ITEM #5.A

Approval of Minutes of the May 17, 2023 Special Meeting

SPECIAL MEETING OF THE BOARD OF DIRECTORS
DEL PASO MANOR WATER DISTRICT

DRAFT MINUTES

May 17, 2023 11:30 AM
1817 Maryal Drive, Suite 300, Sacramento 95864

1. CALL TO ORDER:

President Saunders called the meeting to order at 11:30 a.m.

2. ROLL CALL:

Directors Present:	President Ryan Saunders, Carl Dolk, Bob Matteoli, Gwynne Pratt, and David Ross	
Staff Present:	Acting General Manager	Victoria Hoppe
	General Legal Counsel	Mona Ebrahimi

A quorum of the Board was present.

3. ADOPTION OF AGENDA: Members may pull an item from the agenda.

Director Ross made a motion to adopt the agenda. The motion was seconded by Director Matteoli. The agenda was adopted on a 5 Yes/0 No vote.

4. PUBLIC COMMENTS: The Board of Directors welcomes participation at these meetings. Matters under the jurisdiction of the Board that are not posted on the agenda may be addressed by the public, California law prohibits the Board from acting on any matter which is not on the posted agenda, unless the members determines that it is an emergency or other situation specified in Government Code Section 54954.2. Public comments are limited to five (5) minutes per individual. Please make your comments directly to the DPMWD Chair. Comments will be accepted via teleconference and in writing.

(0:01 minute)

President Saunders called for public comment. Seeing no one come forward, he closed public comment.

5. CONSENT CALENDAR: All items under Consent Calendar will be considered together by one action of the Board, any Member or members of the public may request that an item be removed and considered separately.

There were no Consent Calendar items to consider.

6. PUBLIC HEARING:

There were no Public Hearing items to consider.

7. OLD BUSINESS:

There were no Old Business items to consider.

8. NEW BUSINESS:

There were no New Business items to consider.

9. FIELD REPORT:

There were no Field Report items to consider.

10. DIRECTORS REPORT ON COMMITTEE MEETINGS:

There were no Directors Report items to consider.

11. GENERAL MANAGER'S COMMENTS:

There were no General Manager's Comments items to consider.

12. CLOSED SESSION:

PUBLIC EMPLOYEE APPOINTMENT, pursuant to Government Code section 54957: General Manager

President Saunders called for public comment. Seeing no one come forward, he closed the public comment.

President Saunders recessed the open session and convened the closed session at 11:32 p.m.

The open session reconvened at 12:40 p.m.

President Saunders reported direction was provided to staff and there was no reportable action.

13. DIRECTORS' COMMENTS: Verbal information, non-action comments.

There were no Director's Comments.

14. FUTURE AGENDA REQUESTS: Directors can suggest topics they would like on future agendas

There were no Future Agenda Requests.

15. ADJOURNMENT: Next Regular Board of Directors meeting is scheduled for June 05, 2023

Director Ross made a motion to adjourn. Director Pratt seconded the motion. There being no further business, the Board of Directors meeting adjourned at 12:41 p.m.

APPROVAL: ATTEST:

Ryan Saunders, President of the Board

Norma I. Alley, MMC, Clerk of the Board

ITEM #5.B

Approval of Minutes of the May 22, 2023 Special Meeting

SPECIAL MEETING OF THE BOARD OF DIRECTORS
DEL PASO MANOR WATER DISTRICT

DRAFT MINUTES

May 22, 2023 12:00 PM
1817 Maryal Drive, Suite 300, Sacramento 95864

1. CALL TO ORDER:

President Saunders called the meeting to order at 6:00 p.m.

2. ROLL CALL:

Directors Present:	President Ryan Saunders, Carl Dolk, Bob Matteoli, Gwynne Pratt, and David Ross	
Staff Present:	Acting General Manager	Victoria Hoppe
	General Legal Counsel	Mona Ebrahimi

A quorum of the Board was present.

3. ADOPTION OF AGENDA: Members may pull an item from the agenda.

Director Ross made a motion to adopt the agenda. The motion was seconded by Director Pratt. The agenda was adopted on a 5 Yes/0 No vote.

4. PUBLIC COMMENTS: The Board of Directors welcomes participation at these meetings. Matters under the jurisdiction of the Board that are not posted on the agenda may be addressed by the public, California law prohibits the Board from acting on any matter which is not on the posted agenda, unless the members determines that it is an emergency or other situation specified in Government Code Section 54954.2. Public comments are limited to five (5) minutes per individual. Please make your comments directly to the DPMWD Chair. Comments will be accepted via teleconference and in writing.

(0:01 minute)

President Saunders called for public comment. Seeing no one come forward, he closed public comment.

5. CONSENT CALENDAR: All items under Consent Calendar will be considered together by one action of the Board, any Member or members of the public may request that an item be removed and considered separately

There were no Consent Calendar items to consider.

6. PUBLIC HEARING: none

There were no Public Hearing items to consider.

7. OLD BUSINESS: none

There were no Old Business items to consider.

8. NEW BUSINESS: none

There were no New Business items to consider.

9. FIELD REPORT: none

There were no Field Report items to consider.

10. DIRECTORS REPORT ON COMMITTEE MEETINGS:

There were no Directors Report items to consider.

11. GENERAL MANAGER'S COMMENTS:

There were no General Manager's Comments items to consider.

12. CLOSED SESSION:

PUBLIC EMPLOYEE APPOINTMENT, pursuant to Government Code section 54957: General Manager

President Saunders called for public comment. Seeing no one come forward, he closed the public comment.

President Saunders recessed the open session and convened the closed session at 12:02 p.m.

The open session reconvened at 2:18 p.m.

President Saunders reported direction was provided to Legal Counsel and there was no reportable action.

13. DIRECTORS' COMMENTS: Verbal information, non-action comments.

There were no Director's Comments.

14. FUTURE AGENDA REQUESTS: Directors can suggest topics they would like on future agendas

There were no Future Agenda Requests.

15. ADJOURNMENT: Next Regular Board of Directors meeting is scheduled for June 05, 2023

Director Ross made a motion to adjourn. Director Pratt seconded the motion. There being no further business, the Board of Directors meeting adjourned at 2:18 p.m.

APPROVAL:	ATTEST:
____	____
Ryan Saunders, President of the Board	Norma I. Alley, MMC, Clerk of the Board

ITEM #5.C

Approval of Minutes of the July 17, 2023 Regular Meeting

DRAFT REGULAR MEETING OF THE BOARD OF DIRECTORS
DEL PASO MANOR WATER DISTRICT

MINUTES

July 17, 2023 6:00 PM
1817 Maryal Drive, Suite 300, Sacramento 95864

1. CALL TO ORDER:

President Saunders called the meeting to order at 6:00 p.m.

2. ROLL CALL:

Directors Present: President Ryan Saunders, Carl Dolk, Bob Matteoli, Gwynne Pratt, and David Ross

Staff Present:	General Manager	Adam Coyan
	Office Manager	Victoria Hoppe
	Field Manager	Mike Jenner
	Certified Public Accountant	Robert Merritt
	Assistant Legal Counsel	Lauren Bernadette

A quorum of the Board was present.

3. ADOPTION OF AGENDA: Members may pull an item from the agenda.

Director Ross made a motion to adopt the agenda. The motion was seconded by Director Pratt. The agenda was adopted on a 5 Yes/0 No vote.

4. PUBLIC COMMENTS:

The Board of Directors welcomes participation at these meetings. Matters under the jurisdiction of the Board that are not posted on the agenda may be addressed by the public, California law prohibits the Board from acting on any matter which is not on the posted agenda, unless the members determines that it is an emergency or other situation specified in Government Code Section 54954.2. Public comments are limited to five (5) minutes per individual. Please make your comments directly to the DPMWD Chair. Comments will be accepted via teleconference and in writing.

(0:01 minute)

President Saunders called for public comment.

Trish Harrington expressed appreciation for the agenda and material out early.

Roy Wilson requested a meeting with staff and information regarding rates disseminated to rate payers.

Seeing no further comments, President Saunders closed public comment.

President Saunders fielded public comment inquires.

5.	**CONSENT CALENDAR:** All items under Consent Calendar will be considered together by one action of the Board, any Member or members of the public may request that an item be removed and considered separately.

(0:04 minutes)

Item 5.A: **Approval of Warrants and Payroll**

Recommendation: Approval of Additional July 2023 Warrants

Attch: July 2023 Warrants for Approval

President Saunders called for public comment. Seeing no one come forward, he closed public comment.

Director Ross made a motion to approve the Consent Calendar. The motion was seconded by Director Pratt. The motion was approved on a 5 Yes/0 No vote.

6. PUBLIC HEARING:

There were no Public Hearing items to consider.

7. OLD BUSINESS:

There were no Old Business items to consider.

8. NEW BUSINESS:

Item 8.A: **Budget to Actuals**
(0:05 minutes)

Certified Public Accountant Merritt presented the staff report.

President Saunders called for public comment.

Trish Harrington requested income and year to date actuals be included in future reports.

Roy Wilson inquired about the LAIF account determinations regarding operation vs. CIP.

Seeing no further comments, President Saunders closed public comment.

President Saunders and staff fielded public comment inquires.

Item 8.B: **Bartle Wells & Associates Presentation on Proposition 218 Rate Study**
(0:11 minutes)

Bartle Wells & Associates staff presented and fielded questions from the Board.

President Saunders called for public comment.

Roy Wilson provided general comments regarding the presentation.

Trish Harrington provided general comments regarding the presentation.

Carol Rose provided general comments regarding the presentation.

Seeing no further comments, President Saunders closed public comment.

General discussion of the Board commenced and direction for future presentations were provided.

Director Pratt made a motion directing staff to move forward with the Proposition 218 process, with the current rate study. The motion was seconded by Director Matteoli. The motion was approved on a 5 Yes/0 No vote.

Item 8.C: **Tripepi Smith Presentation**
(2:28 minutes)

Tripepi Smith staff presented and fielded questions from the Board.

President Saunders called for public comment.

Trish Harrington provided general comments regarding the presentation.

Roy Wilson provided general comments regarding the presentation.

Seeing no further comments, President Saunders closed public comment.

9. FIELD REPORT: Verbal report

July Field Report on Current and Upcoming Project will be provided at the August 07, 2023 Regular Meeting

10. DIRECTORS REPORT ON COMMITTEE MEETINGS: Verbal report

Director reports on committee meeting updates will be provided at the August 07, 2023 regular meeting.

11. GENERAL MANAGER'S COMMENTS: Verbal report

(3:02 minutes)

General Manager Coyan provided an update on general District matters.

12. CLOSED SESSION:

1. Conference with Legal Counsel—Significant Exposure to Litigation Pursuant to Government Code section 54956.9(b) and 54956.9(d)(2) (one case)

President Saunders called for public comment. Seeing no one come forward, he closed the public comment.

President Saunders called for a break at 9:05 p.m. and called the meeting back to order at 9:15 p.m.

President Saunders recessed the open session and convened the closed session at 9:15 p.m.

The open session reconvened at 9:34 p.m.

President Saunders reported there was no reportable action.

13. DIRECTORS' COMMENTS: Verbal information, non-action comments.

(3:35 minutes)

Director Matteoli asked Legal Counsel if it were appropriate to ask the State Legislature's Legal Counsel to provide clarification on matters. Legal Counsel advised that it would not be an appropriate channel to field concerns or inquiries regarding State legislative matters.

Director Ross requested consideration for meetings begin at 6:30 p.m. in the future.

14. FUTURE AGENDA REQUESTS: Directors can suggest topics they would like on future agendas

(3:36 minutes)

Director Matteoli requested discussion regarding moving toward monthly billing when new rates go into effect. Support was provided by all Directors.

15. ADJOURNMENT: Next Regular Board of Directors meeting is scheduled for August 07, 2023

Director Ross made a motion to adjourn. Director Pratt seconded the motion. There being no further business, the Board of Directors meeting adjourned at 9:39 p.m.

APPROVAL:	ATTEST:
______________________________	______________________________
Ryan Saunders, President of the Board	Norma I. Alley, MMC, Clerk of the Board

ITEM #5.D

Approval of Warrants and Payroll

Del Paso Manor Water District
VENDORS PAID / APPROVED - JULY 2023

VENDORS NAME	DESCRIPTION	CIP	AMOUNT	CHECK #
ACWA JPIA	Health		$477.04	10717
ACWA JPIA	Worker's Comp, Q4 (04/01/2022 - 06/30/2022)		$3,823.31	10718
Adam Coyan	Moving Expenses		$10,000.00	10716
ADP	Payroll		$23,484.03	EFT
ADP Taxes	Payroll Taxes		$10,912.28	EFT
Appletree Answers	Answering service		$496.84	CC
Aqua Sierra Controls, Inc.	Well 6B		$2,538.60	10702
AT&T	Maryal Office Internet		$85.60	CC
AT&T	Lusk Office		$463.35	CC
AT&T	Maryal Office Phone & Fax		$211.17	CC
AT&T Mobility	District Cell Phones & iPads		$540.59	CC
BSK	Labs		$586.25	10719
CalPers	Employee Contribution - Pepra		$3,614.43	EFT
CalPers	Health		$10,495.91	EFT
CalPers	Unfunded Liability - Classic		$5,958.92	EFT
County of Sacramento	Construction Management/Inspection		$117.00	10720
Darren C. Winters	Refund for COE Payment		$73.82	10721
DEX.YP	Yellow Pages		$15.50	CC
Emigh Hardware	Material/Supplies		$380.60	10722
Governance Scientific Group, Inc.	Flashvote Survey		$7,900.00	10703
Forsgren Associates, Inc.	Services Rendered Thru 05/25/2023 (On-Call Services)		$1,323.75	10704
Forsgren Associates, Inc.	Services Rendered Thru 05/25/2023 (Well 9 Engineering)		$14,659.25	10704
Forsgren Associates, Inc.	Services Rendered Thru 05/25/2023 (Prop 218 Support)		$1,812.50	10704
Forsgren Associates, Inc.	Services Rendered Thru 05/25/2023 (Well 2 Engineering)		$11,924.25	10704
Kronick, Moskovitz, Tiedemann & Girard	Services Rendered Through May 2023		$34,298.26	10705
Kronick, Moskovitz, Tiedemann & Girard	Services Rendered Through June 2023		$22,130.84	10705
Leaf	Photocopy Machine Lease		$172.92	10733
Legacy Cleaning Services	Maryal office		$160.00	CC
Mailrite Print and Mail Inc.	Flat Rate Billing (May/June 2023)		$1,916.36	10706
Munibilling	Billing System (Q3)		$1,926.00	10707
PG&E	Gas		$8.05	EFT
Regional Government Services (RGS)	May 2023 Clerk Services		$1,170.00	10708
Regional Water Authority (RWA)	2023-2024 Annual Dues		$4,423.00	10724

Del Paso Manor Water District
VENDORS PAID / APPROVED - JULY 2023

Robert Merritt	CPA - Services Rendered Through June 2023		$1,377.50	10725
Sacramento Groundwater Authority (SGA)	2023-2024 Annual Dues		$21,243.00	10726
Sacramento Suburban Water District (SSWD)	June 2023 Mutual Aid Agreement		$343.00	10727
Sierra Chemical Company	Chemicals		$462.00	10709
Smud	Account# 7000000179		$9,881.84	10710
Streamline	Website		$249.00	CC
TAK Communications, CA, Inc.	4128 El Camino		$37,208.00	10711
Terrapin Technology Group	Software / Computers		$167.05	10728
Tripepi Smith and Associates, Inc.	Ballot Measure Outreach Services (Milestone 2)		$10,947.00	10712
Tripepi Smith and Associates, Inc.	General Account Support (Flashvote)		$306.25	10712
Tripepi Smith and Associates, Inc.	General Account Support (Board Meeting Prep.)		$481.25	10729
Tony's Backflow Services	Backflow device Testing		$305.69	10713
Uinta Holdings, LLC	August 2023 Rent		$2,750.00	10730
Umpqua Bank	District Credit Card		$2,841.10	10731
USA Bluebook	Well Part		$82.04	10714
USA Bluebook	Well Part		$122.73	10732
VOYA	June 2023 Employee Contribution		$400.00	10715
Wex Bank	Gas		$546.80	EFT
Wizix Technology Group, Inc.	Photocopy Machine		$97.45	CC
	MONTHLY TOTAL----------->	**$0.00**	**$267,912.12**	

Approved at 07/03/2023 Regular Meeting

Approved at 07/17/2023 Regular Meeting

TOTAL CHECKS ISSUED: 31

PAID VIA CREDIT CARD (CC): 23

PAID VIA ELECTRONIC FUNDS TRANSFER (EFT): 7

*** DISTRICT FILES INCLUDES INVOICES BEHIND CREDIT CARD BILL WHICH ARE AVAILABLE FOR REVIEW AT THE DISTRICT OFFICE**

Del Paso Manor Water District

VENDORS PAID / APPROVED - JULY 2023

UMPQUA DISTRICT CREDIT CARD - PAID JULY 2023			
VENDORS NAME	**DESCRIPTION**	**AMOUNT**	**PAID DATE**
Zoom	Cloud Recording	$40.00	7/4/2023
Appletree Answers	Answering service	$496.84	7/6/2023
Wizix Technology Group, Inc.	Photocopy Machine	$97.45	7/6/2023
DEX.YP	Yellow Pages	$15.50	7/6/2023
Legacy Cleaning Services	Maryal office	$160.00	7/6/2023
Streamline	Website	$249.00	7/6/2023
AT&T	Maryal Office Phone & Fax	$211.17	7/17/2023
AT&T Mobility	District Cell Phones & iPads	$540.59	7/17/2023
AT&T	Maryal Office Internet	$85.60	7/24/2023
AT&T	Lusk Office	463.35	7/6/2023
Amazon	Office Supplies	151.50	7/7/2023
Amazon	Office Supplies	9.49	7/14/2023
Amazon	Office Supplies	7.32	7/15/2023
Amazon	Office Supplies	214.39	7/16/2023
Amazon	Office Supplies	9.67	7/20/2023
Amazon	Office Supplies	46.86	7/20/2023
Amazon	Office Supplies	27.17	7/20/2023
Amazon	Office Supplies	124.00	7/25/2023
Amazon	Office Supplies (218 Ballot Box)	204.71	7/26/2023
Amazon	Office Supplies	27.50	7/26/2023
Smart & Final	Office Supplies	22.96	7/28/2023
Amazon	Office Supplies	369.75	7/28/2023
All Awards	Field Shirts	419.23	7/28/2023

MONTHLY TOTAL-----------> 3,994.05

Del Paso Manor Water District
AUGUST 2023 VENDORS FOR APPROVAL

VENDORS NAME	DESCRIPTION	CIP	AMOUNT	CHECK #
ACWA JPIA	Health		$477.04	
ACWA JPIA	Property Insurance (07/01/2023 - 06/30/2024)		$4,584.73	
ACWA JPIA	Cyber Liability Program (07/01/2023 - 06/30-2024)		$446.00	
Appletree Answers	Answering service		$481.86	
AT&T	Phone		$343.41	
AT&T	Phone		$211.33	
BSK	Labs		$5,174.00	
CalPers	Employee Contribution - Classic		$2,190.30	
CalPers	Employee Contribution - Pepra		$3,014.34	
CalPers	Health		$10,494.70	
CalPers	Unfunded Liability - Classic		$5,958.92	
City of Sacramento - Revenue Division	Diversion Billing (January - June 2023)		$3,343.59	
DEX.YP	Yellow Pages		$15.50	
Doumit Construction, Inc.	Refund for Hydrant Use Permit/Fees		$857.70	
Forsgren Associates, Inc.	Services Rendered Thru 06/25/2023 (Prop 218 Support)		$2,018.75	
Forsgren Associates, Inc.	Services Rendered Thru 06/25/2023 (Well 2 Engineering)		$3,949.50	
Forsgren Associates, Inc.	Services Rendered Thru 06/25/2023 (Well 9 Engineering)		$9,532.75	
Forsgren Associates, Inc.	Services Rendered Thru 06/25/2023 (Well 6B Modifications)		$4,994.42	
Legacy Cleaning Services	Maryal office		$160.00	
MailRite	Billing Mailhouse (2022 CCR)		$3,207.96	
PG&E	Gas		$9.44	
Regional Government Services (RGS)	June 2023 Clerk Services		$929.40	
Sacramento County Utilities	Utilities		$236.81	
Sierra Chemical Company	Chemicals		$483.00	
Sierra Chemical Company	Chemicals		$378.00	
Sierra Chemical Company	Chemicals		$462.00	
Smud	Account# 7000000179		$11,520.10	
Streamline	Website		$249.00	
TAK Communications, CA, Inc.	2511 Cathay Court		$3,029.26	
Umpqua Bank	District Credit Card		$3,994.05	
Underground Service Alert of Northern CA & NV	CA State Fee Regulatory Costs (07/2023 - 06/2024)		$478.07	
VOYA	July 2023 Employee Contribution		$500.00	
Wex Bank	Gas		$385.26	
Wizix Technology Group, Inc.	Photocopy Machine		$97.45	
MONTHLY TOTAL----------->		**$0.00**	**$84,208.64**	

Del Paso Manor Water District
BOD Compensation Expense Summary
JULY 2023

JULY 2023 MEETINGS		DOLK	MATTEOLI	PRATT	ROSS	SAUNDERS
	Board Meetings					
7/3/2023	DPMWD - Regular Board Meeting	1	1	1	1	1
7/17/2023	DPMWD - Regular Board Meeting	1	1	1	1	1
	DPMWD - Special Board Meeting					
	DPMWD - Emergency Board Meeting					
	ADHOC Committee Meetings					
	Director Compensation Committee Meeting					
7/19/2023	Finance Standing Committee Meeting *(Dolk / Ross)*				1	
	General Counsel Review Committee					
	General Manager Evaluation Committee					
	LAFCo 2x2 Meeting					
	SSWD / DPMWD 2X2 Committee					
	Succession Planning Committee					
	Other Meetings					
	American Water Works Association (AWWA) *(Dolk)*					
	Association of California Water Agencies (ACWA) *(Dolk)*					
	Association of California Water Agencies (ACWA) Agriculture *(Matteoli)*					
	Association of California Water Agencies (ACWA) Groundwater *(Matteoli)*					
	California Rural Water Authority (CRWA) *(Ross)*					
	California Special Districts Association (CSDA) *(Ross)*					
	Ethics Training (AB1234)					
	Joint Powers Insurance (JPIA) *(Saunders)*					
07/03, 07/10, 7/17 2023	Legal Councel Meeting					3
	Regional Water Authority (RWA) *(Pratt)*					
	Sacramento Groundwater Authority (SGA) *(Matteoli / Pratt)*					
	Sacramento Suburban Water District (SSWD)					
	Sexual Harassment Prevention Training (AB1825)					
	Water Forum *(Pratt)*					
	July Monthly Meeting Totals					
	TOTAL MEETINGS	2	2	2	3	5
	TOTAL COMPENSATED MEETINGS	2	2	2	3	3
	TOTAL COMPENSATION	$200	$200	$200	$300	$300

ITEM #8.A

2021/2022 Final Audit

DEL PASO MANOR WATER DISTRICT

BOARD MEETING

DATE: August 07, 2023 **AGENDA ITEM NO. 8.A**

SUBJECT: 2021/2022 Final Audit

STAFF CONTACT:
Adam Coyan, General Manager

BACKGROUND:
Government Code 26909 requires special districts to have an annual independent audit conducted by the county auditor or certified public accountant.

On April 2nd, 2019 Richardson and Company was selected to complete the District yearly audit with the option to renew through 2023.

RECOMMENDATION:
Review and approve final 2021/2022 Audit

ATTACHMENTS:
Audited Financial Statements (June 30, 2022 and 2021)

ENVIRONMENTAL IMPACT:
This item is not a project under Section 21065 of the California Public Resources Code, as it could not have any direct or indirect impact on the environment.

FINANCIAL IMPACT:
This item will not have any direct or indirect financial impact on the district.

DEL PASO MANOR WATER DISTRICT

Audited Financial Statements

June 30, 2022 and 2021

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DEL PASO MANOR WATER DISTRICT

Audited Financial Statements

June 30, 2022 and 2021

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RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Del Paso Manor Water District
Sacramento, California

Opinions

We have audited the accompanying financial statements of Del Paso Manor Water District (the District), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Basis for Opinions

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 Stated. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note G to the financial statements, the District's actuary applied Section 3.7.7(c)4 of Actuarial Standard of Practice No. 6, as revised, and determined age adjusted health insurance premiums are not necessary in the calculation of the District's net other postemployment benefits (OPEB) liability, and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits payments. Had the actuary included age adjusted health insurance premiums in the calculation of the net OPEB liability, the OPEB liability may have been significantly larger in the amount. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District 's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District 's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated __________, 2023, 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 and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

________________, 2023

This section of the Del Paso Manor Water District annual financial report presents an analysis of the District's financial performance during the fiscal year ending June 30, 2022. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021/2022

- At the end of the current year, total net position (total assets and deferred outflows less total liabilities and deferred inflows) of the District was a positive $3.0 million.

- During the year, the District's net position increased by approximately $223,000.

- The District's capital asset balance before depreciation was $7.3 million at the end of the year.

- The District has recognized a liability in the amount of $448 thousand for a net pension obligation due to Governmental Accounting Standards Board Statement (GASB) 68. The liability decreased approximately $385 thousand from the prior year. See Note F of the basic financial statements.

- The District has recognized a liability in the amount of $136 thousand for post-employment benefits. The liability decreased approximately $21 thousand from the prior year. See Note G of the basic financial statements.

- Notes payable decreased $177 thousand during fiscal 2022 from $4.5 million at June 30, 2021 to $4.3 million at June 30, 2022.

- During fiscal 2022, the District implemented GASB Statement No. 87, Leases. This statement requires the recognition of a lease liability and an intangible right to use lease asset for the office space currently being used by the District. As of June 30, 2022 the carrying value of the lease asset and lease liability is $128,429 and $131,450 respectively. See Note E of the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements, and Other Required Supplementary Information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statements of Net Position include information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The Statements of Revenues, Expenses and Changes in Net Position identify the District's revenues and expenses for the fiscal years ending June 30, 2022 and 2021. These statements provide information on the District's operations over the past two fiscal years, and can be used to determine whether the District has recovered all if it's actual and projected costs through user fees and other charges. The third component of the financial statements is the Statement of Cash Flows. These statements provide information on the District's cash receipts, cash payments and changes in cash resulting from operating, investments and financing activities. From the Statements of Cash Flows, the reader can obtain comparative information on the sources and uses of cash and the changes in the cash and cash equivalent balances.

FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide an indication of the District's financial condition and also indicate if the financial condition of the District has improved during the last fiscal year. The District's Net Position reflects the difference between assets and liabilities.

A summary of the District's Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are presented below:

Condensed Statements of Net Position As of June 30,
2022, 2021 and 2020

	2022	2021	Increase/(Decrease) from 2021	2020
Current and other assets	$ 3,428,460	$ 3,062,381	$ 366,079	$ 2,622,799
Capital assets, net	4,888,367	4,812,584	75,783	4,991,627
Total assets	8,316,827	7,874,965	441,862	7,614,426
Deferred outflows of resources	633,366	546,151	87,215	536,840
Current liabilities	505,694	222,911	282,783	345,200
Long-term liabilities	4,872,138	5,342,439	(470,301)	5,467,828
Total liabilities	5,377,832	5,565,350	(187,518)	5,813,028
Deferred inflows of resources	577,301	83,309	493,992	88,863
Net investment in capital assets	661,968	572,689	89,279	605,527
Unrestricted net position	2,333,092	2,199,768	133,324	1,643,848
Total net position	$ 2,995,060	$ 2,772,457	$ 222,603	$ 2,249,375

Condensed Statements of Revenue, Expenses and Changes in Net Position
Fiscal Years Ended June 30, 2022, 2021 and 2020

	2022	2021	Increase/(Decrease) from 2021	2020
Operating revenues	$ 2,028,182	$ 2,039,174	$ (10,992)	$ 2,019,969
Non-operating revenues	8,656	11,624	(2,968)	24,122
Total revenues	2,036,838	2,050,798	(13,960)	2,044,091
Depreciation expense	217,217	200,526	16,691	211,550
Operating expenses	1,423,884	1,150,607	273,277	1,279,127
Total expenses	1,641,101	1,351,133	289,968	1,490,677
Non-operating expenses	(173,134)	(176,583)	(3,449)	(371,918)
Changes in net position	222,603	523,082	(300,479)	181,496
Beginning net position	2,772,457	2,249,375	523,082	2,067,879
Ending net position	$ 2,995,060	$ 2,772,457	$ 222,603	$ 2,249,375

CURRENT AND OTHER ASSETS

As of June 30, 2022, the District's current and other assets totaled $3.4 million which was an increase of $366,000 over the June 30, 2021 balances of approximately $3.1 million. Much of the increase in current assets was a result of increases in cash and investments of $318,000 and accounts receivable of $41,000. Interest receivable and the balances of prepaid expenses were comparable to the June 30, 2021 balances. The increase in cash and investments was the result of an improvement in net position, and cash flows from operating activities exceeding cash used for capital and related financing activities by $285,000. The majority of the cash used for capital and related financing activities was for debt service on the District's note payable of $328,000, and the acquisition and construction of capital assets of $141,000.

CAPITAL ASSETS

As of June 30, 2022, the District's investments in capital assets, including factoring accumulated depreciation, totaled $4.9 million which was an increase of $76,000 over the capital asset balances at June 30, 2021 of $4.8 million.

During the year, the District invested approximately $113,000 into wells and the distribution system. The District also assumed $17,000 in system improvements from developer construction. This "donated infrastructure" was recognized as other revenue during the year. Depreciation and amortization expense for the fiscal years 2022 and 2021 was $217,217 and $200,526 respectively.

CURRENT LIABILITIES

As of June 30, 2022 the District's current liabilities totaled approximately $506,000 which was an increase of $283,000 over the June 30, 2021 balances. Much of the increase in current liabilities was the result of higher accounts payable and higher balances in the current portion of long term liabilities. The higher balances in accounts payable at June 30, 2022 were the result of amounts due to contractors and consultants, compared to the amounts due at June 30, 2021.

LONG - TERM DEBT

As of June 30, 2022, the District had $4,347,000 in outstanding business-type debt as reported in the statement of net position and in the notes to the financial statements. A principal payment of $183,000 and interest payments of $141,278 are scheduled to be made on this note in the 2023 fiscal year. Refer to Note D in the notes to the basic financial statements for additional discussion on the District's long term debt.

As stated above, during fiscal 2022, the District implemented GASB Statement No. 87, Leases. This statement required the recognition of a lease liability and an intangible right to use lease asset for the office space currently being used by the District. As of June 30, 2022 the carrying value of the lease asset and lease liability is $128,429 and $131,450 respectively. Principal payments of $24,086 and interest payments of $6,034 are scheduled to be made on this lease in the 2023 fiscal year. See Note E of the basic financial statements.

OPERATING REVENUES AND EXPENSES

Water sales and other revenues decreased modestly from 2021 to 2022 by about $14,000. Operating expenses during 2022 increased $273,000 over the prior year. Much of the increase was from the maintenance of the transmission and distribution system, legal and engineering expenses. Expenses related to the District's long term debt were comparable from 2021 to 2022 with interest expense of $177,000 and $173,000 respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District approved a rate increase in May 2018 with an effective date of June 16, 2018 for monthly billed accounts, and July 1, 2018 for bi-monthly billed accounts. This rate increase will cover the District's increased costs associated with daily operation and maintenance of the District along with rebuilding the reserves. The Board set a reserve fund goal of six months of operations and maintenance expenses with the goal of meeting this target in three to four years. Del Paso Manor Water District's rates continue to remain competitive with other water purveyors in the region.

The aging infrastructure of the District still needs to be addressed. The Board is currently updating the 2009 Master Plan in an effort to redefine the issues and develop a plan for replacement of the aging facilities. Once this update is completed they will look at the economics and develop a plan to finance the next phases of projects.

In addition, the District is staying engaged with legislative and regulatory requirements that may require fees and/or costs to the District, thus potentially affecting consumer rates. To meet California's Sustainability Groundwater Management Act requirements, the District participates in the Sacramento Groundwater Authority which is one of the recognized Groundwater Sustainability Agencies in the North American Sub-basin.

The fiscal 2023 approved operating budget was 72% higher than the 2022 budget. Total expenditures for employee related, administration, and operational expenses are budgeted for $1,870,520 in 2023 compared to $1,089,627 for 2022. Significant increases in the budget are in employee salaries and benefits, legal fees, professional administration fees, repairs and maintenance of the distribution system, and engineering. In addition, $325,000 is budgeted for debt service on the District's long term debt and $1,650,000 for capital improvements to the distribution system for fiscal 2023.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or to request additional financial information, please contact the Del Paso Manor Water District's General Manager at 1817 Maryal Drive, Suite 300, Sacramento, CA 95864.

DEL PASO MANOR WATER DISTRICT

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 913,992	$ 602,064
Investments	2,252,932	2,246,659
Accounts receivable	238,435	197,299
Accrued interest receivable	4,218	1,834
Prepaid expenses	18,883	14,525
Total Current Assets	3,428,460	3,062,381
Capital Assets:		
Nondepreciable	185,218	107,272
Depreciable, net of accumulated depreciation/amortization	4,703,149	4,705,312
Total Capital Assets, Net	4,888,367	4,812,584
TOTAL ASSETS	8,316,827	7,874,965
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	261,474	284,105
Pensions	166,551	180,459
Other post-employment benefits (OPEB)	205,341	81,587
TOTAL DEFERRED OUTFLOWS	633,366	546,151
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 8,950,193	$ 8,421,116

Continued

DEL PASO MANOR WATER DISTRICT

STATEMENTS OF NET POSITION (Continued)

June 30, 2022 and 2021

	2022	2021
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 282,464	$ 40,750
Accrued expenses and other liabilities	11,333	1,626
Unearned revenue	935	1,990
Current portion of lease liabilities	25,675	
Current portion of noncurrent liabilities	185,287	178,545
Total Current Liabilities	505,694	222,911
Noncurrent Liabilities:		
Notes payable, net of current portion	4,164,000	4,347,000
Lease liabilities, net of current portion	115,198	
Compensated absences, net of current portion	9,150	6,179
Net pension liability	448,166	832,768
Net OPEB liability	135,624	156,492
Total Noncurrent Liabilities	4,872,138	5,342,439
TOTAL LIABILITIES	5,377,832	5,565,350
DEFERRED INFLOWS OF RESOURCES		
Pensions	471,194	81,623
Other post-employment benefits (OPEB)	106,107	1,686
TOTAL DEFERRED INFLOWS	577,301	83,309
NET POSITION		
Net investment in capital assets	661,968	572,689
Unrestricted	2,349,992	2,199,768
TOTAL NET POSITION	3,011,960	2,772,457
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 8,967,093	$ 8,421,116

The accompanying notes are an integral part of these financial statements.

DEL PASO MANOR WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Water sales	$ 2,010,070	$ 2,025,009
Other water sales	519	791
Other revenue	17,593	13,374
TOTAL OPERATING REVENUES	2,028,182	2,039,174
OPERATING EXPENSES		
General and administrative	963,263	657,392
Transmission and distribution	310,472	297,845
Pumping	97,823	103,935
Water purchases	6,371	6,168
Depreciation / amortization	217,217	200,526
Pension expense adjustment	18,877	63,418
Other post-employment benefits (OPEB)	27,078	21,849
TOTAL OPERATING EXPENSES	1,641,101	1,351,133
NET INCOME FROM OPERATIONS	387,081	688,041
NON-OPERATING REVENUES (EXPENSES)		
Investment income earned	8,656	11,624
Interest expense	(173,134)	(176,583)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(164,478)	(164,959)
CAPITAL CONTRIBUTIONS		
Donated infrastructure	16,900	
TOTAL CAPITAL CONTRIBUTIONS	16,900	
CHANGE IN NET POSITION	239,503	523,082
Net position, beginning of year	2,772,457	2,249,375
NET POSITION AT END OF YEAR	$ 3,011,960	$ 2,772,457

The accompanying notes are an integral part of these financial statements.

DEL PASO MANOR WATER DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 1,985,991	$ 2,035,751
Cash payments to suppliers for goods and services	(896,312)	(947,502)
Cash payments to employees for services	(298,120)	(292,484)
NET CASH PROVIDED BY OPERATING ACTIVITIES	791,559	795,765
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions and construction of capital assets	(123,978)	(21,483)
Principal paid on long-term debt	(177,000)	(170,000)
Interest paid on long-term debt	(150,503)	(165,499)
Lease payment	(11,249)	
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(462,730)	(356,982)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	6,272	14,105
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,272	14,105
NET INCREASE IN CASH AND CASH EQUIVALENTS	335,101	452,888
Cash and investments at beginning of year	2,848,723	2,395,835
CASH AND INVESTMENTS AT END OF YEAR	$ 3,183,824	$ 2,848,723

Continued

DEL PASO MANOR WATER DISTRICT

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2022 and 2021

		2022		2021
Cash and investments - financial statement classification				
Cash and cash equivalents	$	913,992	$	602,064
Investments		2,252,932		2,246,659
TOTAL CASH AND INVESTMENTS	$	3,166,924	$	2,848,723
RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$	387,081	$	688,041
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation/amortization		217,217		200,526
(Increase) Decrease in:				
Accounts receivable		(41,136)		5,088
Prepaid expense		(4,358)		5,737
Deferred outflows for pensions and OPEB		(109,846)		(33,108)
Accounts payable		241,714		(102,927)
Accrued expenses and other liabilities		9,707		(2,649)
Unearned revenue		(1,055)		(8,511)
Compensated absences		3,713		(12,448)
Net pension liability		(384,602)		72,721
Net OPEB liability		(20,868)		(11,151)
Deferred inflows for pensions and OPEB		493,992		(5,554)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	791,559	$	795,765
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Amortization of deferred amortization on refunding	$	22,631	$	23,797
Right-of-use assets obtained in exchange for lease liabilities		152,122		
Developer-constructed infrastructure		16,900		

The accompanying notes are an integral part of these financial statements.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Del Paso Manor Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity: The District was established in 1956 as a water district located in the central portion of Sacramento County northeast of the City of Sacramento and north of the lower American River. The District serves a population of approximately 1,800. The District is predominately residential in character, with interspersed commercial areas. The District is governed by a Board of Directors consisting of five directors elected by residents of the District.

Basis of Presentation: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations 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 where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Earned but unbilled water services are accrued as revenue.

Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are not being recorded as capital contributions.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

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

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net assets by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net assets that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the District's pension and OPEB plan as described in Notes F and G, and for deferred amounts related to bond refunding.

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) plan (Plan) and additions 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they were reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and investments in money market mutual funds and LAIF.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Self-constructed assets are recorded based on the amount of direct labor and materials charged to the asset construction. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description	Estimated Life
Infrastructure (Wells)	5-45 years
Reservoir and tanks	40 years
Pumping equipment	5-45 years
Hydrants	45 years
Transmission and Distribution	30-45 years
Meters	10 years
Building, structures and improvements	15-35 years
Office equipment	5-7 years
Field equipment and vehicles	5-20 years

Maintenance and repairs are charged to operations when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Depreciation and amortization expense aggregated $217,217 and $200,526 for the years ended June 30, 2022 and 2021, respectively.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as a deferred outflow on the balance sheet. These amounts are amortized over the term of the new debt. Amortization expense totaled $22,631 and $23,796 for the years ended June 30, 2022 and 2021, respectively.

Compensated Absences: The District's policy allows employees to accumulate earned but unused vacation which will be paid to employees upon separation from the District's service. The cost of vacation is recognized in the period earned.

New Pronouncements: In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The District implemented this Statement for the year ended June 30, 2022, as discussed in Note E.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement enhances comparability in accounting and financial reporting and consistency in authoritative literature, including the classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions of

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement 87, *Leases*, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives; clarification of provisions in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments*, related to the focus of the government-wide financial statements; terminology updates related to provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this Statement are effective immediately through periods beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The District is currently analyzing the impact of the required implementation of this new statement.

NOTE B – CASH AND CASH EQUIVALENTS

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

	2022	2021
Cash and cash equivalents	$ 913,992	$ 602,064
Investments	2,252,932	2,246,659
Total cash and cash equivalents	$ 3,166,924	$ 2,848,723

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents as of June 30 consisted of the following:

	2022	2021
Cash on hand	$ 19,763	$ 293
Deposits with financial institutions	894,229	601,771
Total cash	913,992	602,064
Investments in Local Agency Investment Fund (LAIF)	2,252,932	2,246,659
Total investments	2,252,932	2,246,659
Total cash and cash equivalents	$ 3,166,924	$ 2,848,723

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

During the year ended June 30, 2022 and 2021, the District's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
California Local Agency Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	20%	10%
LAIF	N/A	$4 million	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investments	N/A	None	None
Time Deposits	5 years	None	None

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District generally manages its interest rate risk by investing in the Local Agency Investment Fund (LAIF), which provides the necessary cash flow and liquidity needed for operations.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating agency.

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the amount stipulated by the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2022, the carrying amount of the District's deposits were $894,229 and the balances in financial institutions were $894,652 and of this amount $644,652 was not insured by federal depository insurance, but was covered by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. At June 30, 2021, the carrying amount of the District's deposits were $601,771 and the balances in financial institutions were $601,954 and of this amount $351,954 was not insured by federal depository insurance, but was covered by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

Investment in LAIF: The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at amortized cost, which approximates fair value. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The total fair value amount invested by all public agencies in LAIF as of June 30, 2022 is $231,867,874,452 managed by the State Treasurer. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by the State Statute. At June 30, 2022, these investments matured in an average of 311 days.

NOTE C – CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2022 and 2021 are as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	$ 8,505			$ 8,505
Construction in progress	98,767	$ 77,946		176,713
	107,272	77,946		185,218
Capital assets being depreciated:				
Source of supply	2,459,603	4,085		2,463,688
Pumping plant	1,051,717			1,051,717
Transmission and distribution	2,398,853	48,131		2,446,984
General plant and administration	1,239,985	10,716	$ (1,917)	1,248,784
	7,150,158	62,932	(1,917)	7,211,173
Intangible Right-to-Use assets:				
Leasesd building		142,699		142,699
Leased copier		9,423		9,423
		152,122		152,122
Less accumulated depreciation:				
Source of supply	(569,436)	(52,991)		(622,427)
Pumping plant	(281,289)	(24,943)		(306,232)
Transmission and distribution	(1,017,447)	(64,786)		(1,082,233)
General plant and administration	(576,674)	(59,913)	1,917	(634,670)
	(2,444,846)	(202,633)	1,917	(2,645,562)
Less accumulated amortization:				
Leased building		(14,270)		(14,270)
Leased copier		(314)		(314)
	(2,444,846)	(217,217)	1,917	(2,660,146)
Net capital assets being depreciated	4,705,312	(2,163)		4,703,149
Net capital assets	$ 4,812,584	$ 75,783	$ -	$ 4,888,367

NOTE C – CAPITAL ASSETS (Continued)

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 8,505			$ 8,505
Construction in progress	82,934	$ 15,833		98,767
	91,439	15,833		107,272
Capital assets being depreciated:				
Source of supply	2,459,603			2,459,603
Pumping plant	1,051,717			1,051,717
Transmission and distribution	2,393,203	5,650		2,398,853
General plant and administration	1,281,697		$ (41,712)	1,239,985
	7,186,220	5,650	(41,712)	7,150,158
Less accumulated depreciation:				
Source of supply	(515,515)	(53,921)		(569,436)
Pumping plant	(256,347)	(24,942)		(281,289)
Transmission and distribution	(955,604)	(61,843)		(1,017,447)
General plant and administration	(558,566)	(59,820)	41,712	(576,674)
	(2,286,032)	(200,526)	41,712	(2,444,846)
Net capital assets being depreciated	4,900,188	(194,876)		4,705,312
Net capital assets	$ 4,991,627	$ (179,043)	$ -	$ 4,812,584

NOTE D – LONG-TERM LIABILITIES

The activity of the District's long-term liabilities during the year, ended June 30, 2022 and 2021 were as follows:

	Balance July 1, 2021	Additions	(Reductions)	Balance June 30, 2022	Due Within One Year
2020 Installment loan	$ 4,524,000		$ (177,000)	$ 4,347,000	$ 183,000
Compensated absences	7,724	$ 15,596	(11,883)	11,437	2,287
Lease liability		152,122	(11,249)	140,873	25,675
Net pension liability	832,768		(384,602)	448,166	
Net OPEB liability	156,492		(20,868)	135,624	
	$ 5,520,984	$ 167,718	$ (605,602)	$ 5,083,100	$ 210,962

	Balance July 1, 2020	Additions	(Reductions)	Balance June 30, 2021	Due Within One Year
2020 Installment loan	$ 4,694,000		$ (170,000)	$ 4,524,000	$ 177,000
Compensated absences	20,172	$ 13,684	(26,132)	7,724	1,545
Net pension liability	760,047	72,721		832,768	
Net OPEB liability	167,643		(11,151)	156,492	
	$ 5,641,862	$ 86,405	$ (207,283)	$ 5,520,984	$ 178,545

NOTE D – LONG-TERM LIABILITIES (Continued)

The District's long-term liabilities consist of the following:

2020 Advance Refunding: In June 2020, the District issued an installment loan in the amount of $4,694,000 to advance refund the previously outstanding 2018 Advance Refunding. The 2020 Installment Loan is payable in semiannual installments including interest of 3.25% and matures in July 2040. Interest payments range from $5,070 to $88,990 semi-annually. Principal payments range from $170,000 to $312,000 annually.

The refunding resulted in deferred amount on refunding of $261,474 and $284,105 at June 30, 2022 and 2021, respectively, which is being amortized over the remaining life of the refunded debt. Amortization expense totaled $22,631 and $23,797 for the years ended June 30, 2022 and 2021, respectively, and is included in interest expense.

The 2020 Installment Loan is obligations of the CSDA Finance Corporation (Corporation) payable solely from payments received from the District pursuant to an Installment Purchase Contract between the Corporation and the District. The obligation of the District to make installment payments is payable solely from net revenues of the District's water system and certain funds and accounts created under the Installment Purchase Contract. The 2020 Installment Purchase Contract requires the District to agree to fix, prescribe, and collect rates and charges for its water service which will be at least sufficient to yield each fiscal year net revenues equal to 120% of the annual debt service in such fiscal year. Should the District default on payments or any covenants of the agreement, all moneys and investments in the funds and accounts held under the agreement and all gross revenues thereafter received shall be applied to principal and accrued interest.

The following is a schedule of maturities for the long-term debt outstanding:

	Principal	Interest
For the Year Ended June 30:		
2023	$ 183,000	$ 141,278
2024	189,000	135,330
2025	194,000	129,187
2026	200,000	122,883
2027	207,000	116,382
2028-2032	1,136,000	476,775
2033-2037	1,332,000	279,890
2038-2041	906,000	59,540
	$ 4,347,000	$ 1,461,265

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2020 Installment Loan in the original amount of $4,694,000. Proceeds of the 2020 Installment Loan were used to refund the previously outstanding 2018 Revenue Certificates of Participation. The 2020 Installment Loan is payable solely from water customer net revenues. Total principal and interest remaining to be paid on the 2020 Installment Loan was $5,808,265 and $6,132,295 at June 30, 2022 and 2021, respectively. Total principal and interest paid was $324,030 and $335,499, and the total water net revenues were $559,827 and $923,099 for the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, the District's net revenues were 198% and 285% of debt service payments.

NOTE E – LEASE OBLIGATION

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, Leases. This Statement requires recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Since both leases were entered into during the year ended June 30, 2022, implementation of GASB No. 87 did not result in a restatement.

The District leased office space under a lease ending in December 2021. In November 2021, the District entered into a new lease for 5 years, beginning in January 2022, through December 2026. The District also has a 5 year lease for a copier entered into May 3, 2022. The lease runs through March of 2028. For the purposes of discounting future payments on the leases, the District used a discount rate of 5%. The intangible right of use asset is being amortized over 5 years, the term of the lease, including option periods. Amortization expense was $14,270 during the year ended June 30, 2022. Minimum lease payments over the remaining term of the lease include:

Year Ended June 30	Principal	Interest
2023	$ 25,675	$ 6,520
2024	28,532	5,163
2025	31,629	3,656
2026	34,946	1,989
2027	19,578	347
Thereafter	513	5
	$ 140,873	$ 17,680

NOTE F – PENSION PLANS

Plan Descriptions: All qualified employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. The District participates in the Miscellaneous and PEPRA Miscellaneous rate plans.

Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employees' Retirement Law.

NOTE F – PENSION PLANS (Continued)

The Plan provisions and benefits in effect at June 30, 2022 and 2021 are summarized as follows:

Hire date	Classic Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1% to 2.5%	1.0% to 2.5%
Required employee contribution rates - 2020/21	7.00%	6.750%
Required employer contribution rates - 2020/21	11.031%	7.732%
Required employee contribution rates - 2021/22	7.00%	6.750%
Required employer contribution rates - 2021/22	10.880%	7.590%

In addition to the contribution rates above, the District was also required to make payments of $64,634 and $52,379 towards its unfunded actuarial liability during the years ended June 30, 2022 and 2021, respectively.

The Classic Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

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

The employer contributions for the Plans were $86,279 and $76,551 for the years ended June 30, 2022 and 2021, respectively.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2022 and 2021, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of $448,166 and $832,768, respectively.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2022 and 2021 is measured as of June 30, 2021 and 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and 2019 rolled forward to June 30, 2021 and 2020 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2021 was as follows:

NOTE F – PENSION PLANS (Continued)

Proportion - June 30, 2020	0.01898%
Proportion - June 30, 2021	0.01974%
Change - Increase	0.00076%

Proportion - June 30, 2021	0.01974%
Proportion - June 30, 2022	0.02360%
Change - Increase	0.00386%

For the year ended June 30, 2022 and 2021, the District had pension expense of $101,809 and $139,969, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 86,279		$ 76,551	
Differences between actual and expected experience	50,257		42,915	
Changes in assumptions				$ (5,940)
Change in employer's proportion	30,015		36,254	
Differences between the employer's contribution and the employer's proportionate share of contributions		$ (79,969)		(75,683)
Net differences between projected and actual earnings on plan investments		(391,225)	24,739	
Total	$ 166,551	$(471,194)	$ 180,459	$(81,623)

The $86,279 and $76,551 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 years ended June 30, 2022 and 2021, respectively. Other amounts reported as net deferred inflows of resources related to pensions at June 30, 2022 will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2023	$ (94,744)
2024	(94,315)
2025	(93,748)
2026	(108,115)
	$ (390,922)

NOTE F – PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2020	June 30, 2019
Measurement Date	June 30, 2021	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15% (1)	7.15% (1)
Inflation	2.50%	2.50%
Salary Increases	Varies by entry age and service	Varies by entry age and service
Mortality	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation

The mortality table used was developed based on CalPERS-specific data. The table for June 30, 2020 includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015). Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rates used to measure the total pension liability were 7.15% as of June 30, 2022 and 2021. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is appropriate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE F – PENSION PLANS (Continued)

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement dates of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	2022			2021		
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%	1.0%	0.00%	-0.92%
Total	100.0%			100.0%		

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2022	2021
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 937,398	$ 1,316,698
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 448,166	$ 832,768
1% Increase	8.15%	8.15%
Net Pension Liability	$ 43,726	$ 432,911

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE G – OTHER POST-EMPLOYMENT BENEFITS

Plan Description: The District's defined benefit OPEB plan (the Plan) is a single employer OPEB plan administered by CalPERS through participation in California Employers' Retiree Benefit Trust (CERBT) Fund. On June 1, 2005 the Board of Directors passed a resolution to establish health benefit vesting requirements for future retirees under the Public Employees' Medical and Hospital Care Act, whereas an employee who is employed by the District for 5 years or longer and who has met other vesting requirements as defined by Government Code 20079, shall receive up to a maximum 100% of the health benefits for the employee premium plus 90% of the additional premium required for enrollment of family members in selected plans. The retiree benefits for employees hired prior to August 1, 2005 are entitled to receive the same benefits as active employees noted above. Those hired after August 1, 2005 are entitled to receive medical only lifetime benefits with required service of 20 years and the plan paying 50% of premiums after 10 years of service and an additional 5% for each additional year of service with a maximum District contribution of 100%. The minimum age for receiving benefits is 50 and there is no District cap. The plan also provides coverage for dependents. For employees who are eligible to participate in the plan, the District will contribute health benefit costs for the retiree and family members at an amount approved by resolution and accepted by CalPERS based on the average amount of the HMO plans offered by CalPERS. A retiree with less than the required years of service with the District will receive no benefit, unless they have previous employment qualifying them for CalPERS retirement, in which case they are eligible to receive the CalPERS minimum at the time of retirement. The CalPERS minimum is set by law. The Board of Directors grants the authority to establish and amend the benefit terms to the CalPERS Board of Trustees (CalPERS Board). CalPERS issues a publicly available financial report for the CERBT that can be obtained at www.calpers.ca.gov under Forms and Publications.

Benefits Provided: The Plan provides healthcare benefits for retirees, surviving spouses and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits are covered by the Plan.

Employees Covered by Benefit Terms: As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms:

	2022	2021
Inactive employees or beneficiaries currently receiving benefit payments	6	4
Active employees	3	1
Total	9	5

Contributions: The Board of Directors grants the authority to establish and amend the contribution requirements of the District and employees. Employees are not required to contribute to the Plan. No cash contributions were made to the trust during the years ended June 30, 2022 and 2021. In addition, during the years ended June 30, 2022 and 2021, the District paid retiree premiums of $67,279 and $62,359, respectively.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	2022	2021
Valuation date	June 30, 2021	June 30, 2019
Measurement date	June 30, 2021	June 30, 2019
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Discount rate	6.75%	7.0%
Inflation	2.5%	2.75%
Salary increases	2.75% per year	2.75% per year
Investment rate of return	6.75%	7.0%
Mortality rate	Derived using CalPERS membership data	Derived using CalPERS membership data
Pre-retirement turnover	Derived using CalPERS membership data	Derived using CalPERS membership data
Healthcare trend rate	4% annually	4% annually

Mortality information for active and retired employees was based on the 2017 CalPERS tables, for the years ended June 30, 2022 and 2021. The pre-retirement turnover information was developed based on the 2017 CalPERS Turnover for Miscellaneous Employees tables created by CalPERS, for the years ended June 30, 2022 and 2021.

The assumed gross return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	2022		2021	
Asset Class	Percentage of Portfolio	Assumed Gross Return	Percentage of Portfolio	Assumed Gross Return
Global Equity	59.0%	7.80%	59.0%	7.80%
Fixed Income	25.0%	4.50%	25.0%	4.50%
Tresaury Inflation Protected Securities	5.0%	3.25%	5.0%	3.25%
Real Estate Investment Trusts	8.0%	7.50%	8.0%	7.50%
Commodities	3.0%	7.80%	3.0%	7.80%
	100.0%		100.0%	

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount Rate: The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	$ 798,805	$ 642,313	$ 156,492
Changes in the year:			
Service cost	7,695		7,695
Interest	54,311		54,311
Differences between expected and actual experience	132,932		132,932
Changes in assumptions	22,845		22,845
Changes in benefit terms			
Contributions - employer		62,359	(62,359)
Net investment income		176,535	(176,535)
Administrative expenses		(243)	243
Benefit payments	(62,359)	(62,359)	-
Net changes	155,424	176,292	(20,868)
Balance at June 30, 2022 (measurement date June 30, 2021)	$ 954,229	$ 818,605	$ 135,624

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	$ 788,334	$ 620,691	$ 167,643
Changes in the year:			
Service cost	7,489		7,489
Interest	53,671		53,671
Differences between expected and actual experience	(748)		(748)
Contributions - employer	-	49,941	(49,941)
Net investment income		21,925	(21,925)
Administrative expenses		(303)	303
Benefit payments	(49,941)	(49,941)	-
Net changes	10,471	21,622	(11,151)
Balance at June 30, 2021 (measurement date June 30, 2020)	$ 798,805	$ 642,313	$ 156,492

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2022		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net OPEB liability	$ 238,410	$ 135,624	$ 50,078

	2021		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net OPEB liability	$ 241,866	$ 156,492	$ 85,401

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2022		
	1% Decrease 3%	Current Healthcare Cost Trend Rates 4%	1% Increase 5%
Net OPEB liability	$ 46,224	$ 135,624	$ 242,023

	2021		
	1% Decrease 3%	Current Healthcare Cost Trend Rates 4%	1% Increase 5%
Net OPEB liability	$ 73,271	$ 156,492	$ 255,639

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2022 and 2021 the District recognized OPEB expense of $27,078 and $21,849, respectively. At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 67,279		$ 62,359	
Difference between expected and actual experience	105,803		261	
Change in assumptions	18,182			
Net differences between projected and actual earnings on plan investments	14,077	$ (106,107)	18,967	$ (1,686)
Total	$ 205,341	$ (106,107)	$ 81,587	$ (1,686)

The $67,279 and $62,359 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2023	$ 9,523
2024	10,361
2025	9,776
2026	2,295
	$ 31,955

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in the total OPEB liability and the fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. The net difference between expected and actual experience is recognized over the expected average remaining service lifetime (EARSL), which was 4.9 years at the June 30, 2021 valuation date.

Age-Adjusted Premiums Not Used: As a general rule, Actuarial Standard of Practice 6 (ASOP 6) indicates retiree costs should be based on actual claim costs or age-adjusted premiums. However, the Plan's net OPEB liability was not computed using age-adjusted premiums because the District's actuary applied Section 3.7.7(c)4 for the ASOP 6 and determined age-adjusted premiums are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefit payments. This is due to the District participating in the CalPERS health insurance plan, PEMHCA. PEMHCA uses blended premiums for active and retired participants and is expected to continue this

NOTE G – OTHER POST-EMPLOYMENT BENEFITS (Continued)

practice into the future. Contributions based on age-adjusted premiums would be larger than contributions based on actual premiums charged by PEMHCA. The actuary believes this would overstate contributions to the CERBT that would not be able to be recovered by the District. Many other actuaries believe it is appropriate to use age-adjusted premiums when computing net OPEB liabilities under GASB Statement No. 75. The District's net OPEB liability would have been significantly larger had it been computed using age-adjusted premiums.

NOTE H – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public official's liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (includes public officials liability)	$5,000,000	$55,000,000	None
Property Damage	100,000	500,000,000	$500 to $25,000
Fidelity	100,000		1,000
Workers Compensation liability	2,000,000	excess of $2 million	None
Cyber Liability		$5,000,000 occurrence/ $5,000,000 aggregate	75,000 to 100,000

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE I – CONTINGENCIES

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal council, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition as of June 30, 2022.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVIC-19) a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and

NOTE I – CONTINGENCIES (Continued)

the impact on customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

The Sacramento County Grand Jury issued a report in November 2021 that cited concerns about the District's operational safety and management practices. The District is working toward addressing these concerns. The resources needed to address these concerns cannot be estimated at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

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DEL PASO MANOR WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.02360%	0.01974%	0.01898%	0.01827%	0.01787%	0.01727%	0.01607%	0.01719%
Proportionate share of the net pension liability	$ 448,166	$ 832,768	$ 760,047	$ 688,430	$ 704,360	$ 587,867	$ 440,960	$ 420,396
Covered payroll - measurement period	$ 263,531	$ 150,650	$ 324,130	$ 338,501	$ 323,644	$ 312,320	$ 303,257	$ 295,442
Proportionate share of the net pension liability as a percentage of covered payroll	170.06%	552.78%	234.49%	203.38%	217.63%	188.23%	145.41%	142.29%
Plan fiduciary net position as a percentage of the total pension liability	87.91%	77.10%	77.65%	78.15%	75.05%	81.02%	84.93%	82.11%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and to 7.15% in 2018.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 86,279	$ 76,551	$ 59,861	$ 67,069	$ 58,501	$ 51,598	$ 45,788	$ 37,674
Contributions in relation to the actuarially determined contributions	(86,279)	(76,551)	(59,861)	(67,069)	(58,501)	(51,598)	(45,788)	(37,674)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - fiscal year	$ 290,274	$ 263,531	$ 150,650	$ 324,130	$ 338,501	$ 323,644	$ 312,320	$ 309,257
Contributions as a percentage of covered payroll	29.72%	29.05%	39.74%	20.69%	17.28%	15.94%	14.66%	12.18%
Notes to Schedule:								
Valuation date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:								
Valuation cost method	Entry age normal							
Amortization method	Level percentage of payroll, closed							
Remaining amortization period	Varies, not more than 30 years							
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service							
Payroll growth	2.750%	2.750%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return (1)	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	(4)	(3)	(3)	(3)	(3)	(2)	(2)	(2)

Notes to Schedule:

(1) Net of administrative expenses, includes inflation.

(2) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study for the period from 1997 to 2007.

(3) Probabilities of retirement and mortality are based on CalPERS' 2014 Experience Study for the period from 1997 to 2011.

(4)Probabilities of retirement and mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015, thus information prior to this date was not presented.

DEL PASO MANOR WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 7,695	$ 7,489	$ 19,157	$ 18,644	$ 18,145
Interest	54,311	53,671	46,030	42,424	38,939
Differences between expected and actual experience	132,932	(748)	94,801		
Changes in assumptions	22,845		(18,338)		
Benefit payments	(62,359)	(49,941)	(7,185)	(7,860)	(7,742)
Net change in total OPEB liability	155,424	10,471	134,465	53,208	49,342
Total OPEB liability - beginning	798,805	788,334	653,869	600,661	551,319
Total OPEB liability - ending (a)	$ 954,229	$ 798,805	$ 788,334	$ 653,869	$ 600,661
Plan fiduciary net position:					
Contributions - employer	$ 62,359	$ 49,941	$ 25,000	$ 25,000	$ 23,112
Benefit payments	(62,359)	(49,941)	(7,185)	(7,860)	(7,742)
Net investment income	176,535	21,925	37,288	40,420	47,627
Administrative expenses	(243)	(303)	(124)	(912)	(239)
Net change in plan fiduciary net position	176,292	21,622	54,979	56,648	62,758
Plan fiduciary net position - beginning	642,313	620,691	565,712	509,064	446,306
Plan fiduciary net position - ending (b)	$ 818,605	$ 642,313	$ 620,691	$ 565,712	$ 509,064
Net OPEB liability - ending (a)-(b)	$ 135,624	$ 156,492	$ 167,643	$ 88,157	$ 91,597
Plan fiduciary net position as a percentage of the total OPEB liability	85.79%	80.41%	78.73%	86.52%	84.75%
Covered-employee payroll - measurement period	$ 263,531	$ 150,650	$ 324,130	$ 338,501	$ 323,644
Net OPEB liability as percentage of covered-employee payroll	51.46%	103.88%	51.72%	26.04%	28.30%
Notes to schedule:					
Valuation date	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Discount rate	7.0%	7.0%	7.0%	7.5%	7.5%

Benefit changes. None.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

DEL PASO MANOR WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	2022	2021	2020	2019	2018
Statutorily required contribution - employer fiscal year	$ 67,279	$ 62,359	$ 49,941	$ 7,185	$ 7,860
Contributions in relation to the statutorily required contributions	(67,279)	(62,359)	(49,941)	(32,185)	(32,860)
Contribution deficiency (excess)	$ -	$ -	$ -	$ (25,000)	$ (25,000)
Covered-employee payroll - employer fiscal year	$ 290,274	$ 263,531	$ 150,650	$ 324,130	$ 338,501
Contributions as a percentage of covered-employee payroll	23.18%	23.66%	33.15%	2.22%	2.32%

Notes to Schedule:

An actuarially determined contribution rate was not calculated. The required contributions reported represent retiree premium payments.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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COMPLIANCE REPORTS

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INDEPENDENT AUDITOR'S 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

To the Board of Directors
Del Paso Manor Water District
Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Del Paso Manor Water District Sacramento, California (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated ___________, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of prior year findings as Finding 2020-001 that we consider to be a material weakness.

To the Board of Directors
Del Paso Manor Water District

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*.

Del Paso Manor Water District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

_____, 2023

DEL PASO MANOR WATER DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended June 30, 2022

PRIOR YEAR FINDINGS

Finding 2020-001 – Internal Controls over Billings and Cash Receipts – Material Weakness

Condition: Duties related to processing customer bills and collections of the bills are not adequately segregated. We noted the Office Manager generates customer bills, processes customer payments, makes bank deposits, and can adjust or write off customer accounts, with no review of work performed.

Criteria: Internal controls over financial reporting should be in place to ensure the District has the ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements and to properly reduce the risk of fraud by establishing proper separation of duties and review functions.

Cause: The District has limited staff to ensure adequate segregation of duties and has not put in place reviews to mitigate the risk of the lack of segregation of duties.

Effect: An increased risk that a material misstatement of the financial statements could occur due to fraud or error and not be detected or corrected timely.

Recommendation: While it is difficult to segregate duties due to limited staff size, the following procedures can be put in place to compensate for this lack of segregation of duties:

1. The Office Manager should not be given rights within the billing system to make adjustments to customer accounts or to write off balances. If this is not possible, then at a minimum, a list of billing adjustments needs to be generated from the system and reviewed by either the General Manager or the outside accountant.
2. On a monthly basis, the outside accountant needs to compare the receivable balance from the billing system to the general ledger and follow up on the nature of any reconciling items.
3. The General Manager should review the Accounts Receivable Aging Report from the utility billing system on a monthly basis.

District's Response: The District plans on implementing these recommendations.

Status: The District has not yet resolved the lack of segregation of duties issues.

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ITEM #8.B

Water Forum Presentation

DEL PASO MANOR WATER DISTRICT

BOARD MEETING

DATE: August 07, 2023 **AGENDA ITEM NO. 8.B**

SUBJECT: Water Forum Presentation

STAFF CONTACT:
Adam Coyan, General Manager

BACKGROUND:

The Water Forum is a diverse group of business and agricultural leaders, citizen groups, environmentalists, water managers, and local governments working together to balance coequal objectives: Provide a reliable and safe water supply for the region's economic health and planned development through to the year 2030; and Preserve the fishery, wildlife, recreational, and aesthetic values of the lower American River.

RECOMMENDATION:

Receive the information from the presentation.

ATTACHMENTS:

ENVIRONMENTAL IMPACT:

This item is not a project under Section 21065 of the California Public Resources Code, as it could not have any direct or indirect impact on the environment.

FINANCIAL IMPACT:

This item will not have any direct or indirect financial impact on the district.

ITEM #8.C

Ballot Box

DEL PASO MANOR WATER DISTRICT

BOARD MEETING

DATE: August 07, 2023 **AGENDA ITEM NO. 8.C**

SUBJECT: Ballot Box

STAFF CONTACT:
Adam Coyan, General Manager

BACKGROUND:
The Grand Jury report released October 28th, 2021 highlighted the need to invest money in the infrastructure, capital improvement, operations, and maintenance in order to continue to provide a reliable and safe supply of drinking water to the rate payers.

Bartle and Wells Associates was contracted on September 12th, 2022 to perform a rate study based upon Del Paso Manor Water District's 2009 Master Plan, the 2011 LAFCO Municipal Service Review, the 2021 HydroScience Strategic Water Solutions Technical Memorandum and the July 2021 General Manager's Final Recommendations.

On July 17th, 2023 the board approved the rate study and the dates for the workshop and public hearing, formally initiating a prop 218.

An important part of the Prop 218 process is ensuring accountability of any protest votes. We have a ballot box for the votes and would like the directors to sign the tamper proof tape thereby securing the ballot box until the protests can be gathered and counted.

RECOMMENDATION:
Sign the tamper proof tape on the ballot box verifying that the box is empty and secured.

ATTACHMENTS:

ENVIRONMENTAL IMPACT:
This item is not a project under Section 21065 of the California Public Resources Code, as it could not have any direct or indirect impact on the environment.

FINANCIAL IMPACT:
This item will not have any direct or indirect financial impact on the district.

ITEM #9.A

Field Report on Current and Upcoming Projects

DEL PASO MANOR WATER DISTRICT REGULAR BOARD MEETING
FIELD REPORT

MEETING DATE: August 07, 2023

AGENDA ITEM 9.A:

Leaks: We had 1 mainline leak, 1 service line leak on our side, and 1 service line leak on the customer's side

Complaints: We had 0 water quality concerns

Water Waste: We had 2 water waste reports

Field Work:

1. 50 USA's marked in July
2. TCR samples for June were absent
3. To date a total of 25 fire hydrants have been painted
   a. Please contact the office if you would like to get on the schedule to have yours painted
4. To date a total of 130 road markers for fire Hydrants have been placed

Current and Upcoming Projects:

1. Replace 1 more non-functional meter
2. Continue landscaping maintenance around fire hydrants
3. Continue infrastructure measurements

FIELD STAFF RESPONSIBLE FOR REPORT: Mike Jenner, Field Manager
08/07/2023