



AGENDA

EAST ORANGE COUNTY WATER DISTRICT
(EOCWD)

Thursday, January 20, 2022
185 N. McPherson Road, Orange, California

5:00 p.m.

NOTE: On March 4, 2020, California Governor Gavin Newsom declared a State of Emergency in California as a result of the COVID-19 Pandemic, for which Orange County Public Health Officials have continued to recommend measures to promote social distancing. Pursuant to Government Code Section 54953, and corresponding findings of the Board that currently remain in effect, (1) members of the Board of Directors and public may elect to attend this Regular Meeting by telephone or video conference due to concerns relative to COVID-19 Coronavirus and avoidance of public gatherings, and (2) **THERE WILL BE NO PUBLIC LOCATION TO ATTEND THIS BOARD MEETING IN PERSON.** The public may attend either telephonically by calling into, or by videoconference by logging into, the meeting at:

To Access the Meeting by Computer/Device

<https://us02web.zoom.us/j/84577149550?pwd=dGw1RzUvY3RBSkFrVVIkbGIHakR2UT09>
or via shortlink: <https://bit.ly/3ra4ab2>

To Access the meeting by Phone:

Dial: (669) 900-6833

Meeting ID: 845 7714 9550 Passcode: 902788

Members of the public shall be permitted to speak live at the meeting as to both agendized and non-agendized items, as reflected in the agenda, utilizing the above-referenced internet or telephone options. Those wishing to speak may either submit a speaker request via the on-line chat feature before an item is heard, or by verbally indicating their desire to comment at the time the item is called. Additionally, members of the public may, but are not required to, e-mail comments to Sylvia Prado at sprado@eocwd.com up to 30 minutes before the Board meeting, and such comments shall be provided to the Board. Members of the public wishing to attend the meeting that require other reasonable modifications or accommodation to facilitate such attendance should contact Ms. Prado at (714) 538-5815 or the e-mail provided as soon as feasible before the meeting to make such request.



Call Meeting to Order; Pledge of Allegiance – Director Sears

State of Emergency Virtual Meeting Findings – Government Code § 54953(e)(3)

For the duration of the COVID-19 emergency, to support the continued use of virtual meetings, the Board shall as appropriate and justified find, by majority vote, determined whether (1) the State of Emergency declared by California Governor Newsom on March 4, 2020, relative to the COVID-19 Emergency, remains in effect; and (2) State or Local Health Officials continue to recommend or impose measures to promote social distancing in connection with such Emergency, and/or due to existing rate of community transmission and the small meeting space available to the District for in-person attendance, the provision of a physical location for the District’s meetings would present imminent risks to the health and safety of attendees. Such a finding will remain in effect for the next 30 days.

Recommendation: That the Board renew its prior Government Code section 54953(e) findings, authorizing the continued use of emergency teleconferencing procedures for all District meetings as (1) the State of Emergency declared by Governor Newsom on March 4, 2020, relative to the Covid-19 emergency, remains in effect; and (2) Orange County public health officials continue to recommend measures to promote social distancing in connection with such emergency, and the Board finds that the provision of a physical location for the District’s meetings, in light of the existing rate of community transmission and the small meeting space available to the District, would present imminent risks to the health and safety of attendees.

Addition of Items Arising After Posting of Agenda Requiring Immediate Action

(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present)

Recommendation: Adopt resolution determining need to take immediate action on item(s) and that the need for action came to the District’s attention after posting of the Agenda and that such item(s) be added to the Agenda.

Public Communications to the Board: Opportunity for members of the public to comment on agendized and non-agendized items. Each speaker and comment is limited to three minutes. During this time, e-mailed comments timely submitted to Ms. Prado shall be provided to the Board. Interested speakers who either verbally indicate their desire to speak during this item or submit a chat request at the beginning of the meeting shall be afforded an opportunity to address the Board. At the discretion of the Board President, comments on a particular agendized item may be deferred until that item is heard.



CONSENT CALENDAR (Items 1-6) All matters on the Consent Calendar are to be approved by one motion, without separate discussion on these items, unless a Board member or District staff request that specific items be removed from the Consent Calendar for separate consideration.

1. Minutes of Regular Board Meeting Held December 16, 2021
Recommendation: Approve minutes as presented.
2. Schedule of Disbursements
Recommendation: Approval of disbursements as submitted.
3. General Manager's Report
Recommendation: Receive and File.
4. Financial Statements
Recommendation: Receive and File.
5. Wholesale and Retail Water Usage Report
Recommendation: Receive and File.
6. Sewer Standards Budget Increase
Recommendation: Increase budget by \$15,000 to a total budget of \$45,000.

MATTERS FOR CONSIDERATION

7. 2020/2021 Audit Presentation
Recommendation: Receive and File.
8. Rehabilitation of Newport Reservoir
Recommendation: Award contract and increase project budget.
9. Vista Panorama Project Update
Recommendation: Informational.
10. Capacity, Reliability and Augmentation ("CRA") Project Update
Recommendation: Informational.
11. Conference & Meeting Requests
Recommendation: Authorize attendance as desired.

MISCELLANEOUS ITEMS

12. Directors' reports on meetings attended at District expense (Government Code Section 53232.3) and Directors' comments. Directors or staff may ask questions for clarification, make brief announcements, and make brief reports on their own



activities. Directors may provide a reference to staff or other resources for factual information, request staff to report back at a subsequent meeting concerning a matter, or direct staff to place a matter on a future agenda (Government Code § 54954.2)

13. Monthly Legislative & Outreach Report
Recommendation: Receive and File.

RECESS TO CLOSED SESSION

14. Conference with Legal Counsel - potential litigation pursuant to paragraph (3) of subdivision (d) of Government Code § 54956.9

ADJOURNMENT

Adjourning to the next Regular Meeting scheduled for **February 17, 2022**, at 5:00 p.m., in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California or on-line as noticed pursuant to findings of the Board.

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the East Orange County Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection in the District's office, 185 N. McPherson Road, Orange, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available at the reception desk of the District Office during business hours at the same time as they are distributed to the Board members, except that if such writings are distributed less than one hour prior to, or during, the meeting, they will be available in the meeting room of the District Office.

Disability-related accommodations: The East Orange County Water District Board of Directors meeting room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.) please contact Sylvia Prado in the District Office at (714) 538-5815 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to Sylvia Prado in the District Office, at least seventy-two (72) hours prior to the scheduled meeting.

MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE EAST ORANGE COUNTY WATER DISTRICT (EOCWD)

December 16, 2021

Call to Order. A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by President DOUGLASS DAVERT at 5:00 p.m. on Thursday, December 16, 2021, with Director GEORGE MURDOCH leading the Pledge of Allegiance. Pursuant to Government Code Section 54953(e), and related findings of the Board of Directors, there was no public location for attending this board meeting in-person. JEFFREY HOSKINSON, Secretary, recorded the minutes of the meeting.

The following Directors attended the meeting via videoconference: Directors RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, GEORGE MURDOCH, and JOHN SEARS.

Also present, via videoconference, were:

DAVID YOUNGBLOOD	General Manager
JERRY MENDZER	Operations Manager
SYLVIA PRADO	Office Manager
JEFF HOSKINSON	District Secretary and Legal Counsel
ANDREW BISHOP	Cooperative Strategies
SCOTT NELSEN	Eide Bailly
IAN BERG	Eide Bailly

There was no in-person location provided due to COVID-19 restrictions currently in-place. Other staff and members of the public may have attended via videoconference who are not listed.

State of Emergency Virtual Meeting Findings.

ACTION TAKEN: The Board, on motion from SEARS, seconded by BELL, renewed for an additional 30 days its prior Government Code section 54953(e) findings, authorizing the continued use of emergency teleconferencing procedures for all District meetings as (1) the State of Emergency declared by Governor Newsom on March 4, 2020, relative to the Covid-19 emergency, remains in effect; and (2) Orange County public health officials continue to recommend measures to promote social distancing in connection with such emergency, and the Board finds that the provision of a physical location for the District's meetings, in light of the existing rate of community transmission and the small meeting space available to the District, would present imminent risks to the health and safety of attendees.

Addition of Items Arising After Posting of Agenda Requiring Immediate Action.

(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present).

ACTION TAKEN: None.

Public Communications to the Board. No public comments were presented. Ms. Prado confirmed that the District had not received any e-mail communications for public comment.

Consent Calendar. The Board, on motion from DULEBOHN, seconded by SEARS, approved the Consent Calendar items by unanimous roll-call vote, as follows:

1. **Minutes:** THE MINUTES OF THE NOVEMBER 18, 2021 REGULAR MEETING OF THE BOARD AND THE MINUTES OF THE DECEMBER 2, 2021 SPECIAL MEETING OF THE BOARD WERE APPROVED AS SUBMITTED;
2. **Schedules of Disbursements:** THE BOARD APPROVED THE SCHEDULES OF DISBURSEMENTS AS SUBMITTED;
3. **General Manager's Report:** THE BOARD RECEIVED AND FILED THE GENERAL MANAGER'S REPORT;
4. **Financial Statements:** THE BOARD RECEIVED AND FILED THE FINANCIAL STATEMENTS;
5. **Wholesale and Retail Water Usage Report October 2021:** THE BOARD RECEIVED AND FILED THE WHOLESALE AND RETAIL WATER USAGE REPORT;
6. **Financial Management Software:** THE BOARD APPROVED THE PURCHASE AND IMPLEMENTATION OF CASSELLE FINANCIAL MANAGEMENT SOFTWARE;
7. **Strategic Plan:** THE BOARD APPROVED THE 2022 STRATEGIC PLAN AS PRESENTED;
8. **VanderWerff Well Drilling & Development Acceptance:** THE BOARD ACCEPTED THE CONTRACT COMPLETION and
9. **Barret Pump Station Design Award:** THE BOARD APPROVED THE AWARD OF A DESIGN CONTRACT AS PRESENTED TO MKN & ASSOCIATIONS.

Matters for Consideration.

10. **Public Hearing re By-Division District Map and Consideration of Ordinance Providing for the Election of Board of Directors by Five Divisions and Approval of Final Map Recommendation.** President DAVERT opened the public hearing at 5:03 p.m., at which time the Board received no public comments. Ms. Prado confirmed that no written communications had been received by the District. President DAVERT closed the public hearing at 5:04 p.m.

ACTION TAKEN: On motion by DULEBOHN, seconded by SEARS, the Board by unanimous roll-call vote adopted Trustee Area Map No. 1 and Approved Ordinance No. 2021-02 Providing for Election By-Division.

11. **Public Hearing and Consideration for Approval of Director Compensation Ordinance.** President DAVERT opened the public hearing at 5:05 p.m., at which time the Board

received no public comments. Ms. Prado confirmed that no written communications had been received by the District. President DAVERT closed the public hearing at 5:06 p.m.

ACTION TAKEN: On motion by MURDOCH, seconded by DULEBOHN, the Board by roll-call vote, with Directors BELL, DULEBOHN, MURDOCH, and SEARS voting aye, and President DAVERT voting nay, approved Ordinance No. 2021-01 as proposed relative to Director Compensation.

Miscellaneous Items.

12. Directors' reports on meetings attended at District expense (Government Code Section 53232.3) and Directors' comments. The Directors reported attendance as set forth in the agenda, as follows:

President Davert

11/4 OCWD Communication & Legislative Liaison Committee
11/5 EOCWD Special Board Strategic Workshop**
11/10 OC LAFCO Commission Meeting**
11/18 EOCWD Regular Board Meeting**

Vice President Dulebohn

11/5 EOCWD Special Board Strategic Workshop*
11/18 EOCWD Regular Board Meeting*

Director Bell

11/5 EOCWD Special Board Strategic Workshop*
11/18 EOCWD Regular Board Meeting*

Director Murdoch

11/2 ACWA Lunch with GM & Dave Eggerton**
11/5 EOCWD Special Board Meeting Strategic Workshop**
11/18 EOCWD Regular Board Meeting*
11/19 ACWA Executive Committee**
11/19 ACWA Board of Directors**
11/30 - 12/2 ACWA Fall Conference - Pasadena, CA**
11/30 ACWA Membership Committee - Pasadena, CA**
11/30 ACWA New Member Meet & Greet - Pasadena, CA**
12/1 ACWA General Session Membership - Pasadena, CA**
12/2 ACWA Region 10 Membership - Pasadena, CA**

Director Sears

11/4 Foothill Communities Association Meeting*
11/5 Water Advisory Committee of Orange County (WACO) Meeting*
11/5 EOCWD Special Board Meeting Strategic Workshop*
11/10 OCWD Constructing the PFAS Ion Exchange Treatment Plant
Zoom Meeting
11/18 City of Tustin, Mayor's Annual Thanksgiving Breakfast
11/18 EOCWD Regular Board Meeting*

*Meetings attended at District expense.

**Declines Payment for meetings attended at District expense

Director MURDOCH provided a report on the Association of California Water Agencies (“ACWA”) Fall Conference. Director SEARS reported that at the Water Advisory Committee of Orange County (“WACO”) discussed topics including global warming. President DAVERT thanked everyone for their hard work and patience with COVID interruptions, and congratulated General Manager Youngblood on his first year.

13. Monthly Legislative & Outreach Report. President DAVERT introduced the item, which consisted solely of the written reports.

Adjournment.

The Board adjourned the meeting at 5:12 p.m. to the next Regular Meeting of the Board of Directors on **Thursday, January 20, 2022**, at 5:00 p.m., to be held on-line pursuant to Government Code Section 54953(e) and, as applicable, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. President DAVERT indicated, with no Board objection, the discretion of General Manager Youngblood to arrange exclusive Zoom versus hybrid meetings depending on the status of the Governor’s then in-place orders.

Respectfully submitted,

Jeffrey A. Hoskinson



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: MONTHLY DISBURSEMENTS
DATE JANUARY 20, 2022

Background

Monthly disbursements

Recommendation

Approval of disbursements as submitted.

Attachment(s): Monthly disbursements report

EAST ORANGE COUNTY WATER DISTRICT

DISBURSEMENT SUMMARY

January 20, 2022

WHOLESALE AND RETAIL BILLS	\$1,130,090.38
EFT Wire Transfers:	
US Bank - Chandler Assett Investment	\$11,000,000.00
DIRECTOR'S PAYROLL	\$1,675.28
EMPLOYEE'S PAYROLL	\$226,731.99
DISBURSEMENT TOTAL	<u><u>\$12,358,497.65</u></u>

TRANSFER SUMMARY

TRANSFERS	\$ 8,475,000.00
TRANSFER TOTAL	<u><u>\$8,475,000.00</u></u>

NOTE: THE EXPLANATION OF FUNDS TRANSFERRED IS SHOWN ON THE FUNDS TRANSFERRED SHEET ATTACHED.

East Orange County Water District

Bills For Consideration

As of December 31, 2021

01/14/22

Accrual Basis

Date	Num	Name	Memo	Credit
12/22/2021	6104	ACWA-JPIA (EMP INSURANCE)	Employee Med/Dental/Vision/Life Insurance January	22,339.48
12/22/2021	6105	ALS GROUP USA, CORP	Laboratory Analysis (water quality) December 2021	295.00
12/22/2021	6106	ARC Document Solutions, LLC	Dawings - Newport Reservoir	87.71
12/22/2021	6107	AT&T	Various SCADA Lines 12/07/2021-01/06/2022	78.86
12/22/2021	6108	CALIFORNIA WATER EFFICIENCY PAR...	CalWEP Dues 2022	880.10
12/22/2021	6109	CINTAS CORPORATION NO. 3	Uniforms - December 2021	189.02
12/22/2021	6110	COMMUNICATIONS LAB	Professional Services - November 2021	5,000.00
12/22/2021	6111	COUNTY OF ORANGE	Permit & Inspection Fees	541.43
12/22/2021	6112	CR&R INC.	Waste Disposal Service 12/01/21-12/31/21	239.62
12/22/2021	6113	EAST ORANGE COUNTY WATER DIST.	Payment to WZ for Imported Water	86,381.80
12/22/2021	6114	FOOTHILL SENTRY, INC	Water Conservation Ad	525.18
12/22/2021	6115	GENERATOR SERVICES CO, INC	Generator Rental 12/01/21-12/31/21	2,699.52
12/22/2021	6116	HACH COMPANY	Water Quality Testing Materials	753.46
12/22/2021	6117	HOME DEPOT CREDIT SERVICES	Misc. Hardware, Materials & Tools/Maintenance	1,085.52
12/22/2021	6118	INSTANT LUBE, INC.	Vehicle Maintenance	61.99
12/22/2021	6119	James M Kingston TR J&L Kingston Living T	Reimbursed Sewer Charges	540.00
12/22/2021	6120	MAIN GRAPHICS	Bi-Monthly Water Bill Mailing	1,198.90
12/22/2021	6121	MATRIX COMPUTER SERVICE	IT Support 10/18/21-11/19/21	5,035.00
12/22/2021	6122	MEDPOST URGENT CARE	Physical for Employees	75.00
12/22/2021	6123	NICHOLAS J. ARHONTES	Sewer System Consulting Svcs	183.00
12/22/2021	6124	Pang Ung	RZ Customer Deposit Refund	174.57
12/22/2021	6125	PARADISE DRINKING WATERS	Bottled Water (Office/Field)	70.60
12/22/2021	6126	QUINN COMPANY	Skid Steer Loader	57,073.19
12/22/2021	6127	RAFTELIS FINANCIAL CONSULTANTS	Professional Services 11/01/21 - 11/30/21	1,702.50
12/22/2021	6128	RED WING SHOE STORE	Boots for Employees	500.00
12/22/2021	6129	Ricardo Sanchez	Water Distribution Class Certification	223.30
12/22/2021	6130	Ricky Imaguchi	RZ Customer Deposit Refund	193.87
12/22/2021	6131	SOUTHERN CALIFORNIA EDISON	Electricity - Various Locations 11/02/21 - 12/02/21	2,182.91
12/22/2021	6132	SPECTRUM BUSINESS	Office Internet - 02/08/21-01/07/22	132.97
12/22/2021	6133	STATE WATER RESOURCES CONTROL...	Annual Permit - 07/01/21-06/30/22	17,834.00
12/22/2021	6134	SWRCB FEES	Water Distribution Operator Certification - Grade D1	70.00
12/22/2021	6135	TOTAL EXTERMINATING INC	Rodent Control - Peter's Canyon Res - December 2021	275.00
12/22/2021	6136	UMPQUA BANK	Credit Card Activity 11/01/21-11/30/21	5,964.79
12/22/2021	6137	UNITED WATERWORKS INC.	Mains Repair	174.00
12/22/2021	6138	WATERLINE TECHNOLOGIES INC.	Water Quality	357.12
12/22/2021	6139	UNDERGROUND SERVICE ALERT	VOID	
12/30/2021	6140	ALLCOM BUILDING SERVICES, LLC	January 2022 Janitorial	710.00
12/30/2021	6141	ATKINSON, ANDELSON, LOYA, RUUD &...	November 2021 Legal Fees	10,817.00
12/30/2021	6142	CINTAS CORPORATION NO. 3	Uniforms - December 2021	98.59
12/30/2021	6143	CITY OF ORANGE-WATER	Water Usage for 210 N. McPherson Road 10/20/2021-12/15/21	33.72
12/30/2021	6144	DKF SOLUTIONS GROUP, LLC	Safety Program	395.00
12/30/2021	6145	EEC ENVIRONMENTAL	FOG Program 11/01/21-11/30/21	705.00
12/30/2021	6146	LEWIS CONSULTING GROUP	Consulting Services - December 2021	2,500.00
12/30/2021	6147	MAIN GRAPHICS	Bi-Monthly Water Bill Mailing	1,198.90
12/30/2021	6148	SOCALGAS	Gas 11/27/21 - 12/28/21 185 N McPherson	15.56
12/30/2021	6149	STANDARD INSURANCE COMPANY	Life Insurance Premium 01/01/21-01/31/22	825.07
12/30/2021	6150	SWRCB FEES	Water System Permit Fees 7/01/21-6/30/22 (WZ/RZ)	20,416.05
12/30/2021	6151	TRAFFIC CONTROL ENGINEERING, INC.	Traffic Control Design - OC-43 Walnut Turnout Vault Imp City ...	12,000.00
TOTAL				264,834.30

East Orange County Water District

Bills For Consideration

As of January 14, 2022

01/14/22

Accrual Basis

Date	Num	Name	Memo	Credit
01/10/2022	6152	ALS GROUP USA, CORP	Laboratory Analysis (water quality) December 2021	2,315.00
01/10/2022	6153	AT&T LONG DISTANCE	Long Distance Calls 11/30/21-12/23/21	12.68
01/10/2022	6154	BLACK & VEATCH CORPORATION	Walnut Project - Valve Vault Relocation	7,040.00
01/10/2022	6155	CHAMPION PAVING INC.	Reservoir Sealing	8,420.00
01/10/2022	6156	CINTAS CORPORATION NO. 3	Uniforms - Dec 2021/Jan 2022	206.96
01/10/2022	6157	CORE & MAIN LP	Meters	258.60
01/10/2022	6158	EIDE BAILLY LLP	Consulting Services Retainer & Out of Scope - October 2021	9,173.00
01/10/2022	6159	GILLIS & PANICHAPAN ARCHITECTS, I...	EOCWD Conceptual Master Planning	3,775.00
01/10/2022	6160	HACH COMPANY	Water Quality Supplies	30.69
01/10/2022	6161	INSTANT LUBE, INC.	Vehicle Maintenance	61.99
01/10/2022	6162	MATRIX COMPUTER SERVICE	IT Support - 12/16/21	95.00
01/10/2022	6163	McMASTER-CARR SUPPLY COMPANY	Parts for Chemical Handling	796.12
01/10/2022	6164	MEANS CONSULTING, LLC	Strategic Planning Services December 2021	4,845.00
01/10/2022	6165	MWDOC	Wholesale Zone Water Purchase November 2021	695,444.79
01/10/2022	6166	PETTY CASH	Petty Cash Reimbursement	70.16
01/10/2022	6167	PLUMBERS DEPOT INC.	Repair - Sewer Camera	1,325.63
01/10/2022	6168	SC FUELS	Fuel - December 2021	3,308.26
01/10/2022	6169	SOUTHERN CALIFORNIA EDISON	Electricity - Various Location 11/23/21 - 12/27/21	346.27
01/10/2022	6170	TESCO CONTROLS, INC	SCADA Radio Survey	33,400.00
01/10/2022	6171	UNDERGROUND SERVICE ALERT	USA Location - December 2021	388.44
01/10/2022	6172	WATERLINE TECHNOLOGIES INC.	Water Quality	996.48
01/13/2022	6173	ACWA- WORKERS COMP	Worker's Comp 2nd Quarter 10/01/21-12/31/21	9,240.32
01/13/2022	6174	ACWA-JPIA (EMP INSURANCE)	Employee Med/Dental/Vision/Life Insurance February	21,264.63
01/13/2022	6175	AT&T	Various SCADA Lines 12/01/21-12/31/21	584.07
01/13/2022	6176	CASELLE, INC	Software License Agreement Deposit	52,418.00
01/13/2022	6177	COUNTY OF ORANGE	2021-2022 Property Tax Bill 2nd Install	380.05
01/13/2022	6178	CR&R INC.	Waste Disposal Service 01/01/22-01/31/22	194.59
01/13/2022	6179	Orange County Sanitation District	December 2021 Sewer Permits	8,208.30
01/13/2022	6180	VERIZON WIRELESS	Wireless 11/26/21-12/25/21	656.05
TOTAL				865,256.08

EAST ORANGE COUNTY WATER DISTRICT
 CITIZENS BUSINESS BANK
 Prior Month's Checks To Ratify
 DIRECTORS' PAYROLL*
 20-Jan-22

PAYMENT FOR BOARD AND COMMITTEE MEETINGS IN THE MONTH OF NOVEMBER

DATE	CHECK NO	AMOUNT	PAYABLE TO
12/16/2022	331	\$ 323.22	BOARD DIRECTOR
12/16/2022	332	\$ 319.03	BOARD DIRECTOR
12/16/2022	333	\$ 316.94	BOARD DIRECTOR
12/16/2022	334	\$ 438.66	BOARD DIRECTOR
		<u>\$ 1,397.85</u>	TOTAL PAYROLL CHECKS
PAYROLL TAXES, ADP CHARGE EFT			
		<u>\$277.43</u>	ADP TAXES
		<u>\$277.43</u>	TOTAL CHARGES & TRANSFER
		<u>\$1,675.28</u>	

***** NOTE: DOUG DAVERT DECLINES PAYMENT FOR ALL MEETINGS**

*Note: Payroll is processed by ADP (Automatic Data Processing)

EAST ORANGE COUNTY WATER DISTRICT
CITIZENS BUSINESS BANK
Prior Month's Checks To Ratify
EMPLOYEES' PAYROLL*
Month of December 2021

	CHECK DATE	CHECK AMOUNT	PAYABLE TO
AUTO DEPOSIT	12/1/2021	\$ 7,411.60	GENERAL MANAGER
AUTO DEPOSIT	12/1/2021	\$ 8,415.29	ENGINEERING MANAGER
AUTO DEPOSIT	12/1/2021	\$ 9,029.37	OPERATIONS MANAGER
AUTO DEPOSIT	12/1/2021	\$ 5,609.54	WASTEWATER SUPERVISOR
AUTO DEPOSIT	12/1/2021	\$ 3,412.58	WATER DISTRIBUTION OPERATOR III
AUTO DEPOSIT	12/1/2021	\$ 2,673.51	WATER DISTRIBUTION OPERATOR I
AUTO DEPOSIT	12/1/2021	\$ 2,014.06	WATER DISTRIBUTION OPERATOR I
AUTO DEPOSIT	12/1/2021	\$ 2,988.74	WASTEWATER COLLECTION OPERATOR II
AUTO DEPOSIT	12/1/2021	\$ 1,574.26	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	12/1/2021	\$ 1,965.81	WASTEWATER COLLECTIONS OPERATOR I
AUTO DEPOSIT	12/1/2021	\$ 3,457.44	OFFICE MANAGER
AUTO DEPOSIT	12/1/2021	\$ 2,320.33	MANAGEMENT ANALYST
AUTO DEPOSIT	12/1/2021	\$ 2,695.13	ADMINISTRATIVE ASSISTANT I
AUTO DEPOSIT	12/1/2021	\$ 1,404.17	PART TIME ADMINISTRATIVE ASSISTANT
		<u>\$ 54,971.83</u>	SUB TOTAL
AUTO DEPOSIT	12/15/2021	\$ 6,904.26	GENERAL MANAGER
AUTO DEPOSIT	12/15/2021	\$ 5,695.61	ENGINEERING MANAGER
AUTO DEPOSIT	12/15/2021	\$ 5,638.20	OPERATIONS MANAGER
AUTO DEPOSIT	12/15/2021	\$ 3,642.35	WASTEWATER SUPERVISOR
AUTO DEPOSIT	12/15/2021	\$ 2,478.09	WATER DISTRIBUTION III
AUTO DEPOSIT	12/15/2021	\$ 1,879.86	WATER DISTRIBUTION WORKER I
AUTO DEPOSIT	12/15/2021	\$ 2,014.06	WATER DISTRIBUTION WORKER I
AUTO DEPOSIT	12/15/2021	\$ 2,472.52	WASTEWATER COLLECTION OPERATOR II
AUTO DEPOSIT	12/15/2021	\$ 1,574.28	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	12/15/2021	\$ 1,965.80	WASTEWATER COLLECTIONS WORKER I
AUTO DEPOSIT	12/15/2021	\$ 2,855.87	OFFICE MANAGER
AUTO DEPOSIT	12/15/2021	\$ 2,341.53	MANAGEMENT ANALYST
AUTO DEPOSIT	12/15/2021	\$ 1,996.56	ADMINISTRATIVE ASSISTANT I
AUTO DEPOSIT	12/15/2021	\$ 1,414.66	PART TIME ADMINISTRATIVE ASSISTANT
		<u>\$ 42,873.65</u>	SUB TOTAL
AUTO DEPOSIT	12/29/2021	\$ 6,904.24	GENERAL MANAGER
AUTO DEPOSIT	12/29/2021	\$ 5,630.22	ENGINEERING MANAGER
AUTO DEPOSIT	12/29/2021	\$ 5,565.15	OPERATIONS MANAGER
AUTO DEPOSIT	12/29/2021	\$ 3,864.92	WASTEWATER SUPERVISOR
AUTO DEPOSIT	12/29/2021	\$ 2,412.78	WATER DISTRIBUTION III
AUTO DEPOSIT	12/29/2021	\$ 1,879.87	WATER DISTRIBUTION WORKER I
AUTO DEPOSIT	12/29/2021	\$ 2,014.07	WATER DISTRIBUTION WORKER I
AUTO DEPOSIT	12/29/2021	\$ 2,107.11	WASTEWATER COLLECTION OPERATOR II
AUTO DEPOSIT	12/29/2021	\$ 1,574.27	WASTEWATER COLLECTION OPERATOR I
AUTO DEPOSIT	12/29/2021	\$ 2,373.30	WASTEWATER COLLECTIONS WORKER I
AUTO DEPOSIT	12/29/2021	\$ 2,813.53	OFFICE MANAGER
AUTO DEPOSIT	12/29/2021	\$ 2,320.34	MANAGEMENT ANALYST
AUTO DEPOSIT	12/29/2021	\$ 2,012.11	ADMINISTRATIVE ASSISTANT I
AUTO DEPOSIT	12/29/2021	\$ 1,454.57	PART TIME ADMINISTRATIVE ASSISTANT
		<u>\$ 42,926.48</u>	SUB TOTAL
	12/1/2021	\$20,899.12	ADP TAXES
		\$2,623.72	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
		\$3,242.16	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
		\$1,484.58	EMPLOYEE PERS PEPRA TRANSFER
		\$1,669.32	EMPLOYER PERS PEPRA MEMBER TRANSFER
		\$1,370.26	CAL PERS 457 - ING BANK
		<u>\$31,289.16</u>	TOTAL TRANSFERS
	12/15/2021	\$17,360.26	ADP TAXES
		\$2,623.72	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
		\$3,242.16	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
		\$1,492.31	EMPLOYEE PERS PEPRA TRANSFER
		\$1,678.02	EMPLOYER PERS PEPRA MEMBER TRANSFER
		\$1,195.12	CAL PERS 457 - ING BANK
		<u>\$27,591.60</u>	TOTAL TRANSFERS
	12/29/2021	\$16,762.98	ADP TAXES
		\$2,637.07	EMPLOYEE PERS ELECTRONIC FUNDS TRANSFER
		\$3,258.66	EMPLOYER PERS ELECTRONIC FUNDS TRANSFER
		\$1,494.25	EMPLOYEE PERS PEPRA TRANSFER
		\$1,680.19	EMPLOYER PERS PEPRA MEMBER TRANSFER
		\$1,246.12	CAL PERS 457 - ING BANK
		<u>\$27,079.27</u>	TOTAL TRANSFERS
		<u>\$226,731.99</u>	GRAND TOTAL PAYROLL

PAYROLL	PAYROLL	PAYROLL
12/1/2021	12/15/2021	12/29/2021
\$54,971.83	\$42,873.65	\$42,926.48
\$31,289.16	\$27,591.60	\$27,079.27
\$86,260.99	\$70,465.25	\$70,005.75

*Note: Payroll is processed by ADP (Automatic Data Processing)

EAST ORANGE COUNTY WATER DISTRICT
 FUNDS TRANSFERRED BETWEEN ACCOUNTS
 20-Jan-22

DATE	AMOUNT	FROM	TO	REASON FOR FUND TRANSFER
12/29/2021	\$8,000,000.00	LAIF	Citizens Business Bank Checking	US Bank Wire for Chandler Assett Investment
12/30/2021	\$200,000.00	Citizens Business Bank Money Market	Citizens Business Bank Checking	Excess Funds
1/12/2022	\$275,000.00	Citizens Business Bank Money Market	Citizens Business Bank Checking	Excess Funds



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: GENERAL MANAGER'S REPORT
DATE JANUARY 20, 2022

Background

Monthly report from the General Manager on District activities

Recommendation

Receive and File

Attachment(s): General Manager's Report

EAST ORANGE COUNTY WATER DISTRICT GENERAL MANAGER'S REPORT

January 2022

The following report is a summary of the District's activities over the past month.

SEWER

1) ID1 Update

Activities & Accomplishments for December include:

Activities

- Completed Group 12 cleaning (see attached report).
- Reviewed applications for sewer permits – 6 in December.
- Completed monthly siphon cleaning in December.
- Completed monthly hot spot cleaning in December.
- Completed CCTV inspection of 24,000 feet of pipe.
- Completed 177 Dig Alert tickets in October.
- Ordered misc. sewer supplies and tools.
- Completed 5 easement inspections.
- FOG Inspections completed in December – (13); FOG permit renewals in December (11).
- Set 500 flyers for ID1 project (Collections staff).

Sewer Spills

Update: No spills to report for December 2021.

Permits

Update: Six (6) permits were issued in December; 1 single family remodel in unincorporated area and 5 ADUs, 3 in unincorporated area and 2 in Tustin.

2) ID1 Capacity, Reliability, and Augmentation Project #1

Update: Construction of the segment on Browning from El Camino to Bent Twig began on December 15. This segment was expedited in order to avoid a potential conflict with a City of Tustin paving project, scheduled for spring break (mid-March), and to complete the portion of the work in front of UTT Middle School while the school was closed for Christmas break. While every effort was made to complete the work during the school break, the contractor was not able to due rain delays and dump closures. Through excellent communication from staff to the Tustin Unified School District and the UTT Middle School Principal, and with support from the contractor, the construction was able to continue after school resumed with only minor disruption. The contractor has completed the most critical segment near the Browning and Bryan intersection in front of the school.

WHOLESALE ZONE

1) WZ Water Demands

See attachment.

2) Water Quality Update

No Update.

3) OC-43/Walnut Takeout Vault Rehabilitation/Replacement Update

Update: At Tustin's request, staff re-evaluated a single vault for both agencies and has put the design on hold. Staff had legal counsel draft an agreement and the details are being developed with input from Tustin staff.

4) OC-70 Meter Test Update

No Update.

5) WZ Connection Permits

Update: One wholesale zone permit was issued in December in Tustin.

RETAIL ZONE

1) Water Demand – see attachment

2) East Orange DroughtReach™ Program

Update: RZ Demand was 29.4% lower in December 2021 than December 2020. Water efficiency messaging continues through social media and print media (Foothill Sentry).

3) Well / Booster Station Operations

Well Levels - Update: Groundwater levels have declined slightly over the last month as shown on the attached graph.

The pumping water level for the East Well is currently at 240.0 feet BGS (below ground surface. (Note that pumping water levels have been as low as 297 feet BGS back in July 2014).

4) Vista Panorama Reservoir

Update: Staff has held two virtual meetings with the residents, sent email updates, and the residents have expressed their appreciation for the improved communication and progress. Staff installed a plywood barrier to reduce the pump noise and held a virtual and site meeting with AT&T and T-Mobile regarding the noise and construction impacts to their equipment. They were receptive to relocation and are considering solutions to reduce the noise. The residents have expressed their desire to have a wall around the property to reduce the noise and improve the aesthetics. Staff is in the process of requesting budgetary estimates for the wall. The residents initiated a formal complaint against the cellular companies with the California Public Utilities Commission regarding the noise

from their equipment. An Information Item will be included on the January E&O Committee and Board agendas.

5) **New Well/PFAS Treatment**

Update: OCWD held two preconstruction meetings with Pascal and Ludwig (the contractor, P&L), CDM Smith (the design engineer), and EOCWD staff to discuss the proposed schedule for the PFAS treatment plant. Due to material delays, the draft construction schedule showed a long delay in the start date. P&L presented time and cost savings alternatives that are currently being reviewed by OCWD and EOCWD staff.

6) **System Leaks**

Staff responded to one leak in December. A resident on Charmaine Lane reported water seeping up in front of their property along the parkway. Staff investigated the leak and found that there was a leak on the 6" watermain. The main was exposed and a repair clamp was installed. Service to customers was not interrupted during the repair work.

7) **Water Availability Request/Connection Permits**

A request was received for a proposed development on East Smiley Drive.

8) **Monthly WZ & RZ Operations Activities**

- Completed dead-end hydrant flushing.
- Completed 82 miscellaneous work orders – door tags, checking meters, trim outs, dig outs.
- Exercised 65 water valves.
- Received new skid steer tractor along with training.
- Issued contracts for manhole frame and cover adjustments, water valve can adjustments, fence repairs, and top hat installations.
- Conducted interview for water supervisor position.
- Coordinated radio survey for SCADA system.
- Attended meetings for Barrett Booster Station, ID1, SCADA, Admin Building, Vista Panorama reservoir, and Newport reservoir projects.
- Repaired office roof and sealed around windows.
- Changed out 12 residential meters and sent in for meter testing.
- Completed easement clearing behind Newport reservoir.
- Ordered misc. tools, parts, and materials.
- Responded to 3 customer leaks.
- Responded to 2 high bill complaints.
- Completed 94 Dig Alerts.
- Monitored daily operations of reservoir chlorination system at Newport reservoir (Ops. Manager).
- Attended Groundwater Producer Meetings (Eng. Manager).
- Submitted monthly and quarterly water quality reports to SWRCB.
- Reviewed weekly water quality data.
- Ordered water quality supplies.
- Attend weekly maintenance and operations meeting with GM (Engineering and Ops Managers).

JOINT SYSTEM ACTIVITIES

A. Pandemic Response (COVID-19) Plan

See status report in Board Agenda.

B. Public Safety Power Shutoff (PSPS)

No Update.

C. SEDARU

Please see the attached SEDARU water work and sewer work reports which provide information on work staff is performing and the types of customer interactions that staff are having.

D. America's Water Infrastructure Act (AWIA) Cybersecurity Improvements

No Update

E. Safety

Update: Field staff completed anti-harassment training.

F. Engineering & Operations Committee

Minutes for the January 13, 2022 meeting is attached.

G. Administrative & Finance Committee

The January 14, 2022 meeting was canceled.

Customer Work

	Broken Meter Box	Check Backflow	Customer Leak	Hi/Lo Pressure	High Water Bill	Meter Changeout	Meter Connect	Meter Disconnect	Meter Edit	Meter Read	Meter Re-read	Misc Customer Task	Water Qual. Compl.	Grand Total
December			3		2	12			81	2		82		182

Facilities Work

	Andres Reservoir Site	Barret Reservoir Site	Facility Edit	Maintenance	Newport Reservoir Site	Peters Canyon Reservoir Site	Tank Inspection	Vista Panorama Reservoir Site	Grand Total
December	4	1		9	1	5		2	22

Pump Work

	Pump and Motor Maintenance	Pump Edit
December	1	2

Date

Dec 2021 MONTHS ▾

2021 2022

NOV DEC JAN FEB MAR APR

◀ ▶

Air Vac Work

	Air Vac Maintenance
December	2

Sample Work

	In-House WQ Data
December	65

Hydrant Work

	Hydrant Edit	Hydrant Flushing	Hydrant Maintenance	Install Hyd. Meter	Grand Total	Gallons Used
December		28			28	3,440

Pressure Reducing Station Work

	Pressure Reducing Station Maintenance
December	6

Water Distribution Line Work

	Main Leak Report	Pipe Edit	Grand Total	Service Lateral Leak
December		15	15	

Valve Work

	Valve Edit	Valve Exercise	Grand Total
December	2	63	65

Production Meter Work

	Production Meter Maintenance	Production Meter Repairs	Grand Total
December			

Sewer Gravity Main Work

	Line Cleaning Segments	Managers Form	Pipe Edit	Root Foaming	Grand Total
December	225		110		335

Permitting Work

	Const. Inspection	Customer Investigation	Parcel Permit Info Edit	Pre construction	Grand Total
December	2	2		1	5

Manhole Work

	Manhole Edit	Manhole Inspection	Manhole Rehab	Roach Spray	SSO Report	Grand Total
December		176				176

Water Hydrants

	Hydrant Meter Read	Month	Water Used in CCF	Water Used in Gallons
December	22	December	28.40	21,300

FOG Work

	FOG Form
December	13

Easement Work

	Easement Inspection
December	5

DigTicket Work

	Sewer 811 Locate
December	177

Feet of Main Cleaned	Feet of Main Root Foamed
57,033	

Date

Dec 2021 MONTHS ▾

2021

IN JUL AUG SEP OCT NOV DEC

◀ [] ▶

Minutes of the Engineering & Operations Committee January 13, 2022

The meeting was called to order at 4:30 p.m by Director Bell.

1. The following Directors attended the meeting via videoconference: Directors Richard Bell and John Dulebohn. Also present via videoconference were: David Youngblood – General Manager, Jeff Smyth – Engineering Manager, Jerry Mendzer – Operations Manager, and Sylvia Prado – Office Manager.
2. No public comments were received.
3. No additional items were added to the agenda.

4. Engineering
 RZ System

- A. General PFAS Update – Staff presented an update on the PFAS Treatment Plant. Staff informed the Committee, OCWD held two preconstruction meetings with Pascal and Ludwig, CDM Smith, and EOCWD staff to discuss the proposed schedule for the PFAS treatment plant. Due to material delays, the draft construction schedule showed the start date a delayed until Spring. Pascal and Ludwig presented time and cost savings alternatives that are currently being reviewed by OCWD and EOCWD staff.
- B. Vista Panorama Reservoir Replacement Project Update – Staff presented the item.

Wholesale Zone

- C. Rehabilitation of the Newport Reservoir – Contract Award to Advanced Industrial Services – Staff presented the item. The Committee recommended the Board approve a transfer of \$250,000 to the FY2021-22 Wholesale Zone Capital Improvement Budget Account #7102138 from Reserve Funds and amend the budget; find that the irregularity in the bid submitted by Advanced Industrial Services was minor in that it did not affect the amount of the bid or afford Advanced Industrial Services a competitive advantage over the other bidders and waive such irregularity; award a construction contract with Advanced Industrial Services, Inc in the amount of \$536,220; and authorize and approve the General Manager a \$50,000 contingency to address any unanticipated conditions for a total budget of \$586,220 for the construction of the Rehabilitation of the Newport Reservoir.

Sewer System

- D. ID1 CRA Project Update – Staff presented the item.
- E. Sewer Development Permits – Staff informed the Committee that staff has developed a variance process for waiving the requirement for separate sewer connections utilizing an empirical method. The Committee inquired about a development on Newport Ave. Staff informed the Committee the release of the

**Minutes of the
Engineering & Operations Committee
January 13, 2022**

permits is pending a private party design issue on private property that needs to be resolved.

- F. Update Sewer Standards – Budget Increase – Staff presented the item. The Committee recommended the Board approve the transfer of \$15,000 to the FY2021-22 ID1 Capital Improvement Budget Account #7302226 from reserve funds and amend the budget. Director Dulebohn inquired about private sewer systems and standards for septic to sewer conversions utilizing pumped systems. Staff informed the Committee standards will be included regarding connections of the pumped systems to the public sewer system. In addition staff can research and have materials ready for residents who inquire about the systems. The systems fall under the jurisdiction of the City of Tustin and the County of Orange.

Joint – No Items

5. Operations

RZ System

- A. East & West Well – Pumping Level Information – See attached report.
- B. RZ Water Use – Monthly Report– See attached report – RZ water use decreased from 73 AF in November to 48 AF in December. Staff reported on some leak repairs and new equipment.

WZ System

- C. WZ Water Use – Monthly Report – See attached report. Staff reported on a proposed mixing system for the 6MG Reservoir for next fiscal year. Staff also informed the Committee about reservoir and vault maintenance and repairs.

Sewer System

- D. Spill Report – No sewer spills in December.

6. Adjournment at 5:08 pm



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: MONTHLY FINANCIAL SUMMARY
DATE JANUARY 20, 2022

Background

Monthly Financial Summary for Wholesale Zone, Retail Zone, and ID1 (wastewater).

Recommendation

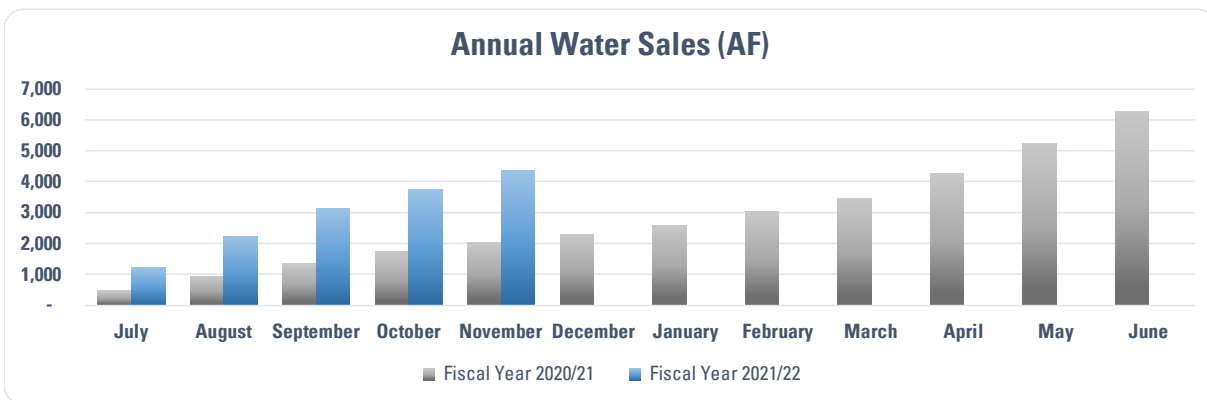
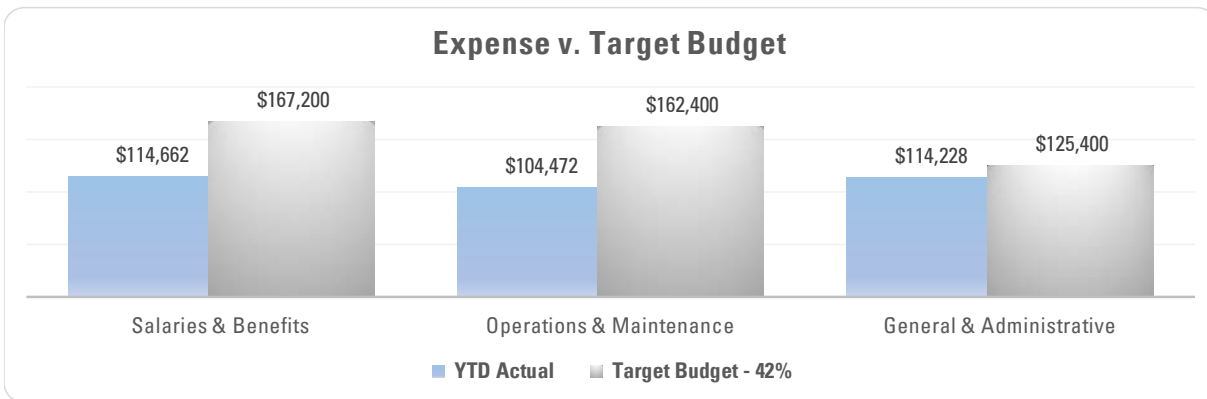
Informational.

Attachment(s): WZ, RZ, and ID1 Financial Summary for November 2021.



Revenue & Expense Summary Wholesale Zone (Unaudited) Period Ending November 30, 2021

	NOV 2021 ACTUAL	YTD ACTUAL	2021/22 ANNUAL BUDGET	BUDGET \$ OVER / (UNDER)	YTD PERCENT OF BUDGET
1 REVENUES					
2 Operating Revenues	\$ 764,348	\$ 5,042,919	\$ 5,616,500	\$ (573,581)	90%
3 Non-Operating Revenues	156,912	230,918	1,192,300	(961,382)	19%
4 TOTAL REVENUES	921,260	5,273,836	6,808,800	(1,534,964)	77%
5 EXPENSES					
6 Source of Supply	717,993	4,823,506	5,116,900	(293,394)	94%
7 Salaries & Benefits	24,793	114,662	398,100	(283,438)	29%
8 Operations & Maintenance	17,827	104,472	386,700	(282,228)	27%
9 General & Administrative	27,757	114,228	298,600	(184,372)	38%
10 TOTAL EXPENSES	788,369	5,156,867	6,200,300	(1,043,433)	83%
11 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPS	132,890	116,969	608,500	(491,531)	
12 Less: Section 115 Pension Trust Contribution	-	-	(50,000)	50,000	0%
13 Less: CalPERS Additional Discretionary Payments	-	(149,485)	(149,500)	15	100%
14 Less: Capital Expenses (Reserve-Funded)	(57,236)	(135,245)	(2,595,400)	2,460,155	0%
15 NET INCREASE / (DECREASE) TO RESERVES	\$ 75,655	\$ (167,761)	\$ (2,186,400)	\$ 2,018,639	

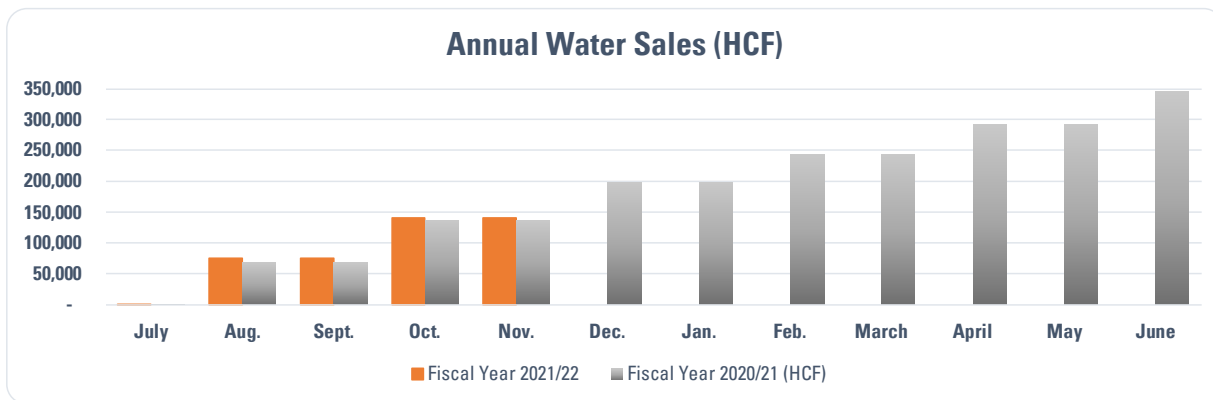
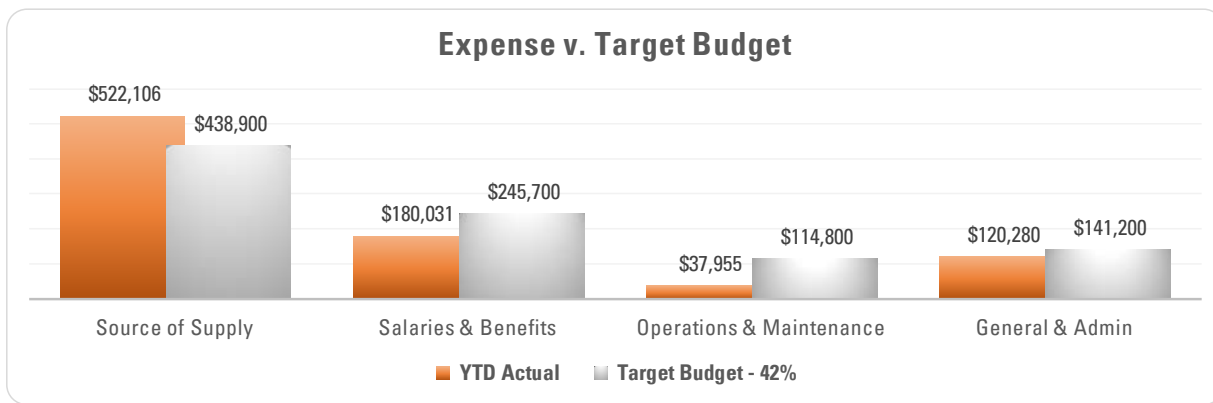


*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



Revenue & Expense Summary Retail Zone (Unaudited) Period Ending November 30, 2021

	NOV 2021 ACTUAL	YTD ACTUAL	2021/22 ANNUAL BUDGET	BUDGET \$ OVER / (UNDER)	YTD PERCENT OF BUDGET
1 REVENUES					
2 Operating Revenues	\$ 12,096	\$ 1,037,741	\$ 2,667,300	\$ (1,629,559)	39%
3 Non-Operating Revenues	86,372	98,636	505,500	(406,864)	20%
4 TOTAL REVENUES	98,468	1,136,377	3,172,800	(2,036,423)	36%
5 EXPENSES					
6 Source of Supply	86,913	522,106	1,044,900	(522,794)	50%
7 Salaries & Benefits	38,110	180,031	585,100	(405,069)	31%
8 Operations & Maintenance	12,206	37,955	273,400	(235,445)	14%
9 General & Administrative	25,137	120,280	336,200	(215,920)	36%
10 TOTAL EXPENSES	162,367	860,372	2,239,600	(1,379,228)	38%
11 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPs	(63,899)	276,005	933,200	(657,195)	
12 Less: Debt Service	-	(45,432)	(259,100)	213,668	18%
13 Less: Section 115 Pension Trust Contribution	-	-	(50,000)	50,000	0%
14 Less: CalPERS Additional Discretionary Payments	-	(149,485)	(149,500)	15	100%
15 Less: Capital Expenses (Reserve-Funded)	(9,876)	(169,460)	(2,174,900)	2,005,440	8%
16 NET INCREASE / (DECREASE) TO RESERVES	\$ (73,775)	\$ (88,372)	\$ (1,700,300)	\$ 1,611,928	

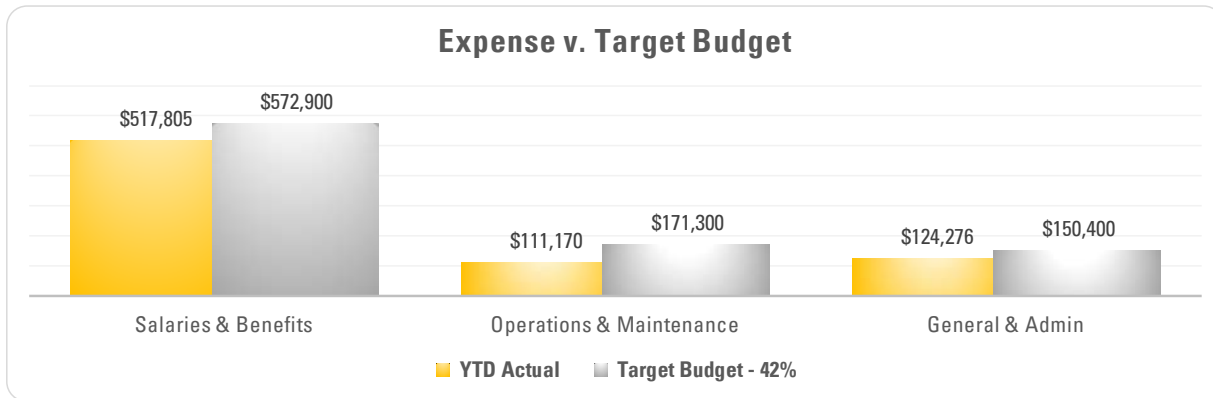


*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



**Revenue & Expense Summary
Sewers (Unaudited)
Period Ending November 30, 2021**

	NOV 2021 ACTUAL	YTD ACTUAL	2021/22 ANNUAL BUDGET	BUDGET \$ OVER / (UNDER)	YTD PERCENT OF BUDGET
1 REVENUES					
2 Operating Revenues	\$ 504,122	\$ 510,960	\$ 3,171,300	\$ (2,660,340)	16%
3 Non-Operating Revenues	66,113	(131,632)	878,500	(1,010,132)	-15%
4 TOTAL REVENUES	570,235	379,328	4,049,800	(3,670,472)	9%
5 EXPENSES					
6 Salaries & Benefits	104,268	517,805	1,364,000	(846,195)	38%
7 Operations & Maintenance	12,396	111,170	407,900	(296,730)	27%
8 General & Administrative	29,889	124,276	358,000	(233,724)	35%
9 TOTAL EXPENSES	146,553	753,250	2,129,900	(1,376,650)	35%
10 NET INCOME / (LOSS) BEFORE DEBT, CAPITAL & ADPs	423,682	(373,922)	1,919,900	(2,293,822)	
11 Less: Debt Service	-	-	(1,036,300)	-	0%
12 Less: Section 115 Pension Trust Contribution	-	-	(50,000)	50,000	0%
13 Less: CalPERS Additional Discretionary Payments	-	(17,333)	(17,400)	67	100%
14 Less: Capital Expenses (Reserve-Funded)	(51,225)	(137,274)	(2,528,600)	2,391,326	5%
15 NET INCREASE / (DECREASE) TO RESERVES	\$ 372,457	\$ (528,529)	\$ (1,712,400)	\$ 147,571	



*No assurance provided on these financial statements. These financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: WHOLESALE AND RETAIL WATER USAGE REPORT
DATE JANUARY 20, 2022

Background

Monthly report on wholesale and retail water usage for the months of December 2021.

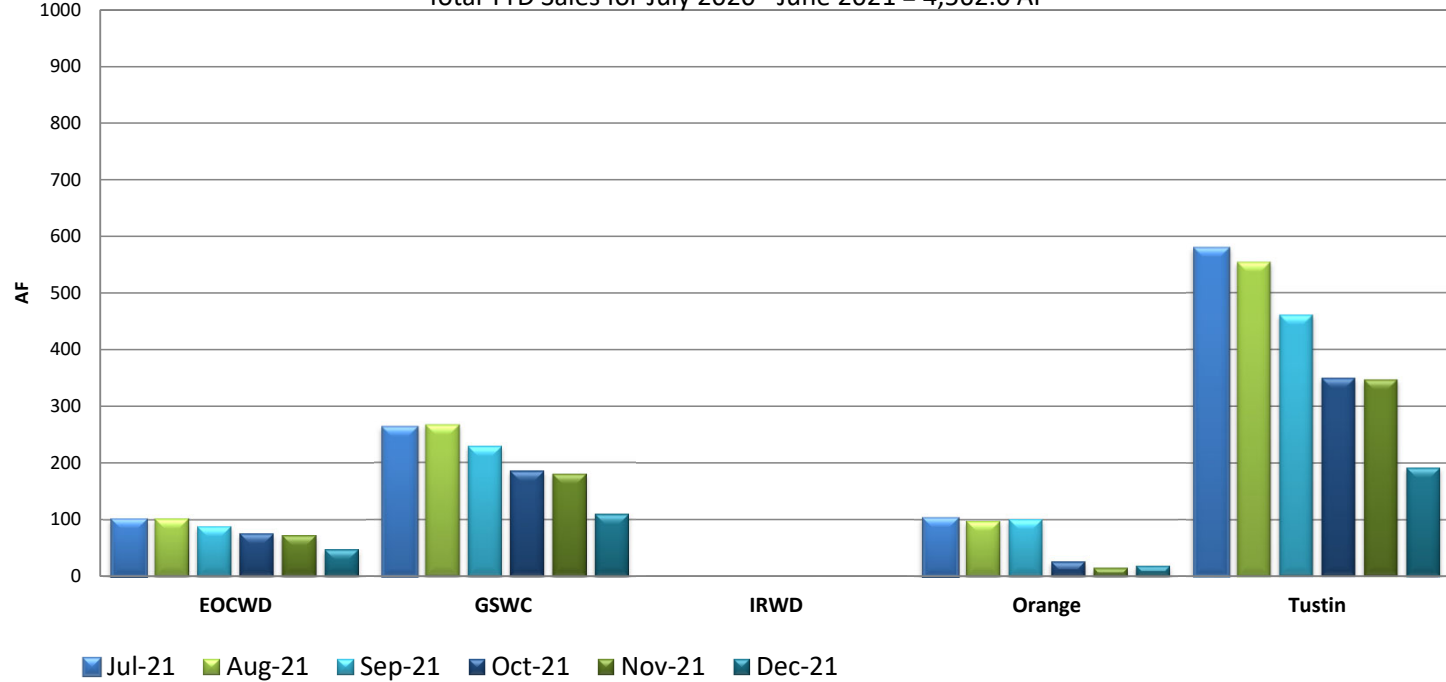
Recommendation

Informational; no action necessary.

Attachment(s): Wholesale and Retail Usage Reports for December

Wholesale Zone Water Demand

Total Monthly Sales for December 2021 = 368.6 AF
 Total YTD Sales for July 2020 - June 2021 = 4,562.0 AF



EOCWD IMPORTED WATER DELIVERY BALANCE - FY21/22

(Acre-feet)

	OC-43	OC-48				OC-70					TOTAL DELIVERIES BY AGENCY					
	MWD Tustin	Retail Zone	Golden State	Tustin	MWD Total	IRWD Jamboree	Orange	Retail Zone	Golden State	Tustin	MWD Total	IRWD OPA	Orange	Retail Zone	Golden State	Tustin
JUL	357.4	0.0	22.0	218.5	240.5	0.0	101.6	100.0	238.7	1.8	442.1	0.0	101.6	100.0	260.7	577.7
AUG	315.3	0.0	21.7	237.3	259.0	0.0	97.8	102.4	244.3	1.7	446.3	0.0	97.8	102.4	266.0	554.3
SEP	258.6	0.0	16.1	196.1	212.2	0.0	101.1	88.7	212.9	6.7	409.4	0.0	101.1	88.7	229.0	461.4
OCT	188.5	0.0	13.9	145.7	159.6	0.0	26.3	76.1	171.4	15.6	289.4	0.0	26.3	76.1	185.3	349.8
NOV	194.4	0.0	15.0	147.9	162.9	0.0	15.1	72.7	165.3	4.7	257.8	0.0	15.1	72.7	180.3	347.0
DEC	98.6	0.0	8.8	92.2	101.0	0.0	19.1	48.0	100.9	1.0	169.0	0.0	19.1	48.0	109.7	191.8
JAN												0.0	0.0	0.0	0.0	0.0
FEB*												0.0	0.0	0.0	0.0	0.0
MAR												0.0	0.0	0.0	0.0	0.0
APR												0.0	0.0	0.0	0.0	0.0
MAY												0.0	0.0	0.0	0.0	0.0
JUN												0.0	0.0	0.0	0.0	0.0
Total	1412.8	0.0	97.5	1037.7	1135.2	0.0	361.0	487.9	1133.5	31.5	2014.0	0.0	361.0	487.9	1231.0	2482.0

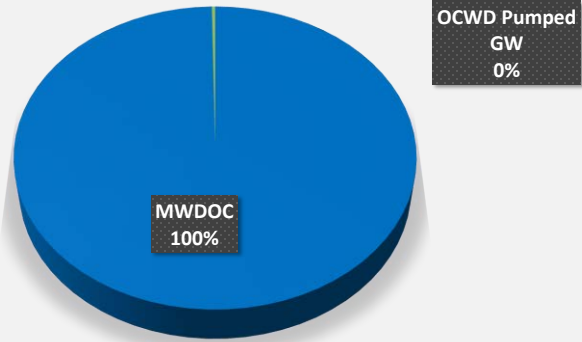
East Orange County Retail Zone Water Usage Report

East Orange County Retail Zone Overview of Usage FY 2021-22 Monthly Water Use

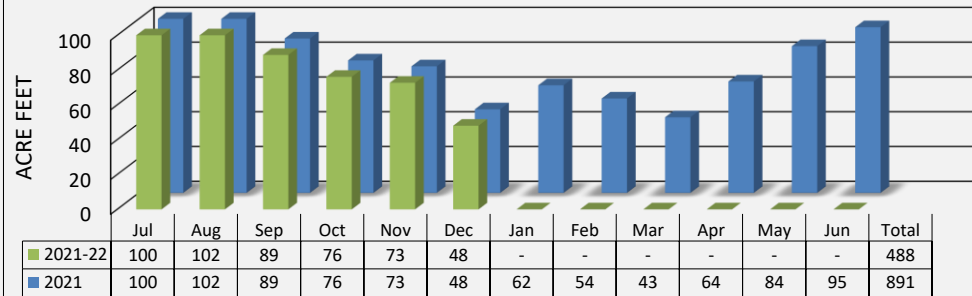
Type of Supply	July	August	September	October	November	December	January	February	March	April	May	June	Total
MWDOC	100	102	89	76	73	48	-	-	-	-	-	-	488
OCWD Pumped GW	0.2	0.3	0.3	0.3	0.3	-	-	-	-	-	-	-	1
Total	100	103	89	76	73	48	-	-	-	-	-	-	489

2021 MWDOC Usage	July	August	September	October	November	December	January	February	March	April	May	June	Total
	100	102	89	76	73	48	62	54	43	64	84	95	891

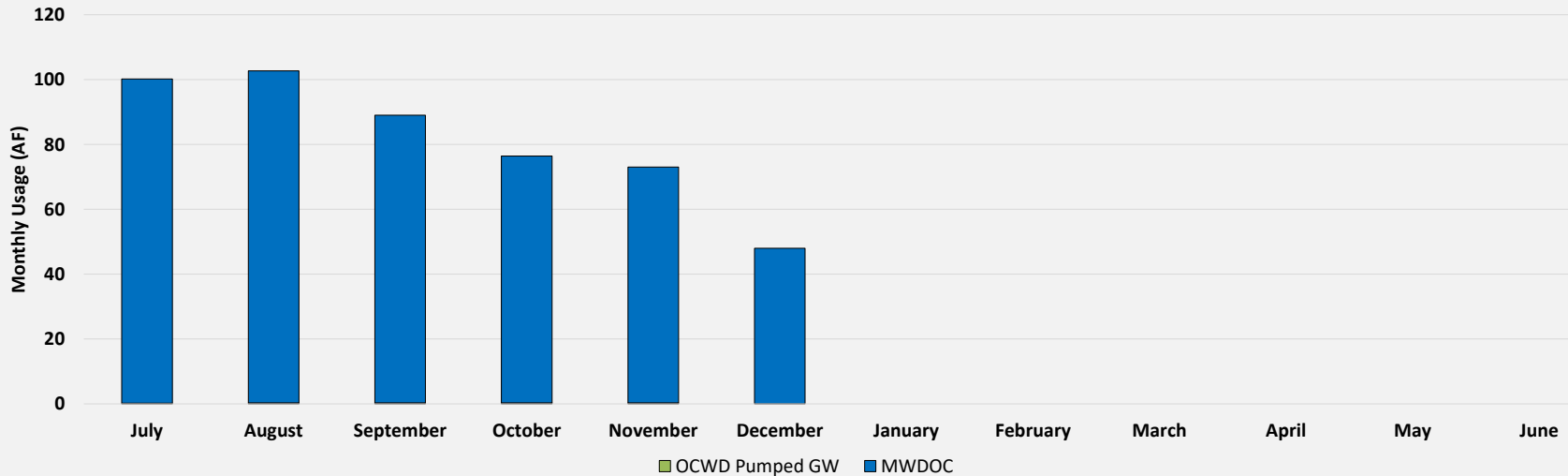
2021-22 Sources of Water



MWDOC Calendar Year and Fiscal Year Purchases



2021-22 Monthly Water Supply Sources



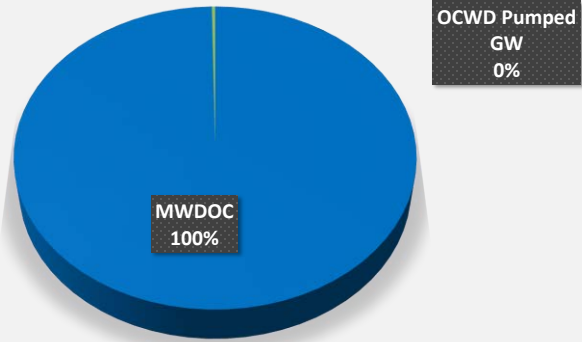
East Orange County Retail Zone Water Usage Report

East Orange County Retail Zone Overview of Usage FY 2021-22 Monthly Water Use

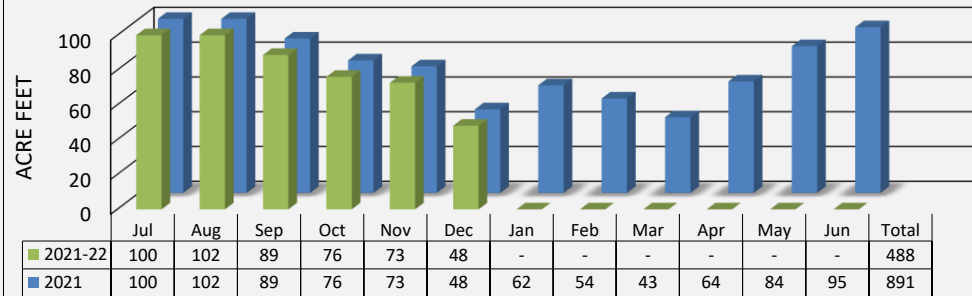
Type of Supply	July	August	September	October	November	December	January	February	March	April	May	June	Total
MWDOC	100	102	89	76	73	48	-	-	-	-	-	-	488
OCWD Pumped GW	0.2	0.3	0.3	0.3	0.3	-	-	-	-	-	-	-	1
Total	100	103	89	76	73	48	-	-	-	-	-	-	489

2021 MWDOC Usage	July	August	September	October	November	December	January	February	March	April	May	June	Total
	100	102	89	76	73	48	62	54	43	64	84	95	891

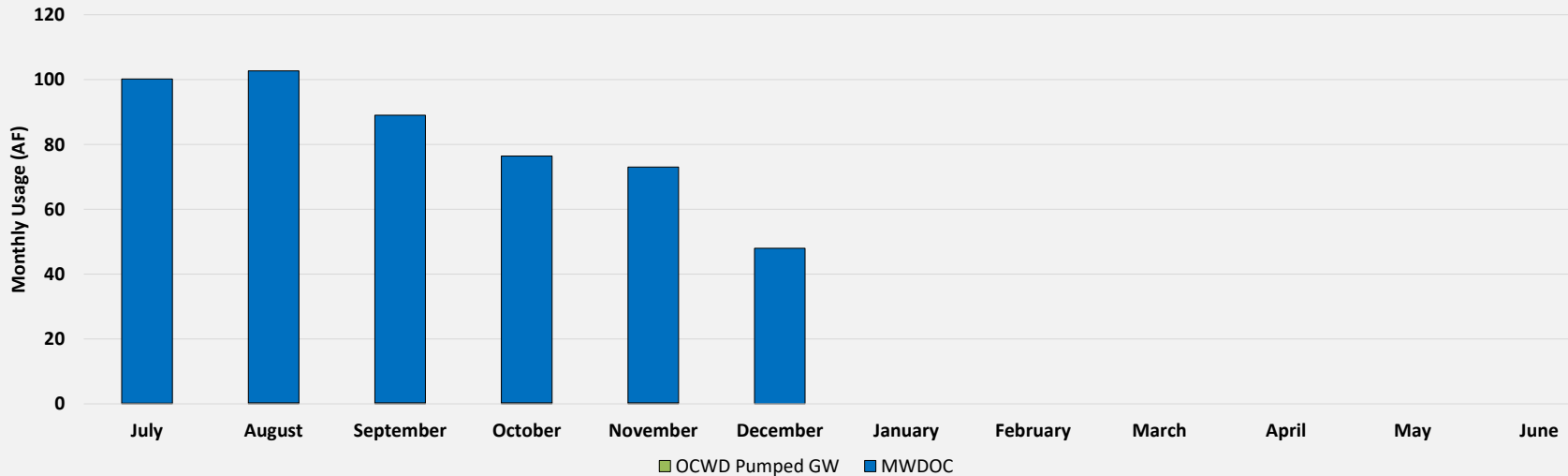
2021-22 Sources of Water



MWDOC Calendar Year and Fiscal Year Purchases



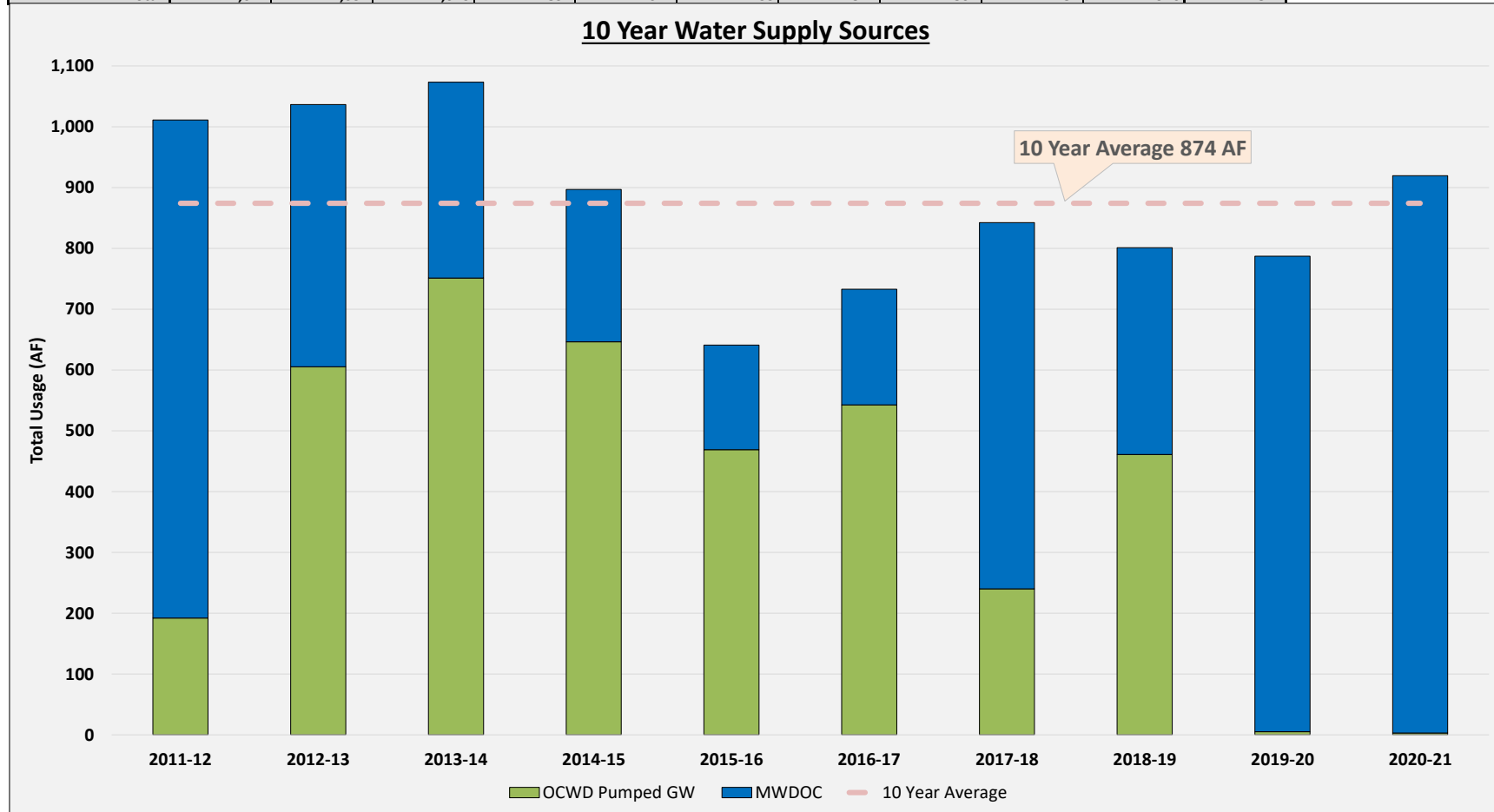
2021-22 Monthly Water Supply Sources



East Orange County Retail Zone Water Usage Report

Annual Water Usage

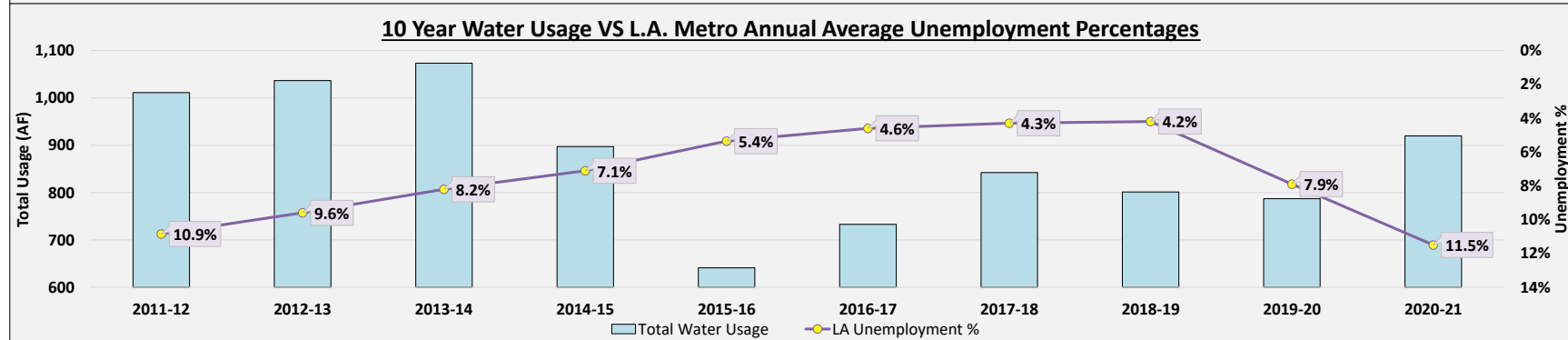
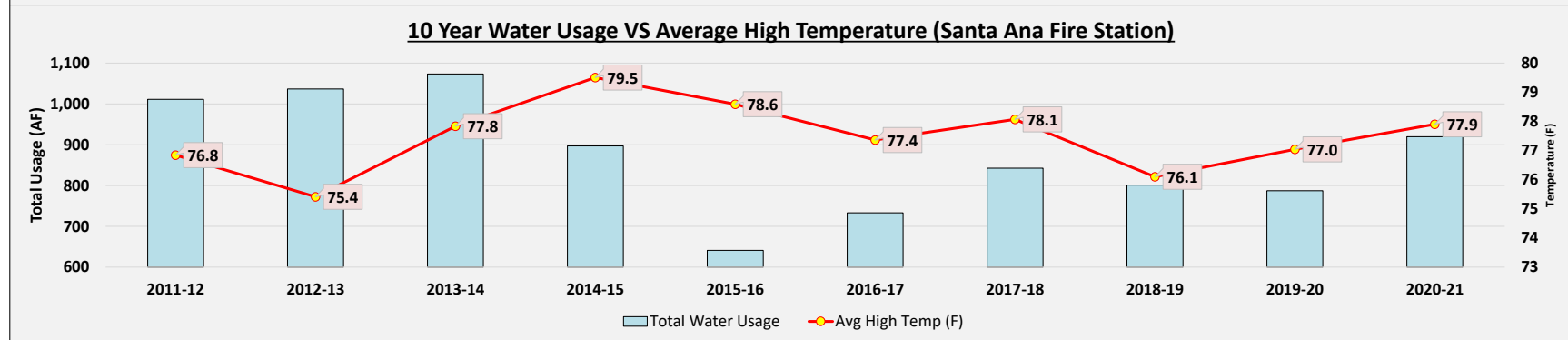
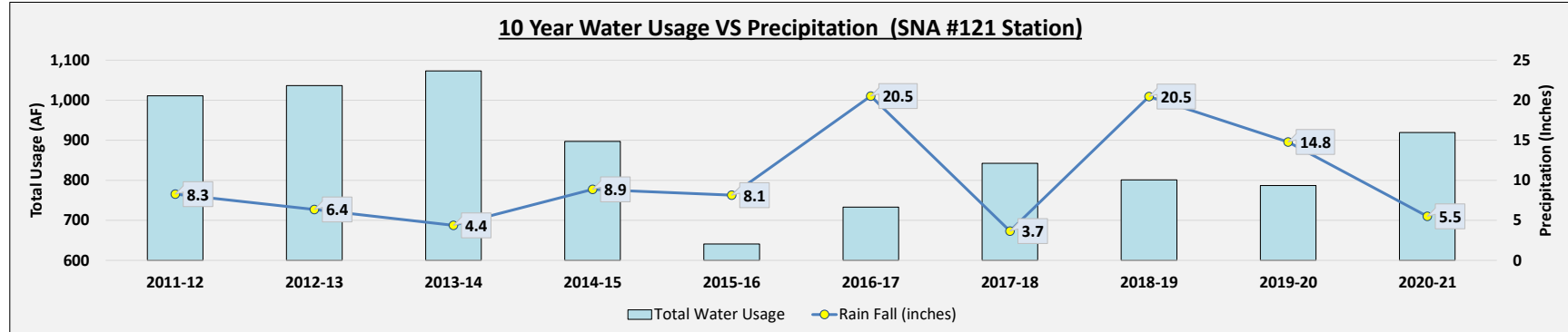
Type of Supply	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Average
MWDOC	819.1	431.3	322.0	250.7	172.1	190.2	602.1	340.0	781.8	916.4	482.6
OCWD Pumped GW	192.1	605.2	751.3	646.3	468.9	542.7	240.2	461.0	5.2	3.1	391.6
Total	1,011	1,037	1,073	897	641	733	842	801	787	920	874



East Orange County Retail Zone Water Usage Report

Water Usage Variables

Type of Supply	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Average
Rain Fall (inches)	8.3	6.4	4.4	8.9	8.1	20.5	3.7	20.5	14.8	5.5	10.1
Avg High Temp (F)	76.8	75.4	77.8	79.5	78.6	77.4	78.1	76.1	77.0	77.9	77.5
LA Unemployment %	10.9%	9.6%	8.2%	7.1%	5.4%	4.6%	4.3%	4.2%	7.9%	11.5%	7.4%
Total Water Usage	1,011	1,037	1,073	897	641	733	842	801	787	920	874



East Orange County Retail Zone Water Usage Report

East Orange County Retail Zone Detailed Usage Historical Monthly Potable Usage (Fiscal Year, July-June)

Fiscal Year	July	August	September	October	November	December	January	February	March	April	May	June	Total
2015-16 Usage	54	69	60	46	61	45	29	46	64	35	63	69	641
2016-17 Usage	82	87	70	68	58	44	37	32	43	70	70	79	738
2017-18 Usage	87	98	77	81	60	70	53	49	45	67	71	84	842
2018-19 Usage	107	99	85	73	62	40	47	29	43	61	59	77	781
2019-20 Usage	82	87	86	83	68	46	47	56	38	52	67	76	787
2020-21 Usage	90	99	93	91	75	68	62	54	44	64	85	95	920
Average of Last 6 FYs	83	90	78	74	64	52	46	44	46	58	69	80	785
Monthly Usage Percentage	11%	11%	10%	9%	8%	7%	6%	6%	6%	7%	9%	10%	100%

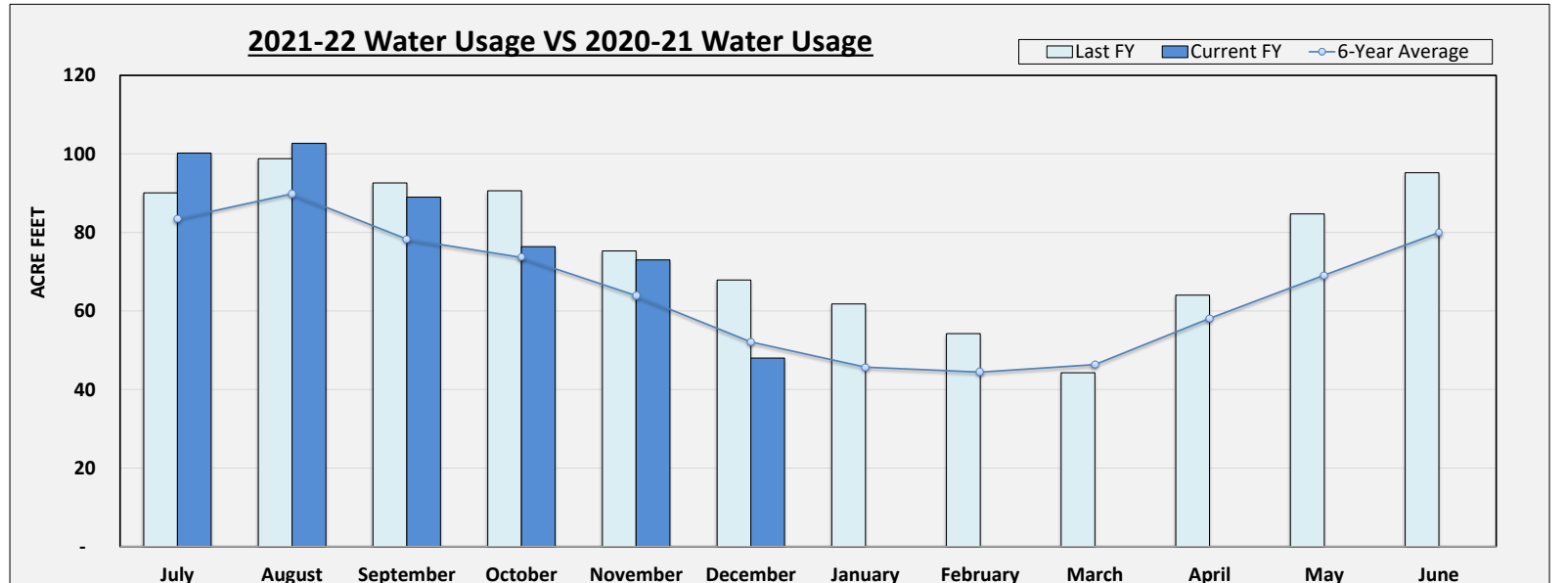
Water Usage By Source

Imported	July	August	September	October	November	December	January	February	March	April	May	June	Total
MWD via EO Wholesale	100.0	102.4	88.7	76.1	72.7	48.0							487.9
Water from IRWD during OC-70 shutd	-	-	-	-	-	-							-
CPTP	-	-	-	-	-	-							-
MWD In-Lieu*	-	-	-	-	-	-							-
Imported Total	100	102	89	76	73	48	-	-	-	-	-	-	487.9

*In-lieu totals are subtracted from imported totals

Local	July	August	September	October	November	December	January	February	March	April	May	June	Total
OCWD Pumped GW	0.2	0.3	0.3	0.3	0.3	-							1.4
Less Fill up Reservoir	-	-	-	-	-	-							-
Less CPTP	-	-	-	-	-	-							-
Local Total (minus reservoir)	0.2	0.3	0.3	0.3	0.3	-	-	-	-	-	-	-	1.4

Total Usage 2021-22 (minus reservoir)	100	103	89	76	73	48	-	-	-	-	-	-	489
FY 20-21 versus FY 21-22	+11%	+4%	-4%	-16%	-3%	-29%							

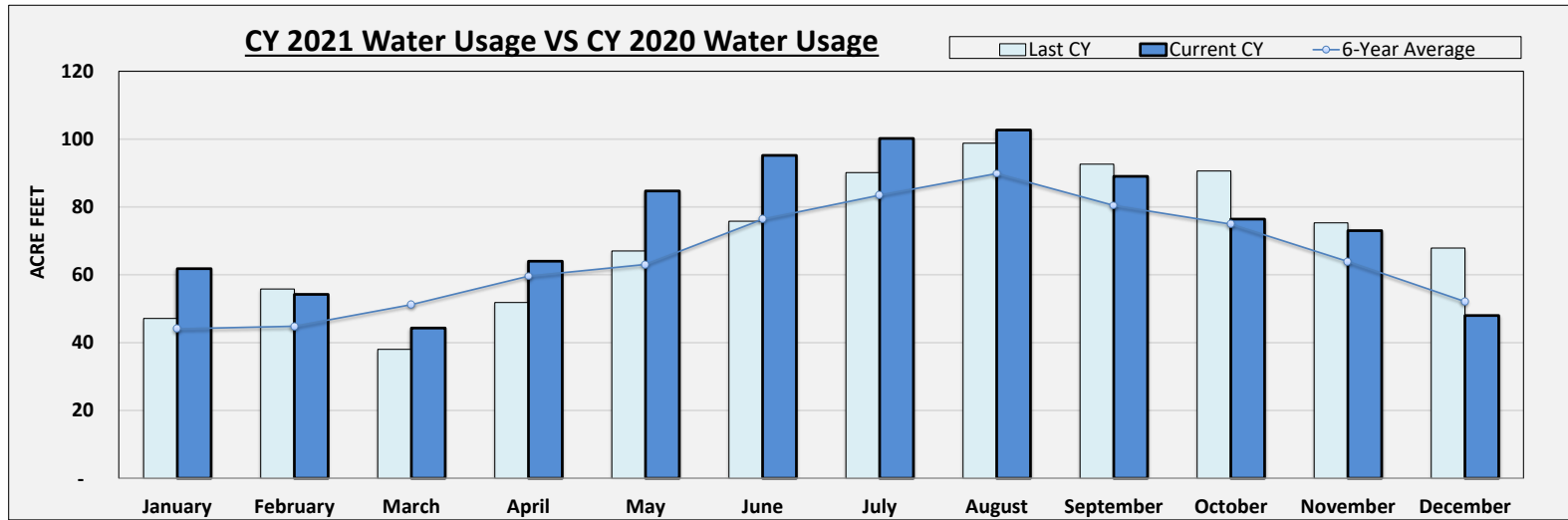


East Orange County Retail Zone Water Usage Report

Historical Monthly Potable Usage (Calendar Year)

Calendar Year	January	February	March	April	May	June	July	August	September	October	November	December	Total
2015	59	53	72	73	52	74	54	69	60	46	61	45	718
2016	29	46	64	35	63	69	82	87	70	68	58	44	713
2017	31	32	43	70	70	79	87	98	77	81	60	70	798
2018	53	49	45	67	71	84	107	99	97	81	62	40	855
2019	45	33	45	61	55	77	82	87	86	83	68	46	767
2020	47	56	38	52	67	76	90	99	93	91	75	68	851
6 year Average	44	45	51	60	63	76	83	90	80	75	64	52	784

Total Water Usage 2021	62	54	44	64	85	95	100	103	89	76	73	48	894
2021 VS 2020 Usage	+31%	-3%	+17%	+24%	+26%	+26%	+11%	+4%	-4%	-16%	-3%	-29%	



	Population	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2020 Usage (AF)	3,210	47	56	38	52	67	76	90	99	93	91	75	68	851
2020 GPCD		154	202	124	175	219	256	295	324	313	297	255	222	237
2021 Usage (AF)		62	54	44	64	85	95	100	102	89	76	73	48	892
2021 GPCD		3,222	202	196	144	216	276	321	326	334	299	248	245	157
CY over CY change in GPCD		+47	-6	+20	+40	+57	+64	+31	+11	-14	-48	-10	-66	+11

	Population	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2020-21 Usage (AF)	3,210	90	99	93	91	75	68	62	54	44	64	85	95	920
2020-21 GPCD		295	324	313	297	255	222	202	197	145	217	277	322	256
2021-22 Usage (AF)	3,222	100	102	89	76	73	48	-	-	-	-	-	-	488
2021-22 GPCD		326	334	299	248	245	157	-	-	-	-	-	-	268
FY over FY change in GPCD		+31	+11	-14	-48	-10	-66							+12

*Cumulative through the end of the last month shown

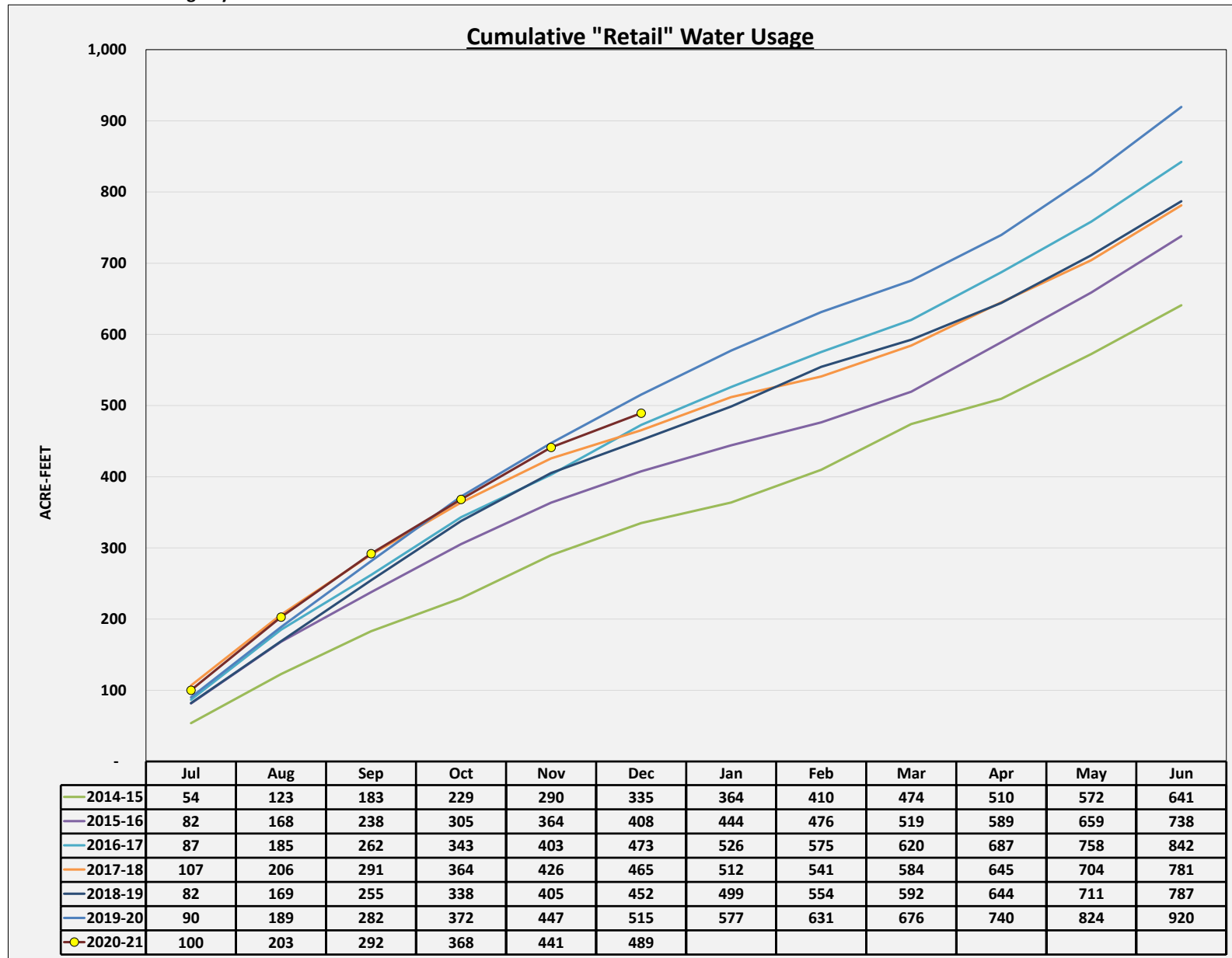
*GPCD = (Total Monthly Production - Fill up Reservoir) / Population/days in the month

*For the months of July through December 2021, groundwater usage was not delivered to customers and is not counted towards GPCD



East Orange County Retail Zone Water Usage Report

Cumulative Water Usage by Fiscal Year



MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: UPDATE SEWER STANDARDS – BUDGET INCREASE
DATE: JANUARY 20, 2022

Background

A project was included in the FY2021-22 capital budget in the amount of \$30,000 to update the District's Sewer Standards. The preferred consultant, MKN Associates, provided a proposal to complete the sewer standards update of approximately \$42,000 including optional items. While this is within the General Managers approval level, it is above the budgeted amount. MKN is preferred for the work as they just completed a similar update for the Las Virgenes Municipal Water District and they provided excellent performance. Staff recommends transferring ID1 Reserve Funds, in the amount of \$15,000 to the FY2021-22 ID1 Capital Budget to fund the project.

This item was reviewed by the Engineering and Operations Committee at the meeting on January 13, 2022 and the Committee recommended the Board approve the transfer of \$15,000 to the FY2021-22 ID1 Capital Improvement Budget Account #7302226 from reserve funds and amend the budget.

Financial Impact

Funds have been budgeted in ID1 Account #7302226, in the amount of \$30,000, for the sewer standards update. Funds in the amount of \$15,000 would be transferred from ID1 reserves to increase the budget in Account #7302226 to \$45,000.

Recommendation

That the Board approve the transfer of \$15,000 to the FY2021-22 ID1 Capital Improvement Budget Account #7302226 from reserve funds and amend the budget.

Attachments: None

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: FY 2020/2021 AUDITED FINANCIAL STATEMENT
DATE: JANUARY 20, 2022

Background

Attached to this memo is a copy of the final Audited Financial Statements for the period ending June 30, 2021. As noted in the audited financials, the District received a “clean opinion.”

Jonathan Foster, Partner, Davis Farr, LLP, will be present at the Board Meeting to provide a general overview of the financial statements and other supporting documents.

The District finished the year with revenues exceeding expenses for the Retail Zone and the Wholesale Zone. The ID1 zone had expenses slightly higher than revenue. For comparative purposes, the table below shows the change in one financial indicator – Unrestricted Net Position for the Wholesale Zone (WZ), the Retail Zone (RZ) and ID1 for the periods 2021 and 2020.

Indicator	2021			2020		
	WZ	RZ	ID1	WZ	RZ	ID1
Unrestricted Net Position	\$9,440,919	\$5,972,522	\$46,465,539	\$9,593,692	\$5,274,707	\$46,868,153

The audit team reviewed our internal procedures and then tested them to see how well we follow our own procedures. The Auditor’s Management Letter that reports on internal controls overall and the audit is attached. As noted in the Letter, no issues were encountered in conducting the audit.

Recommendation

Receive and file the fiscal year 2020/2021 audited financial statement.

Attachment(s): FY 2020/2021 Audited Financial Statement
 Audit Communication Package

EAST ORANGE COUNTY WATER DISTRICT

Financial Statements

Year ended June 30, 2021

Our Mission Statement

"To provide the most cost effective, reliable, and highest quality water services for the present as well as the future by operating in the most cost efficient manner possible, keeping the cost of water to our customers affordable and provide a safe working environment for our employees. Serve the community in an open manner and, at all times, communicate and deliberate in public meetings where open discussions are promoted."

Board of Directors as of June 30, 2021

Name	Title	Elected / Appointed	Current Term
Douglass S. Davert	President	Elected	12/20 - 12/24
John Dulebohn	Vice President	Elected	12/18 - 12/22
Richard Bell	Director	Elected	12/18 - 12/22
George A. Murdoch	Director	Elected	12/18 - 12/22
John L. Sears	Director	Elected	12/20 - 12/24

**David Youngblood, General Manager
East Orange County Water District**

185 North McPherson Road
Orange, California 92869
(714) 538-5815

www.eocwd.com ♦ dyoungblood@eocwd.com

This page intentionally left blank

EAST ORANGE COUNTY WATER DISTRICT

Financial Statements

Year ended June 30, 2021

Table of Contents

Page

Table of Contents i

FINANCIAL SECTION

Independent Auditors' Report on the Financial Statements 1

Management's Discussion and Analysis
Required Supplementary Information (Unaudited) 4

Basic Financial Statements:
Statement of Net Position 12
Statement of Revenues, Expenses and Change in Net Position 13
Statement of Cash Flows 14
Statement of Fiduciary Net Position 16
Statement of Changes in Fiduciary Net Position 17
Notes to the Basic Financial Statements 18

Required Supplementary Information (Unaudited):
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability 38
Schedule of the District's Contributions to the Pension Plan 40

Supplementary Information:
Combining Schedule of Statement of Net Position 44
Combining Schedule of Revenues, Expenses, and Change in Net Position 45

This page intentionally left blank

FINANCIAL SECTION

This page intentionally left blank

Independent Auditor's Report

To the Board of Directors
of the East Orange County Water District
Orange, California

Report on the Financial Statements

We have audited the accompanying financial statements and the aggregate remaining fund information of the East Orange County Water District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2021 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
of the East Orange County Water District
Orange, California

Emphasis of Matter

As described further in note 10 to the financial statements, during the year ended June 30, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84 and recorded certain prior period adjustments resulting in a restatement of net position. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the District's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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, the Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, and the Schedule of the District's Contributions to the Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government 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 Combining Schedules of Net Position and Combining Schedules of Revenues, Expenses, and Change in Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Schedules of Net Position and Combining Schedules of Revenues, Expenses, and Change in Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Directors
of the East Orange County Water District
Orange, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Davis Farr LLP

Irvine, California
December 23, 2021

EAST ORANGE COUNTY WATER DISTRICT

Management's Discussion and Analysis

Year ended June 30, 2021

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

Financial Highlights

- In 2021, the District's net position increased \$1,305,362 due primarily to an increase in total revenues and a slight increase in overall expenses from fiscal year 2021.
- In 2021, operating revenues increased by \$3,599,495 due primarily to an increase in water sales, sewer use fees, and capacity and connection fees.
- In 2021, operating expenses increased by \$3,404,539 due primarily to an increase in source of supply, and sewer and maintenance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The financial statements are comprised of two components: 1) financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between the four 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, non-capital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

EAST ORANGE COUNTY WATER DISTRICT

Management’s Discussion and Analysis (Continued) (Unaudited)

Year ended June 30, 2021

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the District

One of the most important questions asked about the District’s finances is, “Is the District better off or worse off as a result of this year’s activities?” The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year’s revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District’s *net position* and changes in them. One can think of the District’s net position – the difference between assets and liabilities – as a way to measure the District’s financial health, or *financial position*. Over time, *increases or decreases* in the District’s net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, natural disasters, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

Condensed Statement of Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Assets:			
Current assets	\$ 83,497,147	64,142,203	19,354,944
Capital assets, net	<u>16,729,948</u>	<u>15,567,014</u>	<u>1,162,934</u>
Total assets	<u>100,227,095</u>	<u>79,709,217</u>	<u>20,517,878</u>
Deferred outflows of resources	<u>803,776</u>	<u>701,985</u>	<u>101,791</u>
Total assets and deferred outflows of resources	<u>\$ 101,030,871</u>	<u>80,411,202</u>	<u>20,619,669</u>
Liabilities:			
Current liabilities	\$ 2,945,454	2,382,567	562,887
Noncurrent liabilities	<u>19,181,333</u>	<u>658,490</u>	<u>18,522,843</u>
Total liabilities	<u>22,126,787</u>	<u>3,041,057</u>	<u>19,085,730</u>
Deferred inflows of resources	<u>295,156</u>	<u>66,579</u>	<u>228,577</u>
Net position:			
Investment in capital assets	16,729,948	15,567,014	1,162,934
Restricted for sewer operations	46,465,539	46,868,153	(402,614)
Unrestricted	<u>15,413,441</u>	<u>14,868,399</u>	<u>545,042</u>
Total net position	<u>78,608,928</u>	<u>77,303,566</u>	<u>1,305,362</u>
Total liabilities, deferred inflows and net position	<u>\$ 101,030,871</u>	<u>80,411,202</u>	<u>20,619,669</u>

EAST ORANGE COUNTY WATER DISTRICT

Management's Discussion and Analysis (Continued) (Unaudited)

Year ended June 30, 2021

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$78,608,928 as of June 30, 2021.

The District's investment in capital assets over net position of 21% at June 30, 2021 reflects its investment in capital assets net of accumulated depreciation. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

The District's Improvement District No. 1 restricted net position of \$46,465,539 as of June 30, 2021 is restricted for future sewer system capital replacement and maintenance costs.

At the end of fiscal year 2021, the District shows a positive balance in its unrestricted net position of \$15,413,441 that may be utilized in future years. The Board of Directors has taken action to reserve aspects of the unrestricted net position for specified purposes such as asset replacement, rate stabilization, growth accommodation and emergency reserves. The District has committed to the following internal funds and objectives:

1. Operating Fund – Funds are maintained to capture all operating and maintenance revenues and expenditures separately for the Wholesale and Retail Zone operations. Excess revenues over expenditures are routinely transferred to the Replacement and Capital Improvements funds.
2. Replacement and Capital Improvement Funds – Separate replacement and capital improvement funds are maintained for the Wholesale District and Retail Zone.
3. Emergency Reserve Fund – This fund is earmarked by the Board of Directors for unforeseen Wholesale District emergencies or contingency expenditures.

EAST ORANGE COUNTY WATER DISTRICT

Management's Discussion and Analysis (Continued) (Unaudited)

Year ended June 30, 2021

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Revenues:			
Operating Revenues	\$ 12,629,543	9,030,048	3,599,495
Non-operating revenues	2,037,048	3,960,810	(1,923,762)
Total revenues	<u>14,666,591</u>	<u>12,990,858</u>	<u>1,675,733</u>
Expenses:			
Operating expenses	10,862,561	7,458,022	3,404,539
Depreciation	1,096,590	972,239	124,351
Non-operating revenues (expenses)	1,664,535	(3,260)	1,667,795
Total expenses	<u>13,623,686</u>	<u>8,427,001</u>	<u>5,196,685</u>
Change in net position before capital contributions	1,042,905	4,563,857	(3,520,952)
Capital Contributions	262,457	563,610	(301,153)
Change in net position	1,305,362	5,127,467	(3,822,105)
Net position:			
Beginning of year	77,303,566	72,176,099	5,127,467
End of year	<u>\$ 78,608,928</u>	<u>77,303,566</u>	<u>1,305,362</u>

The Statement of Revenues, Expenses, and Changes in Net Position show how the District's net position changes during the fiscal year. In the case of the District, net position increased by \$1,305,362 as of June 30, 2021.

Revenues

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Operating Revenues:			
Water use sales:			
Wholesale	\$ 6,869,265	2,736,037	4,133,228
Retail	2,013,200	1,701,924	311,276
Meter and standby service charges	637,245	611,386	25,859
Capacity and connection fees	815,122	810,367	4,755
Sewer use fees	3,101,177	3,000,161	101,016
Other connection fees	148,526	111,514	37,012
Other service charges	39,675	58,659	(18,984)
Total operating revenue	<u>13,624,210</u>	<u>9,030,048</u>	<u>4,594,162</u>
Non-operating revenues:			
Property taxes	1,832,792	1,748,584	84,208
Rental income - cellular antennas	131,492	131,848	(356)
Investment earnings	27,206	2,065,454	(2,038,248)
Other, net	42,132	14,924	27,208
Loss on sale of assets	(3,426)	(6,771)	3,345
Total non-operating revenues	<u>2,030,196</u>	<u>3,954,039</u>	<u>(1,923,843)</u>
Total revenue	<u>\$ 15,654,406</u>	<u>\$ 12,984,087</u>	<u>2,670,319</u>

In 2021, operating revenues increased by \$4,594,162 due primarily to an increased in water sales, as depicted in the table above.

EAST ORANGE COUNTY WATER DISTRICT

Management's Discussion and Analysis (Continued) (Unaudited)

Year ended June 30, 2021

Expenses

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Operating Expenses:			
Source of Supply	\$ 7,300,958	4,005,563	3,295,395
Pumping	23,327	18,080	5,247
Transmission and distribution	1,610,839	1,193,919	416,920
Sewer system maintenance	264,243	145,447	118,796
General and administrative	1,663,194	2,095,013	(431,819)
Total operating expenses	<u>10,862,561</u>	<u>7,458,022</u>	<u>3,404,539</u>
Depreciation	1,096,590	972,239	124,351
Non-operating expenses:			
Other expenses	1,424,151	3,511	1,420,640
Interest expense	(240,384)	6,771	(247,155)
Total expenses	<u>\$ 13,142,918</u>	<u>\$ 8,440,543</u>	<u>4,702,375</u>

In 2021 operating expenses increased by \$3,404,539 primarily due to increases in source of supply, transmission and distribution, and sewer system maintenance costs, as depicted in the table above.

Capital Asset Administration

Capital assets as of June 30th are as follows:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Non-depreciable assets	\$ 3,474,443	2,461,178
Depreciable assets	28,116,257	26,916,904
Accumulated depreciation	<u>(14,860,752)</u>	<u>(13,811,068)</u>
Total capital assets, net	<u>\$ 16,729,948</u>	<u>\$ 15,567,014</u>

The capital asset activities of the District are summarized above and in Note 4 to the basic financial statements.

Economic and Other Factors Effecting Next Year's Operations and Budget

The District has adopted its Fiscal Year 2021-2022 Budget with expected revenues of \$14,031,400 over expected expenses of \$10,569,800.

Contacting the District's Financial Management Team

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager, David Youngblood, at (714) 538-5815.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

EAST ORANGE COUNTY WATER DISTRICT
Statement of Net Position
June 30, 2021
(with comparative information as of June 30, 2020)

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and investments (Note 2)	\$ 80,262,810	61,976,084
Restricted cash and investments (Note 2)	152,107	125,000
Accrued interest receivable	127,635	244,123
Accounts receivable – services, net (Note 3)	2,764,327	1,626,598
Deposit receivable	20,980	4,895
Property taxes receivable	51,790	43,583
Prepaid expenses	70,721	91,877
Water-in-storage inventory	46,777	30,043
Total current assets	<u>83,497,147</u>	<u>64,142,203</u>
Noncurrent assets:		
Capital assets – not being depreciated (Note 4)	3,474,443	2,461,178
Capital assets – being depreciated, net (Note 4)	<u>13,255,505</u>	<u>13,105,836</u>
Total noncurrent assets	<u>16,729,948</u>	<u>15,567,014</u>
Total assets	<u>100,227,095</u>	<u>79,709,217</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension related deferred outflows of resources (Note 6)	<u>803,776</u>	<u>701,985</u>
Total deferred outflows of resources	<u>803,776</u>	<u>701,985</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 1,720,596	2,002,586
Accrued interest payable	35,998	-
Accrued salaries and benefits	22,351	15,584
Compensated absences (Note 5)	98,044	136,612
Deposits and unearned revenue	227,465	226,955
Due to other governments	-	830
Long-term liabilities - due within one year (Note 5)	<u>841,000</u>	<u>-</u>
Total current liabilities	<u>2,945,454</u>	<u>2,382,567</u>
Noncurrent liabilities:		
Net pension liability (Note 6)	269,333	658,490
Long-term liabilities - due in more than one year (Note 5)	<u>18,912,000</u>	<u>-</u>
Total noncurrent liabilities	<u>19,181,333</u>	<u>658,490</u>
Total liabilities	<u>22,126,787</u>	<u>3,041,057</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension related deferred inflows of resources (Note 6)	<u>295,156</u>	<u>66,579</u>
Total deferred inflows of resources	<u>295,156</u>	<u>66,579</u>
<u>NET POSITION</u>		
Investment in capital assets	16,729,948	15,567,014
Restricted for sewer operations	46,465,539	46,868,153
Unrestricted	<u>15,413,441</u>	<u>14,868,399</u>
Total net position	<u>\$ 78,608,928</u>	<u>77,303,566</u>

See accompanying Notes to the Basic Financial Statements.

EAST ORANGE COUNTY WATER DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2021
(with comparative information for the year ended June 30, 2020)

	2021	2020
Operating revenues:		
Water use sales	\$ 7,887,798	4,437,961
Meter and standby service charges	637,245	611,386
Capacity and connection fees	815,122	810,367
Sewer use fees	3,101,177	3,000,161
Other connection fees	148,526	111,514
Other service charges	39,675	58,659
Total operating revenues	<u>12,629,543</u>	<u>9,030,048</u>
Operating expenses:		
Source of supply	7,300,958	4,005,563
Pumping	23,327	18,080
Transmission and distribution	1,610,839	1,193,919
Sewer system maintenance	264,243	145,447
General and administrative	1,663,194	2,095,013
Total operating expenses	<u>10,862,561</u>	<u>7,458,022</u>
Operating income (loss) before depreciation	1,766,982	1,572,026
Depreciation expense	<u>(1,096,590)</u>	<u>(972,239)</u>
Operating income (loss)	<u>670,392</u>	<u>599,787</u>
Non-operating revenues (expenses):		
Property taxes	1,832,792	1,748,584
Rental income – cellular antennas	131,492	131,848
Investment earnings	27,206	2,065,454
Other revenues	42,132	14,924
Other expenses	(1,424,151)	(3,511)
Gain (loss) on sale of asset	3,426	6,771
Interest Expense	<u>(240,384)</u>	<u>-</u>
Total non-operating revenues, net	<u>372,513</u>	<u>3,964,070</u>
Change in net position before capital contributions	<u>1,042,905</u>	<u>4,563,857</u>
Capital contributions:		
Capital contributions from developers	<u>262,457</u>	<u>563,610</u>
Total capital contributions	<u>262,457</u>	<u>563,610</u>
Change in net position	1,305,362	5,127,467
Net position:		
Beginning of year	<u>77,303,566</u>	<u>72,176,099</u>
End of year	<u>\$ 78,608,928</u>	<u>77,303,566</u>

See accompanying Notes to the Basic Financial Statements.

EAST ORANGE COUNTY WATER DISTRICT
Statement of Cash Flows
Year ended June 30, 2021
(with comparative data for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from customers for sales and services	\$ 11,328,713	9,797,143
Cash paid to employees for salaries and benefits	(1,635,103)	(1,446,888)
Cash paid to vendors and suppliers for materials and services	<u>(10,867,032)</u>	<u>(5,998,209)</u>
Net cash provided by operating activities	<u>(1,173,422)</u>	<u>2,352,046</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	<u>1,824,585</u>	<u>1,734,933</u>
Net cash provided by non-capital financing activities	<u>1,824,585</u>	<u>1,734,933</u>
Cash flows from capital and related financing activities:		
Proceeds from disposal of capital assets	3,886	16,319
Acquisition and construction of capital assets	(1,997,527)	(1,770,132)
Capital contributions from developers - non-cash	262,457	-
Principal paid on capital debt	(367,000)	-
Interest paid on long-term debt	(240,384)	-
Proceeds from loan agreement	<u>20,120,000</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>17,781,432</u>	<u>(1,753,813)</u>
Cash flows from investing activities:		
Interest on investments	315,891	1,461,464
Proceeds from sale of investments	7,148,327	1,423,596
Purchase of investments	<u>(7,312,878)</u>	<u>(5,743,687)</u>
Net cash used in by investing activities	<u>151,340</u>	<u>(2,858,627)</u>
Net increase (decrease) in cash and investments	18,583,935	(525,461)
Cash and cash equivalents:		
Beginning of year	<u>1,993,671</u>	<u>2,519,132</u>
End of year	<u>\$ 20,577,606</u>	<u>1,993,671</u>
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:		
Cash and investments	\$ 80,414,917	62,101,084
Less long-term investments	<u>59,837,311</u>	<u>(60,107,413)</u>
Cash and cash equivalents at end of year	<u>\$ 20,577,606</u>	<u>1,993,671</u>

See accompanying Notes to the Basic Financial Statements.

EAST ORANGE COUNTY WATER DISTRICT
Statement of Cash Flows (Continued)
Year ended June 30, 2021
(with comparative data for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ <u>670,392</u>	<u>599,787</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,096,590	972,239
Other revenues	42,132	14,924
Rental income	131,492	131,848
Other expenses	(1,424,151)	(3,511)
Changes in assets – (increase) decrease:		
Accounts receivable – services, net	(1,300,830)	(284,895)
Accounts receivable – other	(16,085)	(3,185)
Prepaid expenses	21,156	40,057
Water-in-storage inventory	(16,734)	(3,898)
Change in deferred outflows of resources – (increase) decrease:		
Pension related deferred outflows of resources	(101,791)	(477,115)
Changes in liabilities – increase (decrease):		
Accounts payable and other accrued liabilities	(118,890)	1,260,180
Accrued interest payable	35,998	-
Accrued salaries and benefits	6,767	(39,004)
Compensated absences	(38,568)	31,191
Deposits and unearned revenue	510	46,111
Due to other governments	(830)	(6,238)
Net pension liability	(389,157)	75,879
Change in deferred inflows of resources – increase (decrease):		
Pension related deferred inflows of resources	<u>228,577</u>	<u>(2,324)</u>
Total adjustments	<u>(1,843,814)</u>	<u>1,752,259</u>
Net cash provided by operating activities	<u>\$ (1,173,422)</u>	<u>2,352,046</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Unrealized gain (loss) from investments	\$ 586,824	579,929
Capital contributions	262,457	563,610

See accompanying Notes to the Basic Financial Statements.

EAST ORANGE COUNTY WATER DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	<u>Custodial Funds</u> <u>2021</u>
<u>ASSETS</u>	
Current assets:	
Investments (Note 2):	
Money Market Mutual Funds	\$ 38,544
Total assets	<u>38,544</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
<u>NET POSITION</u>	
Restricted	<u>38,544</u>
Total net position	<u>\$ 38,544</u>

See accompanying Notes to the Basic Financial Statements.

EAST ORANGE COUNTY WATER DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2021

	Custodial Fund
	2021
Additions:	
Property taxes	\$ 47,902
Total additions	47,902
Deductions:	
Administrative fees	17,192
Interest expenses	26,010
Total deductions	43,202
Change in net position	4,700
Net position:	
Beginning of year, as restated	33,844
End of year	\$ 38,544

See accompanying Notes to the Basic Financial Statements.

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(1) Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The East Orange County Water District (the District) was formed in 1961, in order to furnish imported potable water to an area encompassing the eastern half of the City of Orange. The District provides wholesale potable water to five sub-agencies in the region through its pipeline transmission and distribution system. The five sub-agencies consist of the East Orange County Water District Retail Zone, Golden State Water Company, City of Tustin, Irvine Ranch Water District, and the City of Orange. The District provides potable water service through the East Orange County Water District Retail Zone to 1,179 customers within its service area.

In 2013, the Orange County Sanitation District (OCSD) proposed a transfer of ownership and operation of the local sewer system (Sewer Area 7) to the District. On May 11, 2016, after an extensive review and approval process, the Orange County Local Agency Formation Commission approved the transfer of sewers to the District effective August 1, 2016. The sewer system was transferred to the District as Improvement District No. 1 (ID No.1). It is comprised of 175 miles of primarily vitrified clay pipe sewers and approximately 3,700 manholes, both of which were largely installed in the 1960s.

The District is governed by a Board of Directors, which consists of five directors, each of whom is elected at-large for a four-year term by the citizens living within the District's service area.

Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's enterprise fund.

Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered, primarily through user charges (water sales and services) or similar funding. The District segregates its Wholesale and Retail Zone accounting internally as separate entities. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

The District also reports the following Fiduciary Fund types:

A Custodial Fund are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and other governments. The

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(1) Reporting Entity and Summary of Significant Accounting Policies

custodial funds are used to account for taxes received for special assessments debt for which the District is not obligated.

Operating revenues and expenses are generated and incurred through the water sales activities to the District's customers. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

In accordance with U.S. GAAP, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results most likely will differ from those estimates.

Comparative Financial Statements and Reclassifications

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(1) Reporting Entity and Summary of Significant Accounting Policies

U.S. GAAP defines fair value and establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the balance sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Accounts Receivable

The District has uncollectible accounts receivable at year-end. Accordingly, an allowance for doubtful accounts has been recorded.

Property Taxes

Property taxes receivable at year-end are related to property taxes collected by the County of Orange, which have not been credited to the District as of June 30. The property tax calendar is as follows:

Lien date	January 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

The County of Orange Assessor’s Office assesses all real and personal property within the County each year. The County of Orange Auditor-Controller’s Office bills and collects the District’s share of property taxes and assessments. The County of Orange Treasurer’s Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations.

Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid expenses in the basic financial statements.

Water-In-Storage Inventory

Annually, a controlled quantity of water is purchased by the District and, if not used in the current year, is stored for use in the following year. Purchased stored water is subject to loss through meter error or leakage. The losses are not covered by insurance nor has a loss reserve been recorded.

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. (See Note 4 for further details) Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Transmission and distribution systems	5 to 100 years
Structures and improvements	3 to 50 years
Capacity rights	75 years
Water treatment plant	10 to 100 years
Equipment	5 to 50 years

Construction-in-Process

The costs associated with developmental stage projects are accumulated in an in-progress account until the project is fully developed. Once the project is complete and in use, the entire cost of the project is transferred to a capital asset account and depreciated over its estimated useful life.

Compensated Absences

The District's policy allows full-time employees to accumulate a maximum of 160 hours of vacation time. No compensation in lieu of time off is allowed except for termination or disability. Employees may accumulate up to 80 hours of sick time. As of December 31 each year, one-half of the excess over 80 hours may be credited to additional vacation or may be paid to the employee. The remaining one-half is forfeited. The District has recorded the liability for accrued vacation and sick pay in the accompanying financial statements as a current liability.

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 pension of the District's pension plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2021

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies (Continued)

Gains and losses related to changes in total pension liability and fiduciary net position 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. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of external constraints placed on net position imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The net position of Improvement District No. 1 is considered restricted.

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

Water Use Sales – Wholesale and Retail

Wholesale water sales are billed on a monthly basis and retail water sales are billed on a bi-monthly cyclical basis. Estimated unbilled retail water sales revenue through June 30 has been accrued at year-end.

Capital Contributions

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

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(2) Cash and Investments

Financial Statement Classification:

Current:	
Cash and cash equivalents	\$ 20,577,606
Investments	59,685,204
Restricted:	
Cash and cash equivalents	-
Investments	152,107
Total	<u>80,414,917</u>
Fiduciary Funds:	
Cash and cash equivalents	-
Investments	38,544
Total Fiduciary Funds	<u>38,544</u>
Total Cash and Investments	<u>\$ 80,453,461</u>

Cash and investments as of June 30, 2021, consisted of the following:

Cash on hand	\$ 250
Demand deposits held with financial institutions	20,577,356
Investments	<u>59,875,855</u>
Total cash and investments	<u>\$ 80,453,461</u>

Demand Deposits

At June 30, 2021, the carrying amount of the District's demand deposits were \$20,729,526, and the financial institution balance was \$20,972,835. The respective net difference represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(2) Cash and Investments (Continued)

governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investments

The District's investments as of June 30, 2021 were as follows:

Investments	Measurement Input	Credit Rating	Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF)	Uncategorized	Not Rated	\$ 36,139,741	36,139,741	-	-
PARS Pooled Trust	Uncategorized	Not Rated	152,170	152,170	-	-
U.S. Treasury notes	Level 2	AAA	11,712,255	1,658,718	6,143,225	3,910,312
Governmental agency securities	Level 2	AAA	9,799,429	2,122,982	6,083,186	1,593,261
Corporate bonds	Level 2	A to A+	1,376,649	187,132	1,189,517	-
Money Market	Uncategorized	AAA	8,806	8,806	-	-
Negotiable certificates-of-deposit	Level 2	N/A	648,261	255,449	392,812	-
Total investments			<u>\$ 59,837,311</u>	<u>40,524,998</u>	<u>13,808,740</u>	<u>5,503,573</u>

The District's investments in Fiduciary Fund as of June 30, 2021 were as follows:

Investments	Measurement Input	Credit Rating	Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 60 Months
Money Market	Uncategorized	AAA	\$ 38,544	38,544	-	-
Total investments			<u>\$ 38,544</u>	<u>38,544</u>	<u>-</u>	<u>-</u>

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(2) Cash and Investments (Continued)

Authorized Investments and Investment Policy

The District has adopted an investment policy allowing authorized investments to be made in the following areas:

- California Local Agency Investment Fund (LAIF)
- PARS Pooled Trust
- U.S. Treasury notes
- Governmental agency securities
- Corporate bonds
- Money market funds
- Negotiable certificates-of-deposit

Investment in State Investment Pool

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The District's investments with LAIF at June 30, 2021 included a portion of the pool funds invested in structured notes and asset-backed securities.

Investment in Public Agency Retirement Fund

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's pension plan. Investments with PARS are reported at fair value.

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

The District had \$36,139,741 invested in LAIF. The LAIF fair value factor of 1.004912795 was used to calculate the fair value of the investments in LAIF as of June 30, 2021.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the table on previous page.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(2) Cash and Investments (Continued)

recognized statistical rating organization. As of June 30, 2021, the District's investment in the LAIF was not rated as noted in the table on previous page.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table on previous page.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. The following are investments in any one governmental or non-governmental issuer that represent 5% or more of the District's total cash and investment portfolio except for those investments in U.S. Treasury securities, mutual funds, and external investment pools.

<u>Description</u>	<u>Percentage</u>	<u>Fair Value</u>
Federal Home Loan Bank	6%	\$ 3,835,578

(3) Accounts Receivable – Services, Net

Accounts receivable consisted of the following at June 30, 2021:

<u>Description</u>	
Accounts receivable – services	\$ 2,788,030
Allowance for doubtful accounts	<u>(23,703)</u>
Accounts receivable – services, net	<u>\$ 2,764,327</u>

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(4) Capital Assets

Changes in capital assets for the year ended June 30, 2021, were as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Non-depreciable assets:				
Land and easements	\$ 579,284	-	-	579,284
Construction-in-process	1,881,894	3,538,125	(2,524,860)	2,895,159
Total non-depreciable assets	<u>2,461,178</u>	<u>3,538,125</u>	<u>(2,524,860)</u>	<u>3,474,443</u>
Depreciable assets:				
Transmission and distribution system	15,659,660	1,125,215	(26,111)	16,758,764
Structures and improvements	8,527,752	101,117	-	8,628,869
Capacity rights	943,320	-	-	943,320
Equipment	1,786,174	20,387	(21,257)	1,785,304
Total depreciable assets	<u>26,916,906</u>	<u>1,246,719</u>	<u>(47,368)</u>	<u>28,116,257</u>
Accumulated Depreciation:				
Transmission and distribution system	9,200,115	634,557	(25,881)	9,808,791
Structures and improvements	3,431,832	226,315	-	3,658,147
Capacity rights	705,944	12,578	-	718,522
Equipment	473,179	223,140	(21,027)	675,292
Accumulated depreciation	<u>13,811,070</u>	<u>1,096,590</u>	<u>(46,908)</u>	<u>14,860,752</u>
Total depreciable assets, net	<u>13,105,836</u>	<u>150,129</u>	<u>(460)</u>	<u>13,255,505</u>
Total capital assets, net	<u>\$ 15,567,014</u>	<u>3,688,254</u>	<u>(2,525,320)</u>	<u>16,729,948</u>

(5) Long-term Liabilities

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due in One Year
Long-term liabilities					
Compensated absences	\$ 136,612	78,856	(117,424)	98,044	-
2020 Installment Purchase Agreement	-	20,120,000	(367,000)	19,753,000	841,000
Total long-term liabilities	<u>\$ 136,612</u>	<u>20,120,000</u>	<u>(367,000)</u>	<u>19,753,000</u>	<u>841,000</u>

Installment Purchase Agreement

On December 1, 2020, the District entered into an Installment Purchase Agreement in the amount of \$20,120,000 with Sterling National Bank with interest at 2.30% used to finance the "2020 Project" which involves three capital improvement projects to comply with California Environmental Quality Act. The three capital improvement projects being financed are Vista Panorama Reservoir Replacement, VanderWerff Well Replacement, and Capacity Reliability Augmentation Project. Annual principal payments plus interest are due through June 2040. Future long-term maturities as of June 30, 2021, are as follows:

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(5) Long-term Liabilities (continued)

Year ending June 30,	Principal	Interest	Totals
2022	\$ 841,000	454,319	1,295,319
2023	860,000	434,976	1,294,976
2024	880,000	415,196	1,295,196
2025	900,000	394,956	1,294,956
2026	921,000	374,256	1,295,256
2027 - 2031	4,931,000	1,543,714	6,474,714
2032 - 2036	5,525,000	949,946	6,474,946
2037 - 2040	4,895,000	284,671	5,179,671
	<u>\$ 19,753,000</u>	<u>4,852,034</u>	<u>24,605,034</u>

(6) Net Pension Liability and Defined Benefit Pension Plan

The Plans Description Schedule

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

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.00%	2.00%
Required member contribution rates	6.915%	6.750%
Required employer contribution rates - FY 2020	8.081%	6.985%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2018 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(6) Net Pension Liability and Defined Benefit Pension Plan (continued)

Members Covered by Benefit Terms

At June 30, 2020 (Measurement Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	6	7	13
Transferred and terminated members	6	3	9
Retired members and beneficiaries	7	1	8
Total plan members	19	11	30

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based on the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based on the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 2.5% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.15 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate. Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(6) Net Pension Liability and Defined Benefit Pension Plan (continued)

year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will 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. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Contributions for the year ended June 30, 2021 were as follows:

<u>Contribution Type</u>	<u>Total</u>
Contributions - employer	\$ 451,154
Contributions - members	197,721
Total contributions	<u>\$ 648,875</u>

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement period ending June 30, 2020 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2019 pension liability.

The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the
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
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on Purchasing Power applies, 2.50% thereafter

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(6) Net Pension Liability and Defined Benefit Pension Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Asset Class ¹	New Strategic Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

¹ In the System's CAFR, Fixed Income is included in Global Securities; Liquidity is included in Short-term investments; Inflation Assets are included in both Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate for the June 30, 2019 Valuation Date as follows:

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

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS - Miscellaneous Plan	\$ 796,067	269,333	(165,891)

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(6) Net Pension Liability and Defined Benefit Pension Plan (continued)

Pension Plan Fiduciary Net Position

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

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2021:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement)	3,566,265	2,907,775	658,490
Balance as of June 30, 2020 (Measurement)	3,958,156	3,688,823	269,333
Change in Plan Net Pension Liability	<u>\$ 391,891</u>	<u>781,048</u>	<u>(389,157)</u>

The District’s proportionate share of the net pension liability for the June 30, 2020 measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2021</u>	<u>Fiscal Year Ending June 30, 2020</u>	
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Percentage of Risk Pool Net Pension Liability	0.002480%	0.006430%	-0.003950%

For the year ended June 30, 2021, the District recognized pension expense/(credit) in the amounts of (\$389,157) for the CalPERS Miscellaneous Plan.

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(6) Net Pension Liability and Defined Benefit Pension Plan (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 451,153	-
Difference between actual and proportionate share of employer contributions	306,027	18,734
Adjustment due to differences in proportions experience	24,715 13,880	274,501 -
Differences between projected and actual earnings on pension plan investments	8,001	-
Changes in assumptions	-	1,921
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 803,776</u>	<u>295,156</u>

The District will recognize \$451,153 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2022, as noted above.

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 18,713
2023	20,127
2024	14,788
2025	3,837
Total	<u>\$ 57,465</u>

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(7) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in the California Public Employees Retirement System (CalPERS) Section 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for California public employees that elect to participate in the Program. This Program is established pursuant to sections 21670 through 21685 of the Government Code of the State of California and is intended to constitute an "eligible deferred compensation plan" within the meaning of Section 457 of the Federal Internal Revenue Code. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

The Program was created under the administrative and investment control of the CalPERS Board, which requires the Board to act in the interest of Program participants. Also, Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of participants. Accordingly, the District is in compliance with legislation, which requires Section 457 plan assets to be held in trust for employees. This means that employee assets held in Section 457 plans are no longer viewed as the legal property of the District and are no longer subject to claims of the District's general creditors and are not presented in the accompanying financial statements.

(8) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2021, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$1,000,000, combined single limit at \$1,000,000 per occurrence. The AWCA JPIA purchased additional excess coverage layers: \$50 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.
- Fidelity coverage up to \$300,000 per loss includes public employee dishonesty, forgery or alteration, computer fraud and ERISA coverage's, subject to a \$100,000 pooled self -insurance limit with a deductible of \$1,000 per claim.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis to a combined total of \$50 million per occurrence, subject to a \$50,000 pooled self -insurance limit. Boiler and machinery coverage for the replacement cost up to \$50 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers' compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law.

EAST ORANGE COUNTY WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

(8) Risk Management (continued)

There have been no losses or claims in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2021, 2020 and 2019. 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). No claims payable is recorded as of June 30, 2021.

(9) Commitments and Contingencies

Construction Contracts

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

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 that there are no legal matters that will materially affect its financial condition.

(10) Prior Period Adjustment

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 84 related to Fiduciary Activities. Accordingly, Net Position for the custodial fund was restated as of July 1, 2020 as follows:

Beginning net position, as previously reported	\$ -
Implementation of GASB 84	<u>33,844</u>
Beginning net position, as restated	<u>\$33,844</u>

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

EAST ORANGE COUNTY WATER DISTRICT
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
Last Ten Fiscal Years

Measurement Date:	June 30, 2020	June 30, 2019	June 30, 2018
District's Proportion of the Net Pension Liability	0.002480%	0.019830%	0.019150%
District's Proportionate Share of the Net Pension Liability	\$ 269,333	\$ 658,490	582,611
District's Covered Payroll	\$ 1,101,431	\$ 886,564	703,788
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	<u>24.45%</u>	<u>74.27%</u>	<u>82.78%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>93.20%</u>	<u>81.54%</u>	<u>81.99%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

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 with 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.

EAST ORANGE COUNTY WATER DISTRICT
Required Supplementary Information (Unaudited) (Continued)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
Last Ten Fiscal Years

Measurement Date:	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's Proportion of the Net Pension Liability	<u>0.017840%</u>	<u>0.005772%</u>	<u>0.004970%</u>
District's Proportionate Share of the Net Pension Liability	<u>600,628</u>	<u>\$ 499,435</u>	<u>341,116</u>
District's Covered Payroll	<u>570,254</u>	<u>\$ 439,988</u>	<u>446,749</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	<u>105.33%</u>	<u>113.51%</u>	<u>76.36%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>78.98%</u>	<u>74.06%</u>	<u>78.40%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

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 with 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.

EAST ORANGE COUNTY WATER DISTRICT
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan
Last Ten Fiscal Years

Fiscal Year:	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Actuarially Determined Contribution	\$ 451,154	\$ 580,137	96,026	69,318
Contribution in Relation to the Actuarially Determined Contribution	<u>(451,154)</u>	<u>(580,137)</u>	<u>(96,026)</u>	<u>(69,318)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered Payroll	<u>\$ 1,322,992</u>	<u>\$ 1,101,431</u>	<u>886,564</u>	<u>703,788</u>
Contributions as a Percentage of Covered Payroll	<u>34.10%</u>	<u>52.67%</u>	<u>10.83%</u>	<u>9.85%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

Notes to schedule:

Fiscal Year End:	6/30/2021
Valuation Date:	6/30/2018
Methods and assumptions used to determine contributions rates:	
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.00%
Project Salary Increase	Varies by entry age and service
Inflation	2.50%
Payroll Growth	2.75%

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 actuarial 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 decreases in the discount rate. For the 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.

EAST ORANGE COUNTY WATER DISTRICT
Required Supplementary Information (Unaudited) (Continued)
Schedule of the District's Contributions to the Pension Plan
Last Ten Fiscal Years

Fiscal Year:	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	56,240	\$ 40,547	33,913	27,002
Contribution in Relation to the Actuarially Determined Contribution	<u>(56,240)</u>	<u>(40,547)</u>	<u>(33,913)</u>	<u>(27,002)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered Payroll	<u>570,254</u>	<u>\$ 439,988</u>	<u>446,749</u>	<u>424,397</u>
Contributions as a Percentage of Covered Payroll	<u>9.86%</u>	<u>9.22%</u>	<u>7.59%</u>	<u>6.36%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

Notes to schedule:

Fiscal Year End:	6/30/2021
Valuation Date:	6/30/2018
Methods and assumptions used to determine contributions rates:	
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.250%
Project Salary Increase	Varies by entry age and service
Inflation	2.63%
Payroll Growth	2.88%

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 actuarial 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 decreases in the discount rate. For the 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.

SUPPLEMENTARY INFORMATION

This page intentionally left blank

EAST ORANGE COUNTY WATER DISTRICT
Combining Schedule of Net Position
June 30, 2021

<u>ASSETS</u>	Wholesale	Retail	ID No. 1	Internal Balances	Total
Current assets:					
Cash and investments	\$ 8,102,757	9,746,183	62,413,870	-	80,262,810
Restricted cash and investments	60,843	30,421	60,843	-	152,107
Accrued interest receivable	15,362	633	111,640	-	127,635
Accounts receivable – services, net	2,376,608	460,166	37,794	(110,241)	2,764,327
Accounts receivable – other	-	19,270	1,710	-	20,980
Property taxes receivable	11,125	6,276	34,389	-	51,790
Prepaid expenses	41,682	9,568	19,471	-	70,721
Water-in-storage inventory	44,127	2,650	-	-	46,777
Total current assets	10,652,504	10,275,167	62,679,717	(110,241)	83,497,147
Non-current assets:					
Capital assets – not being depreciated	244,108	1,098,650	2,131,685	-	3,474,443
Capital assets – being depreciated, net	4,298,788	4,931,637	4,025,080	-	13,255,505
Total non-current assets	4,542,896	6,030,287	6,156,765	-	16,729,948
Total assets	15,195,400	16,305,454	68,836,482	(110,241)	100,227,095
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Pension related deferred outflows of resources	379,864	379,864	44,048	-	803,776
Total deferred outflows of resources	379,864	379,864	44,048	-	803,776
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and other accrued liabilities	\$ 1,262,756	241,233	326,848	(110,241)	1,720,596
Accrued interest payable	-	7,200	28,798	-	35,998
Accrued salaries and benefits	3,430	4,988	13,933	-	22,351
Compensated absences	24,055	23,358	50,631	-	98,044
Deposits and unearned revenue	34,430	188,352	4,683	-	227,465
Long-term liabilities - due within one year	-	168,200	672,800	-	841,000
Total current liabilities	1,324,671	633,331	1,097,693	(110,241)	2,945,454
Non-current liabilities:					
Net pension liability	127,287	127,287	14,759	-	269,333
Long-term liabilities - due in more than one year	-	3,782,400	15,129,600	-	18,912,000
Total non-current liabilities	127,287	3,909,687	15,144,359	-	19,181,333
Total liabilities	1,451,958	4,543,018	16,242,052	(110,241)	22,126,787
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Pension related deferred inflows of resources	139,491	139,491	16,174	-	295,156
Total deferred inflows of resources	139,491	139,491	16,174	-	295,156
Total liabilities and deferred inflows of resources	1,591,449	4,682,509	16,258,226	(110,241)	22,421,943
<u>NET POSITION</u>					
Net Investment in capital assets	4,542,896	6,030,287	6,156,765	-	16,729,948
Restricted for sewer operations	-	-	46,465,539	-	46,465,539
Unrestricted	9,440,919	5,972,522	-	-	15,413,441
Total net position	\$ 13,983,815	12,002,809	52,622,304	-	78,608,928

EAST ORANGE COUNTY WATER DISTRICT
Combining Schedule of Revenues, Expenses, and Change in Net Position
Year ended June 30, 2021

	Wholesale	Retail	ID No. 1	Internal Balances	Total
Operating revenues:					
Water use sales	\$ 6,869,265	2,013,200	-	(994,667)	7,887,798
Meter and standby service charges	83,805	557,971	-	(4,531)	637,245
Capacity and connection fees	869,695	-	-	(54,573)	815,122
Sewer use fees	-	-	3,101,177	-	3,101,177
Other connection fees	123,963	10,040	14,523	-	148,526
Other service charges	1,582	7,905	30,188	-	39,675
Total operating revenues	<u>7,948,310</u>	<u>2,589,116</u>	<u>3,145,888</u>	<u>(1,053,771)</u>	<u>12,629,543</u>
Operating expenses:					
Source of supply:					
Water purchases	6,851,850	994,667	-	(1,053,771)	6,792,746
Standby service charges	80,396	14,331	-	-	94,727
Capacity and connection fees	368,224	44,774	-	-	412,998
Replenishment assessment	-	487	-	-	487
Total source of supply	<u>7,300,470</u>	<u>1,054,259</u>	<u>-</u>	<u>(1,053,771)</u>	<u>7,300,958</u>
Pumping	1,258	22,069	-	-	23,327
Transmission and distribution	847,717	742,359	20,763	-	1,610,839
Sewer system maintenance	-	-	264,243	-	264,243
General and administrative	186,875	190,848	1,285,471	-	1,663,194
Total operating expenses	<u>8,336,320</u>	<u>2,009,535</u>	<u>1,570,477</u>	<u>(1,053,771)</u>	<u>10,862,561</u>
Operating income(loss) before depreciation	(388,010)	579,581	1,575,411	-	1,766,982
Depreciation	(380,491)	(236,126)	(479,973)	-	(1,096,590)
Operating income(loss)	<u>(768,501)</u>	<u>343,455</u>	<u>1,095,438</u>	<u>-</u>	<u>670,392</u>
Non-operating revenues(expenses):					
Property taxes	953,311	496,035	383,446	-	1,832,792
Rental income – cellular antennas	131,492	-	-	-	131,492
Investment earnings	19,433	7,584	189	-	27,206
Other revenues	11,284	14,204	16,644	-	42,132
Other expenses	(1,136,179)	(47,130)	(240,842)	-	(1,424,151)
Gain (loss) on sale of asset	1,713	1,713	-	-	3,426
Interest Expense	-	(48,077)	(192,307)	-	(240,384)
Total non-operating revenues, net	<u>(18,946)</u>	<u>424,329</u>	<u>(32,870)</u>	<u>-</u>	<u>372,513</u>
Capital contributions:					
Capital contributions from developers	27,978	185,568	48,911	-	262,457
Total capital contributions	<u>27,978</u>	<u>185,568</u>	<u>48,911</u>	<u>-</u>	<u>262,457</u>
Change in net position	(759,469)	953,352	1,111,479	-	1,305,362
Net position:					
Beginning of year	14,743,284	11,049,457	51,510,825	-	77,303,566
End of year	<u>\$ 13,983,815</u>	<u>12,002,809</u>	<u>52,622,304</u>	<u>-</u>	<u>78,608,928</u>

EAST ORANGE COUNTY WATER DISTRICT

Audit Communications

Year ended June 30, 2021

EAST ORANGE COUNTY WATER DISTRICT

Audit Communications

Year ended June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Required Audit Communications	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4

REQUIRED AUDIT COMMUNICATIONS

Board of Directors
East Orange County Water District
Orange, California

We have audited the financial statements of East Orange County Water District (District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 11, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by East Orange County Water District are described in Note 1 to the financial statements. As described in Note 10 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84 related to Fiduciary Activities. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements was the Net Pension Liability.

Management's estimate of the Net Pension Liability is based on an actuarial report. We evaluated the key factors and assumptions used to develop the Net Pension Liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the Net Pension Liability.

The disclosure of the Net Pension Liability in Note 6 to the financial statements describes the assumptions used in formulating the estimate.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and the Schedule of the District's Contributions to the Pension Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We

compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Davis Farr LLP

Irvine, California
December 23, 2021

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
East Orange County Water District
Orange, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise East Orange County Water District's (District) basic financial statements, and have issued our report thereon dated December 23, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control that we consider to be a significant deficiency, as described below as 2021-001.

2021-001 Controls over Wire Transfers

During our review of controls over cash disbursement and access rights within the online banking system, we noted the new General Manager had the ability to create and approve wire transfers. Upon notification, the General Manager's access rights were changed to solely approve and cancel wire transfers.

2021-001 Controls over Wire Transfers (continued)

Recommendation

We recommend upon hire, new employees that have access to financial transactions undergo a review of controls and access rights to ensure proper controls are in place upon the employee's start date.

Management Response

Management concurs with the finding and has implemented corrective action.

Compliance and Other Matters

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

Response to Findings

The District's response to the finding identified in our audit is described within the letter. The response was not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

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

Davis Farr LLP

Irvine, California
December 23, 2021

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: REHABILITATION OF THE NEWPORT RESERVOIR – BUDGET INCREASE AND AWARD OF CONSTRUCTION CONTRACT TO ADVANCED INDUSTRIAL SERVICES, INC.
DATE: JANUARY 20, 2022

Background

The Newport Reservoir was recoated in 2002. The coating has reached the end of its usable life and it is time to recoat the reservoir. In addition, minor structural repairs and ladder replacements are required. Harper and Associates was retained to design the improvements and the design was completed last year.

The project was advertised for construction bidding in December 2021 to a select list of seven contractors. All of the contractors attended the pre-bid meeting and Advanced Industrial Services and Paso Robles Tank submitted bids on January 6, 2022. Advanced Industrial Services is the apparent low bidder with a total bid amount of \$536,220. The Bid Summary is attached as Exhibit A. Staff identified a minor irregularity in Advanced Industrial Services bid, receipt of Addendum #1 was not acknowledged on the addenda form. The contractor did include a signed copy of Addendum #1 in their bid documents. This is an apparent clerical error. Staff conferred with legal counsel and legal counsel concurred that there is a sufficient basis for a factual finding by the Board that the irregularity in Advanced Industrial Services' bid is inconsequential and cannot have affected the bid amount or given the bidder a competitive advantage over the other bidders, as the bidder acknowledged Addendum #1 by placing his signature on the document and thus is bound by the addendum despite the failure to acknowledge. Staff recommends waiving the minor bid irregularity and awarding the construction contract to Advanced Industrial Services, Inc. in the amount of \$536,220.

Funds were included in the FY2021-22 Capital Budget in the amount of \$500,000. Staff recommends transferring Wholesale Zone Reserve Funds, in the amount of \$250,000 to the FY2021-22 Wholesale Zone Capital Budget to fund the project; staff is also requesting the inclusion of a \$50,000.00 contingency to address any unanticipated field conditions for a total construction budget of \$586,220.

Staff expects construction to begin in February and be completed in July.

This item was reviewed by the Engineering and Operations Committee at the meeting on January 13, 2022 and the Committee recommended the Board award approve a transfer of \$250,000 to the FY2021-22 Wholesale Zone Capital Improvement Budget Account #7102138 from Reserve Funds and amend the budget; find that the irregularity in the bid submitted by Advanced Industrial Services was minor in that it did not affect the amount of the bid or afford Advanced Industrial Services a competitive advantage over the other bidders and waive such irregularity; award a construction contract with Advanced Industrial Services, Inc in the amount of \$536,220; and authorize and approve the General Manager a \$50,000 contingency to address any unanticipated conditions for a total budget of \$586,220 for the construction of the Rehabilitation of the Newport Reservoir.

REHABILITATION OF THE NEWPORT RESERVOIR – BUDGET INCREASE AND AWARD OF CONSTRUCTION CONTRACT TO ADVANCED INDUSTRIAL SERVICES, INC.

Page 2

Financial Impact

Funds have been budgeted in Account #7102138, in the amount of \$500,000, for the Newport Reservoir rehabilitation project. Funds in the amount of \$250,000 would be transferred from Wholesale Zone reserves to increase the budget in Account #7102138 to \$750,000.

Recommendation

That the Board approve a transfer of \$250,000 to the FY2021-22 Wholesale Zone Capital Improvement Budget Account #7102138 from Reserve Funds and amend the budget; find that the irregularity in the bid submitted by Advanced Industrial Services was minor in that it did not affect the amount of the bid or afford Advanced Industrial Services a competitive advantage over the other bidders and waive such irregularity; award a construction contract with Advanced Industrial Services, Inc in the amount of \$536,220; and authorize and approve the General Manager a \$50,000 contingency to address any unanticipated conditions for a total budget of \$586,220 for the construction of the Rehabilitation of the Newport Reservoir.

Attachments: Exhibit A – Rehabilitation of the Newport Reservoir - Bid Summary



BID OPENING

LOCATION: 185 N MCPHERSON, ORANGE CA 92869

PROJECT: Rehabilitaiton of the Newport Reservoir

BID DATE: January 6, 2021 at 4:00pm

Contact: Jeff Smyth, Phone: 714.538.5815, email: jsmyth@eocwd.com

	Contractor's Name and Address	Total Bid Amount Schedule		
		Base Bid Items	Alternative Bid Items	Total Bid
1	Advanced Industrial Services, Inc 11712 Cherry St. Los Alamitos, CA 90720	\$500,400.00	\$35,820.00	\$536,220.00
2	Paso Robles Tank, Inc. PO Box 2810 Hemet, CA 92546	\$671,750.00	\$37,240.00	\$708,990.00

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: VISTA PANORAMA RESERVOIR REPLACEMENT PROJECT – UPDATE
DATE: JANUARY 20, 2022

Background

The Vista Panorama Reservoir, hydropneumatic tank, and pump station provide domestic service and fire protection to a separate high elevation service area in Retail Zone Pressure Zones 1 and 2. A plan was created to build a new steel reservoir inside the existing concrete reservoir as well as perform other site improvements. The plan required relocation of cellular equipment on the site by the cellular company, and at the time, an agreement for the relocation could not be reached. Staff was nearing the completion of a redesign that was less impacted by the cellular equipment when concerned residents in the Vista Panorama community attended the Board meeting to voice their concerns in November of 2021. The residents' primary concerns are better communication about the project, reducing noise, improving aesthetics and the property line fences, and water quality and storage.

Prior to completing the design and moving forward with the construction, staff wanted to ensure the residents' concerns were addressed. Staff has held two virtual meetings with the residents, sent email updates, and the residents have expressed their appreciation of the improved communication and progress. Staff installed a plywood barrier to reduce the pump noise and held a virtual and site meeting with AT&T and T-Mobile regarding the noise and construction impacts to their equipment. They were receptive to relocation and are considering solutions to reduce the noise. The residents have expressed their desire to have a wall around the property to reduce the noise and improve the aesthetics. Staff is in the process of requesting budgetary estimates for the wall.

Contingent upon reaching an agreement with the cellular companies, staff expects to bid the project and construction to start in the spring.

This information item was presented to the Engineering and Operations Committee at the meeting on January 13, 2022.

Financial Impact

Funds have been budgeted in Account #7202101 for the Vista Panorama Reservoir Replacement Project.

Recommendation

Information only.

Attachments: None

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: ID1 CRA PROJECT #1 - CONSTRUCTION PACKAGE #1 – STATUS UPDATE
DATE: JANUARY 20, 2022

Background

At the December 2, 2021 Special Meeting, the Board awarded a construction contract to T.E. Roberts for the construction of the ID1 CRA Project #1 – Construction Package #1. Construction of the segment on Browning from El Camino to Bent Twig began on December 15. This segment was expedited in order to avoid a potential conflict with a City of Tustin paving project, scheduled for spring break (mid-March), and to complete the portion of the work in front of UTT Middle School while the school was closed for Christmas break. While every effort was made to complete the work during the school break, the contractor was not able due to rain delays and dump closures.

Through excellent communication from staff to the Tustin Unified School District and the UTT Middle School Principal, and with support from the contractor, the construction was able to continue after school resumed with only minor disruption. The contractor has completed the most critical segment near the Browning and Bryan intersection in front of the school as shown on the attached Exhibit A. Additional costs have been incurred on the project due to double handling of the soil to keep the project moving during the dump closures and additional asphalt repair due to poor soil and no road base. Staff expects construction to be completed in April.

This informational item was presented to the Engineering and Operations Committee at the meeting on January 13, 2022.

Financial Impact

Funds have been budgeted in Account #7302120 for the ID1 CRA Project.

Recommendation

Information only.

Attachments: Exhibit A – Segment Construction Map

EXHIBIT A





MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: CONFERENCE & MEETING REQUESTS
DATE JANUARY 20, 2022

Background

District policy requires prior approval for Board Member attendance at conferences and meetings. There are two upcoming events for consideration:

- Urban Water Institute Conference (Feb. 16-17) Virtual
- MWDOC Water Policy Forum & Dinner (Feb. 23) Costa Mesa

Recommendation

Board to authorize attendance as desired.

Attachment(s): MWDOC Water Policy Forum & Dinner Invite



2022 WATER POLICY

Forum & Dinner

Speaker Series: **California Water**

Please Join Us!

Featured Speaker

E. JOAQUIN ESQUIVEL

Chair

State Water Resources Control Board



The State Water Resources Control Board has oversight for much of California's water system, including water rights administration, water quality, and drinking water. As California tries to recover from another period of extended drought, water managers and regulators continue to look for ways to ensure sustainable supplies for the future.

Please join us on Wednesday, February 23, 2022, for a special MWDOC Water Policy Forum & Dinner as we welcome keynote speaker E. Joaquin Esquivel, Chair of the State Water Resources Control Board (Board). Appointed to the Board in 2017 and later designated Chair of the Board by Governor Newsom in 2019, and reappointed in 2021, Chair Esquivel will offer his vision for enhancing statewide water resiliency in the face of climate change and other threats by expanding and integrating California's water supply portfolio. From investments in clean drinking water to improving water system administration in the state, Chair Esquivel will share his perspective on the critical importance of local management of watersheds to ensure all Californians have access to clean, safe, affordable drinking water.

Registration is available for \$90 per person* or \$850 for a table of 8. This price includes the pre-dinner reception (cash bar), three-course dinner (choice of entree), and self-parking.

We look forward to seeing you there!

Sincerely,

Megan Yoo Schneider, MS, PE
Board President
Municipal Water District of Orange County

REGISTER TODAY!

www.MWDOC.com/WPD

WEDNESDAY

February 23

5:30 PM - 8:00 PM

THE WESTIN

SOUTH COAST PLAZA

686 Anton Boulevard
Costa Mesa, CA 92626

**RESERVED TABLES
ARE AVAILABLE!**

Reserved tables (with company logo) are available for 8 guests at a cost of \$850.

Contact Katie Vincent:
(714) 916-0763

kvincent@mwdoc.com

***Register by February 18
for the early registration rate!**

Please note that the registration fee will increase to \$100 after this date. Cancellations and event no shows will be fully charged.

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: DIRECTOR'S REPORTS
DATE: JANUARY 20, 2022

Background

Board members represented the District at the following meetings in September:

President Davert

12/8 OC LAFCO Commission Meeting**
12/16 EOCWD Regular Board Meeting**

Vice President Dulebohn

12/9 Engineering & Operations Committee*
12/16 EOCWD Regular Board Meeting*

Director Bell

12/9 Engineering & Operations Committee*
12/16 EOCWD Regular Board Meeting*

Director Murdoch

12/16 EOCWD Regular Board Meeting*

Director Sears

12/2 Foothill Communities Association Meeting
12/14 OCWD Webinar
12/10 Water Advisory Committee of Orange County (WACO) Meeting*
12/16 EOCWD Regular Board Meeting*

Recommendation

Informational.

**Meetings attended at District expense.*

***Declines Payment for meetings attended at District expense.*

MEMO

TO: BOARD OF DIRECTORS
FROM: GENERAL MANAGER
SUBJECT: LEGISLATIVE AND OUTREACH REPORT
DATE: JANUARY 20, 2022

Background

Attached are the most recent monthly reports from Lewis & Consulting Group and Townsend & Associates regarding local, regional and state issues and legislation of interest to the District. Additionally, copies of our print and social media outreach for March are also attached.

Recommendation

The Board receive and file the report.

Attachment(s): Townsend Legislative Report
Lewis Consulting – County of Orange Report
Foothills Sentry Outreach Ad
Communications Lab Social Media Report

MEMORANDUM

To: East Orange County Water District
From: Townsend Public Affairs
Date: January 10, 2022
Subject: December Monthly Report and Legislative Outlook

STATE LEGISLATIVE UPDATE AND OUTLOOK

2022 is gearing up to be a busy legislative and budget year. Notably, state legislators are saddled with a large number of circumstances that are atypical for other years' start of session dates. These circumstances include the legislature's relocation as the State Capitol building undergoes renovations, new Assembly and Senate district lines that will place many legislators' place of residence outside of their new districts, and a significant number of legislators opting to pursue other political and career opportunities outside of their elected positions in response to upcoming elections dates and term limits. Moreover, the onset of the Omicron variant at the start of what was expected to be a year of transitioning back into in-person meetings and committee hearings now appears to be up in the air once again. Despite all of these changes, the Legislature and Governor appear to be ramping up for another budget surplus year and pursuing legislation that remained unfinished in 2021. Below is an overview of anticipated issue areas the Legislature will act on in 2022, and how they relate to the outcomes and circumstances that were present in 2021.

BUDGET

Despite predictions to the contrary, 2021 showed a promising outlook for the state's cash reserves. Federal relief packages, in tandem with increased returns, allowed for massive state investments in broadband infrastructure development, homelessness and housing production, and climate resiliency, to name a few.

In anticipation for the 2022 budget, the Legislative Analyst's Office (LAO) released its fiscal outlook report for the State's 2022-23 upcoming budget cycle, which revealed a prediction that the state would have a close to \$31 billion operating budget surplus. Despite the economic impact of the ongoing COVID-19 pandemic, the LAO stated that state revenues are growing at "historic rates," which can be attributed to an annual 30% rate increase in tax collections in the 12-month period ending in September, representing the fastest rate in roughly 40 years. While this report serves as merely a projection, it does provide important clues to how the state's budget allocation process will function in the upcoming year. For example, while the surplus is great news for the state's fiscal stability and earmark potential, it's important to note that not all off the \$31 billion will be under the Legislature's discretion. The report estimates that in order to meet the State Appropriations ("Gann") Limit requirements, which limits state expenditures to the annual growth in population and to growth in average personal income, the state would need to divert roughly \$14 billion between statutorily available avenues. These avenues include such things as

infrastructure and education investments, tax rebates, and paying down the state's debt, which are expected to be featured in the upcoming budget.

In addition to the LAO report, the Assembly and Senate Budget Committees released overviews of their priorities for 2022 in advance of the Governor's January 10 proposal.

The Assembly's key budget priorities include the following:

- Implementing the 2021 investments including broadband infrastructure, wildfire prevention, and climate resiliency,
- Ensuring that existing homelessness and affordable housing investments provide permanent supportive housing,
- Drought response and water resilience funding to the most vulnerable communities,
- Increased funding for education, particularly as it relates to mental health and learning loss,
- Addressing the State Appropriations (Gann) Limit by allocating budget funds to major infrastructure transportation projects and education investments,
- Leveraging federal infrastructure funds; and,
- Promoting the creation of living wage jobs.

The Senate's key budget priorities include the following:

- Sustaining existing programs through building upon reserves, paying down debts, and ensuring one-time funding is used for one-time purposes,
- Maximizing state and federal infrastructure investments,
- Expanding targeted tax relief programs for families,
- Improving higher education quality, affordability, and accessibility,
- Improving public health, mental health, and health access and affordability; and
- Enhance climate, environment, and resource protection, including wildfire mitigation.

While we will know more as the month of January unfolds, the Governor has already outlined some preliminary budget priorities. These include infrastructure investments to match funds to federal dollars coming down the pipeline, paying down unfunded pension liabilities, and investing in public safety efforts to curb the proliferation of organized retail theft and illegal gun trade throughout the state.

THE COVID-19 CLIMATE

The onset of the Omicron variant has sparked quick reactions from California leaders in order to mitigate its spread. In December, the California Department of Public Health (CDPH) issued statewide indoor masking mandate, beginning December 15 and ending January 15 in order to temper the spread of the Omicron variant during the holiday season. The mandate applies to all public indoor settings and all people, irrespective of vaccination status.

This mandate ultimately brings all California counties into mandatory compliance with indoor masking rules. Before, many counties had existing indoor mask mandates that have been in effect since the summer. However, roughly half of the state's population, in areas such as San Diego County, the Inland Empire, and the Central Valley, had no existing masking mandate and are now mandated to comply with this new rule until mid-January, unless it is extended further.

In addition to the new masking mandate, there have been updates to Cal/OSHA COVID-19 workplace standards. In mid-December, the Cal/OSHA Standards Board voted to readopt the COVID-19 Emergency Temporary Standard (“ETS”) with changes that will take effect January 14, 2022. This readoption includes many changes to the current ETS, including an elimination of many of the current distinctions between vaccinated and unvaccinated workers.

California administrative procedure allows an emergency regulation to be readopted up to two times. The Cal/OSHA ETS was first readopted (and revised) on June 17, 2021. The recent December 16, 2021 readoption represents the second of two re-adoptions. However, also on December 16, 2021, the Governor issued an Executive Order permitting a third readoption of the ETS, so long as it does not extend beyond December 31, 2022. It is likely that Cal/OSHA will consider adopting permanent standards in 2022 instead of reconfiguring temporary standards.

The newly revised ETS includes restrictive changes, some of which are summarized below.

- *A new COVID-19 test definition:* When testing is required under the ETS, it cannot be both self-administered and self-read unless observed by the employer or an authorized telehealth proctor. Which means that employees won’t be able to simply report results of a home-test to their employer.
- *Permissible types of face coverings:* Despite harsh opposition from commenters, Cal/OSHA’s new standard says that permissible face coverings include surgical masks, a medical procedure mask, a respirator worn voluntarily, or a tightly woven fabric or non-woven material of at least two layers that does not let light pass through when held up to a light source (except for clear face coverings worn for accommodations purposes). This means that many of the cloth masks that have been used by employees will no longer be acceptable under this new standard.
- *A new definition of “worksite”:* The revised ETS clarifies that a “worksite” does not include locations where the worker worked by themselves without exposure to other employees, or to a worker’s personal residence or alternative work location chosen by the worker when working remotely. This new definition may, in some circumstances, enable employers to forego employee notification that it would have otherwise been obligated to provide under the previous version of the ETS.
- *Testing must be provided to all close-contact employees, vaccinated or not:* It used to be that employers only needed to offer COVID-19 testing to unvaccinated workplace close-contacts. But now, because of the rapidly evolving virus and breakthrough cases in the workplace, Cal/OSHA will require employers to offer testing to employees, vaccinated or not, who had a workplace close contact. The only exception for close-contact testing are employees who recovered from COVID-19 in the past 90 days and are asymptomatic.

As the pandemic continues, the Legislature plans to continue its remote meeting accessibility for committee hearings and individual meetings. After planning to require employees to return to the new temporary offices at the start of the 2022 session, Assembly Speaker Rendon announced that the Assembly would temporarily reinstate its remote work flexibility plan until February 14 in order to accommodate those affected by the pandemic. It is unclear how the Omicron variant will continue to affect Legislative procedure. As of now, it appears that Legislators and their staff are operating in a hybrid environment, with limited staff in office and in-person meetings taken on a case-by-case basis.

REDISTRICTING

The decennial process of re-drawing state district lines to ensure districts have equal population size, maintain minority voting power, and are contiguous has officially concluded. The [new districts](#) will take effect beginning in the 2022 election cycle and will continue for the next decade.

The new line-drawing process garnered massive amounts of public comment regarding maps protecting communities of interest and Latino representation, as well as complications from the COVID-19 pandemic which among other things, delayed census data intrinsic to drawing maps. Major changes brought forth by the new district lines include one less congressional district and a greater number of districts with a Latino citizen voting age population greater than 50%. The new districts have also prompted many legislators' retirement announcements and will force many to move into new districts and court new voters or will pit incumbents of the same or opposing political parties to run against one another in what used to be their old districts.

ANTICIPATED LEGISLATION

2022 marks the second of the two-year session, meaning legislation introduced in 2021 that has not yet moved to the second house must move forward in January or will be dead for the legislative session. At the start of Session, there are a total of 140 measures eligible to be considered in the Assembly as 2-year bills and 83 measures in the Senate eligible to be considered as 2-year bills. Thus, January will feature a policy and fiscal committees in rapid fire in addition to the release of the Governor's budget proposal by January 10. Below is a summary of recent developments that may materialize into legislation in 2022.

COVID-19 Legislation

The 2021 session produced a number of bills aimed at reducing the economic impacts of COVID on California's most vulnerable residents and ensuring that essential functions of government could be held remotely. Of note was the passage of AB 361 (R. Rivas), which created criteria for state and local governing bodies to hold remote meetings under modified Brown Act standards. In addition, the Governor vetoed AB 339 (Lee). Which would have required local jurisdictions with a specific population to produce call-in and internet-based participation options in addition to in person options for members of the public during any public meeting.

While the passage of Brown Act modification legislation was beneficial as local governments grappled with the need to social distance, its implementation was quick and is likely to need reform if applied to future emergencies. Despite this, there appears to be little appetite to modify AB 361 in 2022, which some say needs more time to understand its strengths and weaknesses.

In addition to updates related to remote meetings legislation, there are likely to be a number of bills introduced related to the ongoing pandemic. These could include legislation allowing or restricting personal belief exemptions, mandating vaccinations for unvaccinated individuals, and expanding the definition of "fully vaccinated" to include booster shots. Near the end of the 2021 Legislative Session, gut & amend language circulated that would have required employees and patrons of certain industries to be vaccinated. Specifically, the bill would have required and patrons of restaurants, bars, cafeterias, gyms, hotels, indoor sports arenas, and movie theaters either be fully vaccinated or submit to weekly testing and show proof of a negative COVID-19 test before entering the workplace/establishment as a condition of employment. While the language

ended up not being amended, it may signal a desire from the Legislature to use similar language in 2022 legislation.

Housing and Land Use

Similar to public safety legislation, the Legislature in 2021 was dedicated to implementing top-down housing and land-use reform, with the passage of bills like SB 9 and SB 10 which significantly increased development potential throughout the state. In addition, the Legislature passed bills like AB 215 (Chiu) which increases the enforcement authority within the Housing and Community Development Department (HCD) when it comes to pursuing legal action against local governments deemed noncompliant with their housing production goals.

With regard to what to expect in 2022, it appears that the focus on new reform measures may be set aside to focus on the implementation and enforcement of existing measures. The start of the 2022 session also comes on the tails of the introduction of two new housing accountability units established in both the Attorney General's office and HCD, with a focus on holding local jurisdictions accountable for accomplishing their housing production targets.

However, there are a handful of 2-year bills that have potential to reemerge in 2022. These include AB 1401 (Friedman), which would prohibit public agencies from imposing or enforcing a minimum parking requirement on developments near public transit, and AB 989 (Gabriel) which would establish a system capable of appealing a local government's decision to deny a housing development.

Environmental Quality and Climate Resiliency

After significant cuts to climate resiliency and disaster preparedness were made in the 2020 budget to account for pandemic-related budget shortfalls, the 2021 budget included a massive \$3.7 billion appropriation over three-years to bolster the state's response to climate change and its effects. Notably, only a small portion of the \$3.7 billion was appropriated in 2021, meaning that there is likely to be more funding available in 2022. Several compounding factors, such as the current drought and the annual threat of catastrophic wildfires, is sure to result in new legislation to both fund and support first responders and water-related infrastructure.

Supply Chain Resilience

Supply chain disruptions became a major issue in 2021 as a result of the pandemic. While major legislation addressing the issue did not come to fruition during the last session, it is anticipated in 2022. During the Legislature's interim recess period, the Assembly and Senate held a joint select committee hearing on California's ports and the goods movement. During the hearing, industry and port leaders discussed the need for collaboration at all agency and government levels to address the crisis and discussed their needs, which included investments in zero emissions infrastructure, workforce and training incentives, and data interconnectivity and visibility. In 2022 there is an anticipated focus on supporting the state's ports through legislative action that may include properties designated for temporary container storage, reassessing overweight corridor designations, and establishing a single individual leader as the point person responsible for leading the state on the sustainability of ports and the goods movement.

Transportation

In July 2021 the Legislature passed a comprehensive Transportation Infrastructure Plan, providing more than \$5 billion (\$3 billion from the General Fund) for transportation infrastructure across the state. This increase in funding was only to become available if the Legislature sent implementing legislation to the Governor by October 10th which included the appropriation of \$4.2 billion in Proposition 1A High-Speed Rail funding. The transportation funding contingent on the additional legislation included the following:

- \$1 billion (General Fund) to deliver critical transportation projects in the LA region prior to the 2028 Olympics.
- \$1 billion (General Fund) for transit and rail projects statewide that improve rail and transit connectivity between state and regional/local services.
- \$500 million (General Fund) for the Active Transportation Program to fund more projects in the program's recently-adopted program.
- \$500 million (General Fund) to support critical safety improvements throughout the state.
- Roughly \$2 billion in special funds and federal funds for streets, roads, and highway projects.
- \$400 million for the development and implementation of projects intended to adapt to the changing climate to ensure that the state highway system is safe for the traveling public.

Due to concerns with where the high-speed rail funding was going to be spent, the Legislature did not pass the necessary implementing legislation prior to the deadline. Instead, Legislative leaders and the governor's office agreed to continue negotiations on high-speed rail into 2022, and with those negotiations will come the promise of additional funding for various transportation priorities.

FEDERAL LEGISLATIVE UPDATE AND OUTLOOK

BIPARTISAN INFRASTRUCTURE LAW

Over the next few months, various agencies that are tasked with implementing and distributing funds allocated by the Infrastructure Investments and Jobs Act--now known as the Bipartisan Infrastructure Law will begin the process of outlining allocation amounts and procedures. Moving into the new year, there will be implementation of several new grant programs aimed at providing states and local governments with the needed funds to invest in their most in need infrastructure projects. A few highlights from the bill implementation in December include:

- The FAA announced its first round of airport funding through the bipartisan infrastructure law. The FAA is investing \$2.89 billion in airports around the nation in response to the Bipartisan Infrastructure Law. The money can be invested in runways, taxiways, safety and sustainability projects, as well as terminal, airport-transit connections and roadway

projects. California is slated to receive \$294,572,149. The money will come from the Airport Infrastructure Grant program, one of three new aviation programs created by the Bipartisan Infrastructure Law.

- The U.S. Department of Transportation's Federal Highway Administration (FHWA) announced that it is providing \$52.5 billion in funding to all 50 states and the District of Columbia under the Bipartisan Infrastructure Law. California is getting \$4,862,447,187 in federal-aid highway funds.
- On December 31, the FCC launched the Affordable Connectivity Program (ACP). This longer-term program was created by Congress in the Infrastructure and Jobs Act and replaces the Emergency Broadband Benefit program. The ACP provides eligible households a \$30 monthly subsidy to purchase broadband internet services. The Affordable Connectivity Program will become a permanent program to provide households with discounted broadband service and allow participating providers to receive reimbursement for providing discounts.

STUDENT LOAN REPAYMENT FREEZE

Student loan forbearance, which started in March 2020 during the height of the COVID-19 pandemic, was set to expire on January 31. However, because of the omicron variant and intense public pressure, the White House paused student loan payments for an additional three months. The extended freeze will last through May 1, 2022.

COVID-19

In early December, the Biden Administration laid out guidance to expand access to at-home testing. Americans with private insurance – who now are able to get tests covered in physician offices, pharmacies, and clinics with no cost sharing – will also be able to get at-home tests reimbursed by their insurance. For those not covered by private insurance, in addition to more than 20,000 federally supported free testing sites across the U.S., at-home tests will be distributed through key community sites, such as health centers and rural clinics. Additionally, to expand access and affordability of at-home COVID-19 tests, the Departments of Health and Human Services, Labor, and the Treasury will issue guidance by January 15th to clarify that individuals who purchase OTC COVID-19 diagnostic tests will be able to seek reimbursement from their group health plan or health insurance issuer and have insurance cover the cost during the public health emergency.

To ensure equitable access to free at-home tests for our uninsured and underserved communities, the President plans to double the commitment from September to distribute 25 million free tests to community sites to 50 million tests and will add rural clinics to the program. Partnerships with trusted community providers will aid in getting these important testing supplies into the homes of our hardest-hit communities.

Under its authority to reimburse States for direct federal assistance to establish and expand COVID-19 testing sites, FEMA reinforced its commitments to fighting COVID-19. FEMA will fund testing to detect COVID-19 infections. This includes both in a medical setting (primary medical care facilities, temporary medical care facilities, and community-based testing sites) and testing needed to safely open and operate public facilities, including schools and government offices. Funding may be used to support both diagnostic and screening protocols. In general, FEMA will

fund diagnostic and screening testing to determine if an active coronavirus infection is present and if an individual should take steps to quarantine or isolate from others.

This funding may include costs for:

- Laboratory testing materials and test kits, including antigen self-tests.
- Contracting for testing support by a third party.
- Testing facilities, including temporary facilities or expansion of space used for testing.
- Staffing to administer tests.
- Training for individuals to administer tests.
- Signage and other communication materials.
- Personal protective equipment and other administrative supplies to conduct testing and technology to register and track testing results.
- Mobilization and demobilization of testing activities.
- Facility operating costs (equipment, supplies, security, and cleaning/disinfection).

FEMA is committed to working with states and their public health departments to establish and expand access to testing.

LOCAL ARPA FUNDS FLEXIBILITY ACT

In October, the US Senate unanimously passed the bill S.3011, the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act. The bill would provide flexibility in the way State and Local Fiscal Recovery Funds provided by the American Rescue Plan Act (ARPA) can be spent. If enacted the bill would allow \$10 million or 30 percent of distributed funds, whichever is greater, to be spent on a broad range of infrastructure projects. See the attached section by section summary for greater detail on the list of eligible projects.

Although the bill passed the Senate in October, the House of Representatives has not taken action. Local governments are being asked to send in letters of support for the legislation to their congressional representatives urging them to take up the Senate-passed bill as soon as possible. A companion bill in the House has 10 cosponsors from California, they are: Representatives Huffman, Panetta, Carbajal, Correa, DeSaulnier, Peters, Mike Levin, LaMalfa, Mike Thompson, and Lowenthal.

BUILD BACK BETTER BILL

Momentum on President Biden's \$2 trillion climate and social spending bill which passed the House a month ago, appeared to slow to a halt. Democratic senators in December conceded there was no chance of passing the Build Back Better Act before the end of the year. It appears that portions of the bill may need to be reworked in order to garner support from Democratic Senator Joe Manchin (D-W.VA), who has expressed opposition to the bill's inclusion of a one-year extension of the expanded child tax credit, which he argues would result in tax hikes over the next decade. This recent issue comes after Senator Manchin expressed his opposition to the legislation's price tag, and that going over \$1.5 trillion would be out of the question for his support.

LOOKING AHEAD 2022

The actions of Congress and the Biden Administration will be influenced by one central occurrence in 2022: the midterm elections scheduled for November. Both congressional

chambers and the White House are under Democratic control, but history and polling suggests that Republicans are poised to take the majority in the House of Representatives in the November elections. With this in mind, Democrats are motivated to advance as much of their agenda as possible in 2022. This includes social spending policies such as paid family leave, universal Pre-Kindergarten education, subsidized child-care, support for Affordable Care Act marketplaces, actions to curb greenhouse gas emissions, and more. Disagreements over the scope and scale of this agenda led to a breakdown in negotiations in late 2021. Expect Democrats to move forward with portions of their agenda in the first two quarters of 2022.

The decennial process of redrawing congressional lines will have an impact on policies and representation in 2022. Following the certification of new congressional districts in December 2021 by the California Citizens Redistricting Commission, the state will lose a congressional seat due to slow population growth in the last decade, thus requiring an adjustment that wound up costing Los Angeles County one of its seats. Nevertheless, the overall trajectory of the new congressional maps favor Democrats, which could play a role in which party controls the House after the midterm elections.

Additionally, in 2022 federal agencies will be busy at work implementing the Bipartisan Infrastructure Law passed in November 2021, the Infrastructure Investment and Jobs Act. This law provides \$1.2 trillion over 5 years for roads, bridges, rail, transit, water, broadband, grid resiliency, and more. Funding will begin to roll out in 2022 through a combination of formula grants and competitive discretionary grants.

The coronavirus pandemic will continue to impact federal policy making. Much will depend on the trajectory the pandemic takes and if additional federal funds are determined to be necessary to stem negative economic impacts.

Throughout 2022, both Congress and the Biden Administration will be focused on the midterm elections. Decisions will be based on their ability to help win and actions will be heavily influenced by these political calculations. History has shown that this dynamic often limits the ability for Congress to enact sweeping legislation, which will be compounded by the historically slim majorities in both the House and Senate. Legislative inaction often leads the Administration to take bolder action through executive orders, rule makings, and litigation.

The County of Orange Report

Prepared for the East Orange County Water District

January 13, 2022
by Lewis Consulting Group



New Congressional and Legislative Maps Adopted **Let the Dominos Fall . . .**

Californians were treated to an early holiday present as the Independent Redistricting Commission released finalized maps prior to Christmas, instead of waiting for the December 27th deadline. The new lines have created political jousting with incumbents moving into brand new districts.

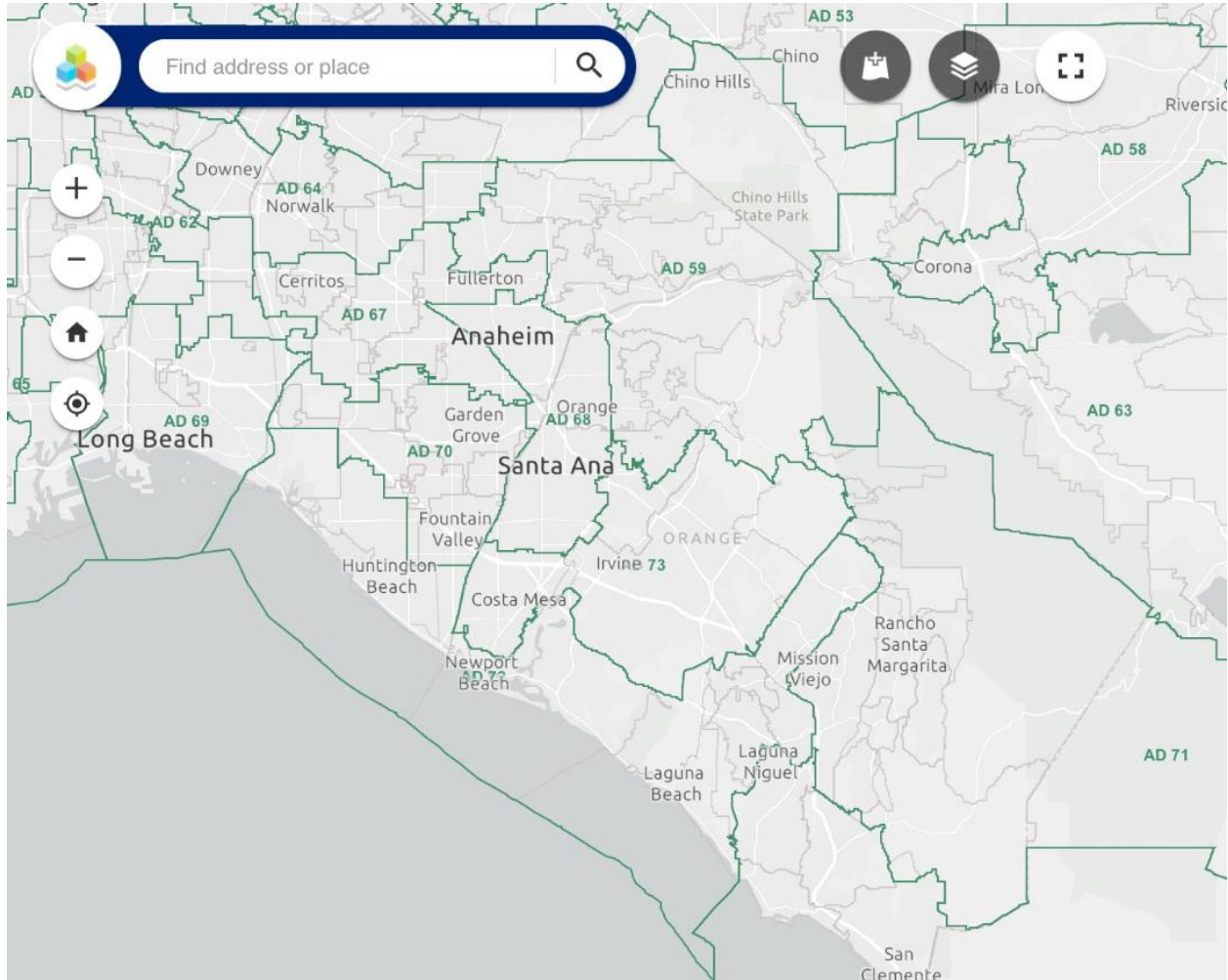
Some of the immediate and notable political consequences include Congresswoman Young Kim leaving most of her old district behind and moving to the new 40th C.D. which includes the Chino Hills and Yorba Linda portions of her “old district” but also adds much of Orange County’s most Republican cities. By doing that, Congresswoman Michelle Steel can move to a new district which includes the Little Saigon area, but also include Los Angeles County’s Cerritos and Hawaiian Gardens before curving around to include much of Fullerton. That move leaves a largely coastal district for Congresswoman Katie Porter which includes Huntington Beach, Costa Mesa and the more liberal enclaves of Irvine and Laguna Beach. Termed-out Orange County Supervisor Lisa Bartlett will seek election to the most southern Orange County Congressional District, which includes a large part of San Diego County. The new 47th C.D. will be a political slugfest between incumbent Katie Porter [D] and former GOP Assembly leader / County Chairman Scott Baugh. The race promises to be one of the nation’s most expensive races. The Michelle Steel seat, the Katie Porter seat and the South Orange County seat promises to be competitive; perhaps Orange County will determine which party controls the House of Representatives.

The newly drawn 36th State Senate seat, which comprises Little Saigon plus Orange County coastal cities has attracted the candidacy of Assemblywoman Janet Nguyen in her up or out battle. The State Assembly will feature an incumbent face-off between Democrat Cottie Petrie-Norris and Steven Choi as they play a game of “Lone Survivor”.

New Maps Dilute Orange County’s Political Representation

In the last few decades, the emphasis on map compactness along with preserving the integrity of cities and counties has been de-prioritized in favor of more minority districts. At one time the goal was to keep counties whole if possible and if not, minimize County boarder crossings to two - once in and once out. That is now past history.

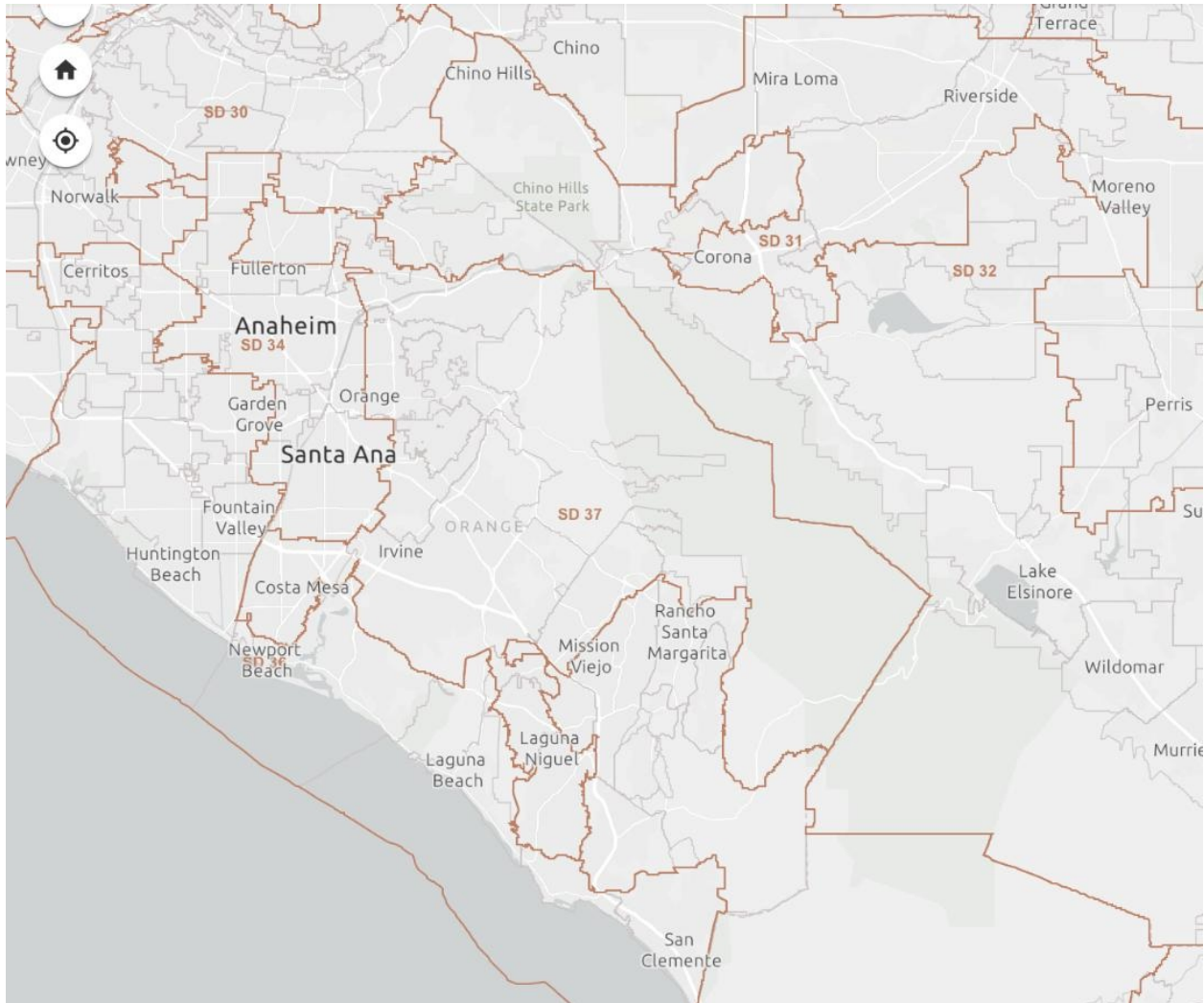
Orange County Assembly Map



Under the new Assembly map, the City of La Habra is lopped off and combined into a Los Angeles County district. In another district, the cities of Mission Viejo and Rancho Santa Margarita are combined into a Riverside County district with the cities of Murrieta and Temecula. Lastly, the cities of Dana Point, San Juan Capistrano and San Clemente are placed into a San Diego County district with Oceanside and Vista.

In the Assembly, North Tustin is placed in a Republican District and the City of Tustin is placed in a Democrat leaning district.

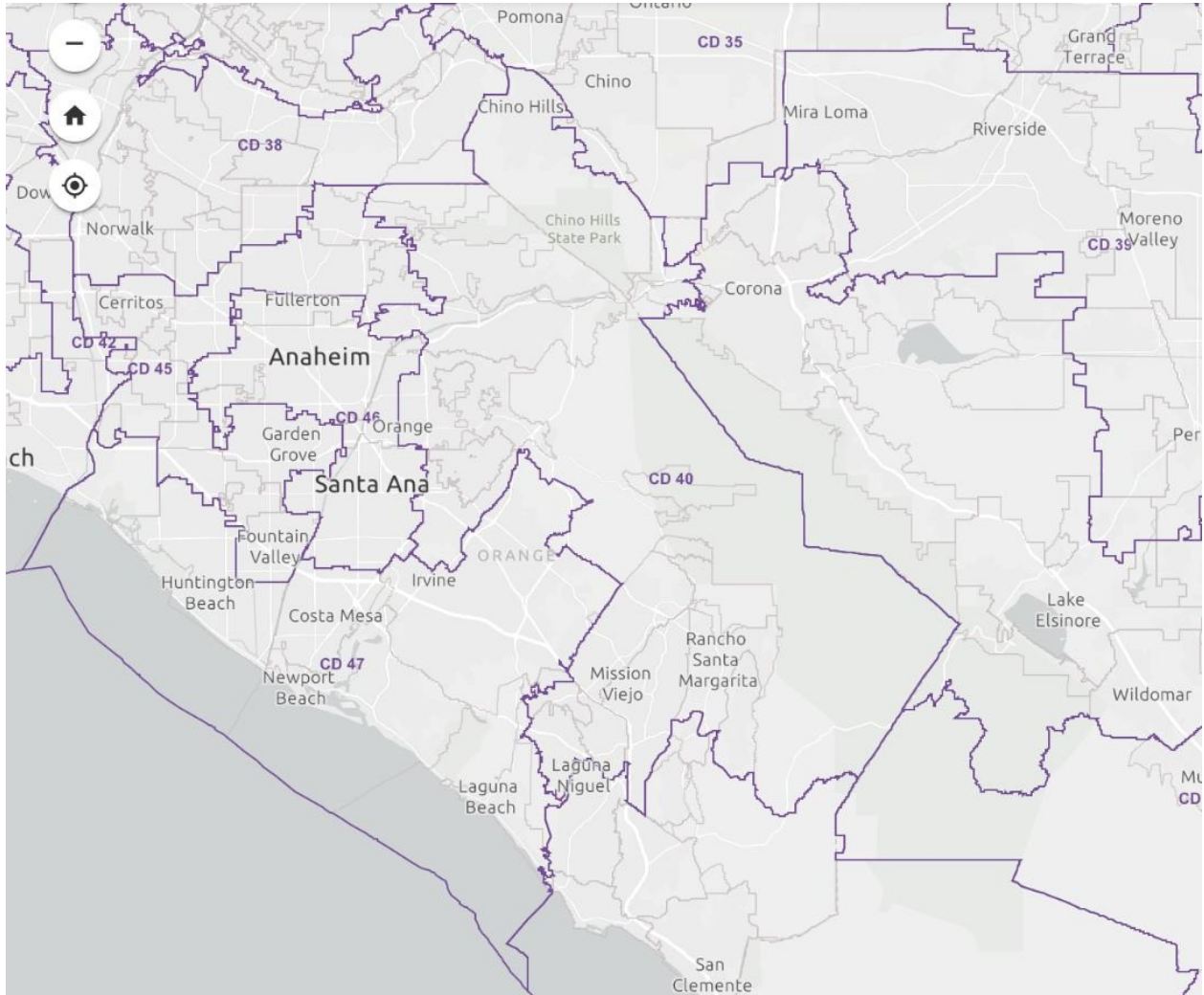
Orange County State Senate Map



In the new State Senate lines, the City of Brea is placed in a Los Angeles County district, Yorba Linda is placed in a Riverside County district that includes Norco, Murrieta, and Temecula. Much of inland South Orange County is attached to a San Diego County district which nearly stretches to Mission Bay.

The city of Tustin and the North Tustin Community are united in a district that also includes Fullerton, Placentia, Orange, Irvine and Costa Mesa.

Orange County Congressional Map



In the Congressional lines, a Los Angeles County district swallows up La Habra. Also Dana Point, San Juan Capistrano and San Clemente are attached to a San Diego County district that runs south to Del Mar.

Again, the city of Tustin and North Tustin Community are placed into a district with Chino Hills, Orange, Yorba Linda and Mission Viejo. This is the district that Congresswoman Young Kim is seeking election to.

State Redistricting Favors Democrats

The State "Independent" Redistricting Commission managed to create more minority districts in California, but it also designed maps that look surprisingly like a Democrat gerrymander. According to the Cook Political Report, it's "a huge win for Dems, all 42 of their incumbents get double digit Biden seats (two are merged to California's seat loss). Meanwhile, five of California's 11 GOP incumbents get more vulnerable." The approved legislative lines appears to lock in democrat super majorities in both houses for the decade to come.

For those wondering how an independent Commission can create such seemingly partisan lines, check out this [2011 ProPublica article](https://www.propublica.org/article/how-democrats-fooled-californias-redistricting-commission) on the last redistricting.

<https://www.propublica.org/article/how-democrats-fooled-californias-redistricting-commission>

Has history repeated itself?



The January 12, 2022 OCLAFCO meeting resuming after going dark in December 2021 featured several items of interest. The first was mid-year budget adjustments -

- 1.) Staff will be receiving a 3.7% COLA
- 2.) Authorization for the hiring of two additional staff members to assist with future MSR's.

Both of these items can be accomplished without an overall budget increase.

The Commission unanimously re-elected Doug Davert and Don Wagner to serve as 2022 Chair and Vice Chair respectively. It was announced that public LAFCO Commissioner Derek J. McGregor has been appointed to the CAL-LAFCO Executive Board. Lastly, it was decided that the February 9th meeting will be held virtually.



Supervisors Elect New Officers

The January 11, 2022 meeting of the Orange County Board of Supervisors was unusually short and lacking in substantive issues.

However, the Board did elect new officers choosing Doug Chaffee to serve as Board Chair and Supervisor Don Wagner to serve as Vice Chair. Chaffee's unanimous election was notable because it was the first time in many years a Democrat has been selected to Chair the Board. Supervisor Wagner was elected Vice Chair on a 3-1 vote, with Lisa Bartlett casting the dissenting vote. In recent weeks, a schism has developed between Supervisor Bartlett and her two Republican colleagues Supervisors Do and Wagner.

The meeting also featured two disparate issues raised by members of the public. The first was from residents of the Silverado Canyon area thanking the County for their assistance with recent flood aftermath clean-up, but also pleading for more help with creek clean-up and debris removal.

Also, a number of people were referencing a recent report detailing inhumane food being served to those in the Orange County Jail system. It is alleged persons have been served boloney sandwiches three times a day for two years.



Orange County COVID-19 Update Omicron SURGE Fills Hospitals, But Few Deaths Reported

ORANGE COUNTY COVID-19 STATS	01/13/2022	12/10/2021
CUMULATIVE CASES TO DATE	422,418	316,384
CUMULATIVE DEATHS TO DATE	5,916	5,814
DEATHS REPORTED TODAY	2	8
CUMULATIVE TESTS TO DATE	6,652,854	5,913,405
TESTS REPORTED THIS WEEK	269,716	N/A
CASES CURRENTLY HOSPITALIZED	1,072 *	194 *
CASES CURRENTLY IN ICU	168	60
CUMULATIVE RECOVERED TO DATE	314,541 *	304,018 *

* = INCLUDES *ICU* CASES

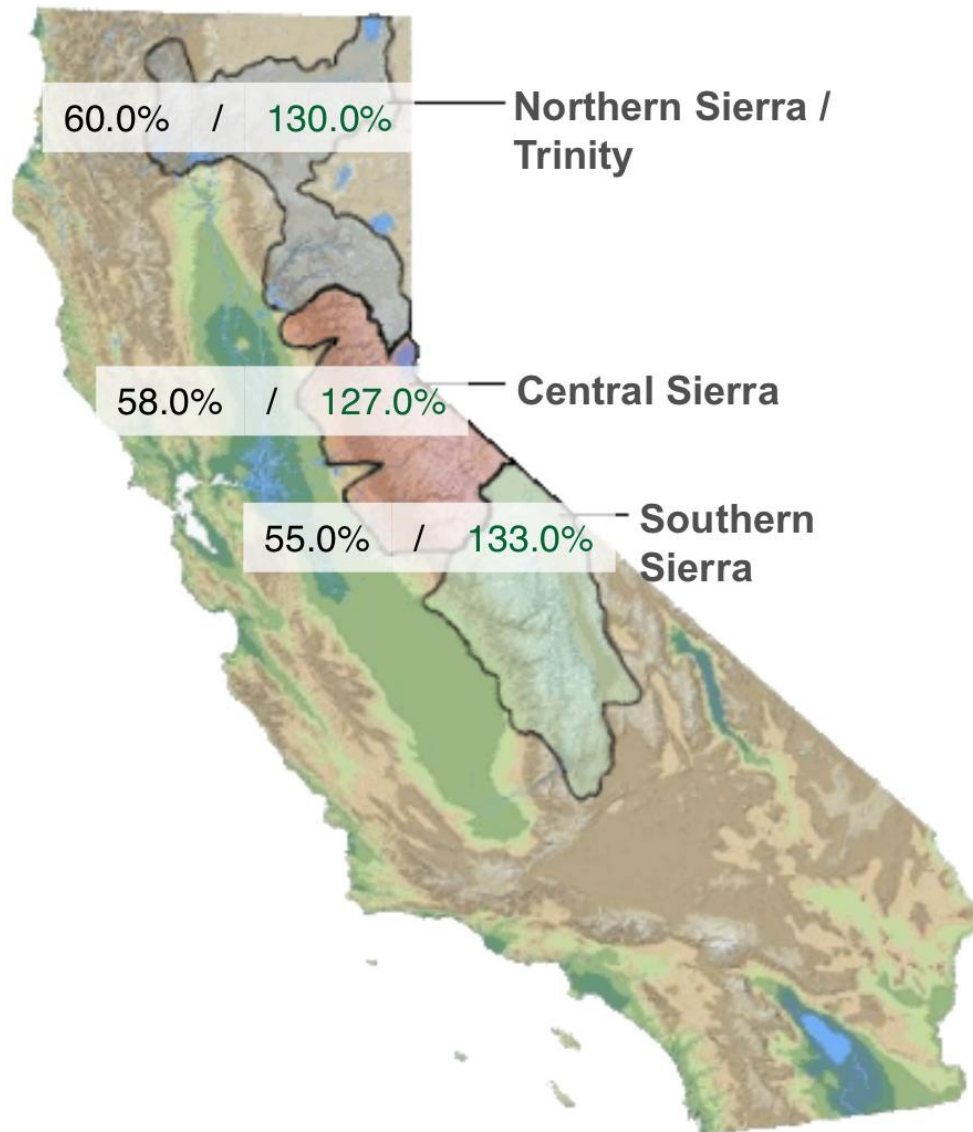
California's Christmas Present

Giving proof to the variability of weather, California's December deluge has brought copious amounts of snow to the Sierra range and has made a significant impact on California's drought status. It has also raised doubt about the permanent drought theory. This major storm has also occurred during a mild La Nina, making it even more spectacular.

Provided by the California Cooperative Snow Surveys

Data For: **12-Jan-2022**

% Apr 1 Avg. / % Normal for this Date



Upper Colorado River Basin

For January 13th, 2022

Snowpack is 128% of avg

Total Precip is 132.00% of avg



SAVE WATER

EOCWD
EAST ORANGE COUNTY
WATER DISTRICT

Learn more at eocwd.com



To: David Youngblood, General Manager, EOCWD
From: Michelle Lim, Social Media Manager, Communications LAB
Date: January 7, 2022
Re: Social Media Report and Web Analytics // December 2021

Total Reach

Page Overview

Discovery

 Post reach	139
 Post engagement	13
 New Page Followers	0

Interactions

 Reactions	6
 Comments	1
 Shares	0
 Photo Views	2
 Link Clicks	0

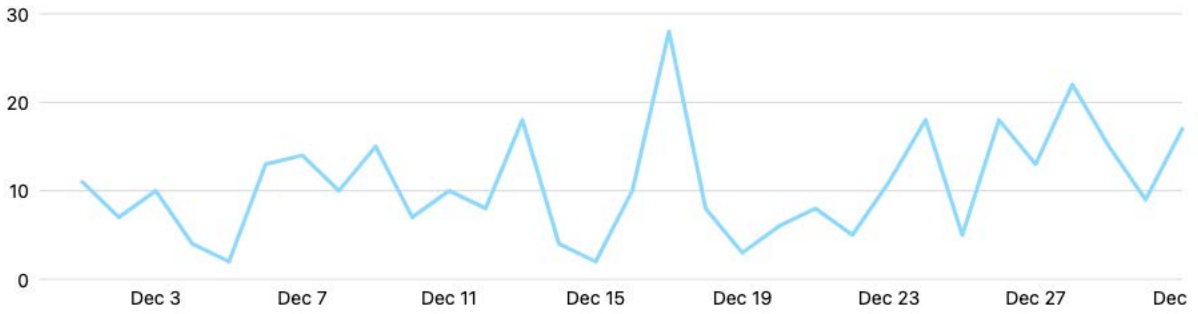
Other

 Hide All Posts	0
 Unfollows	0

Total Reach by Platform

Facebook Page Reach ⓘ

101 .. 0%



Instagram Reach ⓘ

138 ↑ 15%

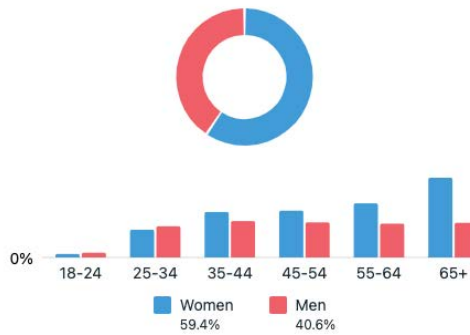


Page Likes

Facebook Page followers ⓘ

2.3K

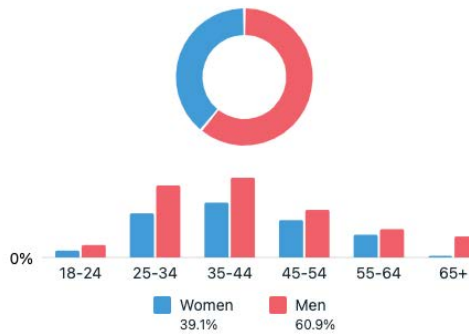
Age & Gender ⓘ



Instagram Followers ⓘ

465

Age & Gender ⓘ



Wix Website

Site sessions
737 ↓ 13%

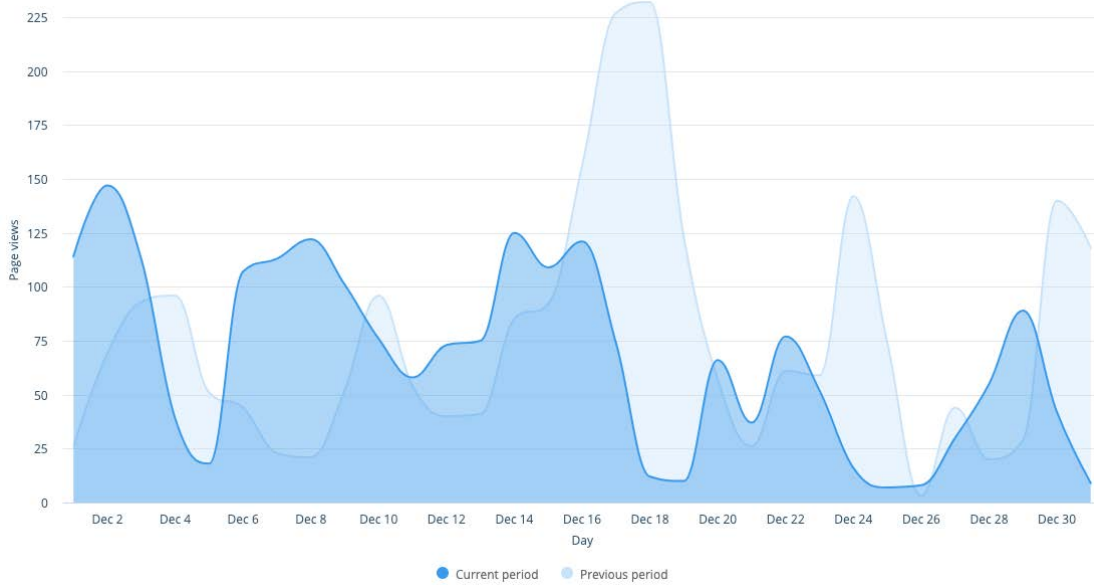
Unique visitors
534 ↓ 19%

Avg. session duration
4m 35s ↓ 8%

Sessions over time



Page Views



Traffic by Time of Day

Day of Week	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Hour of Day							
00 am	0	1	1	1	0	1	1
01 am	0	1	0	0	0	0	0
02 am	1	1	0	1	0	1	0
03 am	0	0	1	1	0	0	0
04 am	0	0	1	1	0	0	0
05 am	0	1	1	1	1	1	1
06 am	1	1	2	2	3	0	0
07 am	2	2	1	2	1	2	1
08 am	2	1	1	3	2	2	1
09 am	3	1	3	2	3	1	1
10 am	4	2	3	3	1	1	1
11 am	2	2	3	2	2	1	4
12 pm	2	3	4	2	2	1	2
01 pm	2	4	2	2	3	1	1
02 pm	2	2	4	3	2	1	3
03 pm	2	2	3	3	1	1	3
04 pm	3	2	2	2	3	1	1
05 pm	1	2	1	2	2	1	1
06 pm	1	2	1	1	1	1	0
07 pm	1	2	1	1	1	1	1
08 pm	3	1	2	1	1	1	1
09 pm	1	2	2	1	1	1	2
10 pm	1	0	1	1	2	1	1
11 pm	0	1	1	1	1	0	2

New vs returning visitors



- New
429
- Returning
105

[See full report](#)

Sessions by device



- Desktop
507
- Mobile
218
- Tablet
12

[See full report](#)

Top traffic sources by sessions

Google	↓ 6%	400
Direct	↓ 18%	206
Unknown	↓ 26%	39
Bing	↓ 21%	34
Yahoo	↑ 29%	18

[See full report](#)

Top pages by sessions

/(Homepage)	↓ 20%	456
/employment-op	↓ 8%	186
/view-pay-my-bil	↑ 14%	128
/board-meetings	↓ 24%	87
/about	↓ 17%	69

[See full report](#)