



# Yucaipa Valley Water District

12770 Second Street, Yucaipa, California 92399 Phone: (909) 797-5117

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## **Notice and Agenda of a Meeting of the Board of Directors**

**Tuesday, December 8, 2020 at 4:00 p.m.**

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Due to the spread of COVID-19 and in accordance with the Governor's Executive Order N-29-20 (a copy of which is attached to this agenda), the Yucaipa Valley Water District will be conducting this meeting by teleconference only. Public comments on matters listed on the agenda or on any matter within the District's jurisdiction will be received during Public Comments, Agenda Item No. III.

**This meeting is available by calling  
(888) 475-4499 using passcode 676-950-731#**

**View live presentation material at  
<https://zoom.us/j/676950731>  
Passcode: 765589**

**There will be no public physical location for attending this meeting in person. The District's Board meeting room will be closed to the public until further notice.**

If you are unable to participate by telephone, you may submit comments and/or questions in writing for the Board's consideration by sending them to [inquiry@yvwd.us](mailto:inquiry@yvwd.us). Submit your written inquiry prior to the start of the meeting. All public comments received prior to the start of the meeting will be provided to the Board and may be read into the record or compiled as part of the record.

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### **Administration of Oath of Office**

Lonni Granlund, Division 4  
Chris Mann, Division 1  
Dennis Miller, Division 2

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Any person who requires accommodation to participate in this meeting should contact the District office at (909) 797-5117, at least 48 hours prior to the meeting to request a disability-related modification or accommodation.

Materials that are provided to the Board of Directors after the meeting packet is compiled and distributed will be made available for public review during normal business hours at the District office located at 12770 Second Street, Yucaipa. Meeting materials are also available on the District's website at [www.yvwd.dst.ca.us](http://www.yvwd.dst.ca.us)

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. PUBLIC COMMENTS** - At this time, members of the public may briefly address the Board of Directors on matters within its jurisdiction or on any matter listed on this agenda.

**IV. STAFF REPORT**

**V. DISCUSSION ITEMS**

A. Audited Financial Statements for the Fiscal Year Ending on June 30, 2020 [[Director Memorandum No. 20-175 - Page 11 of 108](#)]

RECOMMENDED ACTION: That the Board receive and file the audited financial statements.

B. Status Report on the Geotechnical Investigation and Groundwater Flow Model for the Artificial Groundwater Injection and Recovery Project in Calimesa [[Director Memorandum No. 20-176 - Page 80 of 108](#)]

RECOMMENDED ACTION: Staff Presentation – No action required.

C. Notice of Completion of Electrical Service for Improvements at Drinking Water Reservoir R-18.4 [[Director Memorandum No. 20-177 - Page 85 of 108](#)]

RECOMMENDED ACTION: That the Board authorize the General Manager to execute the Notice of Completion.

D. Status Update of the Replacement of Date Avenue Drinking Water Pipeline, Yucaipa [[Director Memorandum No. 20-178 - Page 90 of 108](#)]

RECOMMENDED ACTION: Staff report – No action required.

E. Request to Replace the Air Conditioning System at the Yucaipa Valley Regional Water Filtration Facility [[Director Memorandum No. 20-179 - Page 94 of 108](#)]

RECOMMENDED ACTION: That the Board approves the installation of air conditioning equipment by Davidson's Air Conditioning and Heating for a sum not to exceed \$29,650 and adopt Resolution No. 2020-59 transferring funds from Water Infrastructure Reserves.

**VI. BOARD REPORTS & DIRECTOR COMMENTS**

**VII. ANNOUNCEMENTS**

A. December 15, 2020 at 4:00 p.m. - Board Meeting - **Teleconference Only**

B. December 22, 2020 at 4:00 p.m. - Board Meeting - **Teleconference Only**

C. December 29, 2020 at 4:00 p.m. - Board Meeting - **Cancelled**

D. January 5, 2021 at 4:00 p.m. - Board Meeting - **Cancelled**

E. January 12, 2021 at 4:00 p.m. - Board Meeting - **Teleconference Only**

F. January 19, 2021 at 4:00 p.m. - Board Meeting - **Teleconference Only**

**VIII. ADJOURNMENT**

**EXECUTIVE DEPARTMENT  
STATE OF CALIFORNIA**

**EXECUTIVE ORDER N-29-20**

**WHEREAS** on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

**WHEREAS** despite sustained efforts, the virus continues to spread and is impacting nearly all sectors of California; and

**WHEREAS** the threat of COVID-19 has resulted in serious and ongoing economic harms, in particular to some of the most vulnerable Californians; and

**WHEREAS** time bound eligibility redeterminations are required for Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries to continue their benefits, in accordance with processes established by the Department of Social Services, the Department of Health Care Services, and the Federal Government; and

**WHEREAS** social distancing recommendations or Orders as well as a statewide imperative for critical employees to focus on health needs may prevent Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries from obtaining in-person eligibility redeterminations; and

**WHEREAS** under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.

**NOW, THEREFORE, I, GAVIN NEWSOM**, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567 and 8571, do hereby issue the following order to become effective immediately:

**IT IS HEREBY ORDERED THAT:**

1. As to individuals currently eligible for benefits under Medi-Cal, CalFresh, CalWORKs, the Cash Assistance Program for Immigrants, the California Food Assistance Program, or In Home Supportive Services benefits, and to the extent necessary to allow such individuals to maintain eligibility for such benefits, any state law, including but not limited to California Code of Regulations, Title 22, section 50189(a) and Welfare and Institutions Code sections 18940 and 11265, that would require redetermination of such benefits is suspended for a period of 90 days from the date of this Order. This Order shall be construed to be consistent with applicable federal laws, including but not limited to Code of Federal Regulations, Title 42, section 435.912, subdivision (e), as interpreted by the Centers for Medicare and Medicaid Services (in guidance issued on January 30, 2018) to permit the extension of

otherwise-applicable Medicaid time limits in emergency situations.

2. Through June 17, 2020, any month or partial month in which California Work Opportunity and Responsibility to Kids (CalWORKs) aid or services are received pursuant to Welfare and Institutions Code Section 11200 et seq. shall not be counted for purposes of the 48-month time limit set forth in Welfare and Institutions Code Section 11454. Any waiver of this time limit shall not be applied if it will exceed the federal time limits set forth in Code of Federal Regulations, Title 45, section 264.1.
3. Paragraph 11 of Executive Order N-25-20 (March 12, 2020) is withdrawn and superseded by the following text:

Notwithstanding any other provision of state or local law (including, but not limited to, the Bagley-Keene Act or the Brown Act), and subject to the notice and accessibility requirements set forth below, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body or state body. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived.

In particular, any otherwise-applicable requirements that

- (i) state and local bodies notice each teleconference location from which a member will be participating in a public meeting;
- (ii) each teleconference location be accessible to the public;
- (iii) members of the public may address the body at each teleconference conference location;
- (iv) state and local bodies post agendas at all teleconference locations;
- (v) at least one member of the state body be physically present at the location specified in the notice of the meeting; and
- (vi) during teleconference meetings, at least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction

are hereby suspended.

A local legislative body or state body that holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements set forth below, shall have satisfied any requirement that the body allow

members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

Accessibility Requirements: If a local legislative body or state body holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the body shall also:

- (i) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the Americans with Disabilities Act and resolving any doubt whatsoever in favor of accessibility; and
- (ii) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to subparagraph (ii) of the Notice Requirements below.

Notice Requirements: Except to the extent this Order expressly provides otherwise, each local legislative body and state body shall:

- (i) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by the Bagley-Keene Act or the Brown Act, and using the means otherwise prescribed by the Bagley-Keene Act or the Brown Act, as applicable; and
- (ii) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in such means of public observation and comment, or any instance prior to the issuance of this Order in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of such means, a body may satisfy this requirement by advertising such means using "the most rapid means of communication available at the time" within the meaning of Government Code, section 54954, subdivision (e); this shall include, but need not be limited to, posting such means on the body's Internet website.

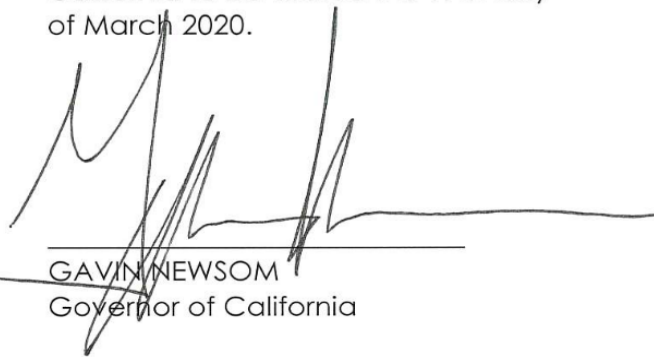
All of the foregoing provisions concerning the conduct of public meetings shall apply only during the period in which state or local public health officials have imposed or recommended social distancing measures.

All state and local bodies are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Bagley-Keene Act and the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to their meetings.

**IT IS FURTHER ORDERED** that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 17th day of March 2020.



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GAVIN NEWSOM  
Governor of California

# Staff Report



Yucaipa Valley Water District

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date: DECEMBER 1, 2020****Number: 20-06****Subject: 2021 State Water Project Initial Allocation – 10 Percent****From:**

A handwritten signature in blue ink, which appears to read "Ted Craddock", is written over a horizontal line.

**Ted Craddock****Deputy Director, State Water Project  
Department of Water Resources**

The Department of Water Resources (DWR) is initially approving 422,848 acre-feet (AF) of Table A water for the long-term State Water Project (SWP) contractors in 2021. SWP supplies are projected to meet 10 percent of most SWP contractors' requests for Table A water, which totals to be 4,172,786 AF. Attached is the initial 2021 SWP allocation table.

This initial allocation is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational constraints such as the conditions of the 2019 Biological Opinions for federally-listed species, the 2020 Incidental Take Permit for State-listed species and the 2021 SWP contractors' demands. DWR may revise this and any subsequent allocations if warranted by the developing hydrologic and water supply conditions.

To develop the 10 percent schedule, DWR will scale down the current long-term SWP contractors' 15 percent schedules that were submitted in October 2020 (as part of the initial requests), unless SWP contractors submit updated schedules. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Dave Paulson, Acting Chief, State Water Project Analysis Office, at (916) 653-7402.

**Attachment**



**2021 STATE WATER PROJECT INITIAL ALLOCATION  
(ACRE-FEET)**

<b>SWP CONTRACTORS</b>	<b>TABLE A</b>	<b>INITIAL REQUEST</b>	<b>APPROVED ALLOCATION</b>	<b>PERCENT INITIAL REQUEST APPROVED</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(3)/(2) (4)</b>
<b><u>FEATHER RIVER</u></b>				
County of Butte	27,500	27,500	4,000	15%
Plumas County FC&WCD	2,700	2,700	270	10%
City of Yuba City	9,600	9,600	1,440	15%
<b>Subtotal</b>	<b>39,800</b>	<b>39,800</b>	<b>5,710</b>	
<b><u>NORTH BAY</u></b>				
Napa County FC&WCD	29,025	29,025	4,354	15%
Solano County WA	47,756	47,756	7,163	15%
<b>Subtotal</b>	<b>76,781</b>	<b>76,781</b>	<b>11,517</b>	
<b><u>SOUTH BAY</u></b>				
Alameda County FC&WCD, Zone 7	80,619	80,619	8,062	10%
Alameda County WD	42,000	42,000	4,200	10%
Santa Clara Valley WD	100,000	100,000	10,000	10%
<b>Subtotal</b>	<b>222,619</b>	<b>222,619</b>	<b>22,262</b>	
<b><u>SAN JOAQUIN VALLEY</u></b>				
Oak Flat WD	5,700	5,700	570	10%
County of Kings	9,305	9,305	931	10%
Dudley Ridge WD	41,350	41,350	4,135	10%
Empire West Side ID	3,000	3,000	300	10%
Kern County WA	982,730	982,730	98,273	10%
Tulare Lake Basin WSD	87,471	87,471	8,747	10%
<b>Subtotal</b>	<b>1,129,556</b>	<b>1,129,556</b>	<b>112,956</b>	
<b><u>CENTRAL COASTAL</u></b>				
San Luis Obispo County FC&WCD	25,000	25,000	2,500	10%
Santa Barbara County FC&WCD	45,486	45,486	4,549	10%
<b>Subtotal</b>	<b>70,486</b>	<b>70,486</b>	<b>7,049</b>	
<b><u>SOUTHERN CALIFORNIA</u></b>				
Antelope Valley-East Kern WA	144,844	144,844	14,484	10%
Santa Clarita Valley WA	95,200	95,200	9,520	10%
Coachella Valley WD	138,350	138,350	13,835	10%
Crestline-Lake Arrowhead WA	5,800	5,800	580	10%
Desert WA	55,750	55,750	5,575	10%
Littlerock Creek ID	2,300	2,300	230	10%
Metropolitan WDSC	1,911,500	1,911,500	191,150	10%
Mojave WA	89,800	89,800	8,980	10%
Palmdale WD	21,300	21,300	2,130	10%
San Bernardino Valley MWD	102,600	102,600	10,260	10%
San Gabriel Valley MWD	28,800	28,800	2,880	10%
San Geronio Pass WA	17,300	17,300	1,730	10%
Ventura County WPD	20,000	20,000	2,000	10%
<b>Subtotal</b>	<b>2,633,544</b>	<b>2,633,544</b>	<b>263,354</b>	
<b>TOTAL</b>	<b>4,172,786</b>	<b>4,172,786</b>	<b>422,848</b>	

SWPAO  
12/1/2020

# Discussion Items





**Date:** December 8, 2020

**Prepared By:** Allison M. Edmisten, Chief Financial Officer

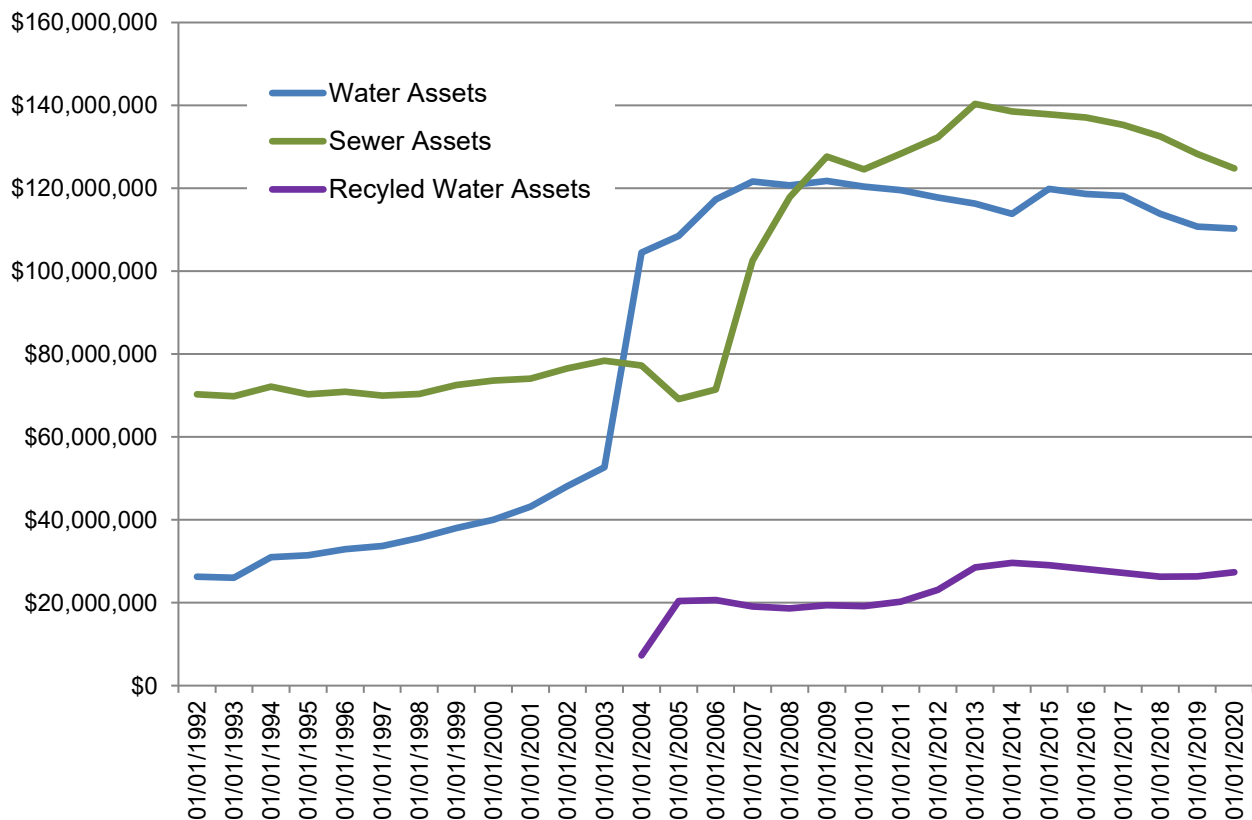
**Subject:** Audited Financial Statements for the Fiscal Year Ending on June 30, 2020

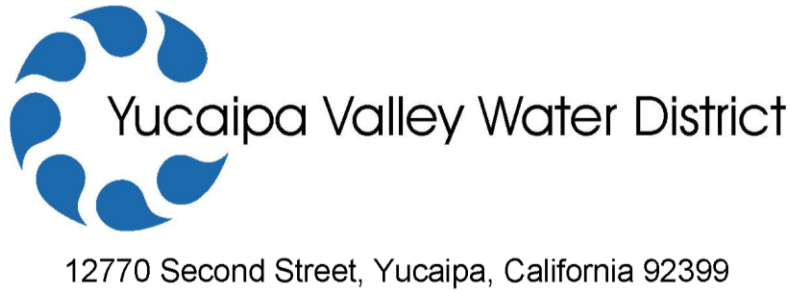
**Recommendation:** That the Board receive and file the audited financial statements.

The certified public accounting firm of Davis Farr, LLP has completed the financial audit for the fiscal year ending on June 30 ,2020.

A representative from Davis Farr, LLP will attend the board meeting to provide an overview of the audited financial documents and answer questions about the report.

### Total Assets by District Enterprise





# Annual Financial Statements

for the

Fiscal Year Ending June 30, 2020

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## Board of Directors

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Chris Mann

Division 1

Dennis Miller

Division 2

Jay Bogh

Division 3

Lonni Granlund

Division 4

Joyce McIntire

Division 5

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**Financial Audit Preparation Team:**

Allison M. Edmisten, Chief Financial Officer

Matthew Porras, Management Analyst

Denise Howard, Purchasing Agent

Erin Anton, Administrative Clerk V

Tysa Baeumel, Administrative Clerk IV

Sara Onate, Administrative Clerk IV

**Yucaipa Valley Water District  
Basic Financial Statements  
Year Ended June 30, 2020**

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## Yucaipa Valley Water District

12770 Second Street • Post Office Box 730 • Yucaipa, California 92399-0730  
(909) 797-5117 • Fax: (909) 797-6381 • [www.yvwd.us](http://www.yvwd.us)

### INTRODUCTION

It is my pleasure to provide the following financial report for Yucaipa Valley Water District ("District") for the fiscal year ended on June 30, 2020. The financial report was prepared by District staff following guidelines set forth by the Governmental Accounting Standards Board.

The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

This report is organized into the following sections: (1) Transmittal Letter and District Overview; (2) Management Discussion & Analysis; (3) Audited Financial Statements and (4) Required Supplementary Information. The first section provides the reader with a general overview of the District. The Management Discussion & Analysis section offers a summary of significant financial results. The Audited Financial Statements section includes the Independent Auditors' Report. The Required Supplementary section provides information and schedules to supplement the basic financial statements.

### OVERVIEW OF THE DISTRICT

The Yucaipa Valley Water District is made up of a proactive group of elected officials and employees dedicated to providing reliable drinking water, recycled water and sewer service in an efficient, cost effective manner that provides a high level of customer satisfaction. On May 1, 2002, the Board of Directors adopted the following mission statement to clearly reflect the vision and principles that guide elected officials and employees of the District.

Yucaipa Valley Water District is committed to professionally managing the precious potable drinking water, sewer and recycled water resources of the Yucaipa Valley in a reliable, efficient and cost-effective manner in order to provide the finest service to our customers, both present and future.

We are entrusted to serve the public for the benefit of the community.



We believe in responsive, innovative and aggressive service, and take pride in getting the job done right the first time.

We encourage a work environment that fosters professionalism, creativity, teamwork and personal accountability.

We treat our customers and one another with fairness, dignity, respect and compassion and exhibit the utmost integrity in all we do.

We believe in enhancing the environment by following a general philosophy of eliminating waste and maximizing recycling and reuse of our natural resources.

We are committed to using the following operating principles as a guide to accomplishing our mission:

- We are proactive in our approach to issues.
- We are committed to integrity and consistently high ethical standards in all our business dealings.
- We use the strategic planning process to focus our efforts and minimize our crisis management mode.
- We make informed, rational and objective decisions.
- We aggressively pursue technological solutions to improve operations.
- We are inclusive in our decision making and delegate responsibility whenever possible.
- We design our services around customer wants and needs to the degree possible within our financial and regulatory constraints.
- We cultivate widespread commitment to common goals.

We believe our success depends on every employee knowing and sharing these values and principles.

This financial report is a reflection of the District's commitment to professionally manage the precious potable drinking water, sewer and recycled water resources and infrastructure of the Yucaipa Valley in a reliable, efficient, and cost-effective manner in order to provide the finest service to our customers, both present and future.

To meet the mission of the District, the Board of Directors and staff members continue to proactively focus on water quality issues, water supply issues, infrastructure deficiencies, maintenance of existing systems and compliance with increasingly stringent regulatory requirements.

### **Historical Background**

The District was formed as part of reorganization, pursuant to the Reorganization Act of 1965, being Division I of Title 6 of the Government Code of the State of California. This reorganization consisted of the formation of the District, dissolution of the Calimesa Water District and formation of Improvement District No. 1 of the District as successor-in-interest, and dissolution of Improvement District "A" of the San Bernardino Valley Municipal Water District and the formation of Improvement District "A" of the District as successor-in-interest. On September 14, 1971, the Secretary

of State of the State of California certified and declared the formation of the Yucaipa Valley County Water District. The District operates under the County Water District Law, being Division 12, section 30000 of the State of California Water Code. Although the immediate function of the District was to provide water service, the District has assumed responsibility for providing recycled water and sewer service in Yucaipa Valley.

The District is located about 70 miles east of Los Angeles and 20 miles southeast of San Bernardino in the foothills of the San Bernardino Mountains and provides water, sewer, and recycled water services.

As of June 30, 2020, the District provided service to 14,440 water connections (19,355 units), 14,363 sewer connections (21,429 units) and 695 recycled water connections (845 units).

Customer Type	Drinking Water Enterprise		Sewer Enterprise		Recycled Water Enterprise	
	Number of Service Connections	Water Service Units (WSUs)	Number of Service Connections	Sewer Service Units (SSUs)	Number of Service Connections	Recycled Service Units (RSUs)
Single Family	12,482	12,477	10,599	10,608	567	323
Multiple Units	479	5,464	460	5,435	1	3
Commercial	236	665	228	228	4	13
Institutional	85	420	57	73	2	12
Industrial	13	31	3	3	1	33
Irrigation	116	298	4	4	113	461
Fire Detectors	1,013	--	--	--	--	--
Construction	16	--	--	--	7	--
Water	--	--	--	--	--	--
Sewer Only	--	--	3,012	5,078	--	--
<b>Total</b>	<b>14,440</b>	<b>19,355</b>	<b>14,363</b>	<b>21,429</b>	<b>695</b>	<b>845</b>

### **Land and Land Use**

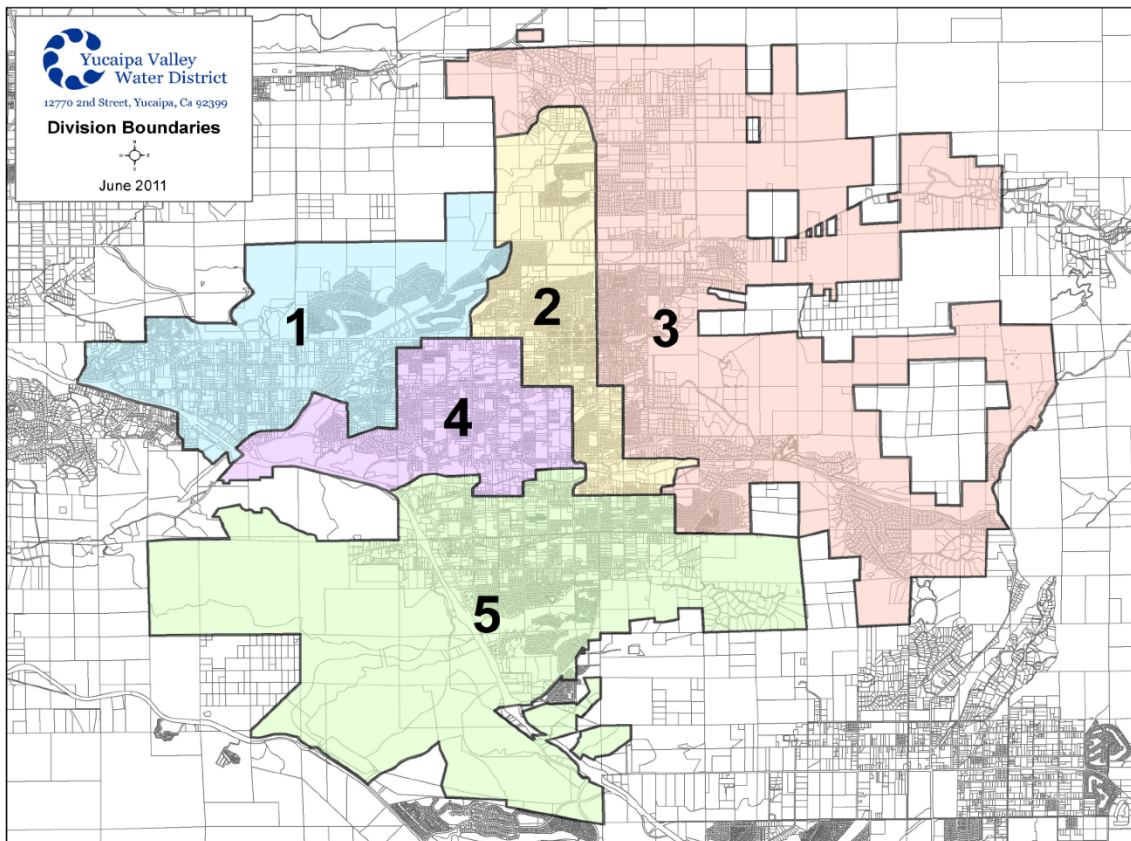
The altitude of the District rises from about 2,000 feet above sea level at the western end of the valley to about 5,000 feet at the eastern end, with average elevation of roughly 2,650 feet. The topography of the area is characterized by rolling hills separated by deeply entrenched stream beds, namely, the Yucaipa and Wilson Creeks. The District includes the incorporated cities of Yucaipa and Calimesa which are in San Bernardino and Riverside Counties respectively.

The District projects that the undeveloped land within its boundaries will continue to be developed consistent with the general plans as provided by the City of Yucaipa and the City of Calimesa. The projected population of the District in the year 2060 will be approximately 94,800, which reflects build-out of the City of Yucaipa, City of Calimesa, and the Oak Valley development. Although approximately 49.8% of the land within the boundaries of the District is currently undeveloped, less than 1% of District water sales are to agricultural water users.

**Governance and Management**

The District is governed by a 5-member board of directors (the “Board”), the members of which are elected from five separate divisions of the District to staggered 4-year terms. The current Board members, the expiration dates of their terms and their occupations are set forth below.

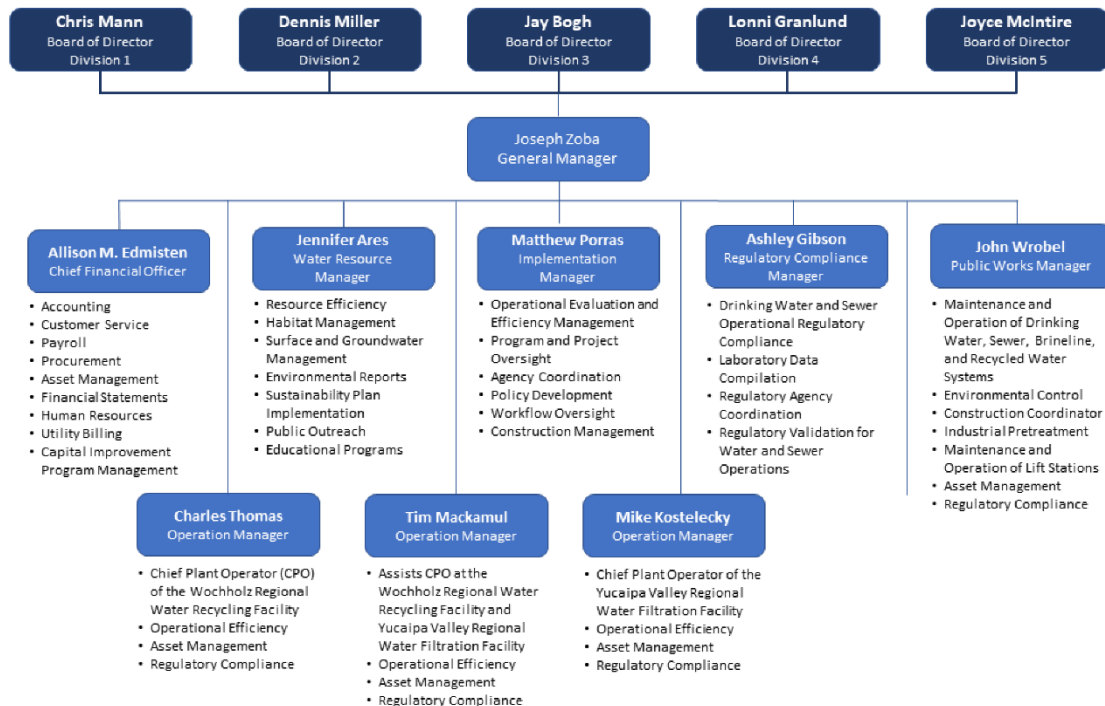
Member of the Board of Directors	Division	Initial Date of Service	Expiration of Term	Occupation
Chris Mann, President	One	12/2/2016	2024	City Manager
Dennis Miller, Director	Two	05/19/2020	2022	Real Estate Broker
Jay Bogh, Director	Three	09/07/2005	2022	Building Firm Manager
Lonni Granlund, Vice President	Four	12/05/2008	2024	Real Estate Broker
Joyce McIntire, Director	Five	12/07/2018	2022	Retired School District Employee



The following individuals have served as President of the Board since the District was created in 1971.

Yucaipa Valley Water District Presidents of the Board	
October 1971 to November 1973	Harold Lockwood
December 1973 to November 1975	Hank Wochholz
December 1975 to October 1977	Geno Gasponi
November 1977 to November 1979	Eve Kraft
December 1979 to December 1983	Pete Squires
January 1984 to December 1987	Fred Childs
January 1988 to November 1989	George Sardeson
November 1989 to December 1991	Hank Wochholz
January 1992 to November 1993	David Lesser
December 1993 to December 1995	Conrad Nelson
December 1995 to December 1998	Steve Copelan
January 1999 to November 2002	Conrad Nelson
December 2002 to December 2006	Bruce Granlund
December 2006 to December 2008	Tom Shalhoub
December 2008 to December 2012	Jay Bogh
January 2013 to December 2014	Bruce Granlund
December 2014 to December 2016	Lonni Granlund
December 2016 to January 2019	Jay Bogh
January 2019 to Present	Chris Mann

Day-to-day management of the District is delegated to the General Manager who works closely with an executive team who ultimately oversee all of the District’s services and functions.

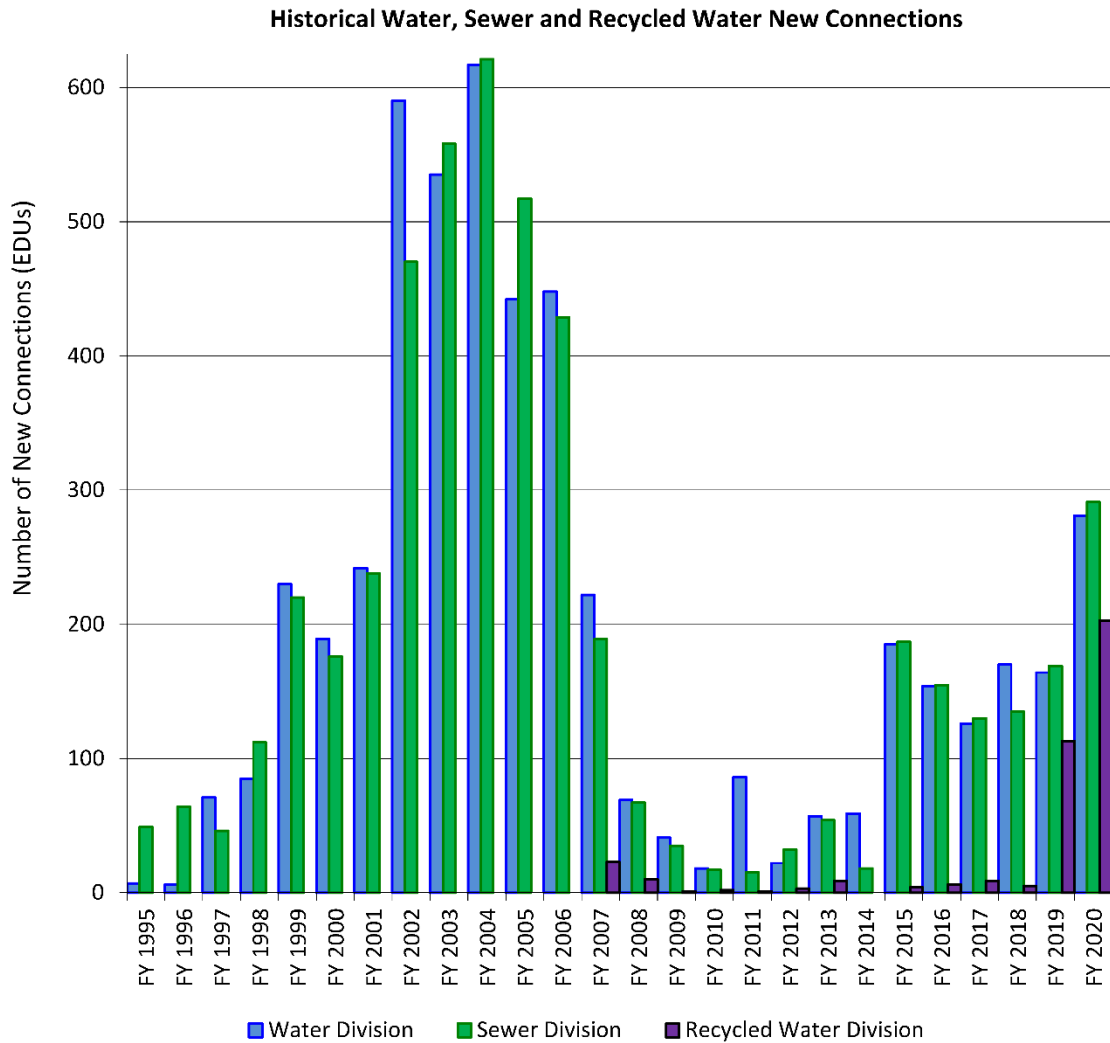


## DEVELOPMENT ACTIVITY WITHIN THE DISTRICT

### Facility Capacity Charges - Fiscal Year 2020

During this fiscal year, the District added 281 water connections, 291 sewer connections, and 203 recycled water connections. When compared to the development activity in the prior year, the District had 71.3% more water connections, 72.1% more sewer connections, and 79.7% more recycled water connections.

Fiscal Year	New Water Connections	New Sewer Connections	New Recycled Water Connections
2009	41	35	1
2010	18	17	2
2011	86	15	1
2012	22	32	3
2013	57	54	9
2014	59	18	0
2015	185	187	4
2016	154	155	6
2017	126	130	9
2018	170	135	5
2019	164	169	113
2020	281	291	203



## MAJOR INITIATIVES AND CONTROLS

### Sustainability Initiative

California’s water supply continues to be a concern due to projected population increases and limited capabilities to convey water throughout the state. On August 20, 2008 the Board of Directors adopted a *Strategic Plan for a Sustainable Future - The Integration and Preservation of Resources*. The purpose of this document was to document the proactive steps taken by the Yucaipa Valley Water District to improve the social, economic and environmental sustainability of our community. These actions have included the purchase of valuable watershed properties, protection of local water supplies and management of environmental corridors. While the decisions to embark on these actions have been generally unrelated, a look back in time indicates

that the District has been progressing towards a more independent, flexible and sustainable future.

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*"The nation behaves well if it treats the natural resources as assets which it must turn over to the next generation increased, and not impaired in value."*

**- Theodore Roosevelt**

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The proactive steps taken by the District to protect and conserve our resources have been based on the concepts that: (1) resources are not limitless and therefore need to be conserved, nurtured and renewed; and (2) resources that are used to generate short-term gains result in an inefficient and inequitable consumption of resources that are not beneficial for a long-

term strategy. Both of these concepts help to guide the District to make decisions that are conservative, careful and conscious of the role we currently play in a long-term strategy to protect the community.

The purpose of pursuing a sustainability plan is twofold. First and foremost, the sustainability plan has been designed to establish the policies and guidelines necessary to protect and preserve the natural resources entrusted to the District for our customers. It is our business to maximize the use of our limited natural resources for the long-term economic growth and expansion of the local economy. In the arid southwest, the basic fuel to create and maintain a local economy is water. Secondly, the sustainability policy has been designed to provide a means to measure performance of the organization. While performance monitoring or benchmarking is not normally associated with sustainability, this document has been created

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*"Sustainable development is . . . development that meets the needs of the present without compromising the ability of further generations to meet their own needs."*

**World Commission on Environment and Development, *Our Common Future*, 1987**

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with the intention that the goals and reporting requirements are designed around performance management across a wide range of disciplines.

With the use of this document the District is better equipped to:

- Identify the key challenges over the next five decades and assess the goals to overcome these challenges;
- Deal with the challenges of the future in a transparent manner involving stakeholders;
- Identify and manage risk in a reasonable and prudent manner with information, data and resources necessary to minimize the potential costs associated with certain scenarios; and
- Embark on a program to ensure that the generations that follow are provided with the necessary tools and resources to grow the community as the prior generation has done for us.

The implementation of this initiative will come about largely with the return of new development. However, the District has enacted additional measures for existing customers which largely involves the purchase of imported water to offset groundwater production by 15% beginning in January 2010.

### **Internal Control Structure**

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Control**

The District's Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. Budget adjustments are presented to the Board semi-annually for items that were not initially anticipated. The budget and reporting steps taken by the District are consistent with generally accepted accounting principles with monthly reporting of public documents for complete transparency and disclosure.

### **Investment Policy**

The Board of Directors adopts an investment policy annually that conforms to state law, District ordinance and resolutions, and prudent money management. The District is extremely conservative in our approach to investing to maximize safety and protection of public funds.

### **Audit and Financial Reporting**

State law and bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Davis Farr, LLP has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report is attached.



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# Independent Auditor's Report



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**Davis Farr LLP**  
2301 Dupont Drive | Suite 200 | Irvine, CA 92612  
Main: 949.474.2020 | Fax: 949.263.5520

### **Independent Auditor's Report**

Board of Directors  
Yucaipa Valley Water District  
Yucaipa, California

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

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Yucaipa Valley Water District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Yucaipa Valley Water District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

The financial statements for the year ended June 30, 2020 reflect certain prior period adjustments as described further in Note 11 to the financial statements. Our opinion is not modified with respect to these matters.

**Report on Summarized Comparative Information**

The financial statements of the District for the year ended June 30, 2019 were audited by other auditors whose report dated November 18, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters***Required Supplementary Information*

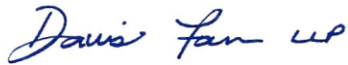
Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability – Last Ten Years, Schedule of the District's Contributions to the Pension Plan – Last Ten Years, and the Schedule of Changes in Total OPEB Liability and Related Ratios – Last Ten Years*, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The letter of transmittal is presented for the purpose of additional analysis and is not a required part of the financial statements. The letter of transmittal has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California  
December 3, 2020

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# Management's Discussion & Analysis





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This section of the Yucaipa Valley Water District's comprehensive annual financial report presents a discussion and analysis of the District's financial performance during the fiscal years ending June 30, 2019 and June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements following this section.

Yucaipa Valley Water District's financial statements consist of three enterprise funds: Water Fund, Sewer Fund, and Recycled Water Fund.

### FINANCIAL HIGHLIGHTS

Based on the financial information for the fiscal year ending on June 30, 2020, the following financial highlights are noted for the Yucaipa Valley Water District.

- The District's net position decreased 0.26% to \$191,086,772.
- The District's total revenues increased 1.89% to \$26,102,398.
- The District's total expenses increased 8.26% to \$34,539,745.
- The capital contributions to the District totaled \$6,653,688 for the fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Yucaipa Valley Water District's basic financial statements. The District's basic financial statements are comprised of three components: Financial Statements, Notes to the Financial Statements, and Required Supplementary Information.

***The District's Basic Financial Statements*** are comprised of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

The *Statement of Net Position* presents information on all District assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as *Net Position*. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how Net Position changed during the fiscal year.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments of the District during the fiscal year. When used with related disclosures and information in the other financial statements, the information provided in these statements should help financial report users assess the District's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on the District's financial position

of its cash and its non-cash investing, capital and related financing transactions during the year.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes are included immediately following the financial statements within this report.

## FINANCIAL ANALYSIS - STATEMENT OF NET POSITION

The following table summarizes the changes in the Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position as of June 30, 2020.

Statement of Net Position				
	2020	2019	Change	% Change
<b>Assets</b>				
Current assets	\$ 16,763,792	\$ 15,805,375	\$ 958,417	6.06%
Noncurrent assets	245,737,173	249,568,169	(3,830,996)	-1.54%
Total Assets	<u>262,500,965</u>	<u>265,373,544</u>	<u>(2,872,579)</u>	<u>-1.08%</u>
<b>Deferred Outflow of Resources</b>				
Deferred amounts related to pensions	1,577,203	1,798,769	(221,566)	-12.32%
Deferred amounts related to OPEB	72,528	-	72,528	N/A
Total Deferred Outflows	<u>1,649,731</u>	<u>1,798,769</u>	<u>(149,038)</u>	<u>-8.29%</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u><b>264,150,696</b></u>	<u><b>267,172,313</b></u>	<u><b>(3,021,617)</b></u>	<u><b>-1.13%</b></u>
<b>Liabilities</b>				
Current liabilities	7,341,472	6,905,730	435,742	6.31%
Long-term liabilities	65,198,362	68,498,017	(3,299,655)	-4.82%
Total Liabilities	<u>72,539,834</u>	<u>75,403,747</u>	<u>(2,863,913)</u>	<u>-3.80%</u>
<b>Deferred Inflow of Resources</b>				
Deferred amounts related to pensions	477,675	185,739	291,936	157.18%
Deferred amounts related to OPEB	46,415	-	46,415	N/A
Total Deferred Inflow of Resources	<u>524,090</u>	<u>185,739</u>	<u>338,351</u>	<u>182.16%</u>
<b>Net Position</b>				
Net Investment in capital assets	181,280,953	180,905,576	375,377	0.21%
Restricted for:				
Capital projects	3,133,197	3,053,429	79,768	2.61%
Unrestricted	6,672,622	7,623,822	(951,200)	-12.48%
Total Net Position	<u>191,086,772</u>	<u>191,582,827</u>	<u>(496,055)</u>	<u>-0.26%</u>
<b>Total Liabilities, Deferred Inflow and Net Position</b>	<u><b>\$ 264,150,696</b></u>	<u><b>\$ 267,172,313</b></u>	<u><b>\$ (3,021,617)</b></u>	<u><b>-1.13%</b></u>

**Statement of Net Position** – The District's net position decreased between fiscal years 2018-19 and 2019-20, decreasing from \$191,582,827 to \$191,086,772. The change can be seen in the condensed Statement of Net Position above as a \$496,055 decrease in net position.

The increase in current assets is primarily associated with the water fund as a result of accounting for water inventory stored in local basins. This was not accounted for in prior years. In addition, a rate study was approved in February 2020 which resulted in increased revenues for the water, sewer and recycled funds. In addition, all funds experienced an increase in expenses related to salaries and benefits for employees.

The decrease in net capital water, sewer and recycled assets is primarily attributed to the depreciation expenses for the year.

## FINANCIAL ANALYSIS - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following table summarizes changes in Net Position for the year ended June 30, 2020.

	2020	2019	Change	% Change
<b>Statement of Revenues, Expenses and Changes in Net Position</b>				
Operating Revenues				
Current services	\$ 22,201,910	\$ 21,718,062	\$ 483,848	2.23%
Interfund services provided	-	202,500	(202,500)	-100.00%
Other revenues	20,325	2,625	17,700	674.29%
Total Operating Revenues	<u>22,222,235</u>	<u>21,923,187</u>	<u>299,048</u>	<u>1.36%</u>
Non-Operating Revenues				
Interest income	217,763	192,807	24,956	12.94%
Property taxes	3,647,487	3,477,140	170,347	4.90%
Other income	14,913	24,691	(9,778)	-39.60%
Total Non-Operating Revenues	<u>3,880,163</u>	<u>3,694,638</u>	<u>185,525</u>	<u>5.02%</u>
<b>Total Revenues</b>	<b><u>26,102,398</u></b>	<b><u>25,617,825</u></b>	<b><u>484,573</u></b>	<b><u>1.89%</u></b>
Operating Expenses				
Salaries and employee benefits	10,877,870	8,317,654	2,560,216	30.78%
Electrical power	2,464,307	2,894,832	(430,525)	-14.87%
Water purchases	821,739	1,092,040	(270,301)	-24.75%
Maintenance and repairs	3,376,668	2,859,775	516,893	18.07%
Operating expenses	5,903,707	6,147,272	(243,565)	-3.96%
Operating Expenses before Depreciation	<u>23,444,291</u>	<u>21,311,573</u>	<u>2,132,718</u>	<u>10.01%</u>
Depreciation	9,272,656	8,696,191	576,465	6.63%
Total Operating Expenses	<u>32,716,947</u>	<u>30,007,764</u>	<u>2,709,183</u>	<u>9.03%</u>
Non-Operating Expenses				
Interest expense	1,767,883	1,897,490	(129,607)	-6.83%
Loss on asset disposal	54,915	-	54,915	N/A
Total Non-Operating Expenses	<u>1,822,798</u>	<u>1,897,490</u>	<u>(74,692)</u>	<u>-3.94%</u>
<b>Total Expenses</b>	<b><u>34,539,745</u></b>	<b><u>31,905,254</u></b>	<b><u>2,634,491</u></b>	<b><u>8.26%</u></b>
Income (Loss) Before Contributions	\$ (8,437,347)	\$ (6,287,429)	\$ (2,149,918)	34.19%
Contributions:				
Capital contributions	6,653,688	6,647,936	5,752	0.09%
Changes in Net Position	(1,783,659)	360,507	(2,144,166)	-594.76%
Net Position at Beginning of Year, as restated	192,870,431	191,222,320	1,648,111	0.86%
<b>Ending Net Position</b>	<b><u>\$ 191,086,772</u></b>	<b><u>\$ 191,582,827</u></b>	<b><u>\$ (496,055)</u></b>	<b><u>-0.26%</u></b>

The Statement of Revenues, Expenses and Changes in Net Position provides the nature and source of these changes. As can be seen in the preceding table, the loss before capital contributions of \$8,437,347 and capital contributions of \$6,653,688 offset the decrease in Net Position of \$496,055 in Fiscal Year 2020. The beginning net position was restated to include the OPEB liability, water inventory, prior year grant revenue and accrued payroll from the prior year that were not previously included in the financial statements.

The water fund experienced an increase in operating expenses as a result of an increase in costs for salaries and benefits. In addition, maintenance and repair expenses have increased as a result of the purchase of meters for the automated meter infrastructure project. This project is partially funded by a \$1.0 million grant from the U.S. Bureau of Reclamation. Property taxes were also higher in fiscal year 2019-20 than in the prior year.

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

At the end of Fiscal Year 2020, the District had invested \$241,710,813 in a broad range of capital assets as shown below.

<b>Schedule of Capital Assets</b>				
	2020	2019	Change	% Change
Capital assets not being depreciated				
Land and easements	\$ 6,647,969	\$ 5,892,830	\$ 755,139	12.81%
Water rights	10,018,878	9,687,619	331,259	3.42%
Construction in progress	2,382,739	7,274,352	(4,891,613)	-67.24%
Total capital assets not being depreciated	<u>19,049,586</u>	<u>22,854,801</u>	<u>(3,805,215)</u>	<u>-16.65%</u>
Capital assets being depreciated				
Structures and improvements	356,645,862	347,896,302	8,749,560	2.51%
Equipment	6,821,481	6,669,669	151,812	2.28%
Total capital assets being depreciated	<u>363,467,343</u>	<u>354,565,971</u>	<u>8,901,372</u>	<u>2.51%</u>
Total accumulated depreciation	<u>(140,806,116)</u>	<u>(131,799,192)</u>	<u>(9,006,924)</u>	<u>6.83%</u>
Total capital assets being depreciated, net	222,661,227	222,766,779	(105,552)	-0.05%
<b>Total Capital Assets, Net</b>	<b><u>\$ 241,710,813</u></b>	<b><u>\$ 245,621,580</u></b>	<b><u>\$ (3,910,767)</u></b>	<b><u>-1.59%</u></b>

As of June 30, 2020, land increased by \$755,139 in the water fund due to multiple property purchases near the district administration building. Water rights increased in the water fund as a result of the purchase and transfer of permanent water rights to the District. Construction in progress decreased \$4,891,613 amongst the water, sewer and recycled water funds combined. These projects include multiple pipeline replacement projects, rehabilitation of the primary clarifiers at the wastewater treatment plant, replacement of the microfiltration membranes at both the water and wastewater treatment plants as well as sewer pipelines in Wildwood Canyon and Yucaipa Boulevard. This decrease in Construction in progress results in the increase in structures and improvements.

Additional information on the District's capital assets can be found in Note 3 of this report.

Long-term obligations, including the current portion, total \$62,742,018 as of June 30, 2020, a decrease of \$4,100,709 from \$66,842,727 as of June 30, 2019. The long-term obligations were comprised of compensated absences, water revenue bonds and sewer fund state revolving fund (SRF) loans for the Wochholz Regional Water Recycling plant expansion, Regional Brineline Extension, (WISE) Wochholz Improved Salinity Effluent Project, Non-Potable Reservoir NR-10.3.1 project and the Crow Street Recycled Project.

	Schedule of Liabilities				
	2020	2019	Change	% Change	Due Within One Year
2015 Refunding Revenue Bonds	\$ 25,450,000	\$ 26,620,000	\$ (1,170,000)	-4.40%	\$ 1,230,000
Unamortized premium	2,498,685	2,669,050	(170,365)	-6.38%	170,365
Total Certificates of Participation	<u>27,948,685</u>	<u>29,289,050</u>	<u>(1,340,365)</u>	<u>-4.58%</u>	<u>1,400,365</u>
State Revolving Fund Loan - 2006	23,414,498	25,720,865	(2,306,367)	-8.97%	2,361,737
State Revolving Fund Loan - 2010	7,039,366	7,486,504	(447,138)	-5.97%	459,211
State Revolving Fund Loan - 2013 Wise	2,074,852	2,211,451	(136,599)	-6.18%	139,605
State Revolving Fund Loan - 2013 R-10.3	607,916	647,939	(40,023)	-6.18%	40,903
State Revolving Fund Loan - 2013 Crow	237,706	253,355	(15,649)	-6.18%	15,994
Total State Revolving Fund Loans	<u>33,374,338</u>	<u>36,320,114</u>	<u>(2,945,776)</u>	<u>-8.11%</u>	<u>3,017,450</u>
Compensated absences	1,418,995	1,233,563	185,432	15.03%	496,649
<b>Total Long-term Liabilities</b>	<b><u>\$ 62,742,018</u></b>	<b><u>\$ 66,842,727</u></b>	<b><u>\$ (4,100,709)</u></b>	<b><u>-6.13%</u></b>	<b><u>4,914,464</u></b>

Additional information on the District's long-term obligations can be found in Note 4 of this report.

#### Requests for Information

This financial report is designed to provide a general overview of the financial position of the Yucaipa Valley Water District for all those with an interest in the government's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Allison M. Edmisten, Chief Financial Officer at 12770 Second Street, Yucaipa, California 92399.

# Financial Statements





## YUCAIPA VALLEY WATER DISTRICT

## Statement of Net Position

June 30, 2020

(with comparative information for prior year)

	Water	Sewer	Recycled Water	Eliminations	2020	2019
<b>Assets:</b>						
<b>Current Assets:</b>						
Cash and investments (Note 2)	\$ 2,458,541	5,030,795	2,196,439	-	9,685,775	10,898,014
Accounts receivable, net	1,291,612	1,198,101	164,948	(57,344)	2,597,317	2,378,098
Taxes and assessments receivable	74,211	-	-	-	74,211	61,013
Interest receivable	13,448	13,448	2,988	-	29,884	56,327
Materials and supplies inventory	1,594,285	-	-	-	1,594,285	1,162,397
Water inventory	2,049,898	-	-	-	2,049,898	-
Prepayments and deposits	694,373	38,049	-	-	732,422	1,249,526
<b>Total Current Assets</b>	<b>8,176,368</b>	<b>6,280,393</b>	<b>2,364,375</b>	<b>(57,344)</b>	<b>16,763,792</b>	<b>15,805,375</b>
<b>Noncurrent Assets:</b>						
Restricted investments (Note 2)	1,141,027	893,163	1,992,170	-	4,026,360	3,946,592
Capital assets not being depreciated (Note 3)	7,307,990	11,318,823	422,773	-	19,049,586	22,854,801
Capital assets being depreciated, net (Note 3)	93,749,516	106,344,930	22,566,781	-	222,661,227	222,766,776
<b>Total Noncurrent Assets</b>	<b>102,198,533</b>	<b>118,556,916</b>	<b>24,981,724</b>	<b>-</b>	<b>245,737,173</b>	<b>249,568,169</b>
<b>Total Assets</b>	<b>110,374,901</b>	<b>124,837,309</b>	<b>27,346,099</b>	<b>(57,344)</b>	<b>262,500,965</b>	<b>265,373,544</b>
<b>Deferred Outflow of Resources:</b>						
Deferred amounts related to pensions (Note 6)	840,861	563,579	172,763	-	1,577,203	1,798,769
Deferred amounts related to OPEB (Note 7)	46,154	13,187	13,187	-	72,528	-
<b>Total Deferred Outflow of Resources</b>	<b>887,015</b>	<b>576,766</b>	<b>185,950</b>	<b>-</b>	<b>1,649,731</b>	<b>1,798,769</b>
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued liabilities	369,909	349,595	14,011	(57,344)	676,171	659,197
Customer deposits	106,690	-	-	-	106,690	115,790
Developer/construction deposits	266,035	-	-	-	266,035	558,758
Accrued payroll	237,573	164,339	45,024	-	446,936	53,512
Accrued interest payable	367,279	563,643	254	-	931,176	997,676
<b>Current portion of long-term liabilities:</b>						
Compensated absences (Note 4)	264,813	177,453	54,383	-	496,649	405,002
Certificates of participation (Note 4)	1,400,365	-	-	-	1,400,365	1,170,000
State revolving fund loans (Note 4)	-	3,017,450	-	-	3,017,450	2,945,795
<b>Total Current Liabilities</b>	<b>3,012,664</b>	<b>4,272,480</b>	<b>113,672</b>	<b>(57,344)</b>	<b>7,341,472</b>	<b>6,905,730</b>
<b>Long-Term Liabilities:</b>						
Compensated absences (Note 4)	491,795	329,554	100,997	-	922,346	828,561
Certificates of participation (Note 4)	26,548,320	-	-	-	26,548,320	28,119,050
State revolving fund loans (Note 4)	-	30,356,888	-	-	30,356,888	33,374,319
Net pension liability (Note 6)	3,555,180	2,382,824	730,446	-	6,668,450	6,176,087
OPEB liability (Note 7)	446,956	127,701	127,701	-	702,358	-
<b>Total Long-Term Liabilities</b>	<b>31,042,251</b>	<b>33,196,967</b>	<b>959,144</b>	<b>-</b>	<b>65,198,362</b>	<b>68,498,017</b>
<b>Total Liabilities</b>	<b>34,054,915</b>	<b>37,469,447</b>	<b>1,072,816</b>	<b>(57,344)</b>	<b>72,539,834</b>	<b>75,403,747</b>
<b>Deferred Inflow of Resources:</b>						
Deferred amounts related to pensions (Note 6)	254,665	170,687	52,323	-	477,675	185,739
Deferred amounts related to OPEB (Note 7)	29,537	8,439	8,439	-	46,415	-
<b>Total Deferred Inflow of Resources</b>	<b>284,202</b>	<b>179,126</b>	<b>60,762</b>	<b>-</b>	<b>524,090</b>	<b>185,739</b>
<b>Net Position:</b>						
Net investment in capital assets	73,108,821	85,182,578	22,989,554	-	181,280,953	180,905,576
<b>Restricted for:</b>						
Capital projects	1,141,027	-	1,992,170	-	3,133,197	3,053,429
Unrestricted	2,672,951	2,582,924	1,416,747	-	6,672,622	7,623,822
<b>Total Net Position</b>	<b>\$ 76,922,799</b>	<b>87,765,502</b>	<b>26,398,471</b>	<b>-</b>	<b>191,086,772</b>	<b>191,582,827</b>

See accompanying notes to the basic financial statements.

## YUCAIPA VALLEY WATER DISTRICT

## Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2020  
(with comparative information for prior year)

	Water	Sewer	Recycled Water	Eliminations	2020	2019
Operating Revenues:						
Charges for current services	\$ 10,305,859	11,329,998	1,117,757	(551,704)	22,201,910	21,718,062
Interfund services provided	210,000	-	-	(210,000)	-	202,500
Other revenues	7,129	13,196	-	-	20,325	2,625
Total Operating Revenues	<u>10,522,988</u>	<u>11,343,194</u>	<u>1,117,757</u>	<u>(761,704)</u>	<u>22,222,235</u>	<u>21,923,187</u>
Operating Expenses:						
Salaries and employee benefits	5,361,927	4,176,781	1,339,162	-	10,877,870	8,317,654
Electrical power	1,361,668	1,568,907	85,436	(551,704)	2,464,307	2,894,832
Water purchases	821,739	-	-	-	821,739	1,092,040
Administrative services	519,630	540,546	33,927	(210,000)	884,103	1,268,992
Operating supplies	180,372	852,776	6,214	-	1,039,362	1,162,503
Maintenance and repairs	2,665,628	605,499	105,541	-	3,376,668	2,859,775
Crystal Creek Water Treatment	594,408	-	-	-	594,408	618,228
Brineline charges	-	426,732	-	-	426,732	413,813
Depreciation	3,613,977	4,616,193	1,042,486	-	9,272,656	8,696,191
Insurance	152,492	115,280	20,416	-	288,188	251,678
Professional fees	926,844	1,248,281	51,072	-	2,226,197	1,934,604
Other	82,375	348,870	13,472	-	444,717	497,454
Total Operating Expenses	<u>16,281,060</u>	<u>14,499,865</u>	<u>2,697,726</u>	<u>(761,704)</u>	<u>32,716,947</u>	<u>30,007,764</u>
Operating Income (Loss)	<u>(5,758,072)</u>	<u>(3,156,671)</u>	<u>(1,579,969)</u>	<u>-</u>	<u>(10,494,712)</u>	<u>(8,084,577)</u>
Non-Operating Revenues (Expenses):						
Interest income	129,185	72,473	16,105	-	217,763	192,807
Property taxes	3,247,487	-	400,000	-	3,647,487	3,477,140
Other income	14,885	-	28	-	14,913	24,691
Interest expense	(931,496)	(836,387)	-	-	(1,767,883)	(1,897,490)
Loss on asset disposal	(54,915)	-	-	-	(54,915)	-
Total Non-Operating Revenues (Expenses)	<u>2,405,146</u>	<u>(763,914)</u>	<u>416,133</u>	<u>-</u>	<u>2,057,365</u>	<u>1,797,148</u>
Income (Loss) Before Contributions	<u>(3,352,926)</u>	<u>(3,920,585)</u>	<u>(1,163,836)</u>	<u>-</u>	<u>(8,437,347)</u>	<u>(6,287,429)</u>
Contributions:						
Capital contributions	<u>1,830,217</u>	<u>3,110,769</u>	<u>1,712,702</u>	<u>-</u>	<u>6,653,688</u>	<u>6,647,936</u>
Changes in Net Position	<u>(1,522,709)</u>	<u>(809,816)</u>	<u>548,866</u>	<u>-</u>	<u>(1,783,659)</u>	<u>360,507</u>
Net Position at Beginning of Year, as restated (Note 11)	<u>78,445,508</u>	<u>88,575,318</u>	<u>25,849,605</u>	<u>-</u>	<u>192,870,431</u>	<u>191,222,320</u>
Net Position at End of Year	<u>\$ 76,922,799</u>	<u>87,765,502</u>	<u>26,398,471</u>	<u>-</u>	<u>191,086,772</u>	<u>191,582,827</u>

See accompanying notes to the basic financial statements.

**YUCAIPA VALLEY WATER DISTRICT**  
**Statement of Cash Flows**  
**Year ended June 30, 2020**  
**(with comparative information for prior year)**

	Water	Sewer	Recycled Water	2020	2019
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers	\$ 10,162,159	11,439,110	1,039,935	22,641,204	21,900,612
Receipts from interfund services provided	210,000	-	-	210,000	-
Payments to suppliers	(7,088,561)	(5,771,254)	(308,740)	(13,168,555)	(13,547,039)
Employment related payments	(4,836,437)	(3,791,936)	(903,789)	(9,532,162)	(8,499,824)
<b>Net Cash Provided by/(used for) Operating Activities</b>	<u>(1,552,839)</u>	<u>1,875,920</u>	<u>(172,594)</u>	<u>150,487</u>	<u>(146,251)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Capital contributions	1,552,379	3,110,769	1,712,702	6,375,850	6,647,936
Cash paid for capital assets	(3,176,296)	(2,095,138)	(145,373)	(5,416,807)	(3,591,093)
Principal paid on capital debt	(1,340,365)	(2,945,776)	-	(4,286,141)	(3,990,827)
Interest paid on capital debt	(948,172)	(886,465)	254	(1,834,383)	(2,136,744)
<b>Net Cash Provided by/(used for) Capital and Related Financing Activities</b>	<u>(3,912,454)</u>	<u>(2,816,610)</u>	<u>1,567,583</u>	<u>(5,161,481)</u>	<u>(3,070,728)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Property taxes received	3,234,289	-	400,000	3,634,289	3,500,992
Other receipts	-	-	-	-	24,691
<b>Net Cash Provided by/(used for) Non-Capital Financing Activities</b>	<u>3,234,289</u>	<u>-</u>	<u>400,000</u>	<u>3,634,289</u>	<u>3,525,683</u>
<b>Cash Flows from Investing Activities:</b>					
Interest and dividends	141,084	84,372	18,778	244,234	221,036
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<u>(2,089,920)</u>	<u>(856,318)</u>	<u>1,813,767</u>	<u>(1,132,471)</u>	<u>529,740</u>
Cash and cash equivalents at beginning of year	5,689,488	6,780,276	2,374,842	14,844,606	14,314,866
Cash and cash equivalents at end of year	<u>\$ 3,599,568</u>	<u>5,923,958</u>	<u>4,188,609</u>	<u>13,712,135</u>	<u>14,844,606</u>
<b>Reconciliation of Statement of Net Position:</b>					
Cash and investments	\$ 2,458,541	5,030,795	2,196,439	9,685,775	10,898,014
Restricted cash and investments - Noncurrent	1,141,027	893,163	1,992,170	4,026,360	3,946,592
<b>Total Cash and Investments</b>	<u>\$ 3,599,568</u>	<u>5,923,958</u>	<u>4,188,609</u>	<u>13,712,135</u>	<u>14,844,606</u>

See accompanying notes to the basic financial statements.

**YUCAIPA VALLEY WATER DISTRICT**  
**Statement of Cash Flows (Continued)**  
**Year ended June 30, 2020**  
**(with comparative information for prior year)**

	Water	Sewer	Recycled Water	2020	2019
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (loss)	\$ (5,758,072)	(3,156,671)	(1,579,969)	(10,494,712)	(8,084,577)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	3,613,977	4,616,193	1,042,486	9,272,656	8,696,191
Changes in assets and liabilities:					
Receivables, net	(141,729)	95,916	(77,822)	(123,635)	576,983
Material and supplies inventory	(431,888)	-	-	(431,888)	20,422
Water inventory	-	-	-	-	-
Prepayments and deposits	551,783	(34,679)	-	517,104	(248,318)
Accounts payable and accrued liabilities	96,700	(29,684)	7,338	74,354	(527,724)
Customer deposits	(9,100)	-	-	(9,100)	(397,058)
Accrued payroll	86,528	66,084	20,109	172,721	-
Compensated absences	(104,514)	134,566	155,380	185,432	(73,553)
Net pension liability	288,030	(56,730)	261,063	492,363	(349,233)
OPEB liability	(38,356)	(10,960)	(10,960)	(60,276)	-
Change in deferred outflows of resources related to pensions	110,687	146,935	(36,056)	221,566	478,489
Change in deferred outflows of resources related to OPEB	(2,831)	(809)	(809)	(4,449)	-
Change in deferred inflows of resources related to pensions	156,409	97,320	38,207	291,936	(237,873)
Change in deferred inflows of resources related to OPEB	29,537	8,439	8,439	46,415	-
 Net Cash Provided by/(Used for) Operating Activities	 <u>\$ (1,552,839)</u>	 <u>1,875,920</u>	 <u>(172,594)</u>	 <u>150,487</u>	 <u>(146,251)</u>

There were no significant noncash investing and financing activities for the years ended June 30, 2020 and 2019.

See accompanying notes to the basic financial statements.

**YUCAIPA VALLEY WATER DISTRICT**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2020**  
**(with comparative information for prior year)**

	SCIP R-12.4 Reservoir Agency Fund
Assets:	
Cash and cash equivalents (Note 2)	<u>\$ 1,297,349</u>
Liabilities:	
Due to Bondholders	<u>\$ 1,297,349</u>

See accompanying notes to the basic financial statements.

## Notes to the Financial Statements



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**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(1) Summary of Significant Accounting Policies**

(a) Reporting Entity

Yucaipa Valley Water District (the District) is a special-purpose government district providing water distribution and sewer collection and treatment for consumers within its service area. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(b) Basis of Presentation

The District has the following major proprietary funds:

- Water – This fund accounts for the activities of the District's drinking water supply system.
- Sewer – This fund accounts for the activities of the District's sewage treatment plant, pumping stations, and collection systems.
- Recycled Water – This fund accounts for the activities of the District's recycled water supply system.

The SCIP R-12.4 Reservoir agency fund utilizes the accrual basis of accounting for reporting its assets and liabilities. This fund is used to account for receipts and disbursements associated with Assessment District AD-14-01, which is administered by, but is not the liability of, the District.

(c) Basis of Accounting

Proprietary fund financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes apply. Property taxes are collected for the District by the Counties of San Bernardino and Riverside. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses include the costs of sales and services, the costs of employee benefits, maintenance of capital assets, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.



**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(1) Summary of Significant Accounting Policies**

The agency funds are custodial in nature (assets equal liabilities) and uses the accrual basis of accounting, but do not involve measurement of results of operations. The District reports agency funds used to account for an assessment district that was formed to finance the construction and installation of a reservoir that will service properties located within the assessment district.

**(d) Capital Assets**

Capital assets purchased or constructed are carried at cost. Constructed costs include labor, materials, and construction period interest expense (net of interest income, where applicable). Repairs, maintenance, and minor replacements of property are charged to expense. Capitalization threshold is \$5,000.

Contributed assets are stated at acquisition value at the time received by the District. Depreciation is calculated on the straight-line method over the following estimated useful lives of the assets:

Structures and improvements	10 – 50 years
Equipment	4 – 10 years

**(e) Restricted Investments**

Various resources of the District are limited as to their use by law or by debt covenants and are classified on the balance sheet as restricted investments. Undisbursed debt proceeds are restricted for repayment of the debt and project costs. Also, fees imposed on new real estate development are restricted by law for the construction of capital improvements which benefit the development projects.

**(f) Inventories**

Material and supplies inventory consists primarily of materials used in the construction and maintenance of the water system and is valued at the lower of cost, using the average cost method, or market. Inventory uses the consumption method whereby they are reported as an asset and expensed as they are consumed.

Water inventory consists of native groundwater and purchased water holdings in the USGS Well. Water inventory is valued at cost using the first-in/first-out (FIFO) method.

**(g) Cash and Cash Equivalents**

All cash and investments are held in the District's cash management pool. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Therefore, for purposes of the statement of cash flows, the District considers the entire pooled cash and investment balance to be cash and cash equivalents.

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(1) Summary of Significant Accounting Policies (Continued)**

(h) Investments

Investments are reported at fair value, which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Management reviews investments for events that might affect fair value measurements of investments on a monthly basis. The evaluation is performed at the lowest level of identifiable unit of account.

(i) Fair Value Hierarchy

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of June 30, 2020, the District had no investments with recurring fair value measurements.

In determining fair value, the District's custodians use various methods including market and income approaches. Based on these approaches, the District's custodians utilize certain assumptions that market participants would use in pricing the asset or liability. The District's custodians utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Various inputs are used in determining the value of the District's investments and other financial instruments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. These inputs are summarized in the three broad levels: Level 1 – quoted prices in active markets for identical investments, Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) and Level 3 – significant unobservable inputs (including the District's own assumptions in determining the fair value of instruments).

(j) Property tax

Under California law, property taxes are assessed and collected by the counties up to 1 percent of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to entities based on complex formulas. The property tax calendar for San Bernardino and Riverside County is as follows:

Lien date	January 1
Levy date	July 1
Due date	November 1 and February 1

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(1) Summary of Significant Accounting Policies (Continued)**

Collection dates December 10 and April 10

(k) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(l) Uncollectible Accounts

The District provides an allowance for doubtful accounts for all accounts deemed uncollectible. As of June 30, 2020, this allowance was estimated at \$20,000 in the Water Fund and \$15,000 in the Sewer Fund.

(m) Credit/Market Risk

The District provides water, sewer, and recycled water services to local residential and commercial customers. As part of normal operating practices, credit is granted to local customers, on an unsecured basis.

(n) Use of Restricted Resources

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

(o) Net Position

*Net investment in capital assets* consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets.

*Restricted net position* consists of those restricted assets reduced by liabilities related to those assets.

*Unrestricted net position* is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment of capital assets or the restricted component of net position.

(p) 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 Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS.

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(1) Summary of Significant Accounting Policies (Continued)**

For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019

**(q) Other Post-Employment Benefits**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, and information about the plan (OPEB Plan), have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019

**(r) Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net positions that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category, deferred outflows related to pensions and OPEB.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow (revenue) until that time. The District has two items that qualify for reporting in this category, deferred inflow related to pensions and OPEB.

**(s) Comparative Financial Statements**

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles.

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(1) Summary of Significant Accounting Policies (Continued)**

Accordingly, such information should be read in conjunction with the government’s prior year financial statements, from which selected financial data was derived. The District has reclassified certain prior year information to conform with current year presentations.

**(2) Cash and Investments**

Cash and investments are classified as the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 9,685,775
Restricted investments - non-current	4,026,360
Statement of Fiduciary Assets and Liabilities	
Cash and cash equivalents	<u>1,297,349</u>
Total Cash and Investments	<u>\$ 15,009,484</u>

Cash and investments as of June 30, 2020, consist of the following:

Cash	\$ 4,630,084
Investments	<u>10,379,400</u>
Total Cash and Investments	<u>\$ 15,009,484</u>

***Investments Authorized by the District’s Investment Policy***

The table below identifies the investment types that are authorized for the Yucaipa Valley Water District by the California Government Code and the District’s policy, whichever is more restricted.

The table also identifies certain provisions of the California Government Code that address interest rate risk that are governed by the provisions of debt agreements of Yucaipa Valley Water District, rather than the general provisions of the California Government Code.

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(2) Cash and Investments (Continued)**

Authorized Investments	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
U.S. Treasury Securities	5 years	70%	None
U.S. Treasury Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Bank Demands	N/A	5%	None
Repurchase Agreements	1 year	20%	None
Money Market Mutual Funds	N/A	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Managed Pools	N/A	None	20%
Placement Certificates of Deposits	5 years	30%	None

***Investments Authorized by the District's Investment Policy***

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

Authorized Investments	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
U.S. Treasury Securities	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Repurchase Agreements	365 days	None	None
Negotiable Certificates of Deposit	None	30%	None
Money Market Mutual Funds	None	None	None

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations are provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2020.

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(2) Cash and Investments (Continued)**

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months) 12 Months or Less</u>
LAIF	\$ 9,611,928	9,611,928
Money Market Funds	767,472	767,472
Total	<u>\$ 10,379,400</u>	<u>10,379,400</u>

***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.

Presented below is the minimum rating required by (where applicable) the California Government Code or the District’s Investment Policy, or debt agreements, and the S&P ratings as of June 30, 2020 for each investment type.

The District’s rating as of the year ended June 30, 2020 for each investment type are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>	<u>AAAm</u>
LAIF	\$ 9,611,928	N/A	9,611,928	-
Money Market Funds	767,472	N/A	-	767,472
Total	<u>\$ 10,379,400</u>		<u>9,611,928</u>	<u>767,472</u>

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of 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 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 or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(2) Cash and Investments (Continued)**

California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals to and from LAIF are transferred on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, LAIF is based on inputs not categorized as Level 1, Level 2, or Level 3. This external pool has no limitations or restrictions on participant withdrawals.

**(3) Capital Assets**

Capital assets are as follows for the year ended June 30, 2020:

Water Fund	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land and easements	\$ 4,111,106	755,139	-	4,866,245
Water rights	432,941	331,259	-	764,200
Construction in progress	<u>5,779,661</u>	<u>951,666</u>	<u>(5,053,782)</u>	<u>1,677,545</u>
Total capital assets not being depreciated	<u>10,323,708</u>	<u>2,038,064</u>	<u>(5,053,782)</u>	<u>7,307,990</u>
Capital assets being depreciated:				
Structures and improvements	138,991,212	6,040,199	(320,647)	144,710,764
Equipment	<u>4,929,681</u>	<u>151,812</u>	<u>-</u>	<u>5,081,493</u>
Total capital assets being depreciated	<u>143,920,893</u>	<u>6,192,011</u>	<u>(320,647)</u>	<u>149,792,257</u>
Less accumulated depreciation:				
Structures and improvements	(48,648,973)	(3,487,784)	265,732	(51,871,025)
Equipment	<u>(4,045,523)</u>	<u>(126,193)</u>	<u>-</u>	<u>(4,171,716)</u>
Total accumulated depreciation	<u>(52,694,496)</u>	<u>(3,613,977)</u>	<u>265,732</u>	<u>(56,042,741)</u>
Total capital assets being depreciated, net	<u>91,226,397</u>	<u>2,578,034</u>	<u>(54,915)</u>	<u>93,749,516</u>
Water Fund capital assets, net	<u>\$ 101,550,105</u>	<u>4,616,098</u>	<u>(5,108,697)</u>	<u>101,057,506</u>

Depreciation expense was \$3,613,977 for the year ended June 30, 2020.



**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(3) Capital Assets (Continued)**

Sewer Fund	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land and easements	\$ 1,781,724	-	-	1,781,724
Water rights	9,254,678	-	-	9,254,678
Construction in progress	<u>1,036,082</u>	<u>805,180</u>	<u>(1,558,841)</u>	<u>282,421</u>
Total capital assets not being depreciated	<u>12,072,484</u>	<u>805,180</u>	<u>(1,558,841)</u>	<u>11,318,823</u>
Capital assets being depreciated:				
Structures and improvements	177,359,273	2,848,800	-	180,208,073
Equipment	<u>1,592,988</u>	<u>-</u>	<u>-</u>	<u>1,592,988</u>
Total capital assets being depreciated	<u>178,952,261</u>	<u>2,848,800</u>	<u>-</u>	<u>181,801,061</u>
Less accumulated depreciation:				
Structures and improvements	(69,459,119)	(4,596,591)	-	(74,055,710)
Equipment	<u>(1,380,819)</u>	<u>(19,602)</u>	<u>-</u>	<u>(1,400,421)</u>
Total accumulated depreciation	<u>(70,839,938)</u>	<u>(4,616,193)</u>	<u>-</u>	<u>(75,456,131)</u>
Total capital assets being depreciated, net	<u>108,112,323</u>	<u>(1,767,393)</u>	<u>-</u>	<u>106,344,930</u>
Sewer Fund capital assets, net	<u>\$ 120,184,807</u>	<u>(962,213)</u>	<u>(1,558,841)</u>	<u>117,663,753</u>

Depreciation expense was \$4,616,193 for the year ended June 30, 2020.

Recycled Water Fund	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Construction in progress	\$ 458,610	<u>43,521</u>	<u>(79,358)</u>	<u>422,773</u>
Total capital assets not being depreciated	<u>458,610</u>	<u>43,521</u>	<u>(79,358)</u>	<u>422,773</u>
Capital assets being depreciated:				
Structures and improvements	31,545,817	181,208	-	31,727,025
Equipment	<u>147,000</u>	<u>-</u>	<u>-</u>	<u>147,000</u>
Total capital assets being depreciated	<u>31,692,817</u>	<u>181,208</u>	<u>-</u>	<u>31,874,025</u>
Less accumulated depreciation:				
Structures and improvements	(8,176,558)	(1,027,786)	-	(9,204,344)
Equipment	<u>(88,200)</u>	<u>(14,700)</u>	<u>-</u>	<u>(102,900)</u>
Total accumulated depreciation	<u>(8,264,758)</u>	<u>(1,042,486)</u>	<u>-</u>	<u>(9,307,244)</u>
Total capital assets being depreciated, net	<u>23,428,059</u>	<u>(861,278)</u>	<u>-</u>	<u>22,566,781</u>
Recycled Water Fund capital assets, net	<u>\$ 23,886,669</u>	<u>(817,757)</u>	<u>(79,358)</u>	<u>22,989,554</u>

Depreciation expense was \$1,042,486 for the year ended June 30, 2020.

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(4) Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities balances for the fiscal year ended June 30, 2020.

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
2015 Refunding Revenue Bonds	\$ 26,620,000	-	(1,170,000)	25,450,000	1,230,000
Unamortized premium	<u>2,669,050</u>	-	<u>(170,365)</u>	<u>2,498,685</u>	<u>170,365</u>
Total Certificates of Participation	<u>29,289,050</u>	-	<u>(1,340,365)</u>	<u>27,948,685</u>	<u>1,400,365</u>
State Revolving Fund Loan - 2006	25,720,865	-	(2,306,367)	23,414,498	2,361,737
State Revolving Fund Loan - 2010	7,486,504	-	(447,138)	7,039,366	459,211
State Revolving Fund Loan - 2013 Wise	2,211,451	-	(136,599)	2,074,852	139,605
State Revolving Fund Loan - 2013 R-10.3	647,939	-	(40,023)	607,916	40,903
State Revolving Fund Loan - 2013 Crow	<u>253,355</u>	-	<u>(15,649)</u>	<u>237,706</u>	<u>15,994</u>
Total State Revolving Fund Loans	<u>36,320,114</u>	-	<u>(2,945,776)</u>	<u>33,374,338</u>	<u>3,017,450</u>
Compensated absences	<u>1,233,563</u>	<u>1,660,550</u>	<u>(1,475,118)</u>	<u>1,418,995</u>	<u>496,649</u>
Total Long-term Liabilities	<u>\$ 66,842,727</u>	<u>1,660,550</u>	<u>(5,761,259)</u>	<u>62,742,018</u>	<u>4,914,464</u>

**Refunding Revenue Bonds Series 2015A**

In 2015, the District sold certificates of participation in the amount of \$30,810,000 to refund the 2004 Certificates of Participation and to pay delivery costs of the certificates. Certificates began maturing on September 1, 2015 with semi-annual interest payments due March 1 and September 1 at various interest rates from 3.00 to 5.00 percent. Principal payments are due annually September 1 at various amounts from \$980,000 to \$2,240,000. The final principal payment of the certificates is scheduled for September 1, 2034. The bonds are subject to optional redemption as a whole or in part on any date in order of maturity as directed by the District. The District has covenanted to provide certain financial information and operating data annually not later than 270 days following the end of the fiscal year.

Maturities of the revenue refunding bonds are as follows:

Fiscal Year Ending	2015 Redunding Revenue Bonds Series A		
	Principal	Interest	Total
2021	\$ 1,230,000	1,062,612	2,292,612
2022	1,290,000	1,006,062	2,296,062
2023	1,335,000	960,237	2,295,237
2024	1,390,000	903,462	2,293,462
2025	1,455,000	832,337	2,287,337
2026-2030	8,430,000	3,034,885	11,464,885
2031-2035	<u>10,320,000</u>	<u>1,152,185</u>	<u>11,472,185</u>
Total	<u>\$ 25,450,000</u>	<u>8,951,780</u>	<u>34,401,780</u>

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(4) Changes in Long-Term Liabilities (Continued)**

***State Revolving Fund Loan - 2006***

In August 2006, the District entered into a loan agreement with the State of California Water Resources Control Board to provide funding for the expansion and modification of the Henry N. Wochholz Wastewater Treatment Plant. The maximum amount of \$44,748,356 has been drawn. The loan accrues interest at a rate of 2.4 percent annually. Principal and interest payments are due in 20 annual installments. The first payment occurred in September 2009. The District has pledged all revenues and amounts legally available to repay the loan.

Fiscal Year Ending	2006 State Revolving Fund Loan		
	Principal	Interest	Total
2021	\$ 2,361,737	561,932	2,923,669
2022	2,418,402	505,267	2,923,669
2023	2,476,444	447,225	2,923,669
2024	2,535,878	387,791	2,923,669
2025	2,596,740	326,929	2,923,669
2026-2029	<u>11,025,297</u>	<u>669,379</u>	<u>11,694,676</u>
Total	<u>\$ 23,414,498</u>	<u>2,898,523</u>	<u>26,313,021</u>

***State Revolving Fund Loan - 2010***

In June 2010, the District entered into a loan agreement with the State of California Water Resources Control Board (SWRCB) to provide the funding for the construction of the Regional Brineline Extension Project. The maximum amount of \$9,752,100 has been drawn plus interest accrued during the period of construction of \$183,714. The loan accrues interest at a rate of 2.7 percent annually. Principal and interest payments are due in 20 annual installments. In accordance with Amendment No. 1 of the loan agreement, the first payment occurred in December 2013. The District has pledged all revenues and amounts legally available to repay the loan.

Fiscal Year Ending	2010 State Revolving Fund Loan		
	Principal	Interest	Total
2021	\$ 459,211	190,063	649,274
2022	471,609	177,665	649,274
2023	484,343	164,931	649,274
2024	497,420	151,854	649,274
2025	510,850	138,424	649,274
2026-2030	2,768,747	477,623	3,246,370
2031-2033	<u>1,847,186</u>	<u>100,636</u>	<u>1,947,822</u>
Total	<u>\$ 7,039,366</u>	<u>1,401,196</u>	<u>8,440,562</u>

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(4) Changes in Long-Term Liabilities (Continued)**

***State Revolving Fund Loan – 2013 (Wise)***

In December 2011, the District entered into a loan agreement (Wise) with the State of California Water Resources Control Board (SWRCB) to provide the funding for Recycled Water Fund projects. The maximum amount of the loan is \$2,988,364. The loan accrues interest at a rate of 2.2 percent annually. Principal and interest payments are due in 20 annual installments. The first payment occurred in March 2014. The District has pledged all revenues and amounts legally available to repay the loan.

Fiscal Year Ending	2013 (Wise) State Revolving Fund Loan		
	Principal	Interest	Total
2021	\$ 139,605	45,646	185,251
2022	142,676	42,575	185,251
2023	145,815	39,436	185,251
2024	149,023	36,228	185,251
2025	152,301	32,950	185,251
2026-2030	813,267	112,988	926,255
2031-2033	532,165	23,588	555,753
Total	<u>\$ 2,074,852</u>	<u>333,411</u>	<u>2,408,263</u>

***State Revolving Fund Loan – 2013 (R-10.3)***

In December 2011, the District entered into a loan agreement (R-10.3) with the State of California Water Resources Control Board (SWRCB) to provide the funding for Recycled Water Fund projects. The maximum amount of the loan is \$871,570. The loan accrues interest at a rate of 2.2 percent annually. Principal and interest payments are due in 20 annual installments. The first payment occurred in March 2014. The District has pledged all revenues and amounts legally available to repay the loan.

Fiscal Year Ending	2013 (R-10.3) State Revolving Fund Loan		
	Principal	Interest	Total
2021	\$ 40,903	13,374	54,277
2022	41,803	12,474	54,277
2023	42,723	11,554	54,277
2024	43,663	10,614	54,277
2025	44,623	9,654	54,277
2026-2030	238,280	33,105	271,385
2031-2033	155,921	6,910	162,831
Total	<u>\$ 607,916</u>	<u>97,685</u>	<u>705,601</u>

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(4) Changes in Long-Term Liabilities (Continued)**

**State Revolving Fund Loan – 2013 (Crow)**

In December 2011, the District entered into a loan agreement (Crow Street) with the State of California Water Resources Control Board (SWRCB) to provide the funding for Recycled Water Fund projects. The District received the amount of \$310,179. The loan accrues interest at a rate of 2.2 percent annually on amounts drawn. Repayment will be made in 20 annual installments. The first payment occurred in March 2016. The District has pledged all revenues and amounts legally available to repay the loan.

Fiscal Year Ending	2013 (Crow) State Revolving Fund Loan		
	Principal	Interest	Total
2021	\$ 15,994	5,229	21,223
2022	16,346	4,877	21,223
2023	16,705	4,518	21,223
2024	17,073	4,150	21,223
2025	17,448	3775	21,223
2026-2030	93,171	12,944	106,115
2031-2033	60,969	2,700	63,669
Total	<u>\$ 237,706</u>	<u>38,193</u>	<u>275,899</u>

**(5) Revenue Pledged**

The District has pledged future water fund revenues, net of specified operating expenses, to repay \$30,810,000 in refunding revenue bonds (2015 bonds) as disclosed in Note 4. Net revenues are defined as operating income, less specified operating expenses, plus specified non-operating income. The 2015 bonds refunded the 2004 Certificates of Participation (COP). Proceeds from the COPs provided financing for the construction of the Yucaipa Valley Regional Water Filtration Facility (YVRWFF). The 2015 bonds are payable through 2035. Net revenues are anticipated to equal at least 110 percent of annual principal and interest payments.

The total principal and interest remaining to be paid on the 2015 bonds is \$34,401,780. Principal and interest paid for the current year was \$2,291,361 and total net revenues were \$3,022,990. For the state revolving fund loans recorded in the Sewer Fund, the District has pledged all revenues and amounts legally available to repay the loans.

**(6) Defined Benefit Pension Plan**

**General Information about the Pension Plans**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Employee Pension Plan (“Plan”), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (“CalPERS”).

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(6) Defined Benefit Pension Plan (Continued)**

Benefit provisions under the Plan are established by State statute and may be amended by the District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information. These reports can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan operates under the provisions of the California Public Employees’ Retirement Law (“PERL”), the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plans’ authority to establish and amend the benefit terms are set by the PERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan’s provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 60	2% @ 60
Benefit vesting schedule	5 years of service	5 years of service
Benefits payments	monthly for life	monthly for life
Retirement age	60	62
Monthly benefits, as a % of eligible compensation	2.000%	2.000%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	7.653%	6.533%

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(6) Defined Benefit Pension Plan (Continued)**

Members covered by Benefit Terms

At June 30, 2018 (Valuation Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	39	31	70
Transferred and terminated members	65	1	66
Retired members and beneficiaries	47	-	47
Total plan members	151	32	183

Contribution Description

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(6) Defined Benefit Pension Plan (Continued)**

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each 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 of the plans, the test revealed that the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on CalPERS' website under the GASB 68 section.

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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) 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.

The table below reflects long-term expected real rate of return by asset class.



**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(6) Defined Benefit Pension Plan (Continued)**

<u>Investment Type<sup>1</sup></u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10<sup>2</sup></u>	<u>Real Return Years 11+<sup>3</sup></u>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

<sup>1</sup> In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

Allocation of Net Pension Liability and Pension Expense to Individual Employers

The following table shows the District's proportionate share of the net pension liability over the measurement period.

The 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, 2019 and 2020 was as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (c) = (a) - (b)</u>
Balance at June 30, 2019	\$ 30,380,428	24,204,341	6,176,087
Balance at June 30, 2020	<u>32,308,594</u>	<u>25,640,144</u>	<u>6,668,450</u>
Net changes during 2019-20	<u>\$ 1,928,166</u>	<u>1,435,803</u>	<u>492,363</u>

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(6) Defined Benefit Pension Plan (Continued)**

	<u>Percentage Share of Risk Pool</u>		
	Fiscal Year Ending <u>June 30, 2020</u>	Fiscal Year Ending <u>June 30, 2019</u>	Change Increase/ (Decrease)
	Measurement Date June 30, 2019	June 30, 2018	
Percentage of Risk Pool			
Net Pension Liability	0.16652%	0.16388%	0.00265%

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

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount that is 1 percentage-point lower (6.15 percent) or 1 percentage point higher (8.65 percent) than the current rate:

Plan Type	<u>Plan's Net Pension Liability</u>		
	Discount Rate - 1% Rate 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% Rate 8.15%
Miscellaneous Plan	\$ 11,014,054	6,668,450	3,081,460

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net pension are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings	5-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(6) Defined Benefit Pension Plan (Continued)**

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts should be amortized over the EARSL of members provided with pensions through the Plan. The EARSL for the Plan for the measurement date ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the District recognized a pension expense of \$745,808 for the Plan. As of June 30, 2020, the District reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 659,622	-
Adjustment due to differences in proportions	136,446	212,483
Differences between expected and actual experience	463,152	35,885
Differences between projected and actual earnings on pension plan investments	-	116,585
Changes in assumptions	<u>317,983</u>	<u>112,722</u>
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 1,577,203</u>	<u>477,675</u>

\$659,622 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 fiscal year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources in the previous chart will be recognized in future pension expense as follows:

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(6) Defined Benefit Pension Plan (Continued)**

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 453,848
2022	(81,481)
2023	43,981
2024	23,558
Total	\$ 439,906

**(7) Other Post-Employment Benefits (OPEB)**

***General Information about the OPEB Plan***

Plan Description

The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

Benefits Provided

The District pays the retired employee's medical premium until the age of 65, with the requirement that the employee is vested with ten (10) years of regular, uninterrupted service and is at least 55 years of age at retirement. Employees hired after July 1, 1999 are not eligible for any retiree medical benefits. The District CalPERS PEMHCA administrative fee, or 0.27% of premium.

Plan Membership

At June 30, 2019, membership consisted of the following:

Active members	7
Inactive plan members or beneficiaries currently receiving benefit payments	8
Total plan members	15

Contributions

The contribution requirements of Plan members and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements.

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(7) Other Post-Employment Benefits (OPEB) (Continued)**

***Total OPEB Liability***

The District’s Total OPEB liability was measured as of June 30, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The Total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Healthcare cost trend rate	6.00 percent for 2019; 5.90 percent for 2020; 5.80 percent for 2021; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the June 30, 2019 valuation were based on a review of Plan experience during the period of July 1, 2017 to June 30, 2019.

Discount Rate

The discount rate used to measure the Total OPEB liability was 3.13 percent. The discount rate is based on a 20-year tax exempt general obligation municipal bond with an average rating of AA/A or higher. The District’s Total OPEB liability is based on these requirements and the following information:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Long-Term Expected Return of Plan Investments (if any)</u>	<u>Fidelity GO AA 20 Years Municipal Index</u>	<u>Discount Rate</u>
June 30, 2020	June 30, 2019	4.00%	3.13%	3.13%

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(7) Other Post-Employment Benefits (OPEB) (Continued)**

Schedule of Changes in Total OPEB Liability (June 30, 2018 to June 30, 2019)

Total OPEB Liability		
Service Cost	\$	5,691
Interest		26,592
Changes of benefit terms		-
Difference between expected and actual experience		(70,844)
Changes of assumptions		46,365
Benefit payments <sup>1</sup>		<u>(68,079)</u>
Net Change in total OPEB Liability		(60,275)
Total OPEB Liability - June 30, 2018 (a)		<u>762,633</u>
Total OPEB Liability - June 30, 2019 (b)		<u>\$ 702,358</u>

<sup>1</sup> Amount includes any implicit subsidy associated with benefits paid.

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

The following presents the Total OPEB liability, as well as what the Total 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:

	1% Decrease <u>2.13%</u>	Discount Rate <u>3.13%</u>	1% Increase <u>4.13%</u>
Total OPEB liability \$	776,453	702,358	639,379

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

The following presents the Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using a discount rate that 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.00% decreasing <u>to 4.00%)</u>	Trend Rate (6.00% decreasing <u>to 5.00%)</u>	Increase (7.00% decreasing to <u>6.00%)</u>
Total OPEB liability \$	636,399	702,358	779,942

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(7) Other Post-Employment Benefits (OPEB) (Continued)**

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District’s OPEB expense was \$23,842 for the fiscal year ended June 30, 2020. As of fiscal year ended June 30, 2020, the District’s deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	46,415
Changes in assumptions or other inputs	30,377	-
Contributions subsequent to measurement date	<u>42,151</u>	<u>-</u>
		-
Total	<u>\$ 72,528</u>	<u>46,415</u>

The \$42,151 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follow:

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (8,441)
2022	<u>(7,597)</u>
Total	<u>\$ (16,038)</u>

**(8) Commitments and Contingencies**

Construction Contracts

The District has entered into contracts for various services and projects that will require payments in future fiscal years. At June 30, 2020, the District had capital projects under construction with an estimated cost to complete of approximately \$2,026,671.

Litigation

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

**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(9) Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2020, the District purchased insurance through various commercial carriers to cover these risks with various limits as follows:

Real Property & Business Personal Property: Coverage limit of \$99,902,731.

Inland Marine: Coverage limit of \$1,555,347.

Crime: Coverage limit of \$250,000.

General Liability: Coverage limit of \$1,000,000 with an aggregate limit of \$3,000,000.

Public Officials and Management Liability: Coverage limit of \$1,000,000 with an aggregate limit of \$3,000,000.

Auto: A combined single limit of \$1,000,000.

Excess: Coverage limit of \$10,000,000.

The District has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal year and there were no reductions in the District's insurance coverage during the years ending June 30, 2020. Liabilities are recorded when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR).

**(10) Assessment District**

The District acts in a fiduciary capacity for an Assessment District that was formed to finance the construction and installation of a reservoir that will service properties located within the assessment district. The bonds issued by the assessment district are payable solely from the revenues of annual special taxes levied against land within the district and do not constitute an indebtedness of the Yucaipa Valley Water District. Yucaipa Valley Water District is not liable for the bonds, but acts as an agent for the bondholders. Since the District is acting in an agency capacity, the assets and liabilities of the assessment district have been excluded from the District's statement of net position. The amount outstanding on the bonds on June 30, 2020 was \$10,115,000.

**(11) Prior Period Adjustments**

During the year ended June 30, 2020, the District made certain adjustments to beginning Net Position as follows:



**YUCAIPA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2020**

**(11) Prior Period Adjustments (Continued)**

	Water Fund	Sewer Fund	Recycled Water Fund	Total
Beginning Net Position	\$ 76,793,173	88,789,828	25,999,826	191,582,827
Record OPEB Liability	(441,989)	(126,283)	(126,283)	(694,555)
Record water inventory	2,049,898	-	-	2,049,898
Record prior year grant revenue	152,928	-	-	152,928
Record accrued payroll	(108,502)	(88,227)	(23,938)	(220,667)
Restated Net Position	<u>\$ 78,445,508</u>	<u>88,575,318</u>	<u>25,849,605</u>	<u>192,870,431</u>

## **Required Supplementary Information**



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**YUCAIPA VALLEY WATER DISTRICT  
Required Supplementary Information**

**Schedule of the District's Proportionate Share of the Net Pension Liability - Last Ten Years\***

**Year ended June 30, 2020**

Measurement Date	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Proportion of the collective net pension liability	0.06508%	0.64090%	0.06580%	0.06547%	0.06295%	0.07950%
Proportionate share of the collective net pension liability	\$ 6,668,450	6,176,087	6,525,230	5,665,084	4,320,667	4,947,010
Covered payroll	5,478,278	4,973,515	5,752,996	5,611,132	5,411,972	5,245,090
Proportionate share of the collective net pension liability as a percentage of covered payroll	121.73%	124.18%	113.42%	100.96%	79.84%	94.32%
Plan fiduciary net position as a percentage of the total pension liability	384.50%	391.90%	73.31%	73.31%	73.31%	73.31%

\* - Fiscal year 2015 was the first year of implementation.

Notes to schedule:

Summary of Changes of Benefits or Assumptions:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separate financed employer-specific liabilities.

Changes in Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

**YUCAIPA VALLEY WATER DISTRICT**  
**Required Supplementary Information**

**Schedule of the District's Proportionate Contributions to the Pension Plan - Last Ten Years\***

**Year ended June 30, 2020**

	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	\$ 659,622	919,668	752,731	697,729	882,127	570,529
Contribution in relation to the actuarially determined contribution	<u>659,622</u>	<u>919,668</u>	<u>752,731</u>	<u>697,729</u>	<u>882,127</u>	<u>570,529</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-
District's covered payroll	\$ 5,180,114	5,478,278	4,973,515	5,752,996	5,611,132	5,411,972
Contributions as a percentage of covered payroll	12.73%	16.79%	15.13%	12.13%	15.72%	10.54%

\* - Fiscal year 2015 was the first year of implementation.

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2020 were from the June 30, 2017 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level of Percent of Payroll
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	2.625%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.875%
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increases	Contract COLA up to 2.75% until Purchasing Power Protection Floor on Purchasing Power applies, 2.75% thereafter

The mortality table used was developed based on CalPERS' specific data. The table 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) that can be found on the CalPERS website.

Changes in Assumptions: At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 valuations. The minimum employer contributions for Fiscal Year 2019-20 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017 the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decrease in the discount rate. For June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following valuation.

**YUCAIPA VALLEY WATER DISTRICT**

**Required Supplementary Information**

**Schedule of Changes in Total OPEB Liability and Related Ratios - Last 10 Years\***

**Year ended June 30, 2020**

Measurement Date	<u>6/30/2019</u>
Total OPEB Liability	
Service cost	\$ 5,691
Interest on the Total OPEB liability	26,592
Difference between expected and actual experience	(70,844)
Changes in assumptions	46,365
Benefit payments	<u>(68,079)</u>
Net change in Total OPEB liability	(60,275)
Total OPEB liability - beginning	<u>762,633</u>
Total OPEB liability - ending (a)	<u>\$ 702,358</u>
Plan fiduciary net position as a percentage of the Total OPEB liability	0.00%
Covered-employee payroll	\$ 1,041,057
Total OPEB liability as a percentage of covered-employee payroll	67.47%

\*Future years' information will be displayed up to 10 years as information becomes available.

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Date: December 8, 2020

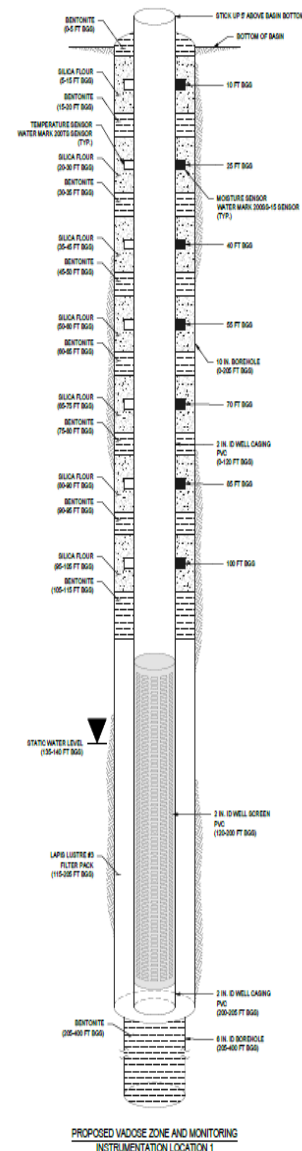
Prepared By: Joseph Zoba, General Manager

Subject: Status Report on the Geotechnical Investigation and Groundwater Flow Model for the Artificial Groundwater Injection and Recovery Project in Calimesa

Recommendation: Staff Presentation – No action required.

On November 6, 2018, the Board of Directors authorized the General Manager to execute a contract with Geoscience to investigate the long-term infiltration rates in the western portion of the Beaumont Basin.

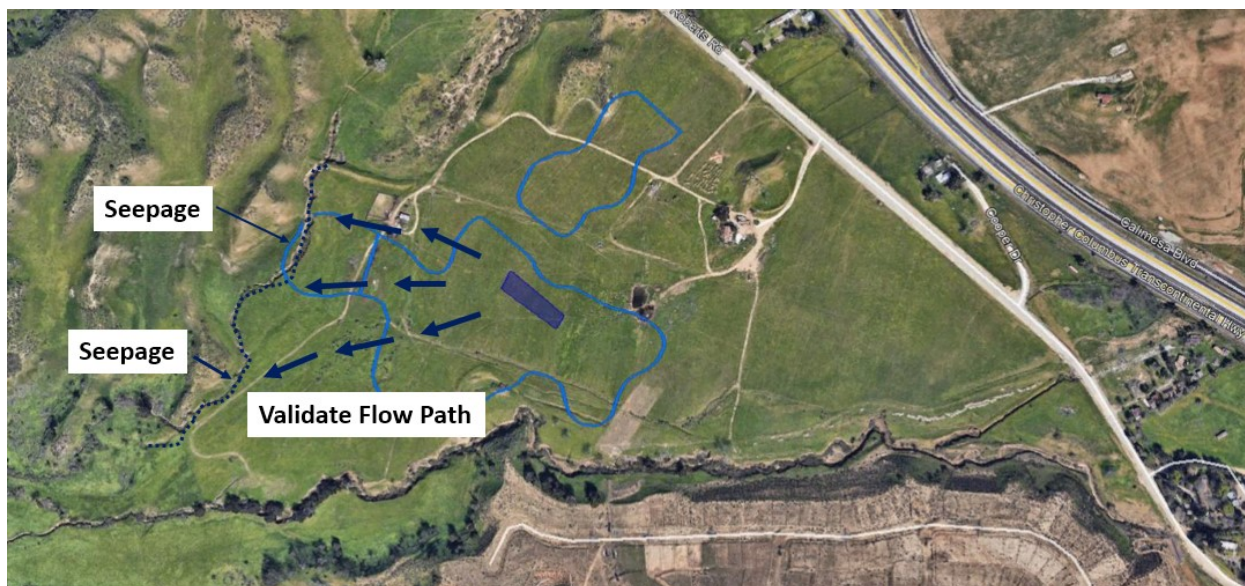
The District staff coordinated the construction of a 300 foot long and 75 feet wide recharge test basin. The testing utilized special instrumentation designed to measure changes of moisture and temperature at various depths at two separate locations to determine the rate of surface water infiltration into the groundwater basin.



On April 20, 2019, the initial test was stopped to re-evaluate the project due to slow infiltration from the surface to the groundwater. The District staff drained the basin, tested the soils in the basin, and removed additional soil from the basin to reach a more permeable layer of soil. Following the modifications to the basin, the District staff and Geoscience restarted the infiltration investigation.

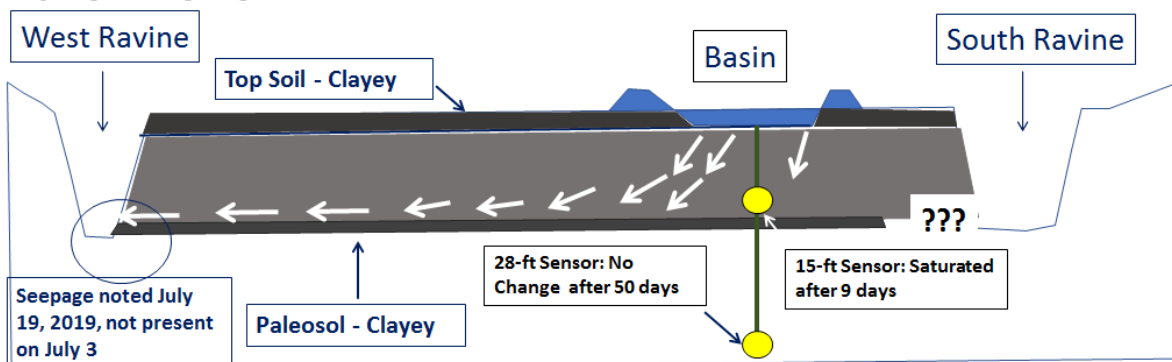


Based on the results of this initial phase of the study, the infiltration testing showed a westerly horizontal movement of the recharged water instead of traveling vertically to reach the groundwater basin.



The following illustration shows how it is possible for the recharge water to laterally instead of vertically to the groundwater basin.

### Hydrogeologic Conceptual Model Shallow Zone



As a result of the initial testing, the District staff requested a proposal from Geoscience to conduct additional geological testing in the easterly portion of the groundwater basin. On September 3, 2019, the Board of Directors authorized Geoscience to proceed with additional tasks to further evaluate the long-term infiltration rates in the westerly portion of the Beaumont Basin [Director Memorandum No. 19-097].

The additional scientific study was developed to: (1) conduct additional exploratory drilling and testing; (2) perform additional infiltration testing; (3) prepare a groundwater model that will be used to support the recharge of recycled water at this location.





The District staff has coordinated with consultants from Geoscience to develop an operational plan for the Aquifer Storage and Recovery Project in Calimesa. The initial phase of this project will involve the direct injection of 2,890 acre feet of highly purified recycled water each year into the deep area of the groundwater basin. Drinking water extraction wells located westerly of the injection wells will extract 2,490 acre feet of drinking water each year for use in Yucaipa and Calimesa. Additionally, the recycled water injection wells will be reversed during the summer months to extract 400 acre feet of recycled water to meet the peak summer demands for recycled water.

The proposed operational plan and location of the proposed wells have been studied by Geoscience to determine the viability of this proposed system. The purpose of this agenda item will be to review the results of the study and to determine the future steps should the Board of Directors decide to pursue the development of this new water resource.



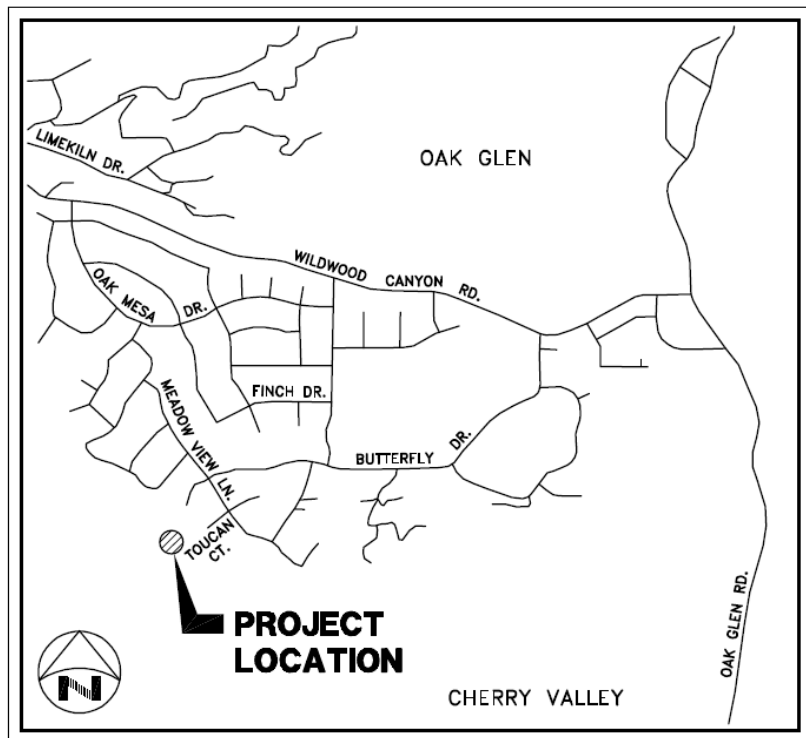
**Date:** December 8, 2020

**Prepared By:** Dustin Hochreiter, Senior Engineering Technician  
Matthew Porras, Implementation Manager

**Subject:** Notice of Completion of Electrical Service for Improvements at Drinking Water Reservoir R-18.4

**Recommendation:** That the Board authorize the General Manager to execute the Notice of Completion.

The District owns and operates 27 drinking water reservoirs and 5 recycled water reservoirs as a part of the respective distribution systems. The District has added electrical service to the drinking water reservoir site R-18.4 located off Toucan Court in Riverside County. The site requires reliable power to communicate with the Supervisory Control and Data Acquisition (SCADA) system that manages the drinking water distribution system. The current electrical demand for this site is supplied by a small solar panel and two deep cycle automotive style batteries. The District only operates two other sites in this manner, R-16.2 and R-17.51/R-17.52. These battery powered sites can be problematic and require additional maintenance for consistent performance.



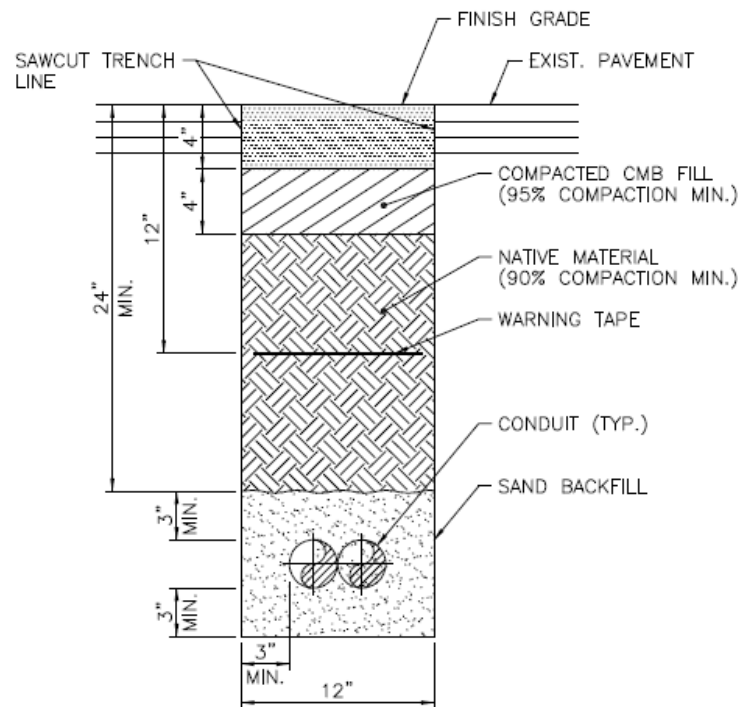
# LOCATION MAP

NOT TO SCALE

The R-18.4 site was identified as an especially important location for the operation of the Automated Meter Infrastructure (AMI) as the physical location provides the most complete signal coverage.

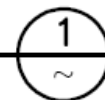
This project is now complete and included the installation of an electrical service line buried in conduit from the existing meter pedestal to the service panel located near the reservoir, replacement of the asphalt pavement roadway, and reinstallation of the access gate to the site.

The Notice of Completion is attached for Board consideration as well as pictures from the project phases.



### CONDUIT TRENCH DETAIL

N.T.S.









Record Without Fee  
Per Govt. Code 6103

Recording Requested By:  
Yucaipa Valley Water District

And When Recorded Mail To:  
Yucaipa Valley Water District  
P.O. Box 730  
Yucaipa, CA 92399

SPACE ABOVE THIS LINE FOR RECORDERS USE

**NOTICE OF COMPLETION**

Project Number/CMMS Number: 79284  
Director Memorandum Number for Authorization: DM 20-033  
Director Memorandum Number for Notice of Completion: DM 20-

Notice pursuant to Civil Code Section 3093, must be filed within 10 days after completion.

Notice is hereby given that:

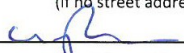
1. The undersigned is owner or corporate officer of the owner of the interest in the property hereinafter described:
2. The full name of the owner is Yucaipa Valley Water District
3. The full address of the owner is 12770 Second Street, Yucaipa, CA 92399
4. The Nature of the Interest or Estate of the Undersigned is: In Fee
5. A work performed hereinafter described was completed on November 20, 2020. The work done was:  
Installation of underground electrical service line after service meter, asphalt pavement replacement, site fencing replacement.
6. The name of the contractor for such work was: Titan Electric (electrical service), Hardy and Harper (pavement), Mesa Fence (site fencing).

(Date of Contract)

7. The property on which said work was complete in the City of Unincorporated  
County of Riverside, State of CA, and is described as APN: 407-340-070
8. The street address of said property is 38713 Toucan Ct

(if no street address has been assigned, insert "none")

Dated 11-23, 2020

  
Matthew Porras, Implementation Manager  
Yucaipa Valley Water District

**Verification**

I, the undersigned, say: I am the General Manager of the Declarant of the foregoing Notice of Completion; I have read said Notice of Completion and know the comments thereof; the same is true to my knowledge. I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 8, 2020, 2020 at Yucaipa, CA.

\_\_\_\_\_  
Joseph B. Zoba, General Manager  
Yucaipa Valley Water District



**Date:** December 8, 2020

**Prepared By:** Matthew Porras, Implementation Manager  
Matthew Flordelis, Public Works Supervisor

**Subject:** Status Update of the Replacement of Date Avenue Drinking Water Pipeline, Yucaipa

**Recommendation:** Staff report – No action required.

---

The District owns and operates over 220 miles of drinking water pipelines. These pipelines satisfy drinking water demands of almost 3 billion gallons each year. As with any infrastructure, the useful life is limited and replacement is inevitable. Replacement pipelines are being planned and designed throughout the District's service area as needed. The pipeline that supplies drinking water to residents of Date Avenue located near Panorama Drive, is currently being replaced by District staff.



The replacement pipeline consists of 680 linear feet of 8-inch Ductile Iron Pipe (DIP) for drinking water services, two fire hydrants, and one water quality sample station.

The purpose of this item is to provide a status update. District staff continues making progress installing the mainline and service connections. Recent pictures of this project are attached.









**Date:** December 8, 2020

**Prepared By:** Mike Kostelecky, Operations Manager

**Subject:** Request to Replace the Air Conditioning System at the Yucaipa Valley Regional Water Filtration Facility

**Recommendation:** That the Board approves the installation of air conditioning equipment by Davidson’s Air Conditioning and Heating for a sum not to exceed \$29,650 and adopt Resolution No. 2020-59 transferring funds from Water Infrastructure Reserves.

The Yucaipa Valley Regional Water Filtration Facility relies on a 25-ton air conditioning unit that is now 13 years old. This unit has a refrigerant leak and needs replacement. Davidson’s Air Conditioning & Heating can retrofit the existing fan coil to avoid a full fan coil replacement.



Company	Scope	Cost
Davidson’s	New condenser, retrofit fan coil	\$29,650
Davidson’s	New condenser, new fan coil	\$38,000
Burgeson’s	New condenser, new fan coil	\$46,950
Russell’s	New condenser, new coil	\$42,771

The District staff requests Board approval to execute the attached proposal from Davidson’s Air Conditioning and Heating to install a new condenser and retrofit the existing fan coil in the amount not to exceed \$29,650. This project will be funded by the Water Fund, Infrastructure Reserves [G/L Account #02-000-10311].

**RESOLUTION NO. 2020-59**

**RESOLUTION OF THE YUCAIPA VALLEY WATER DISTRICT  
TRANSFERRING FUNDS WITHIN THE WATER FUND AS  
TRANSFER NO. 12 FOR FISCAL YEAR 2021**

WHEREAS, the Yucaipa Valley Water District recognizes the importance of funding projects and programs within the District with funds set aside for this purpose, and

WHEREAS, the Board of Directors has authorized the replacement of air conditioning equipment at the Yucaipa Valley Regional Water Filtration Facility for a sum not to exceed \$29,650 [Director Memorandum No. 20-179].

NOW, THEREFORE, the Board of Directors of the Yucaipa Valley Water District hereby RESOLVE, DETERMINE, and ORDER as follows:

Section 1: Fund Transfer No. 12 in the amount of \$29,650 from the Water Fund Infrastructure Reserves (02-000-10311) to fund the purchase and installation of air conditioning equipment for the Yucaipa Valley Regional Water Filtration Facility.

PASSED, APPROVED and ADOPTED this 8<sup>th</sup> day of December 2020.

YUCAIPA VALLEY WATER DISTRICT

\_\_\_\_\_  
Chris Mann, President Board of Directors

ATTEST:

\_\_\_\_\_  
Joseph B. Zoba, General Manager

***Proposal***  
**Davidson's Air Conditioning & Heating, Inc.**  
 495 S. Sierra Way  
 San Bernardino, Ca 92408  
 (909)-885-2703, Fax (909)885-2914  
Lic # 429952

<b>Proposal Submitted To:</b> Yucaipa Valley Water District	<b>Phone:</b> (909) 790-9208 <b>Fax:</b>	<b>Date:</b> October 23, 2020
<b>Address:</b> 35477 Oak Glen Rd	<b>Job Name:</b> 25 Ton Condenser	
<b>City, State, Zip:</b> Yucaipa, Ca 92399	<b>Job Location:</b>	

**We hereby submit specifications and estimate for:**

- 1. Install 1 ea. Carrier 25 Ton 460v 3 phase R 410a single circuit condenser on existing cement pad.**
- 2. Install new R 410a TXV installed at existing fan coil.**
- 3. Required, copper piping, electrical, refrigerant dryer, and system flush.**
- 4. Required materials for a complete condenser replacement.**
- 5. 5-Year compressor, 1-year parts and labor warranty.**

**Total: \$29,650.00**

**We Propose hereby to furnish material and labor-- complete in accordance with above specifications, for the sum of:**  
**Payments to be made as follows:**  
 Due upon completion:

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Workman's Compensation Insurance.

Authorized Signature.

**Scott Davidson**

Note: This proposal may be withdrawn by us if not accepted within \_\_\_\_\_ days.

<b><u>Acceptance of Proposal-</u></b> The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above. Date of Acceptance: _____	Signature _____	Date _____
	Signature _____	Date _____



***Proposal***  
**Davidson's Air Conditioning & Heating, Inc.**  
 495 S. Sierra Way  
 San Bernardino, Ca 92408  
 (909)-885-2703 Fax (909)885-2914  
Lic # 429952

<b>Proposal Submitted To:</b> Yucaipa Valley Water District	<b>Phone:</b> (909) 790-9208	<b>Date:</b> October 23, 2020
<b>Address:</b> 35477 Oak Glen Rd	<b>Fax:</b>	<b>Job Name:</b> 25 Ton Condenser and evap. coil
<b>City, State, Zip:</b> Yucaipa, Ca 92399	<b>Job Location:</b>	

**We hereby submit specifications and estimate for:**

- 1. Install 1 ea. Carrier 25 Ton 460v 3 phase R 410a single circuit condenser on existing cement pad.**
- 2. Install new R 410a Evap coil in existing Energy Lab fan coil.**
- 2. Install new R 410a TXV installed at new fan coil.**
- 3. Required, copper piping, electrical, refrigerant dryer, and system flush.**
- 4. Required materials for a complete condenser replacement.**
- 5. 5-Year compressor, 1-year parts and labor warranty.**

**Total: \$38,000.00**

**We Propose hereby to furnish material and labor-- complete in accordance with above specifications, for the sum of:**  
**Payments to be made as follows:**  
 Due upon completion:

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Workman's Compensation Insurance.

Authorized Signature:  
**Scott Davidson**  
 Note: This proposal may be withdrawn by us if not accepted within \_\_\_\_\_ days.

**Acceptance of Proposal-** The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance: \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

# Proposal

Page No. \_\_\_\_\_ of \_\_\_\_\_ Pages



620 TENNESSEE ST., REDLANDS, CA 92374-2952  
(909) 792-2222 • www.burgessons.com • Lic. No. 263871

PROPOSAL SUBMITTED TO Yucaipa Valley Water District	PHONE 567-7291	DATE September 30, 2020
STREET 35477 Oak Glen Rd.	JOB NAME Same	
CITY, STATE, AND ZIP CODE Yucaipa, Ca. 92399	JOB LOCATION Same	

We hereby submit specifications and estimates for:

The installation of a new air conditioning system consisting of the following:

A Carrier Model # 38APS02560-36020, 25-TON, 11 EER ( Energy Efficiency Ratio) **410a refrigerant**, deluxe electric air conditioning unit shall be installed on the ground on existing concrete pad and connected to the new high efficiency indoor evaporative coil with existing copper refrigeration lines.

Job to include, TXV valve for refrigerant metering, condensation lines, all electrical wiring with fused disconnect, control wiring, remove & haul away old system.

The equipment is covered by a FIVE YEAR parts and ONE YEAR labor guaranty. The compressor has a FIVE-YEAR warranty as per the manufactures certificate of warranty.

**We Propose** hereby to furnish material and labor - complete in accordance with above specifications, for the sum of:  
 FORTY-SIX THOUSAND NINE HUNDRED FIFTY AND 00/100----- \$ 46,950.00  
 dollars (\$ \_\_\_\_\_ ).

Payment to be made as follows: NET UPON COMPLETION

All payments delinquent over thirty days shall bear an interest and service charge of 1.5% per month. Should suit be necessary to collect any amount due hereunder owner agrees to pay such sum as the court deems reasonable as and for attorney's fees. Contractors are required by law to be licensed and regulated by the Contractors State Board. Any questions concerning a contractor may be referred to the registrar of the board whose address is: Contractors State License Board - 9821 Business Park Drive, Sacramento, California, 95827 - Phone (916) 321-2752

All material is guaranteed to be specified. All work to be complete in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements are contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance.

Authorized Signature \_\_\_\_\_


Note: This proposal may be withdrawn by us if not accepted within \_\_\_\_\_ days.  
THIRTY

**Acceptance of Proposal** - The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature \_\_\_\_\_

Date of Acceptance: \_\_\_\_\_

Signature \_\_\_\_\_

<b>Proposal</b>		Page No. _____	of _____	Pages
P.O. Box 459 Yucaipa, CA 92399-0459				FAX (909) 797-8270 <b>(909) 797-5669 or 797-8484</b>  Contractors Lic. # 719570
<b>PROPOSAL SUBMITTED TO</b> YUCAIPA WATER DISTRICT		<b>PHONE</b> 909-208-6438	<b>DATE</b> 10/16/20	
<b>STREET</b> 35477 OAK GLEN RD		<b>JOB NAME</b> 25-ton Condenser		
<b>CITY, STATE AND ZIP CODE</b> YUCAIPA, CA 92399		<b>JOB LOCATION</b> QQ NO. 2664		
<b>ARCHITECT</b>	<b>DATE OF PLANS</b>	<b>ANGEL MORALES</b>		<b>JOB PHONE</b>
We hereby submit specifications and estimates for:				
<p><b>Russell's to install the following:</b></p> <p>Russell's to replace the existing 25-ton straight cooling only condenser on ground with a Carrier 38AP502560-36020 460/3 phase 25-ton 410a. Replace TXV on existing indoor evap coil. Connect to all existing sheet metal and seal 100%. Set on existing concrete pad. Price includes taxes, labor, electrical for disconnect and wiring and all material to complete the job.</p> <p><b>Bid Price \$42,771.00</b></p> <p><b>Warranty:</b></p> <ul style="list-style-type: none"> <li>1-year labor</li> <li>5-year parts warranty</li> <li>5-year compressor warranty</li> </ul>				
<p><b>We Propose</b> hereby to furnish material and labor — complete in accordance with above specifications, for the sum of:</p> <p><b>Forty-two thousand seven hundred seven-one dollars 00/100</b> _____ dollars (\$ <b>42,771.00</b> ).</p> <p>Payment to be made as follows:</p>				
<p>All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance.</p>				
		Authorized Signature <u>          <i>Connie Goe.</i>          </u>		
		Note: This proposal may be withdrawn by us if not accepted within _____ days.		
<p><b>Acceptance of Proposal</b> —The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.</p>				
Date of Acceptance: _____		Signature _____ Signature _____		

# Board Reports and Comments



Yucaipa Valley Water District



## FACTS ABOUT THE YUCAIPA VALLEY WATER DISTRICT

**Service Area Size:** 40 square miles (sphere of influence is 68 square miles)

**Elevation Change:** 3,140 foot elevation change (from 2,044 to 5,184 feet)

**Number of Employees:** 5 elected board members  
72 full time employees

**FY 2019-20 Operating Budget:** Water Division - \$14,455,500  
Sewer Division - \$12,217,712  
Recycled Water Division - \$1,301,447

**Number of Services:** 13,794 drinking water connections serving 19,243 units  
14,104 sewer connections serving 22,774 units  
111 recycled water connections serving 460 units

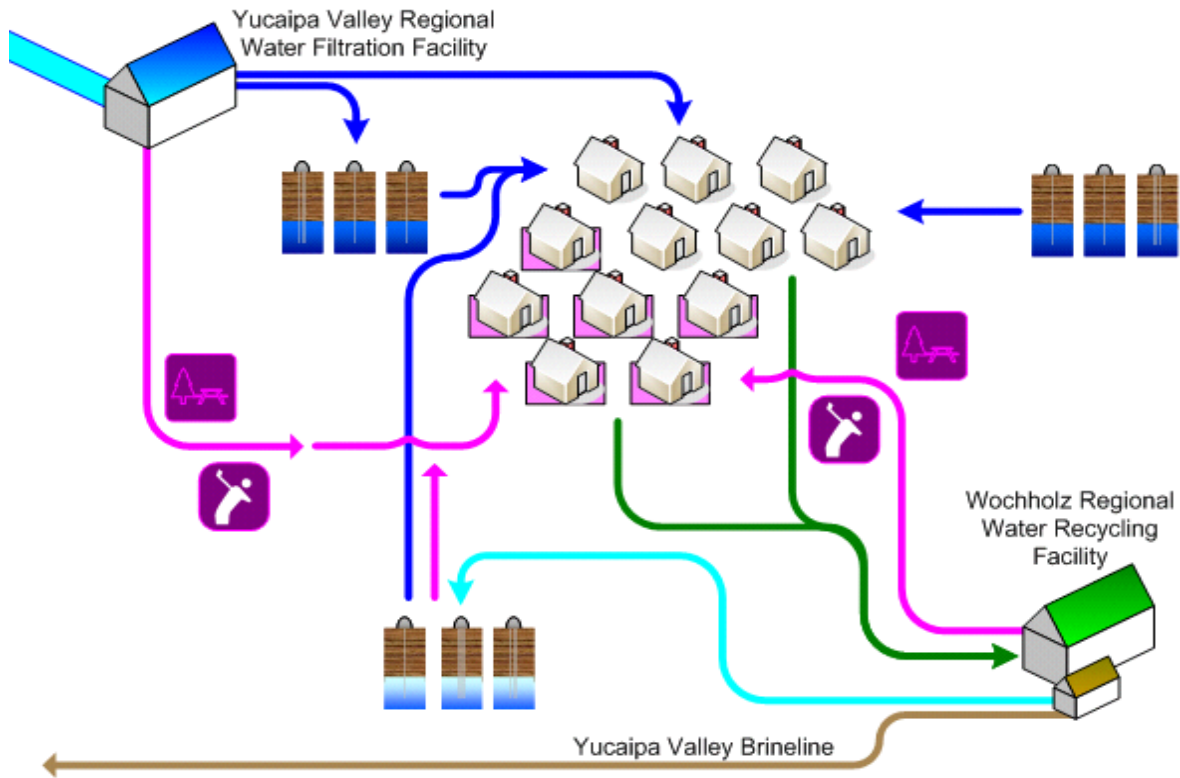
**Water System:** 223 miles of drinking water pipelines  
2,033 fire hydrants  
27 reservoirs - 34 million gallons of storage capacity  
18 pressure zones  
2.958 billion gallon annual drinking water demand  
Two water filtration facilities:  
- 1 mgd at Oak Glen Surface Water Filtration Facility  
- 12 mgd at Yucaipa Valley Regional Water Filtration Facility

**Sewer System:** 8.0 million gallon treatment capacity - current flow at 3.5 mgd  
213 miles of sewer mainlines  
4,504 sewer manholes  
5 sewer lift stations  
1.27 billion gallons of recycled water produced per year

**Recycled Water:** 22 miles of recycled water pipelines  
5 reservoirs - 12 million gallons of storage  
0.681 billion gallon annual recycled water demand

**Brine Disposal:** 2.2 million gallon desalination facility at sewer treatment plant  
1.756 million gallons of Inland Empire Brine Line capacity  
0.595 million gallons of treatment capacity in Orange County

**Sustainability Plan:** A Strategic Plan for a Sustainable Future: The Integration and Preservation of Resources, adopted on August 20, 2008.



**Typical Rates, Fees and Charges:**

- Drinking Water Commodity Charge:
 

1,000 gallons to 15,000 gallons	\$1.429 per each 1,000 gallons
16,000 gallons to 60,000 gallons	\$1.919 per each 1,000 gallons
61,000 gallons to 100,000 gallons	\$2.099 per each 1,000 gallons
101,000 gallons or more	\$2.429 per each 1,000 gallons
  
- Recycled Water Commodity Charge:
 

1,000 gallons or more	\$1.425 per each 1,000 gallons
-----------------------	--------------------------------
  
- Water Meter Service Charge (Drinking Water or Recycled Water):
 

5/8" x 3/4" Water Meter	\$14.00 per month
1" Water Meter	\$23.38 per month
1-1/2" Water Meter	\$46.62 per month
  
- Sewer Collection and Treatment Charge:
 

Typical Residential Charge	\$42.43 per month
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**State Water Contractors:** San Bernardino Valley Municipal Water District  
San Gorgonio Pass Water Agency



	San Bernardino Valley Municipal Water District	San Gorgonio Pass Water Agency
Service Area Size	353 square miles	222 square miles
Table "A" Water Entitlement	102,600 acre feet	17,300 acre feet
Imported Water Rate	\$125.80 / acre foot	\$399 / acre foot
Tax Rates for FY 2019-20	\$0.1425 per \$100	\$0.1775 per \$100
Number of Board Members	Five (5)	Seven (7)
Operating Budget FY 2019-20	\$58,372,000	\$9,551,000

**Imported Water Charges (Pass-through State Water Project Charge)**

- San Bernardino Valley Municipal Water District - Customers in San Bernardino County or City of Yucaipa pay a pass-through amount of \$0.270 per 1,000 gallons.
- San Gorgonio Pass Water Agency - Customers in Riverside County or City of Calimesa pay a pass-through amount of \$0.660 per 1,000 gallons. A proposed rate change to \$0.857 per 1,000 gallons is pending future consideration by YVWD.





## GLOSSARY OF COMMONLY USED TERMS

Every profession has specialized terms which generally evolve to facilitate communication between individuals. The routine use of these terms tends to exclude those who are unfamiliar with the particular specialized language of the group. Sometimes jargon can create communication cause difficulties where professionals in related fields use different terms for the same phenomena.

Below are commonly used water terms and abbreviations with commonly used definitions. If there is any discrepancy in definitions, the District's Regulations Governing Water Service is the final and binding definition.

**Acre Foot of Water** - The volume of water (325,850 gallons, or 43,560 cubic feet) that would cover an area of one acre to a depth of 1 foot.

**Activated-Sludge Process** - A secondary biological wastewater treatment process where bacteria reproduce at a high rate with the introduction of excess air or oxygen and consume dissolved nutrients in the wastewater.

**Annual Water Quality Report** - The document is prepared annually and provides information on water quality, constituents in the water, compliance with drinking water standards and educational material on tap water. It is also referred to as a Consumer Confidence Report (CCR).

**Aquifer** - The natural underground area with layers of porous, water-bearing materials (sand, gravel) capable of yielding a supply of water; see Groundwater basin.

**Backflow** - The reversal of water's normal direction of flow. When water passes through a water meter into a home or business it should not reverse flow back into the water mainline.

**Best Management Practices (BMPs)** - Methods or techniques found to be the most effective and practical means in achieving an objective. Often used in the context of water conservation.

**Biochemical Oxygen Demand (BOD)** - The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

**Biosolids** - Biosolids are nutrient rich organic and highly treated solid materials produced by the wastewater treatment process. This high-quality product can be recycled as a soil amendment on farmland or further processed as an earth-like product for commercial and home gardens to improve and maintain fertile soil and stimulate plant growth.

**Capital Improvement Program (CIP)** - Projects for repair, rehabilitation, and replacement of assets. Also includes treatment improvements, additional capacity, and projects for the support facilities.

**Certificate of Participation (COP)** – A type of financing where an investor purchases a share of the lease revenues of a program rather than the bond being secured by those revenues.

**Coliform Bacteria** - A group of bacteria found in the intestines of humans and other animals, but also occasionally found elsewhere used as indicators of sewage pollution. E. coli are the most common bacteria in wastewater.

**Collections System** - In wastewater, it is the system of typically underground pipes that receive and convey sanitary wastewater or storm water.

**Conjunctive Use** - The coordinated management of surface water and groundwater supplies to maximize the yield of the overall water resource. Active conjunctive use uses artificial recharge, where surface water is intentionally percolated or injected into aquifers for later use. Passive conjunctive use is to simply rely on surface water in wet years and use groundwater in dry years.



**Consumer Confidence Report (CCR)** - see Annual Water Quality Report.

**Contaminants of Potential Concern (CPC)** - Pharmaceuticals, hormones, and other organic wastewater contaminants.

**Cross-Connection** - The actual or potential connection between a potable water supply and a non-potable source, where it is possible for a contaminant to enter the drinking water supply.

**Disinfection by-Products (DBPs)** - The category of compounds formed when disinfectants in water systems react with natural organic matter present in the source water supplies. Different disinfectants produce different types or amounts of disinfection byproducts. Disinfection byproducts for which regulations have been established have been identified in drinking water, including trihalomethanes, haloacetic acids, bromate, and chlorite

**Drought** - a period of below average rainfall causing water supply shortages.

**Fire Flow** - The ability to have a sufficient quantity of water available to the distribution system to be delivered through fire hydrants or private fire sprinkler systems.

**Gallons per Capita per Day (GPCD)** - A measurement of the average number of gallons of water use by the number of people served each day in a water system. The calculation is made by dividing the total gallons of water used each day by the total number of people using the water system.

**Groundwater Basin** - An underground body of water or aquifer defined by physical boundaries.

**Groundwater Recharge** - The process of placing water in an aquifer. Can be a naturally occurring process or artificially enhanced.

**Hard Water** - Water having a high concentration of minerals, typically calcium and magnesium ions.

**Hydrologic Cycle** - The process of evaporation of water into the air and its return to earth in the form of precipitation (rain or snow). This process also includes transpiration from plants, percolation into the ground, groundwater movement, and runoff into rivers, streams, and the ocean; see Water cycle.

**Levels of Service (LOS)** - Goals to support environmental and public expectations for performance.

**Mains, Distribution** - A network of pipelines that delivers water (drinking water or recycled water) from transmission mains to residential and commercial properties, usually pipe diameters of 4" to 16".

**Mains, Transmission** - A system of pipelines that deliver water (drinking water or recycled water) from a source of supply to the distribution mains, usually pipe diameters of greater than 16".

**Meter** - A device capable of measuring, in either gallons or cubic feet, a quantity of water delivered by the District to a service connection.

**Overdraft** - The pumping of water from a groundwater basin or aquifer in excess of the supply flowing into the basin. This pumping results in a depletion of the groundwater in the basin which has a net effect of lowering the levels of water in the aquifer.

**Pipeline** - Connected piping that carries water, oil, or other liquids. See Mains, Distribution and Mains, Transmission.

**Point of Responsibility, Metered Service** - The connection point at the outlet side of a water meter where a landowner's responsibility for all conditions, maintenance, repairs, use and replacement of water service facilities begins, and the District's responsibility ends.

**Potable Water** - Water that is used for human consumption and regulated by the California Department of Public Health.

**Pressure Reducing Valve** - A device used to reduce the pressure in a domestic water system when the water pressure exceeds desirable levels.

**Pump Station** - A drinking water or recycled water facility where pumps are used to push water up to a higher elevation or different location.

**Reservoir** - A water storage facility where water is stored to be used at a later time for peak demands or emergencies such as fire suppression. Drinking water and recycled water systems will typically use concrete or

steel reservoirs. The State Water Project system considers lakes, such as Shasta Lake and Folsom Lake to be water storage reservoirs.

**Runoff** - Water that travels downward over the earth's surface due to the force of gravity. It includes water running in streams as well as over land.

**Santa Ana River Interceptor (SARI) Line** - A regional brine line designed to convey 30 million gallons per day (MGD) of non-reclaimable wastewater from the upper Santa Ana River basin to Orange County Sanitation District for treatment, use and/or disposal.

**Secondary treatment** - Biological wastewater treatment, particularly the activated-sludge process, where bacteria and other microorganisms consume dissolved nutrients in wastewater.

**Service Connection** - The water piping system connecting a customer's system with a District water main beginning at the outlet side of the point of responsibility, including all plumbing and equipment located on a parcel required for the District's provision of water service to that parcel.

**Sludge** - Untreated solid material created by the treatment of wastewater.

**Smart Irrigation Controller** - A device that automatically adjusts the time and frequency which water is applied to landscaping based on real-time weather such as rainfall, wind, temperature, and humidity.

**South Coast Air Quality Management District (SCAQMD)** - Regional regulatory agency that develops plans and regulations designed to achieve public health standards by reducing emissions from business and industry.

**Special district** - A form of local government created by a local community to meet a specific need. Yucaipa Valley Water District is a County Water District formed pursuant to Section 30000 of the California Water Code

**Supervisory Control and Data Acquisition (SCADA)** - A computerized system which provides the ability to remotely monitor and control water system facilities such as reservoirs, pumps, and other elements of water delivery.

**Surface Water** - Water found in lakes, streams, rivers, oceans, or reservoirs behind dams. In addition to using groundwater, Yucaipa Valley Water District receives surface water from the Oak Glen area.

**Sustainable Groundwater Management Act (SGMA)** - Pursuant to legislation signed by Governor Jerry Brown in 2014, the Sustainable Groundwater Management Act requires water agencies to manage groundwater extractions to not cause undesirable results from over production.

**Transpiration** - The process by which water vapor is released into the atmosphere by living plants.

**Trickling filter** - A biological secondary treatment process in which bacteria and other microorganisms, growing as slime on the surface of rocks or plastic media, consume nutrients in wastewater as it trickles over them.

**Underground Service Alert (USA)** - A free service (<https://www.digalert.org>) that notifies utilities such as water, telephone, cable and sewer companies of pending excavations within the area (dial 8-1-1 at least 2 working days before you dig).

**Urban runoff** - Water from city streets and domestic properties that carry pollutants into the storm drains, rivers, lakes, and oceans.

**Valve** - A device that regulates, directs, or controls the flow of water by opening, closing, or partially obstructing various passageways.

**Wastewater** - Any water that enters the sanitary sewer.

**Water Banking** - The practice of actively storing or exchanging in-lieu surface water supplies in available groundwater basin storage space for later extraction and use by the storing party or for sale or exchange to a third party. Water may be banked as an independent operation or as part of a conjunctive use program.

**Water Cycle** - The continuous movement water from the earth's surface to the atmosphere and back again.

**Water Pressure** - Water pressure is created by the weight and elevation of water and/or generated by pumps that deliver water to customers.

**Water Service Line** - A water service line is used to deliver water from the Yucaipa Valley Water District's mainline distribution system.

**Water table** - the upper surface of the zone of saturation of groundwater in an unconfined aquifer.

**Water transfer** - a transaction, in which a holder of a water right or entitlement voluntarily sells/exchanges to a willing buyer the right to use all or a portion of the water under that water right or entitlement.

**Watershed** - A watershed is the region or land area that contributes to the drainage or catchment area above a specific point on a stream or river.

**Water-Wise House Call** - a service which provides a custom evaluation of a customer's indoor and outdoor water use and landscape watering requirements.

**Well** - a hole drilled into the ground to tap an underground aquifer.

**Wetlands** - lands which are fully saturated or under water at least part of the year, like seasonal vernal pools or swamps.





## COMMONLY USED ABBREVIATIONS

AQMD	Air Quality Management District
BOD	Biochemical Oxygen Demand
CARB	California Air Resources Board
CCTV	Closed Circuit Television
CWA	Clean Water Act
EIR	Environmental Impact Report
EPA	U.S. Environmental Protection Agency
FOG	Fats, Oils, and Grease
GPD	Gallons per day
MGD	Million gallons per day
O & M	Operations and Maintenance
OSHA	Occupational Safety and Health Administration
POTW	Publicly Owned Treatment Works
PPM	Parts per million
RWQCB	Regional Water Quality Control Board
SARI	Santa Ana River Inceptor
SAWPA	Santa Ana Watershed Project Authority
SBVMWD	San Bernardino Valley Municipal Water District
SCADA	Supervisory Control and Data Acquisition system
SGMA	Sustainable Groundwater Management Act
SSMP	Sanitary Sewer Management Plan
SSO	Sanitary Sewer Overflow
SWRCB	State Water Resources Control Board
TDS	Total Dissolved Solids
TMDL	Total Maximum Daily Load
TSS	Total Suspended Solids
WDR	Waste Discharge Requirements
YVWD	Yucaipa Valley Water District