NOTE 4 - INVESTMENT IN PALMDALE RECYCLED WATER AUTHORITY (continued)

The following is the condensed financial statement of the Authority for the year ended December 31, 2019:

Palmdale Recycled Water Authority Condensed Balance Sheet December 31, 2019

	Audited Total	City of Palmdale 50% Share	District 50% Share		
Assets: Total assets	\$ 3,929,426	\$ 1,964,713	\$ 1,964,713		
Liabilities: Total liabilities	12,982	6,491	6,491		
Net position: Total net position	3,916,444	1,958,222	1,958,222		
Total liabilities and net position	\$ 3,929,426	\$ 1,964,713	\$ 1,964,713		

Palmdale Recycled Water Authority Condensed Statement of Revenues, Expenses and Changes in Net Position For the Year Ended December 31, 2019

	Audited Total			of Palmdale 0% Share	District 50% Share		
Operating revenues: Total operating revenues	\$	\$ 652,911		326,456	\$	326,455	
Operating expenses: Total operating expenses		99,948		49,974	_	49,974	
Operating income		552,963		276,482		276,481	
Non-operating revenues: Total non-operating revenue Change in net position	2	26,902 579,865		13,451 289.933	1.	13,451 289.932	
Net position: Beginning of year		3,336,579		1,668,289		1,668,290	
End of year	\$	\$ 3,916,444		\$ 1,958,222		1,958,222	

Palmdale Recycled Water Authority Condensed Statement of Cash Flows For the Year Ended December 31, 2019

	Audited Total			of Palmdale 0% Share	District 50% Share		
Cash flows from operating activities: Net cash provided by operating activities	\$	589,994	\$	294,997	\$	294,997	
Cash flows from investing activities: Net cash used in investing activities		(691,658)		(345,829)		(345,829)	
Net decrease in cash and cash equivalents		(101,664)		(50,832)		(50,832)	
Cash and cash equivalents: Beginning of year End of year	\$	656,770 555,106	\$	328,385 277,553	\$	328,385 277,553	
Reconciliation of operating income to net cash provided by operating activities:							
Operating income Depreciation Change in assets Change in liabilities	\$	552,963 53,407 (623) (15,753)	\$	276,481 26,704 (312) (7,876)	\$	276,482 26,703 (311) (7,877)	
Net cash provided by operating activities	\$	589,994	\$	294,997	\$	294,997	

Notes to Financial Statements December 31, 2020 and 2019

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2020, was as follows:

Description	Balance,		Deletions/ Transfers			Balance, Dec. 31, 2020	
Non-depreciable assets:							
Land and land rights	\$	1,796,367	\$ -	\$	-	\$	1,796,367
Construction-in-process	,	18,310,825	 7,019,603		(1,270,726)		24,059,702
Total non-depreciable assets		20,107,192	7,019,603		(1,270,726)		25,856,069
Depreciable assets:							
Buildings, wells and distribution system		219,371,188	917,340		(8,822)		220,279,706
SWP - participation rights		84,816,508	5,238,207		-		90,054,715
Machinery and equipment	Λ	11,524,060	353,386		(203,535)		11,673,911
Total depreciable assets		315,711,756	 6,508,933		(212,357)		322,008,332
Accumulated depreciation:							
Buildings, wells and distribution system		(127,571,953)	(4,845,911)		8,822		(132,409,042)
SWP - participation rights		(34,619,773)	(2,854,227)		. 		(37,474,000)
Machinery and equipment		(10,920,966)	 (299,057)		203,535		(11,016,488)
Total accumulated depreciation	1 15	(173,112,692)	(7,999,195)		212,357	_	(180,899,530)
Total depreciable assets, net		142,599,064	 (1,490,262)		', <u>-</u>	_	141,108,802
Total capital assets, net	\$	162,706,256	\$ 5,529,341	\$	(1,270,726)	\$	166,964,871

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance,	ance,		Deletions/		Balance,	
Description	Jan. 1, 2019		Additions		Transfers	Dec. 31, 2019	
Non-depreciable assets:							
Land and land rights	\$ 1,784,35	7 \$	12,010	\$	a 2 (10)	\$	1,796,367
Construction-in-process	10,778,16	<u>9</u>	10,812,279		(3,279,623)		18,310,825
Total non-depreciable assets	12,562,52	6	10,824,289		(3,279,623)		20,107,192
Depreciable assets:							
Buildings, wells and distribution system	216,116,42	3	3,254,765		-		219,371,188
SWP - participation rights	80,580,38	7	4,236,121		-		84,816,508
Machinery and equipment	11,507,59	4	16,466		- 4		11,524,060
Total depreciable assets	308,204,40	4	7,507,352	11 1			315,711,756
Accumulated depreciation:							
Buildings, wells and distribution system	(122,677,43	1)	(4,894,522)		-		(127,571,953)
SWP - participation rights	(31,765,54	6)	(2,854,227)				(34,619,773)
Machinery and equipment	(10,558,22	6)	(362,740)				(10,920,966)
Total accumulated depreciation	(165,001,20	3)	(8,111,489)		-		(173,112,692)
Total depreciable assets, net	143,203,20	1	(604,137)		-		142,599,064
Total capital assets, net	\$ 155,765,72	7\$	10,220,152	\$	(3,279,623)	\$	162,706,256

Notes to Financial Statements December 31, 2020 and 2019

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (continued)

Construction-In-Process

The balance consists of the following projects:

Project Description	De	Balance ec. 31, 2018	D	Balance ec. 31, 2019	Balance Dec. 31, 2020		
Sediment removal - Littlerock Dam	\$	3,026,034	\$	4,149,560	\$	4,366,255	
Palmdale Regional Groundwater Recharge Project		3,636,800		3,840,670		4,179,778	
Grade control structure - Littlerock Dam		1,726,769		8,789,902		10,697,276	
Meter Exchange Project		487,830		-		-	
Spec 1703-ML Replacement 13th St E/Avenue R		229,174		-		-	
Upper Armagosa Creek project		156,776		382,402		2,127,355	
45th St Tank Site - Altitude Valve Replacement		123,584		123,584		123,584	
Salt Silo Water Treatment Plant		106,679		-		-	
Well 29 - Rehabilitation		105,783				_	
Design and remodel District offices		-		-		595,268	
Spec 1601-ML Replacement Avenue P/25th		12,309		61,978		432,350	
Spec 1504-ML Replacement Avenue V5		26,857		40,433		302,306	
Well 7 - Rehabilitation				-		206,800	
2020 Large Meter/Vault Replacement Program		-		25,028		203,602	
Various other minor projects <\$100,000		1,178,740		897,268		825,128	
Total construction-in-process	\$	10,778,169	\$	18,310,825	\$	24,059,702	

State Water Project - Participation Rights

In 1963, the District contracted with the State of California (the State) for 1,620 acre-feet per year of water from the State Water Project (SWP). In subsequent years, the annual entitlement increased to 21,300 acre-feet. The SWP distributes water from Northern California to Southern California through a system of reservoirs, canals, pumps stations, and power generation facilities.

The District is one of many participants contracting with the State of California Department of Water Resources (DWR) for a system to provide water throughout California. Under the terms of the State Water Contract, as amended, the District is obligated to pay allocable portions of the cost of construction of the system and ongoing operations and maintenance costs through at least the year 2035, regardless of the quantities of water available from the project. The District and the other contractors may also be responsible to the State for certain obligations by any contractor who defaults on its payments to the State.

Management's present intention is to exercise the District's option to extend the contractual period to at least 2052, under substantially comparable terms. This corresponds to an estimated 80-year service life for the original facilities. The State is obligated to provide specific quantities of water throughout the life of the contract, subject to certain conditions.

In addition to system on-aqueduct power facilities, the State has, either on their own or through joint ventures financed certain off-aqueduct power facilities (OAPF). The power generated is utilized by the system for water transportation and distribution purposes. Power generated in excess of system needs is marked to various utilities and California's power market.

The District is entitled to a proportionate share of the revenues resulting from sales of excess power. The District and the other water providers are responsible for repaying the capital and operating costs of the OAPF regardless of the amount of power generated.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (continued)

The District capitalizes its share of system construction costs as participation rights in the State water facilities when such costs are billed by the DWR. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State system. The District's share of system operations and maintenance costs is charged to expenses as incurred.

The District amortizes a portion of capitalized participation rights each year using a formula that considers the total estimated cost of the project, estimated useful life and estimated production capacity of the assets based upon information provided by the State of California. The participation rights have been included with the District's capital assets as shown in the schedule of changes in capital assets.

NOTE 6 - COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended December 31, 2020, were as follows:

alance, . 1, 2020	A	dditions	Deletions		Balance, Dec. 31, 2020		Due Within One Year		Due in More Than One Year	
\$ 536,443	\$	681,447	\$	(526,577)	\$	691,313	\$	172,828	\$	518,485

Summary changes to compensated absences balances for the year ended December 31, 2019, were as follows:

	Balance,				Balance,	 ie Within	Due in More		
Ja	an. 1, 2019	F	Additions	 Deletions	Dec	c. 31, 2019	 ne Year	Tha	n One Year
\$	473,828	\$	662,722	\$ (600,107)	\$	536,443	\$ 134,111	\$	402,332

NOTE 7 – LONG-TERM DEBT

Changes in long-term debt for the year ended December 31, 2020, were as follows:

Long-Term Debt	Balance, Jan. 1, 2020		Additions/ Adjustments		Payments/ Amortization		Balance, Dec. 31, 2020		Current Portion		Non-Current Portion	
Capital lease payable - 2017	\$	429,317	\$	<u> </u>	\$	(254,027)	\$	175,290	\$	87,040	\$	88,250
Loan payable - 2012		5,128,609		1 -		(1,224,583)		3,904,026		1,261,002		2,643,024
Revenue bonds payable – 2013 Revenue bonds payable – discount Revenue bonds payable – premium		40,685,000 (102,142) 2,527,695	200000000000000000000000000000000000000	(21,220,000)		(535,000) 4,300 (106,430)		18,930,000 (97,842) 2,421,265		565,000 - -		18,365,000 (97,842) 2,421,265
Revenue bonds payable, net - 2013		43,110,553		(21,220,000)		(637,130)		21,253,423		565,000	11/-	20,688,423
Revenue bonds payable - 2018 Revenue bonds payable - premium		12,805,000 1,065,063		, n :		(37,044)		12,805,000 1,028,019		•		12,805,000 1,028,019
Revenue bonds payable, net - 2018		13,870,063				(37,044)		13,833,019		-		13,833,019
Revenue refunding bonds - non-taxable - 2020 Revenue refunding bonds - taxable - 2020		-		9,008,523 14,555,000		(30,418)		8,978,105 14,555,000	_	12,501 200,000		8,965,604 14,355,000
Revenue refunding bonds - 2020	_			23,563,523		(30,418)		23,533,105	_	212,501		23,320,604
Total long-term debt	\$	62,538,542	\$	2,343,523	\$	(2,183,202)	\$	62,698,863	\$	2,125,543	\$	60,573,320

Notes to Financial Statements December 31, 2020 and 2019

NOTE 7 - LONG-TERM DEBT (continued)

Changes in long-term debt for the year ended December 31, 2019, were as follows:

Long-Term Debt		Balance, an. 1, 2019	dditions/ justments	Payments/ Amortization		Balance, Dec. 31, 2019		Current Portion		N	on-Current Portion
Capital lease payable - 2017	\$	592,917	\$ -	\$	(163,600)	\$	429,317	\$	168,179	\$	261,138
Loan payable – 2012		6,315,204	· ,-		(1,186,595)		5,128,609		1,224,583		3,904,026
Revenue bonds payable – 2013 Revenue bonds payable – discount Revenue bonds payable – premium		41,205,000 (106,443) 2,634,124	 		(520,000) 4,301 (106,429)		40,685,000 (102,142) 2,527,695		535,000 - -		40,150,000 (102,142) 2,527,695
Revenue bonds payable, net - 2013		43,732,681			(622,128)		43,110,553		535,000		42,575,553
Revenue bonds payable - 2018 Revenue bonds payable - premium	1	12,805,000 1,102,110	<u>.</u>		(37,047)		12,805,000 1,065,063		•		12,805,000 1,065,063
Revenue bonds payable, net - 2018		13,907,110			(37,047)		13,870,063				13,870,063
Total long-term debt	\$	64,547,912	\$ -	\$	(2,009,370)	\$	62,538,542	\$	1,927,762	\$	60,610,780

A. Capital Lease Payable - 2017

On January 18, 2018, the District entered into an \$830,000 installment purchase agreement in order to acquire, construct, equip, and furnish certain improvements to its facilities. Capital lease payments consisting of principal and interest in the amount of \$89,477 are due every six months beginning in July, 2017 until January, 2022 at an annual interest rate of 2.78%.

Annual debt service requirements for the capital lease payable are as follows:

Year	F	rincipal	Ir	terest	Total			
2021	\$	87,040	\$	2,437	\$	89,477		
2022		88,250		1,227		89,477		
Total		175,290	\$	3,664	\$	178,954		
Less: current		(87,040)						
Total non-current	\$	88,250						

B. Loan Payable - 2012

In November 2012, the District issued \$12,765,208 in a private-placement Loan Payable-2012, with maturities from 2013 through 2023 and an interest rate of 3.10%. The net proceeds of the issuance were used to advance refund (an in-substance defeasance) \$12,505,000 of aggregate principal amount of the District's COPs-1998 with an average interest rate of 4.73%. The District has pledged 100% of its water revenues to collateralize the debt.

The initial escrow deposit was used to purchase government sponsored agency obligation securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the COPs-1998.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$846,845. This difference is being amortized through 2023 (the life of the debt) using the straight-line method as a deferred loss on debt defeasance. The District completed the advance refunding to reduce its total debt service payments over the next 11 years by approximately \$1.293 million and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$1.154 million.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 7 - LONG-TERM DEBT (continued)

B. Loan Payable - 2012 (continued)

Annual debt service requirements for the refunding certificates of participation are as follows:

Year	Principal	1	Interest	Total			
2021	\$ 1,261,002	\$	111,327	\$	1,372,335		
2022	1,300,396		71,933		1,372,329		
2023	1,342,628		31,296		1,373,918		
Total	3,904,026	\$	214,556	\$	4,118,582		
Less: current	(1,261,002)						
Total non-current	\$ 2,643,024						

C. Revenue Bonds Payable

Certificates of Participation - 2004

In August 2004, the District issued \$38,285,000 of Certificates of Participation-2004 (COPs-2004), with maturities from 2008 through 2034 and an average interest rate of 4.90%. The net proceeds are to be used to finance the acquisition, construction, and improvement of certain water facilities and to pay issuance costs of the debt. Issuance of the COPs-2004 resulted in a premium of \$328,767 which was being amortized over the life of the issue using the straight-line method. In 2013, the District advance refunded the remaining \$35,560,000 of the COPs-2004 into the revenue bonds payable issuance.

Revenue Bonds Payable - 2013

The Palmdale Water District Public Financing Authority (Authority) issued \$44,350,000 in Revenue Bonds Payable-2013 (Bonds-2013) with maturities from 2013 through 2043 with an interest rate range between 2.00% and 5.00% pursuant to an Indenture of Trust, dated as of May 1, 2013, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The Bonds-2013 were issued: (i) to prepay the District's outstanding Certificates of Participation-2004; (ii) to finance certain improvements to the District's Water System; (iii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds-2013 in case of default; (iv) to purchase a municipal bond debt service reserve insurance policy for deposit in the Reserve Fund; and (v) to pay the costs of issuing the Bonds-2013. The District has pledged 100% of its water revenues to collateralize the debt.

The refunding resulted in a premium on the issuance of \$3,228,354 and a discount of (\$130,456) which are being amortized over the remaining debt service years. Principal and interest payments are due in April and October of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$2,278,663. This difference is being amortized through 2043 (the life of the debt) using the straight-line method as a deferred amount on debt defeasance.

In 2020, the District advanced refunded \$21,220,000 of debt service payments from 2031 to 2043 by issuing a non-taxable and a taxable issue.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 7 - LONG-TERM DEBT (continued)

C. Revenue Bonds Payable (continued)

Annual debt service requirements for the revenue bonds payable are as follows:

Year	-	Principal	 Interest	Total			
2021	\$	565,000	\$ 1,783,475	\$	2,348,475		
2022		595,000	1,755,225		2,350,225		
2023		620,000	1,725,475		2,345,475		
2024		2,145,000	1,706,375		3,851,375		
2025		2,210,000	1,641,025		3,851,025		
2026-2030		12,795,000	 6,472,225		19,267,225		
Total		18,930,000	\$ 15,083,800	\$	34,013,800		
Less: current		(565,000)					
Total non-current		18,365,000					

Deferred Amount on Debt Defeasance, Net

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2020, was as follows:

		Balance,					
Description	Ja	n. 1, 2020	Additions	A	mortization	De	ec. 31, 2020
Deferred amount on debt defeasance, net	\$	2,008,440		\$	(156,693)	\$	1,851,747

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2019, was as follows:

				Balance,			
Description	J:	an. 1, 2019	Additions	An	ortization	De	ec. 31, 2019
Deferred amount on debt defeasance, net	\$	2,165,132		\$	(156,692)	\$	2,008,440

Revenue Bonds Payable - 2018

The Palmdale Water District Public Financing Authority (Authority) issued \$12,805,000 in Water Revenue Bonds, Series 2018A (2018A Bonds) with maturities from 2022 through 2048 with an interest rate range between 3.125% and 5.00% pursuant to an Indenture of Trust, dated as of June 1, 2018, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2018A Bonds are being issued: (i) to finance certain improvements to the District's water system, including Littlerock Dam; (ii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the 2018A Bonds; (iii) to purchase a municipal bond debt service reserve insurance policy in case of default; and (iv) to pay the costs of issuing the 2018A Bonds. The District has pledged 100% of its water revenues to collateralize the debt. Interest due on the 2018A Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2018, while principal payments are payable on October 1 of each year, commencing October 1, 2022.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 7 - LONG-TERM DEBT (continued)

D. Revenue Refunding Bonds Payable (continued)

Revenue Bonds Payable - 2018 (continued)

The 2018A Bond issuance resulted in a \$1,120,632 premium which is being amortized over the remaining debt service years. Cost of the debt issuance was \$308,867 which was expensed in the year of issuance. Annual debt service requirements for the revenue bonds payable are as follows:

Year	 Principal	Interest	Total			
2021	\$ =	\$ 568,894	\$	568,894		
2022	250,000	568,893		818,893		
2023	265,000	556,394		821,394		
2024	275,000	545,794		820,794		
2025	290,000	532,044		822,044		
2026-2030	1,680,000	2,427,719		4,107,719		
2031-2035	2,115,000	1,988,107		4,103,107		
2036-2040	2,520,000	1,581,975		4,101,975		
2041-2045	3,150,000	946,625		4,096,625		
2046-2048	 2,260,000	 201,750		2,461,750		
Total	12,805,000	\$ 9,918,195	\$	22,723,195		
Less: current	 2=8					
Total non-current	\$ 12,805,000					

Revenue Refunding Bonds - Non-Taxable - 2020

In May 2020, the Palmdale Water District Public Financing Authority (Authority) issued \$9,008,523 in Revenue Refunding Bonds – Non-Taxable – Series 2020 (Bonds-2020) with maturities from 2020 through 2043 with an interest rate range coupon of 3.29% pursuant to a private placement, dated as of May 28, 2020, by and between the Authority and Western Alliance Bank as a private-placement. The Bonds-2020 were issued: (i) to prepay the \$8,810,000 of District's outstanding Bonds-2013 principal from 2035 to 2043; and (ii) to pay the costs of issuing the Bonds-2020 of \$130,000. The District has pledged 100% of its water revenues to collateralize the debt. Principal and interest payments are due in April and October of each year.

The advance refunding resulted in a net present value benefit to the District of \$751,628 in interest savings from the refunding.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 7 - LONG-TERM DEBT (continued)

D. Revenue Refunding Bonds Payable (continued)

Revenue Refunding Bonds - Non-Taxable - 2020 (continued)

Annual debt service requirements for the revenue refunding bonds payable are as follows:

Year	 Principal	- 1	Interest	Total			
2021	\$ 12,501	\$	295,380	\$	307,881		
2022	12,913		294,968		307,881		
2023	13,337		294,544		307,881		
2024	13,776		294,105		307,881		
2025	14,229		293,652		307,881		
2026-2030	78,485		1,460,919		1,539,404		
2031-2035	922,273		1,447,132		2,369,405		
2036-2040	4,700,986		1,002,217		5,703,203		
2041-2043	 3,209,605		213,438		3,423,043		
Total	8,978,105	\$	5,596,355	\$	14,574,460		
Less: current	 (12,501)						
Total non-current	\$ 8,965,604						

Revenue Refunding Bonds - Taxable - 2020

In November 2020, the Palmdale Water District Public Financing Authority (Authority) issued \$14,555,000 in Revenue Refunding Bonds – Taxable – Series 2020 (Bonds-2020 Taxable) with maturities from 2021 through 2034 with an interest rate coupon of 2.79% pursuant to an Indenture of Trust, dated as of November 3, 2020, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The Bonds-2020 Taxable were issued: (i) to prepay the \$12,410,000 of District's outstanding Bonds-2013 principal from 2031 to 2034; (ii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds-2020 Taxable in case of default; and (iii) to pay the costs of issuing the Bonds-2020 Taxable \$268,953. The District has pledged 100% of its water revenues to collateralize the debt. Principal and interest payments are due in October of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$1,795,890. This difference is being amortized through 2034 (the life of the debt) using the straight-line method as a deferred amount on debt defeasance.

The advance refunding resulted in a net present value benefit to the District of \$784,897 in interest savings from the refunding.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 7 - LONG-TERM DEBT (continued)

D. Revenue Refunding Bonds Payable (continued)

Revenue Refunding Bonds - Taxable - 2020 (continued)

Annual debt service requirements for the revenue refunding bonds payable are as follows:

Year	Principal		Interest		Total	
2021	\$	200,000	\$	355,570	\$	555,570
2022		165,000		388,990		553,990
2023		165,000		387,727		552,727
2024		170,000		386,290		556,290
2025		170,000		384,305		554,305
2026-2030		890,000		1,874,390		2,764,390
2031-2034	_	12,795,000		932,539		13,727,539
Total		14,555,000	\$	4,709,811	\$	19,264,811
Less: current		(200,000)				
Total non-current	\$	14,355,000				

Deferred Amount on Debt Defeasance, Net

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2020, was as follows:

Description	ance, , 2020	 Additions	Am	ortization	Balance, c. 31, 2020
Deferred amount on debt defeasance, net	\$ -	\$ 1,795,890	\$	(35,890)	\$ 1,760,000

NOTE 8 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2020	2019		
OPEB related deferred outflows	\$ 3,350,850	\$	860,122	
Net other post-employment benefits obligation	16,479,807		12,965,981	
OPEB related deferred inflows	1,035,319		1,187,572	

Plan Description - Eligibility

The District administers its post-employment benefits plan, a single-employer defined benefit plan (the Plan). The following requirements must be satisfied in order to be eligible for post-employment medical, dental, and vision benefits: (1) Attainment of age 55, and 20 years for full-time service, and (2) retirement from the District (the District must be the last employer prior to retirement).

Notes to Financial Statements December 31, 2020 and 2019

NOTE 8 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

Plan Description - Benefits

The District offers post-employment medical, dental, and vision benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the ACWA-JPIA medical, dental, and vision programs. The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The following is a description of the current retiree benefit plan:

Dontsinonts

	Partcipants
Benefit types provided	Medical, dental and vision
Durantion of benefits	Lifetime
Required service	CalPERS Retirement and 20 years service
Minimum age	55 years and CalPERS Retirement from District
Dependent coverage	Spouse and dependent up to cap
District contribution	Maximum up to \$1,850 cap
District cap on coverage	\$1,850

Employees covered by benefit terms

At December 31, 2020 and 2019, the following employees were covered by the benefit terms:

Covered Participants		
2020	2019	
86	87	
-	-	
22	17	
108	104	
	2020 86 - 22	

A. Total OPEB Liability

The District's total OPEB liabilities of \$16,479,807 and \$12,965,981 as of December 31, 2020 and 2019, respectively, were measured as of December 31, 2019 and 2018 (Measurement Dates), and were determined by an actuarial valuation as of December 31, 2018.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2019 and 2018 (Measurement Dates) actuarial valuation roll-forwards were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2020	2019
Discount Rate	2.74%	4.09%
Inflation	2.75%	2.75%
Salary Increases	3.0% per annum, in aggregate	3.0% per annum, in aggregate
Investment Rate of Return	2.74%	4.09%
Mortality Rate	CalPERS Membership Data	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data	CalPERS Membership Data
Healthcare Trend Rate	Non-Medicare 7.5% to Medicare 6.5%	Non-Medicare 7.5% to Medicare 6.5%

Notes to Financial Statements December 31, 2020 and 2019

NOTE 8 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

A. Total OPEB Liability (continued)

Mortality, Retirement & Turnover Assumptions

The mortality assumptions are based on the 1997-2015 Experience Study for CalPERS Active and Retiree Mortality for Miscellaneous and Safety Employees table created by CalPERS.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.74% as of December 31, 2019 and 4.09% as of December 31, 2018. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The Bond Buyer 20 Bond Index was used.

B. Changes in the Total OPEB Liability

The following table is based on the roll-forward of the December 31, 2019 (Measurement Date) actuarial valuation:

	Total OPEB Liability	
Balance at January 1, 2020 (MD Jan. 1, 2019)	\$	12,965,681
Changes for the year:		
Service cost		459,128
Interest		542,470
Assumption changes		2,835,458
Benefit payments		(322,930)
Net changes		3,514,126
Balance at December 31, 2020 (MD Dec. 31, 2019)	\$	16,479,807

The following table is based on the roll-forward of the December 31, 2018 (Measurement Date) actuarial valuation:

	OF	Total PEB Liability
Balance at January 1, 2019 (MD Jan. 1, 2018)	\$	13,598,136
Changes for the year:	,	
Service cost		533,709
Interest		480,852
Assumption changes		(1,339,825)
Benefit payments		(307,191)
Net changes		(632,455)
Balance at December 31, 2019 (MD Dec. 31, 2018)	\$	12,965,681

Notes to Financial Statements December 31, 2020 and 2019

NOTE 8 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

B. Changes in the Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB 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 discount rate.

The following table is based on the December 31, 2019 (Measurement Date) actuarial valuation:

19	% Decrease 1.74%	Disc	count Rate 2.74%	1	% Increase 3.74%
\$	19,422,961	\$	16,479,807	\$	14,120,365

The following table is based on the December 31, 2018 (Measurement Date) actuarial valuation:

1	% Decrease	Disc	count Rate	1% Increase		
	3.09%		4.09%		5.09%	
\$	15,108,233	\$	12,965,681	\$	11,228,900	

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

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

The following table is based on the December 31, 2019 (Measurement Date) actuarial valuation:

		He	althcare Cost		
10	% Decrease	Cu	rrent Trend	1	% Increase
\$	13,661,499	\$	16,479,807	\$	20,151,057

The following table is based on the December 31, 2018 (Measurement Date) actuarial valuation:

1	l% Increase
\$	15,474,034

Notes to Financial Statements December 31, 2020 and 2019

NOTE 8 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020 and 2019, the District recognized OPEB expense/(credit) of \$1,250,555 and \$941,307, respectively.

At December 31, 2020, the District reported \$3,350,850 of deferred outflows of resources and \$1,035,319 of deferred inflows of resources for related to the net OPEB obligation as follows:

Description	Deferred Outflows of Resources			erred Inflows f Resources
District contributions subsequent to the measurement	*	270 440	.	
date of the net OPEB liability	\$	379,410	\$	-
Changes in assumptions		2,971,440		(1,035,319)
Total	\$	3,350,850	\$	(1,035,319)

At December 31, 2020, the District reported \$379,410 of deferred outflows of resources for employer contributions made subsequent to the measurement date which will be used to reduce the net OPEB liability balance in the coming year. Amortization of the remaining deferred outflows/(inflows) of resources related to the net OPEB obligation is as follows:

	Amount
Year Ended June 30:	
2021	\$ 248,957
2022	248,957
2023	248,957
2024	248,957
2025	248,957
Thereafter	691,336
Total	\$ 1,936,121

At December 31, 2019, the District reported \$860,121 of deferred outflows of resources and \$1,187,572 of deferred inflows of resources for related to the net OPEB obligation as follows:

Description	Deferred Outflows of Resources			Deferred Inflows of Resources	
District contributions subsequent to the measurement date of the net OPEB liability Changes in assumptions	\$	322,930 537,192	\$	- (1,187,572)	
Total	\$	860,122	\$	(1,187,572)	

Notes to Financial Statements December 31, 2020 and 2019

NOTE 8 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At December 31, 2019, the District reported \$322,930 of deferred outflows of resources for employer contributions made subsequent to the measurement date which will be used to reduce the net OPEB liability balance in the coming year. Amortization of the remaining deferred outflows/(inflows) of resources related to the net OPEB obligation is as follows:

	 Amount
Year Ended June 30:	
2020	\$ (73,254)
2021	(73,254)
2022	(73,254)
2023	(73,254)
2024	(73,254)
Thereafter	 (284,110)
Total	\$ (650,380)

NOTE 9 - PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2020	2019		
Pension related deferred outflows	\$ 2,055,953 \$	2,232,537		
Net pension liability	11,573,771	10,691,338		
Pension related deferred inflows	264,680	613,784		

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan". The net pension liability balances have a Measurement Date of June 30, 2020 and June 30, 2019, respectively, which are rolled-forward for the District's fiscal years ended December 31, 2020 and December 31, 2019.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 9 - PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellane	eous Plans
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required member contribution rates	6.902%	6.250%
Required employer contribution rates - FY 2020	10.221%	6.985%
Required employer contribution rates – FY 2019	9.409%	6.533%

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The District contributes to the miscellaneous risk pool within the Plan. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2019 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS website under Forms and Publications.

The California Public Employees' Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement benefits are applied, and places compensation limits on members. As a result of these changes since PEPRA's adoption in January 2013, the District now has two unique CalPERS plans to which it makes contributions within the miscellaneous risk pool: the "classic" plan, which includes covered employees who have established membership in a CalPERS plan prior to January 2013, as well as the "PEPRA/new" plan, which includes covered employees who have established membership in a CalPERS plan after January 2013. Each plan or membership contains unique benefits levels, which are enumerated in the June 30, 2020 and 2019 Annual Actuarial Valuation Reports.

At June 30, 2020, the following members were covered by the benefit terms:

	Miscellaneo	us Plans	
Plan Members	Classic Tier 1	PEPRA Tier 2	Total
Active members	59	26	85
Transferred and terminated members	44	4	48
Retired members and beneficiaries	54	-	54
Total plan members	157	30	187

Notes to Financial Statements December 31, 2020 and 2019

NOTE 9 - PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Plan Description, Benefits Provided and Employees Covered (continued)

At June 30, 2019, the following members were covered by the benefit terms:

	Miscellane	Miscellaneous Plans			
Plan Members	Classic Tier 1	PEPRA Tier 2	Total		
Active members	61	21	82		
Transferred and terminated members	43	2	45		
Retired members and beneficiaries	53		53		
Total plan members	157	23	180		

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended December 31, 2020, (Measurement Date June 30, 2020) were as follows:

Contribution Type		Total	
Contributions – employer	\$	1,493,530	
Contributions – members	8	522,632	
Total contributions	_\$	2,016,162	

Contributions for the year ended December 31, 2019, (Measurement Date June 30, 2019) were as follows:

Contribution Type	 Total
Contributions – employer Contributions – members	\$ 1,268,063 489,579
Total contributions	\$ 1,757,642

Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the years ended December 31, 2020 and 2019, the contributions recognized as part of pension expense for the Plan were \$1,493,530 and \$1,268,063.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 9 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

Changes in the net pension liability for the year ended December 31, 2020, were as follows:

Plan Type and Balance Descriptions		The state of the s				170 Transmission (170 Transmis		ange in Plan Net ension Liability	
CalPERS - Miscellaneous Plan:									
Balance as of June 30, 2019 (Measurement Date)	_ \$	44,392,170	\$	33,700,832	\$	10,691,338			
Balance as of June 30, 2020 (Measurement Date)	_ \$	47,806,269	\$	36,232,498	\$	11,573,771			
Change in Plan Net Pension Liability	\$	3,414,099	\$	2,531,666	\$	882,433			

Changes in the net pension liability for the year ended December 31, 2019, were as follows:

Plan Type and Balance Descriptions	×		•		Change in Plan Net Pension Liability	
CalPERS - Miscellaneous Plan:						
Balance as of June 30, 2018 (Measurement Date)	\$ 42,065,728	\$	32,256,270	\$	9,809,458	
Balance as of June 30, 2019 (Measurement Date)	\$ 44,392,170	\$	33,700,832	\$	10,691,338	
Change in Plan Net Pension Liability	\$ 2,326,442	\$	1,444,562	\$	881,880	

For the year ended December 31, 2020 and 2019 pension expense was \$1,509,083 and \$1,778,968, respectively.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation dates (June 30, 2019 and 2018). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2020 and 2019). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2020 and 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY 2019-2020 and FY 2018-2019).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 9 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

As of December 31, 2020 and 2019, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$11,573,771 and \$10,691,338, respectively.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2019 and 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 and 2017 rolled forward to December 31, 2019 and 2018 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 proportionate share of the net pension liability for the June 30, 2020, measurement date was as follows:

	Percentage Sha	Percentage Share of Risk Pool		
	Fiscal Year Ending	Fiscal Year Ending	Change Increase/	
	December 31, 2020	December 31, 2019	(Decrease)	
Measurement Date	June 30, 2020	June 30, 2019		
Percentage of Risk Pool Net Pension Liability	0.27439%	0.26698%	0.00740%	
Percentage of Plan (PERF C) Net Pension Liability	0.10637%	0.10434%	0.00204%	

The District's proportionate share of the net pension liability for the June 30, 2019, measurement date was as follows:

	Percentage Sha		
	Fiscal Year Ending December 31, 2019	Fiscal Year Ending December 31, 2018	Change Increase/ (Decrease)
Measurement Date Percentage of Risk Pool Net Pension Liability Percentage of Plan (PERF C) Net Pension Liability	June 30, 2019 0.26698% 0.10434%	June 30, 2018 0.26029% 0.10180%	0.00669% 0.00254%

Notes to Financial Statements December 31, 2020 and 2019

NOTE 9 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The total amount of \$799,171 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description		red Outflows Resources	Deferred (Inflows) of Resources		
Pension contributions made after the measurement date	\$	799,171	\$:-	
Difference between actual and proportionate share of employer contributions		-		(182,131)	
Adjustment due to differences in proportions		316,534		-	
Differences between expected and actual experience		596,431		5	
Differences between projected and actual earnings on pension plan investments		343,817			
Changes in assumptions	1	ú =		(82,549)	
Total Deferred Outflows/(Inflows) of Resources	\$	2,055,953	\$	(264,680)	

The total amount of \$732,837 reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended December 31, 2020. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description		rred Outflows Resources	Deferred (Inflows) of Resources	
Pension contributions made after the measurement date	\$	\$ 732,837		
Difference between actual and proportionate share of employer contributions		· · ·	n = = = = = = = = = = = = = = = = = = =	(188,609)
Adjustment due to differences in proportions		247,330		-
Differences between expected and actual experience		742,558		(57,533)
Differences between projected and actual earnings on pension plan investments		±		(186,918)
Changes in assumptions		509,812		(180,724)
Total Deferred Outflows/(Inflows) of Resources	\$	2,232,537	\$.,	(613,784)

Notes to Financial Statements December 31, 2020 and 2019

NOTE 9 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended December 31, 2020, will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended December 31	Outflo	Deferred ws/(Inflows) Resources
2021	\$	176,692
2022		370,610
2023		279,896
2024		164,904
2025		=1
Total	\$	992,102

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended December 31, 2019, will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended December 31	Outflo	Deferred ows/(Inflows) Resources
2020	\$	821,164
2021		(81,052)
2022		
2023		37,771
2024		_
Total	\$	885,916

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2020 and 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 and 2018, total pension liability. The December 31, 2020 and 2019, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Notes to Financial Statements December 31, 2020 and 2019

NOTE 9 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF B was 7.15%. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF B. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained on CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Investment Type	Assumed Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

¹ An expected inflation rate-of-return of 2.5% is used for years 1-10.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Changes in the discount rate for the year ended June 30, 2020, was as follows:

		Plan's Net Pension Liability/(Asset)					
Plan Tyme	Disco	Discount Rate - 1%			Discount Rate + 1% 8.15%		
Plan Type		6.15%		Rate 7.15%		0.15%	
CalPERS - Miscellaneous Plan	\$	17,935,619	\$	11,573,771	\$	6,317,175	

² An expected inflation rate-of-return of 3.0% is used for years 11+.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 9 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (continued)

Changes in the discount rate for the year ended June 30, 2019, was as follows:

	Plan's Net Pension Liability/(Asset)			
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%	
CalPERS – Miscellaneous Plan	\$ 16,662,221	\$ 10,691,338	\$ 5,762,797	

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At December 31, 2020 and 2019, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended December 31, 2020 and 2019.

NOTE 10 - NET POSITION - NET INVESTMENT IN CAPITAL ASSETS

The District's net -position – net investment in capital assets for the years ended December 31, 2020 and 2019 were calculated as follows:

Description		Balance ec. 31, 2020	r	Balance Dec. 31, 2019
Restricted – cash and cash equivalents	¢	2 264 512	¢	4266006
- revenue bond proceeds for construction	\$	2,264,512	\$	4,366,086
Capital assets – not being depreciated		25,856,069		20,107,192
Capital assets, net – being depreciated		141,108,802		142,599,064
Deferred loss on debt defeasance, net		3,611,747		2,008,440
Capital lease payable – current		(87,040)		(168,179)
Loan payable – current		(1,261,002)		(1,224,583)
Revenue bonds payable - current		(777,501)		(535,000)
Capital lease payable		(88,250)		(261,138)
Loan payable		(2,643,024)		(3,904,026)
Revenue bonds payable, net		(57,842,046)		(56,445,616)
Total net investment in capital assets	_\$	110,142,267	\$	106,542,240

Notes to Financial Statements December 31, 2020 and 2019

NOTE 11 - NET POSITION - UNRESTRICTED (DEFICIT)

As of December 31, 2020 and 2019, the District has an unrestricted net position deficit of (\$15,597,356) and (\$13,320,683). Due to the nature of the deficit from the implementation of GASB Statements No. 68 & 75 in the past fiscal years, the District will continue to make its actuarial determined contributions to CalPERS and annually review its outstanding net pension and net OPEB obligations funding requirements for future periods to reduce its deficit position.

NOTE 12 - RISK MANAGEMENT

The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing pool that provides insurance coverage and related services.

A.	Entity	ACWA-JPIA				
B.	Purpose	To pool member contributions and realize the				
C.	Participants	As of September 30, 2020 – 396 member districts				
D.	Governing board	Nine representatives employed by m	iembers			
E.	District payments for FY 2020: Property policy Auto/General liability	\$62,654 \$171,544				
F.	Condensed financial information Audit signed	September 30, 2020 April 15, 2021				
	Statement of financial position: Total assets Deferred outflows		Sept. 30, 2020 \$ 237,525,073 1,054,750			
	Total liabilities Deferred inflows Net position		113,075,164 1,817,452 \$ 123,687,207			
	Statement of revenues, expenses and cl Total revenues	hanges in net position:	\$ 197,639,443			
	Total expenses Change in net position		<u>(172,886,738)</u> 24,752,705			
	Beginning – net position Ending – net position		98,934,502 \$ 123,687,207			
G.	Member agencies share of year-end fin	ancial position	Not Calculated			

Notes to Financial Statements December 31, 2020 and 2019

NOTE 12 - RISK MANAGEMENT (continued)

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. At December 31, 2020 and 2019, the District participated in the self-insured liability, property, and worker's compensation insurance programs provided by ACWA/JPIA through AON Risk Insurance Services West, Inc. as follows:

General and Auto Liability

Each member limits of \$60 million per occurrence for auto and general liability coverage. The program protects the member agencies against third-party claims for bodily injury and property damage. The following coverages are also included:

- Personal Injury
- Errors and Omissions
- Products Hazard
- Inverse Condemnation
- Employment Practices
- Broadened Pollution
- Failure to Supply Water
- Care, Custody, & Control

Property

Each member Special Form Property Coverage including coverage for buildings, personal property, fixed equipment, mobile equipment, and licensed vehicles. Member agencies have various deductible selections. Boiler and Machinery Coverage is also included.

The following is an overview of the program:

- Real Property, Fixed Equipment, Personal Property at replacement cost
- Crime Coverage up to \$100,000 Public Employee Dishonesty and Computer Fraud
- Terrorism Coverage up to \$100 million per occurrence for property damage caused by an act declared to involve terrorism
- \$10 million Accounts Receivables for the amount of accounts uncollectible due to a covered loss
- \$100,000 Catastrophic coverage for vehicles

Workers' Compensation

Each member is covered for bodily injury by accident, \$2 million each accident, or bodily injury by disease, \$2 million each employee, including death, of employee arising out of and in the course of employment.

In addition, the District since August 2014 continued a separate policy with underwriters at Landmark American Insurance Company for commercial earthquake/business income interruption insurance. This insurance was purchased to safeguard the District in case of a major earthquake until disaster relief funds are made available by state and federal agencies. This policy has provisions as follows:

- The loss limit is \$9,284,980 per occurrence and in the annual aggregate.
- Deductible is 5% of values per unit of insurance subject to \$25,000 minimum per occurrence.
- Coverage for 2029 East Avenue Q location is \$2.891 million building limit and \$393,120 contents, including \$6 million business income.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending December 31, 2020, 2019, and 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2020, 2019, and 2018.

Notes to Financial Statements December 31, 2020 and 2019

NOTE 13 - DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in an IRS Code Section 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

State Water Contract

Estimates of the District's share of the project fixed costs of the State Water Project (SWP) are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates, and inflation. During the next five years, payments under the State Water Contract, exclusive of variable power costs, are currently estimated by the State to be as follows:

Fiscal Year	Amount			
2021	\$	7,481,343		
2022		7,393,176		
2023	7,772,012			
2024		7,740,754		
2025		7,872,448		

As of December 31, 2020, the District has expended approximately \$123,574,668 since the District started participating in the State Water Contract.

According to the State's latest estimates, the District's long-term obligations under the contract, for capital and minimum operations and maintenance costs, including interest to the year 2035, are as follows:

Type of Long-Term Obligation	Amount
State Water Project Contract:	
Transportation facilities	\$85,437,147
Delta water charges	27,334,170
Off-aqueduct power facilities	64,604
Revenue bond surcharge	4,348,555
Total	\$117,184,476

Notes to Financial Statements December 31, 2020 and 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)

Bay/Delta Regulatory and Planning Activities

The State Water Resources Control Board (State Board) is the agency responsible for setting water quality standards and administering water rights throughout California. Decisions of the State Board can affect the availability of water to the District and other water users by means of public proceedings leading to regulations and decisions. In 1995, the State Board adopted a Water Quality Control Plan establishing water quality standards and flow improvements in the Bay/Delta watershed. In August 2000, the California Federal (CALFED) Bay/Delta Program Record of Decision (the Decision) was approved with mandates to improve water quality, enhance water supply reliability, augment ecosystem restoration, and assure long-term protection for Delta levees. During its first three years, CALFED has invested more than \$2.0 billion in hundreds of local and regional projects to meet these program goals. In May 2004, a Delta Improvement Package was proposed to facilitate implementation of the Decision. Funding is expected to be provided by state and federal appropriations and contributions from local users, including the District. CALFED's objective is to allocate project costs based on beneficiaries pay policy, that is new costs commensurate with benefits received. At this time, the exact allocation of costs between the federal, state, and local users has not been determined, and therefore, the District cannot estimate the extent of timing of its contributions at this time.

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and advances for construction.

The District has committed to approximately \$2,576,612 to complete the open construction contracts as of December 31, 2020. These include the following:

Project Description	Cost of Project to Date	Estimated Costs to Complete	Total Expected Project Cost
Sediment removal – Littlerock Dam	\$ 4,366,255	\$ 1,133,745	\$ 5,500,000
Littlerock Creek Groundwater Recharge Project	4,179,778	820,222	5,000,000
Upper Armagosa Creek project	2,127,355	622,645	2,750,000
Total	\$ 10,673,388	\$ 2,576,612	\$ 13,250,000

Other Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. Nevertheless, after consultation with legal counsel, the District believes that these actions, when finally concluded and determined are not likely to have a material adverse effect on the District's financial position, results of operations, or cash flows.

NOTE 15 - CURRENT AND SUBSEQUENT EVENTS

At the end of the first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. This economic decline may affect the District's operations and investment earnings for the remainder of calendar year 2020 and beyond. However, the potential impact to the District is unknown at this time.



Schedule of Proportionate Share of the Net Pension Liability For the Years Ended December 31, 2020 and 2019

Last Ten Fiscal Years* California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

District's

Measurement Date	District's Proportion of the Net Pension Liability	Pr Sha	District's oportionate ire of the Net sion Liability	District's ered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.10201%	\$	6,347,533	\$ 6,027,591	105.31%	79.93%
June 30, 2015	0.09802%		6,727,907	6,377,315	105.50%	79.62%
June 30, 2016	0.10037%		8,685,489	6,778,010	128.14%	75.59%
June 30, 2017	0.10166%		10,081,661	6,482,822	155.51%	74.68%
June 30, 2018	0.10180%		9,809,458	6,735,592	145.64%	76.68%
June 30, 2019	0.10434%		10,691,338	7,391,878	144.64%	75.92%
June 30, 2020	0.10637%		11,573,771	7,675,493	150.79%	75.79%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

For fiscal years June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

^{*}Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

Schedule of Pension Contributions For the Years Ended December 31, 2020 and 2019

Last Ten Fiscal Years* California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Contributions in Relation to the Actuarially Actuarially Contribution Contributions as Determined Determined **Deficiency** a Percentage of Fiscal Year Contribution Contribution (Excess) **Covered Payroll Covered Payroll** 2014 805,370 (805,370) \$ 6,027,591 13.36% 2015 819,205 (819,205)6,377,315 12.85% 2016 945,678 13.95% (945,678)6,778,010 2017 1,026,759 (1,026,759)6,482,822 15.84% 2018 (1,178,448)1,178,448 6,735,592 17.50% 2019 1,373,023 (1,373,023)18.57% 7,391,878 2020 1,559,864 (1,559,864)20.32% 7,675,493

Notes to Schedule:

Measurement Date	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2014	June 30, 2013	Entry Age	Market Value	2.75%	7.50%
June 30, 2015	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2016	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2017	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2019	Entry Age	Market Value	2.50%	7.15%

Amortization MethodLevel percentage of payroll, closedSalary IncreasesDepending on age, service, and type of employmentInvestment Rate of ReturnNet of pension plan investment expense, including inflationRetirement Age50 years (2%@55), 52 years (2%@62)MortalityMortality assumptions are based on mortality rates resulting from the

most recent CalPERS Experience Study adopted by the CalPERS Board.

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^{*}Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Years Ended December 31, 2020 and 2019

Last Ten Fiscal Years*

Fiscal Year Ended		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Measurement Date		Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Total OPEB liability:				
Service cost		\$ 459,128	\$ 533,709	\$ 471,435
Interest		542,470	480,852	475,129
Changes of assumptions		2,835,458	(1,339,825)	695,190
Benefit payments	*	(322,930)	(307,191)	(283,520)
Net change in total OPEB liability		3,514,126	(632,455)	1,358,234
Total OPEB liability - beginning		12,965,681	13,598,136	12,239,902
Total OPEB liability - ending		\$ 16,479,807	\$ 12,965,681	\$ 13,598,136
Covered-employee payroll		\$ 8,492,001	\$ 8,067,557	\$ 7,459,193
District's net OPEB liability as a percentage				2.2
of covered-employee payroll		194.06%	160.71%	182.30%

Notes to Schedule:

Benefit Changes:

Measurement Date December 31, 2017 – There were no changes in benefits

Measurement Date December 31, 2018 – There were no changes in benefits

Measurement Date December 31, 2018 - There were no changes in benefits

Changes in Assumptions:

Measurement Date December 31, 2017 – Discount rate was updated to 3.44% from 3.78% as of December 31, 2016 Measurement Date December 31, 2018 – Discount rate was updated to 4.09% from 3.44% as of December 31, 2017 Measurement Date December 31, 2019 – Discount rate was updated to 2.74% from 4.09% as of December 31, 2018

st Fiscal year 2018 was the first year of implementation; therefore, only three years are shown.

Schedule of OPEB Contributions

For the Years Ended December 31, 2020 and 2019

Last Ten Fiscal Years*

The Plan is not administered through a qualified trust. Therefore, there is no Actuarially Determined Contribution (ADC)						
Fiscal Year Ended	Dec	c. 31, 2020	Dec	c. 31, 2019	Dec	c. 31, 2018
Contributions made Implied subsidy	\$	305,410 74,000	\$	245,893 77,037	\$	240,695 66,496
			4		- 1	

Total contributions	\$ 3/9,410	\$ 322,930	\$ 307,191
	-		
Notes to Schedule:			
Valuation Date	Dec. 31, 2018	Dec. 31, 2018	Dec. 31, 2018
Methods and Assumptions Used to Determine Contribution Rates:			
Discount rate	2.74%	4.09%	3.44%
Inflation	2.75%	2.75%	2.75%
Payroll increases	3.00%	3.00%	3.00%
Mortality	1	1	1
Disability	1	1	1
Retirement	1	1	1
Termination	1	1	1
Healthcare trend rates	2	2	2

⁽¹⁾ CalPERS 1997-2015 Experience Study (2) Pre-65 - 7.50% trending down to 4.00% in 2076 Post-65 - 6.50% trending down to 4.00% in 2076

st Fiscal year 2018 was the first year of implementation; therefore, only two years are shown.

Supplementary Information

Schedules of Debt Service Net Revenues Coverage For the Year Ended December 31, 2020 and 2019

Total revenues:	2020	2019
Operating revenues	\$ 27,553,220	\$ 25,165,648
Non-operating revenues	8,379,165	8,437,701
Capital contributions – capital improvement fees and grants	1,235,438	633,286
Total revenues	37,167,823	34,236,635
Total expenses:		
Operating expenses before depreciation expense	25,282,387	25,091,896
Non-operating expenses	5,731,408	5,465,241
Less debt service items:		
Interest expense – long-term debt	(2,478,228)	(2,611,014)
Total non-operating expenses adjusted for debt service items	3,253,180	2,854,227
	28,535,567	27,946,123
Net revenues available for debt service	\$ 8,632,256	\$ 6,290,512
Debt service for the fiscal year	\$ 4,505,466	\$ 4,355,130
Debt service net revenues coverage ratio	192%	144%

Other Independent Auditors' Reports



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

Board of Directors Palmdale Water District Palmdale, 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 Palmdale Water District (District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 21, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Murrieta, California

Nign & Nign, FC

June 21, 2021

PALMDALE WATER DISTRICT Report to the Board of Directors For the Fiscal Year Ended December 31, 2020



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For the Fiscal Year Ended December 31, 2020

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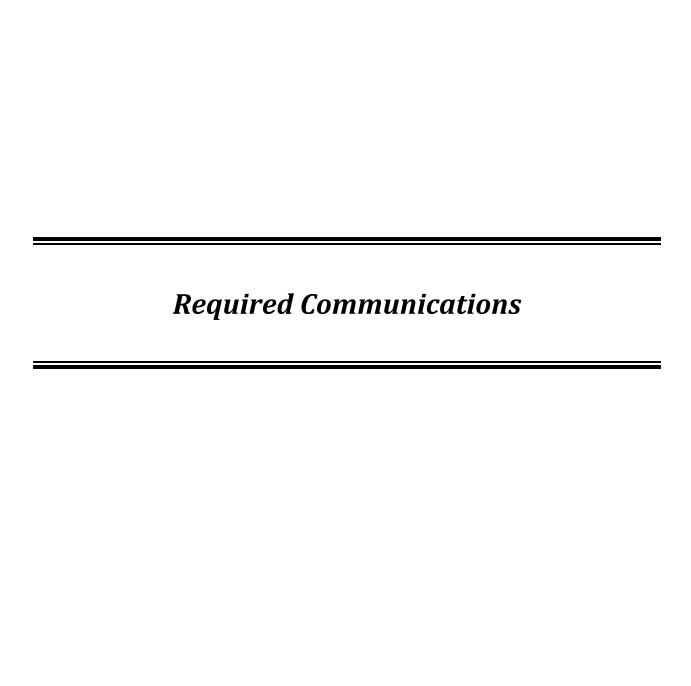
Board of Directors Palmdale Water District Palmdale, California

We are pleased to present this report related to our audit of the financial statements of the Palmdale Water District (District) as of and for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Palmdale Water District financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Palmdale Water District.

Very truly yours,

Murrieta, California June 21, 2021



Required Communications For the Fiscal Year Ended December 31, 2020

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated March 31, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
Accounting Policies and Practices	Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.
	Adoption of, or Change in, Significant Accounting Polies or Their Application Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
	Management's Judgments and Accounting Estimates Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.
Audit Adjustments	Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries .
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

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Required Communications For the Fiscal Year Ended December 31, 2020

Area	Comments
Discussions With Management	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	We applied certain limited procedures to the: 1. Management's Discussion and Analysis 2. Required Pension Plan Disclosures 3. Required OPEB Plan Disclosures Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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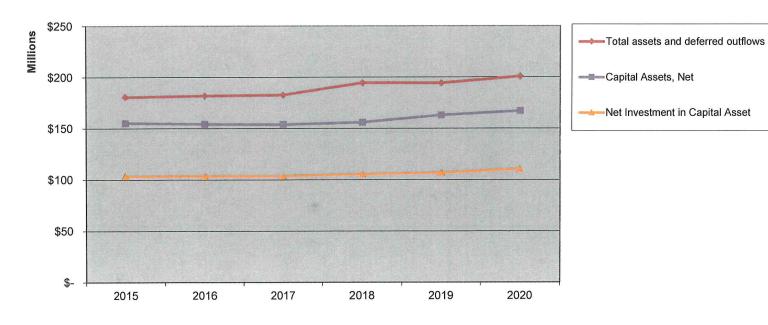


Summary of Adjusting Journal Entries For the Fiscal Year Ended December 31, 2020

Account	Description	Debit	Credit
Adjusting Journal E	intries		
Adjusting Journal Ent To adjust prepaid insur	ries JE # 1		
1-02-5070-008	Insurance	33,253.68	
1-00-0400-000	Prepaid Insurance		33,253.68
Total		33,253.68	33,253.68
Adjusting Journal Ent			
1-00-5031-000	Bond Issance Costs	950.00	
1-00-1136-000	2020 Taxable Bonds - Issuance Funds (BNY)	33333	950.00
Total	()	950.00	950.00
Adjusting Journal Ent To Adjust Investment in			
7-00-0500-000	Investment in PRWA	243,326.00	
7-00-5040-000	PRWA - Change in Investment	2.0,020.00	243,326.00
Total		243,326.00	243,326.00
Adjusting Journal Ent To Amortize the Def Lo			
1-00-5030-000	Interest Long Term Debt	35,890.04	
1-00-1405-000	DOR - Bond Escrow Interest		35,890.04
Total		35,890.04	35,890.04
Adjusting Journal Ent To Adjust Lease Payab			
1-00-2450-100	2017 Capital Lease - Payable	172,887.06	
1-00-5030-000	Interest Long Term Debt	3,629.81	
1-00-2455-100	2017 Capital Lease - Current Portion		176,516.87
Total		176,516.87	176,516.87
Adjusting Journal Ent Recikass LTD to Currer			
1-00-2495-100	2020 Taxable Bond - Current Portion	14,155,000.00	
1-00-2495-200	2020 Taxable Bond - Payable		14,155,000.00
Total		14,155,000.00	14,155,000.00
Adjusting Journal Ent To Adjust OPEB Ilability			
1-06-4085-000 1-00-2050-000	Post Employment Benefits - Finance	360.00	360.00
Total	OPEB Liability	360.00	360.00
	Total Adjusting Journal Entries	14,645,296.59	14,645,296.59
	Total All Journal Entries	14,645,296.59	14,645,296.59

Palmdale Water District at December 31 Analysis of Net Position

	2015	2016	2017	2018	2019	2020
Assets:						
Current assets	\$ 20,417,825	\$ 21,288,561	\$ 22,153,998	\$ 19,590,071	\$ 20,032,372	\$ 20,210,560
Non-current assets	1,421,189	1,679,251	1,371,868	13,374,737	6,324,308	4,466,060
Capital assets, net	154,946,564	154,023,911	153,742,324	155,765,727	162,706,256	166,964,871
Total Assets	176,785,578	176,991,723	177,268,190	188,730,535	189,062,936	191,641,491
Deferred outflows of revenues	3,684,911	4,724,093	5,158,974	5,530,101	5,101,099	9,018,550
Total assets and deferred outflows	\$ 180,470,489	\$ 181,715,816	\$ 182,427,164	\$ 194,260,636	\$ 194,164,035	\$ 200,660,041
Liabilities:						
Current liabilities	7,732,125.0	7,707,996.0	8,077,898.0	8,225,820.0	9,212,469.0	10,168,200.0
Non-current liabilities	71,738,424	74,031,763	75,438,581	86,440,682	84,670,431	89,145,383
Total Liabilities	79,470,549	81,739,759	83,516,479	94,666,502	93,882,900	99,313,583
Deferred inflows of resources	4,354,840	3,957,895	3,993,082	3,885,837	5,101,356	4,599,999
Net position:						
Net investment in capital assets	103,361,934	103,339,383	103,487,203	105,089,394	\$ 106,542,240	\$ 110,142,267
Restricted	229,923	1,275,331	1,371,868	1,668,290	1,958,222	2,201,548
Unrestricted	(6,946,757)	(8,596,552)	(9,941,468)	(11,049,387)	(13,320,683)	(15,597,356)
Total net position	96,645,100	96,018,162	94,917,603	95,708,297	95,179,779	96,746,459
Total liabilities, deferred inflows and net position	\$ 180,470,489	\$ 181,715,816	\$ 182,427,164	\$ 194,260,636	\$ 194,164,035	\$ 200,660,041



PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: July 6, 2021 **July 12, 2021**

TO: BOARD OF DIRECTORS Board Meeting

FROM: Jennifer Emery, Human Resources Director

VIA: Mr. Dennis D. LaMoreaux, General Manager

RE: AGENDA ITEM NO. 7.2 – CONSIDERATION AND POSSIBLE ACTION

ON REVISIONS TO PALMDALE WATER DISTRICT'S COVID-19 PREVENTION PROGRAM POLICY. (NO BUDGET IMPACT – HUMAN

RESOURCES DIRECTOR EMERY)

Recommendation:

Staff recommends that the Board approve revisions to the District's COVID-19 Prevention Program Policy.

Impact of Taking No Action:

Our current COVID-19 Plan does not have the latest Cal OSHA updates, so it would not be compliant with the new guidelines.

Background:

Cal OSHA has come out with new requirements for organizations to include in their COVID-19 Prevention Program Policy. The District's current COVID-19 Prevention Program Policy was approved February 22, 2021. The proposed revisions will ensure the District is compliant with current Cal OSHA requirements.

Strategic Plan Initiative/Mission Statement:

This work is part of Strategic Plan Initiative No. 2 – Organizational Excellence. This item directly relates to the District's Mission Statement.

Budget:

There is no effect on budget.

Supporting Documents:

COVID-19 Prevention Program Policy with highlighted revisions

PALMDALE WATER DISTRICT COVID-19 Prevention Program

The District's COVID-19 Prevention Program has been developed to ensure continuity of water services in the event of a pandemic and to protect the health and safety of District employees. Recommendations from the Center for Disease Control (CDC) have been incorporated into this plan. The plan will be implemented when the World Health Organization (WHO) declares a level 6 pandemic level, Los Angeles County declares a state of emergency due to the pandemic or at the discretion of the General Manager. Any violations of this Plan can result in disciplinary actions. The Safety and Training Technician has overall authority and responsibility for implementing the provisions of this CPP in our workplace. In addition, all managers and supervisors are responsible for implementing and maintaining the CPP in their assigned work areas and for ensuring employees receive answers to questions about the program in a language they understand.

All employees are responsible for using safe work practices, following all directives, policies, and procedures, and assisting in maintaining a safe work environment.

Identification and Evaluation of COVID-19 Hazards:

We will implement the following in our workplace:

- Conduct workplace-specific evaluations using the Appendix B: Identification of COVID-19 Hazards form.
- Evaluate employees' potential workplace exposures to all persons at, or who may enter, our workplace.
- Review applicable orders and general and industry-specific guidance from the State of California, Cal/OSHA, and the local health department related to COVID-19 hazards and prevention.
- Evaluate existing COVID-19 prevention controls in our workplace and the need for different or additional controls.
- Conduct periodic inspections using the Appendix C: COVID-19 Inspections form as needed to identify unhealthy conditions, work practices, and work procedures related to COVID-19 and to ensure compliance with our COVID-19 policies and procedures.

Correction of COVID-19 Hazards:

Unsafe or unhealthy work conditions, practices or procedures will be documented on the **Appendix B: COVID-19 Inspections** form and corrected in a timely manner based on the severity of the hazards, as follows:

 The Department Manager along with the Safety and Training Technician will evaluate the severity of the hazard, depending on this evaluation an appropriate time frame for correction will be allotted. Department Managers will be responsible to ensure the hazard is corrected within the time frame allotted and the Safety and Training Technician will follow up to review completion.

Symptoms:

People with COVID-19 have had a wide range of symptoms reported ranging from mild symptoms to severe illness. Symptoms may appear **2 – 14 days after exposure to the virus**. People with these symptoms may have COVID-19:

- Fever or chills
- Cough
- Shortness of breath or difficulty breathing
- Fatigue
- Muscle or body aches
- Headache
- New loss of taste or smell
- Sore throat
- Congestion or runny nose
- Nausea or vomiting
- Diarrhea

This list does not include all possible symptoms. CDC will continue to update this list as we learn more about COVID-19.

People are considered fully vaccinated: ±

- 2 weeks after their second dose in a 2-dose series, such as the Pfizer or Moderna vaccines, or
- 2 weeks after a single-dose vaccine, such as Johnson & Johnson's Janssen vaccine

Section 1 - Protocols for Employees Who Become III:

Maintaining adequate staffing levels during a pandemic is accomplished in part by reducing the spread of disease in the workplace. The primary method recommended to achieve this objective is for ill employees to stay home. The reasons for employees reporting to work when they do not feel well are varied. Some employees feel they will be penalized if they do not report to work; others attempt to save their sick time; and some have low sick leave balances. This section will address these issues and provide guidance in managing the human infrastructure as recommended by the CDC, WHO, and the District's policy. Employees are asked to act responsibly, not only for themselves, but for others in the workplace. Employees shall be informed of the following:

• Employees will not be reprimanded if they are acting responsibly by staying home when they are symptomatic or must care for a person in their immediate family who has become ill. In fact, the emphasis will be on the importance for employees to stay home, particularly if they are exhibiting pandemic illness symptoms. Employees who have symptoms are recommended to stay home and not come to work until at least 10 days since symptoms first appeared, they are free of fever (100.4° F [37.8° C] or greater using an oral thermometer), signs of a fever, and any other symptoms without the use of fever-reducing or other symptom-altering medicines for at least 24hrs (e.g. cough suppressants)¹ and any other symptoms of Covid-19 are improving. Employees

should notify their supervisor and stay home if they are sick. Failure to comply can result in disciplinary action. Employee must be cleared by Safety and Training Technician or Human Resources Director prior to returning to work.

- Employees who exhibit symptoms will use their Covid Leave or sick leave. If sick leave becomes exhausted, employees can then use admin leave and/or vacation and floating holidays, if available. Once all leave has been used, employees can accrue a negative sick leave balance in order to continue to receive a full paycheck while recovering from the coronavirus. An employee may also take leave without pay if approved by the General Manager.
- Employees who become ill shall complete the recommended isolation period and return only when they are no longer infectious. To assist with determining the appropriate range of days, the CDC guidelines state that "people with acute respiratory illness should stay home and not go back to school or work until at least 10 days since symptoms first appeared, at least 24 hours after they are free of a fever of 100 degrees Fahrenheit or more, without using fever-reducing medicines or cough suppressants and other symptoms of Covid-19 are improving. Loss of taste and smell may persist for weeks or months after recovery and need not delay the end of isolation. Expect employees to be out from two weeks (mild cases) to six weeks (critical cases). Employees must be cleared by Safety and Training Technician or Human Resources Director prior to returning to work.
- Employees who have already recovered from the coronavirus should be encouraged
 to report to work. If a supervisor suspects that an employee is well but fearful of
 coming to work, the supervisor should consult with Human Resources Director for
 advice.
- CDC recommends that employees who appear to have symptoms upon arrival to work or become sick during the day should be separated from other employees and be sent home immediately. Sick employees should cover their noses and mouths with a tissue when coughing or sneezing (or an elbow or shoulder if no tissue is available).
- If an unvaccinated employee is exposed (within six feet for 15 or more cumulative minutes of someone confirmed to have COVID-19 or is caring for a person who has tested positive for COVID-19) then the employee must quarantine for 14 days. Fully vaccinated employees do not need to quarantine.
- Employees who come to work and are obviously symptomatic will be asked by their supervisor to go home. Supervisors and department heads have the discretion to ask employees to go home when, in the judgment of the supervisor or department head, the presence of the employee at work would endanger the health and welfare of other employees or when the illness or injury of the employee interferes with the performance of such employee's duties. Employee must be cleared by Safety and Training Technician or Human Resources Director prior to returning to work.
- When possible and if they can tolerate it, workers with symptoms should be given a
 mask to wear before they go home if they cannot be isolated.

- The usual requirement for a doctor's note after four consecutive days of absence can be waived or extended by the General Manager. If this requirement is waived, employees would be required to call Human Resources or individual supervisors with an update on their condition each day after four consecutive days have elapsed. Doctor's offices may be extremely busy, and employees may not be able to get a note or see a doctor in a timely manner.
- The protocol for a person who begins to feel ill while at work or has observed another person exhibiting coronavirus symptoms at work is to contact their supervisor. The supervisor will notify the department head. The department head will contact either the Human Resources Director or the Safety and Training Technician, who will document the illness using the form located in Appendix A. If they are not available, one of the department heads will document the illness and determine if the employee should be sent home. If an employee becomes ill and must go home immediately, the employee can go home and personnel from Human Resources or Safety will contact the supervisor as soon as possible.

Duties of designated Human Resources and Safety personnel:

Discuss the symptoms the employee is experiencing. Document illness using assessment form located in Appendix A.

Notify department head of evaluation results and if employee will be sent home.

Offer the use of a disposable mask to the employee during the time they are gathering their belongings and preparing to leave the workplace.

Encourage the employee to keep in contact and let them know about phone-in and follow-up procedures.

Encourage employees to return to work upon recovery.

- If an employee calls in sick with coronavirus-like illness or if the reason for the employee's illness is unknown, personnel from Human Resources or Safety will contact the employee to document the illness.
- If an employee leaves work due to the onset of coronavirus symptoms, the protocol
 also includes the disinfection of the employee's workstation. Department heads
 or supervisors will be responsible for assigning personnel for disinfection of work
 areas.
- Human Resources will be responsible for tracking employee absenteeism due to coronavirus. Severe levels of absenteeism will be reported to the General Manager.
- If coronavirus severity increases, all employees shall be asked about symptoms consistent with the coronavirus illness at the beginning of each workday.

Section 2 - Infection Control & Employee Protection:

 For employees who are un-vaccinated or who have not returned the Self-Attestation form: Masks/face coverings are required for all indoor areas. Masks/face coverings must be worn whenever interacting with a member of the public regardless of any physical barrier, such as glass partitions. Masks/face coverings are not required if outdoors. However, an N95 mask is required when working outdoors on job sites where employees will be in close contact (i.e., working in a vault or trench) regardless of vaccination status. Un-vaccinated employees must wear Masks/face coverings in indoor spaces including cubicles, this includes desk with partitions. All un-vaccinated employees must wear face coverings except while outdoors. Employees who cannot wear face coverings due to a medical or mental health condition or disability, or who are hearing-impaired or communicating with a hearing-impaired person. Alternatives will be considered on a case-by-case basis.

- Un-vaccinated employees wear the masks/face coverings over the nose and mouth. Make sure you can breathe easily. CDC does not recommend use of masks/face coverings or cloth masks for source control if they have an exhalation valve or vent.
- 2. Properly remove mask/face coverings and wash hands after handling the mask/face coverings.
- 3. Masks/face coverings should be washed regularly: include the mask/face covering with regular laundry; use regular laundry detergent and the warmest appropriate water setting for the cloth used to make the mask/face covering; use the highest heat setting and leave in the dryer until completely dry.
- Masks/face coverings will always be kept in stock. If you need a new mask/face covering please advise Safety and Training Technician and a new mask/face covering will be provided.
- 5. While traveling in District vehicles all employees must wear N95 masks/face coverings.

Safeguarding the health of employees and customers during a coronavirus pandemic is a key objective for the District. A variety of infection control measures, including heightened hygiene practices, social distancing, closing the District lobby to customers, masks/face coverings, and disinfection procedures may be utilized to slow the spread of disease. One of the best strategies to reduce the risk of becoming ill with coronavirus is to avoid crowded settings and other situations that increase the risk of exposure to someone who may be infected. Some basic hygiene and social distancing precautions that can be used include the following:

- Stay home if you are sick.
- Employees who had potential COVID-19 exposure in our workplace will be offered Covid-19 testing at no cost during their working hours. When potential Covid 19 exposure occurs outside of work Human Resources or Safety and Training Technician can provide you with testing locations if needed.
- Wash your hands frequently with soap and water for 20 seconds or use a hand sanitizer if soap and water are not available.
- Avoid touching your nose, mouth, and eyes.

- Cover your coughs and sneezes with a tissue, or cough and sneeze into your elbow or upper sleeve (avoid sneezing or coughing into the hands).
- Dispose of tissues in no-touch trash receptacles.
- Wash your hands or use a hand sanitizer after coughing, sneezing, or blowing your nose. Hand sanitizer is kept on stock and available through the Purchasing Technicians. Wash hands for a minimum of 20 seconds.
- Avoid close contact (within 6 feet) with coworkers and customers.
- Avoid shaking hands, the high-five, and the knuckle bump as these can still spread germs. If you do have physical contact with others, always wash your hands immediately afterward.
- If wearing gloves, wash your hands after removing them.
- Keep frequently touched common surfaces (telephones, computer equipment, etc.) clean.
- Employees who are well but have a sick family member at home with coronavirus should notify their supervisor and refer to CDC guidance for <u>how to conduct</u> a risk assessment of their potential exposure.²
- Minimize group meetings; use e-mails and phones when possible. If meetings are absolutely necessary, ensure that the meeting room is well ventilated.
- During times of moderate to severe levels of illness, telephone communications is the preferred method of contact.
- Consider removing magazines and other frequently touched materials from common areas.
- Front desk, engineering services and finance personnel have been instructed to use hand sanitizer after handling mail and after each customer transaction.
- Additional hand sanitizer, disinfecting wipes, and tissues have been placed in commonly used areas.
- Customer hand sanitizing stations have been placed by the front door and at customer service counters. Tissues and CDC educational posters have been posted at various locations in the District offices.
- Partitions have been installed in the lobby between each customer window. Partitions have also been placed between each Customer Care desk.
- At all times, all District policies and requirements regarding smoking and vaping will be strictly adhered to, including not smoking or using vaping products inside any District buildings. Smoking areas are identified in the Employee Manual.
- Adopting severe levels of coronavirus and protocol will follow emergency declarations by the U.S. President, California Governor, City of Palmdale, and the Los Angeles County Board of Supervisors, and measures may include, but not be limited to:
 - 1. At severe levels of coronavirus, the workplace will be closed and be available to appointment- only customers, and where possible, appointments will be conducted virtually or by phone.
 - 2. At severe levels of coronavirus, vendor contacts with District personnel will be conducted virtually or by phone.
 - At severe levels of coronavirus, notices will be posted at facility entry points indicating that the facility is open to the public by appointment only with customers being advised to use online, drop-box, or other drop off payment

- locations. And that staff and visitors are not to enter if they have coronavirus symptoms.
- 4. At severe levels of coronavirus, customer contact will be limited by encouraging telephone contact only, dropping off payments in drop-box, mailing payments and online payments. In addition, customers will be advised that front counter staff are only accepting credit card payments and/or processing water service applications.
- 5. At severe levels of coronavirus, employees with higher risk of influenza complications will be sent home if age 65 or older or if they have other health complications leading to a compromised immune system, including, but not limited to, lung issues, insulin dependent diabetes, or heart disease.
- 6. At severe levels of coronavirus, the District office will close to the public if sanitation supplies are depleted.
- 7. At severe levels of coronavirus, the District will implement levels of half-staffing and 40- hour/week work-from-home accommodations.
- 8. At severe levels of coronavirus, the District will implement shelter-in-place requirements.
- 9. At severe levels of coronavirus, entry into the Water Treatment Plant Operator's room will be minimized.
 - 2 https://www.cdc.gov/coronavirus/2019-ncov/php/risk-assessment.html

Section 3 - Disinfection Procedures:

The District is currently using germicidal wipes for general clean up and disinfectant spray when it is necessary to disinfect offices or other commonly used areas. Employees are encouraged to wipe down surfaces and objects that they touch throughout the day. Managers, supervisors, and leads are to give the time needed to accomplish disinfecting the workplace. Disinfectant spray and/or wipes are placed all throughout the District and are available through the Purchasing Technicians when needing to be replaced. Routine approaches for cleaning and disinfection are adequate in these areas, but areas of high traffic should be disinfected twice a day. Personnel cleaning the areas should wear gloves and a mask and should discard them when finished. Hands must be washed or sanitized at the completion of the procedure.

When a person with suspected virus is identified and has left the workplace, the supervisor will assign personnel to conduct a thorough cleaning of the workplace where the sick individual was present. Included in the cleaning will be auxiliary places they conduct work or they have been in contact with, such as counter tops, vaults, common office equipment, locker room areas, District vehicles and equipment. Special attention should be paid to telephones, computer keyboards, the mouse, desktop, steering wheels, and District radios. Doorknobs, sinks, drawer handles, light switches, etc. in the vicinity should also be disinfected. If possible, do not disturb the person's clothing or other fabrics during the cleaning process. Areas that cannot be disinfected, such as electrical equipment, employees will wear masks and gloves while working in the area, or the area will be isolated.

Section 4 - Communications Plan

The District will provide ongoing information and guidance to employees, customers, and vendors throughout the pandemic phases. Important communication information includes:

Prepare	General information such as how to develop a personal/family preparedness kit, where to get information during a pandemic (websites, telephone numbers)
Respond with an emphasis on the continued safety of PWD water	Updates on the status of the pandemic Components of the District's pandemic plan such as: Infection measures to be utilized at work Illness reporting Job reassignments Services available to customers Office closures
Recover	Updates on the status of the pandemic Restoration of normal business practices Update plan if necessary

Modes of Dissemination: Information will be disseminated to employees using the modes of communication described below. Multiple strategies will be used to create redundancy and ensure that employees and customers receive messages.

Electronic Systems: Mass e-mail message, website posting, intranet posting

Hard Copy: Mailing, interoffice mail, notice board postings, paycheck mailing

<u>In Person:</u> Meetings, presentations, and, as necessary, training (not during a severe pandemic)

Media- TV, Radio, Newspaper: Issue press releases to keep the public fully informed.

Section 5 – Critical Job Functions:

Rates of absenteeism will depend on the severity of the pandemic. In a severe pandemic, absenteeism attributable to illness, the need to care for ill family members and fear of infection may reach 40% during the peak weeks of an outbreak. Using these estimates as a guideline, the General Manager and department heads identified the personnel responsible for performing critical tasks and a sufficient number of temporary alternates to ensure that each critical task is given the appropriate priority during a reduction in normal staffing levels. The General Manager and department heads will direct personnel to respond to more pressing issues and priorities based on pandemic severity. Additionally, during a severe pandemic, regulatory requirements may be impacted by a reduction in staffing levels, causing delinquency in reporting.

DEPARTMENT/DIVISION	CRITICAL JOB FUNCTION
Administration	Communications with employees, Board of Directors, media and customers
	Provide analytics to department managers
	Ensure the availability of water resources
Finance	Processing payroll
	Generating water bills
	 Accounts payable (During a severe pandemic, this may be limited if there are personnel shortages.)
	Processing payments received from customers
	Shut offs may be suspended during a severe pandemic to ensure customers have water for hygiene purposes
Information Systems	System Backup
	User Support
	District website updates
	Work-at-home equipment
Engineering	Engineering customer services
	Mark outs
	 Inspections – inspect construction of facilities to District standards (During a severe pandemic, this may be suspended if there are personnel shortages.)
	Inspect dam after rapidly changing lake levels or earthquake
Customer Care	Fielding customer calls
	Cashiering
	New customer applications
Field Customer Care	Reading water meters
	Respond to service leaks
	Respond to customer service orders
Facilities	Respond to electrical, SCADA and pump problems
	 Respond to pipeline failure leaks, critical easement damage and fire hydrant damage
	Ordering of parts/supplies necessary for day-to-day operations
	Well runs, system maintenance
Operations	Water quality compliance reporting
	Water quality monitoring (sampling & analyses)
	 System monitoring (flows, reservoir level, pressures, water orders, water quality, etc.)
	Filing regulatory agency reports or notifications of delay
	Inspect dam after rapidly changing lake levels or earthquake

Human Resources	•	Employee benefits
	•	Processing, tracking & reporting injury/illness
	•	Health education and other employee training
	•	Stocking supplies critical for emergency response

The following steps have been taken to ensure that adequate personnel levels are maintained to perform critical job functions:

- Finance personnel are cross-trained in performing critical finance functions.
- Field personnel have been extensively cross-trained to ensure continuation of water service.
- N-95 masks, hand sanitizers and surface sanitizing wipes will be kept in stock, if possible.
- Equipment, such as District telephones and laptops/iPads, will be provided to the extent possible in the event the District implements half-staffing. If this becomes extended, limited ergonomic systems will be implemented for home use.

Training and Instruction:

We will provide effective training and instruction that includes:

- Our COVID-19 policies and procedures to protect employees from COVID-19 hazards.
- Information regarding COVID-19-related benefits to which the employee may be entitled under applicable federal, state, or local laws.
- The fact that:
 - o COVID-19 is an infectious disease that can be spread through the air.
 - COVID-19 may be transmitted when a person touches a contaminated object and then touches their eyes, nose, or mouth.
 - An infectious person may have no symptoms.
- Methods of physical distancing of at least six feet and the importance of combining physical distancing with the wearing of face coverings.
- The fact that particles containing the virus can travel more than six feet, especially indoors, so physical distancing must be combined with other controls, including face coverings and hand hygiene, to be effective.
- The importance of frequent hand washing with soap and water for at least 20 seconds and using hand sanitizer when employees do not have immediate access to a sink or hand washing facility, and that hand sanitizer does not work if the hands are soiled.
- Proper use of face coverings and the fact that face coverings are not respiratory
 protective equipment face coverings are intended to primarily protect other
 individuals from the wearer of the face covering.
- COVID-19 symptoms, and the importance of obtaining a COVID-19 test and not coming to work if the employee has COVID-19 symptoms.

Appendix A

Coronavirus-like Illness Symptom Assessment Form CONFIDENTIAL

Employ	ee Name: Date
Check a	Il symptoms that apply:
	Fever (temperature greater than 100° F) or chills
	Cough
	Shortness of breath
	Fatigue
	Muscle or body
	aches
	Headache
	New loss of taste or smell
	Sore throat
	Congestion or runny nose
	Nausea or vomiting
	Diarrhea
If you h	ave any one of the symptoms above:
Х	Coronavirus-like illness is suspected
Х	Stay home and avoid contact with other people except to get medical care;
Х	Monitor symptoms and if they deteriorate seek medical care immediately.
	If you have underlying medical conditions, contact your medical provider
Х	immediately
Form co	ompleted by:
Name	Title
INFORM	ATION CONTAINED ON THIS FORM IS STRICTLY CONFIDENTIAL

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Appendix B: Identification of COVID-19 Hazards:

All persons, regardless of symptoms or negative COVID-19 test results, will be considered potentially infectious. Particular attention will be paid to areas where people may congregate or come in contact with one another, regardless of whether employees are performing an assigned work task or not. For example: meetings, entrances, bathrooms, hallways, aisles, walkways, elevators, break or eating areas, cool-down areas, and waiting areas.

Evaluation of potential workplace exposure will be to all persons at the workplace or who may enter the workplace, including coworkers, employees of other entities, members of the public, customers or clients, and independent contractors. We will consider how employees and other persons enter, leave, and travel through the workplace, in addition to addressing fixed work locations.

Person conducting the evaluation: [enter

name(s)] Date: [enter date]

Name(s) of employee and authorized employee representative that participated: [enter name(s)]

Interaction, area, activity, work task, process, equipment and material that potentially exposes employees to COVID-19 hazards	Places and times	Potential for COVID-19 exposures and employees affected, including members of the public and employees of other employers	Existing and/or additional COVID-19 prevention controls, including barriers, partitions and ventilation

Appendix C: COVID-19 Inspections

Review the information available at www.dir.ca.gov/dosh/coronavirus/ for additional guidance on what to regularly inspect for, including issues that may be more pertinent to your particular type of workplace. You will need to modify form accordingly.]

Date: [enter date]

Name of person conducting the inspection: [enter

names] Work location evaluated: [enter

information]

Exposure Controls	Status	Person Assigned to Correct	Date Corrected
Engineering			
Barriers/partitions			
Ventilation (amount of fresh air and filtration maximized)			
Additional room air filtration			
[add any additional controls your workplace is using]			
[add any additional controls your workplace is using]			
Administrative			
Physical distancing			
Surface cleaning and disinfection (frequently enough and adequate supplies)			
Hand washing facilities (adequate numbers and supplies)			
Disinfecting and hand sanitizing solutions being used according to manufacturer instructions			
[add any additional controls your workplace is using]			
[add any additional controls your workplace is using]			
PPE (not shared, available and being worn)			
Face coverings (cleaned sufficiently often)			
Gloves			
Face shields/goggles			
Respiratory protection			
[add any additional controls your workplace is using]			



AGENDA ITEM NO. 7.3 Hotel and Travel Accommodations

Event Name/Date:

CONTACT INFORMAT		
First Name	Last Name	Date
ACCOMMODATION IN	IFORMATION	
ACCOMMODATION IN	IFURWATION	
		l submit this form as soon as possible
		ost hotel is booked, every effort will b
made to secure a room at the	closet hotel within compara	ble rates to the event discounted rate.
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Arrival Date Depar	ture Date No. of gues	s Room Type
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Antelope Valley Chambers of Commerce - Event Information - Antelope Valley Chambers of Commerce

Event Name:

Antelope Valley Chambers 119th Annual Installation Banquet

Description:

Join us as we celebrate our past Chairs and install our new Board Chair and Officers

Event Date:

7/23/2021

Event Time:

5:30 PM - 9:30 PM PST

Location:

University of Antelope Valley Grand Ballroom 44055 Sierra Hwy Lancaster, CA 93534

Contact Person:

Anna

(phone: 661-948-4518)

Details:

Event Registration - ends on 7/16/2021

119th Annual Installation Banquet

Honoring
Outgoing 2019-2020 Chairwoman,
Katie Nelson
Outgoing 2020-2021 Chairman,

Buddhika Ekanayake
Welcoming
Incoming Chairman, A J Hampton



Master Of Ceremonies, Josh Mann Installing Officers & Directors, US Congressman Mike Garcia

Friday, July 23rd 2021 Social Hour Begins at 5:30pm Dinner at 6:30pm No Host Bar

University of Antelope Valley 44055 N. Sierra Hwy, Lancaster, 93534





Purchase Tickets On-Line at AVChambers.org

Tickets \$60 per Person or \$440 for Table of Eight

Antelope Valley Chambers of Commerce (661) 948-4518



Hotel and Travel Accommodations

Event Name/Date:

First Name	Last Name	Date
ACCOMMODATION	N INFORMATION	
guarantee a room at the	host hotel. In the event that the	nd submit this form as soon as possibl host hotel is booked, every effort will rable rates to the event discounted rate
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Arrival Date De	eparture Date No. of gue	ests Room Type
		ests Room Type
		ests Room Type
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Do you require a smokin	g room?	
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Do you require a smoking O Yes O No Do you need transport O Yes O No	g room?	



DoubleTree Hotel - Ontario

Contact Nicole Desmond Desmond & Louis, Inc (866) 737-4880 nicole@dandlpr.com

Single Attendee \$125.00 after Thursday, July 15, 2021

Schedule

8:00 am WELCOME Supervisor Curt Hagman – Chairman of the Board, San Bernardino County, 4 th District WATER & HOUSING 8:10 am Find out how the building industry is working with local agencies to remain water resilient as we address our housing shortage. 9:00 am WATER SUPPLY What are our options in a critically dry year and how can we become less dependent on imports? 10:00 am WATER AFFORDABILITY The growing burden of water debt remains a concern. How will water agencies deal with the issue and is the government going to help? WATER EFFICIENCY 11:00 am What does it mean to be water efficient and does that mean we still need to conserve during times of drought? 12:15 am **KEYNOTE SPEAKER - The Delta Conveyance** What can we expect as a region and what we can do to ensure the project continues moving forward? Jennifer Pierre, State Water Contractors 12:50 pm **CLOSING REMARKS** Carlos Rodriguez – CEO, BIA Baldy View Chapter



Hotel and Travel Accommodations

COMMODATION INFORM The second of the second at the host hotel. In the second at the closet how the second at the sec	bility. Complete the event that t otel within comp	the host h parable r	notel is bo cates to th	ooked, every effort will l
commodation informations and rates are subject to available trantee a room at the host hotel. In the de to secure a room at the closet how ival Date Departure Date you require a smoking room? Yes O No	ATION bility. Complete the event that to tel within comp	the host h parable r	notel is bo cates to th	form as soon as possible ooked, every effort will l he event discounted rate
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Yes O No				
you need transportation from				
	the airport to	o the ho	tel?	
Yes O No				
tht Number Tim	ie			
DITIONAL INFORMATION/RE	QUESTS		Sta	aff Representative

TruePoint 2021 User Group Conference

Reno, Nevada - October 25-27, 2021

TruePoint Solutions is delighted to invite you to our 2021 User Group in Reno, Nevada, October 25-27! There have been many exciting changes and new features added to the product over the last three years and we are looking forward to sharing these with you. New customers have joined the TruePoint family and helped shape some of the new features that we will be sharing with you at this year's conference.

User Group is usually offered every other year, but given current public health concerns, we have experienced an exasperating three year lapse between conferences. Finally, we're once again able to offer you this tremendous opportunity to further your knowledge of the product and connect with the TruePoint team. This event is the perfect time to let us help you continue to grow and improve your experience with our team and our offerings. Customers, new and old, will ALL have experiences to share that might benefit someone else. So we hope to see you ALL there!

Additional information, including a schedule will be sent out in the coming months. In the next month look for an additional communication that will ask you about what you would like us to consider covering at this year's conference. Help us make this the best conference ever, by sharing your ideas with us. For more information about the 2021 User Group, please contact Carrie Davis at (530) 210-5825 or cdavis@truepointsolutions.com.

CONFERENCE DETAILS:

Registration Fee: \$150 per person

Exciting new features

- Peer-to-Peer presentations
- One-on-One and Group Activities
- Tips, Tricks, and Best Practices
- Hands-on Training Workshops

(topics to be finalized at a later date)

GRAND SIERRA RESORT AND CASINO

2500 East Second Street Reno, NV 89595 (800) 648-5080 www.GrandSierraResort.com Room rate: \$72/Night

The deadline to reserve your room at the discounted rate is September 24th.

AGENDA ITEM NO. 8.1

RECEIVED
JUN 2 9 2021

REPORTING FORM FOR PWD STANDING COMMITTEES AND APPOINTMENTS

committee: Special Finance
MEETING DATE: June 29, 2021
MEMBERS ATTENDING/GUESTS: Don Wilson, Gloria Dizmang, Dennis
LaMoreaux, Michael Williams, via conference call
Bob Egan, Paul Kaymark, (Nigro & Nigro)
AGENDA ITEM NO. 4.1
ITEM CONSIDERED: Consideration and possible action on a recommendation for presentation,
consideration, and possible action on receiving and filing of 2020 Annual Financial Report.
ISSUES DISCUSSED (PROS/CONS): PWD net position increase 1.65% or
\$1,566,680 from prior year, operation revenue +9.49%
operating expense before overhead absorption & depreciation
expense increased .76% Billed water consumption 17,213 AF
RECOMMENDATION TO THE BOARD: District assessed valuation increased
to 2.02 billion for FY 2019/2020 1.91 billion, District received
\$1.678 Min ad valorum property tax revenue for 2020 and
\$731,045 property taxes for 2020

AGENDA ITEM NO. 5.1
ITEM CONSIDERED: Reports - S&P rating adjustment rationale.
ISSUES DISCUSSED (PROS/CONS): SEP rating adjustment rationale: reflects 5 & P view of the impact of the 8.1 % annual rate Increase from 2020 through fiscal year 2024. New rating saves PWD \$ for Bond issuance RECOMMENDATION TO THE BOARD: Move forward on \$10M Bond for this year
AGENDA ITEM NO
ITEM CONSIDERED:
ISSUES DISCUSSED (PROS/CONS):
RECOMMENDATION TO THE BOARD: